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Fonds: Records of the Office of Operations Evaluation

ISAD Reference Code: WB IBRD/IDA OPE-03-01

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O.E.D. OPERATIONS EVALUATION
DEPARTMENT
REASONS FOR THE
IMPLEMENTATION

The World Bank Group
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Operation Evaluation Department (OED) General - 1v



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R1995-280 Other #: 4 105262B
Operation Evaluation Department [OED] - General

OFFICE MEMORANDUM

DATE: December 22, 1988

TO: All Operations Evaluation Staff

FROM: Robert-Jan E.M. van der Lugt, DGO

EXTENSION: 32888

SUBJECT: Information on Operations Evaluation in the World Bank.

In the framework of the Executive Directors' Information Program for 1988, we had a session yesterday on Operations Evaluation. Given that we have updated the information material on Operations Evaluation, we thought it might be useful to distribute the introductory remarks and background material to all operations evaluation staff. Of specific interest might be the fact sheet that we have prepared.

cc: Messrs. Walter Cohn
Keith Thomas

December 20, 1988

THE EX-POST EVALUATION FUNCTION AND PROCESS --
THE WORLD BANK'S APPROACH

1. The basic purpose of ex-post evaluation is (a) to assess to what extent and how efficiently the Bank's operations (completed investment projects and policy-based programs) are producing the desired results -- accountability; and (b) to feed back the findings and lessons drawn from this experience in order to formulate new approaches, policies and procedures that would improve the efficiency and effectiveness of the Bank's activities and would increase its responsiveness to the needs of the member countries -- lesson learning. However, to ensure credibility, accountability presupposes independence from Management, while lesson learning calls for integration into the management structure and decision-making process through an efficient mechanism of dissemination/feedback, if it is to ensure timely absorption and utilization of the lessons of experience. The apparent conflict between maintaining independence and pursuing the integrative task of dissemination/feedback is resolved through circumspect interaction with the "market" of OED's products -- OED's audience(s).

2. The distinctive design features of the evaluation function in the Bank are the following:

- (a) Comprehensiveness, in the sense that, to achieve full accountability, all completed operations are subjected to the evaluation process.

- (b) Objectivity, implying that, while the evidence, analysis and judgments in the evaluation reports are subject to challenge/scrutiny (by Bank staff, Management, the Borrower, co-financiers, etc.), the final product is protected from institutional censorship.
- (c) Transparency (openness), in that every report is issued to member governments and Bank staff, and that the evaluation process itself is subject to an independent annual evaluation by the DGO and oversight by the JAC.
- (d) Participation, exercised through self-evaluation by operational staff and through extensive solicitation of comments on drafts of audits (and studies) from staff and the Borrower.

3. The starting point for an ex-post evaluation is the Project (Program) Completion Report (PCR), prepared by the Bank's operational staff involved in the preparation and implementation of the project (program) within three months of the Loan/Credit Closing Date. The rationale for this rather unique approach is based on the principle that evaluation should be performed in the first instance by those directly involved in the activities being evaluated. In this approach, evaluation implies a two-tier system: the first tier consists of self-evaluation (PCR), while the second tier, which is undertaken by OED staff, provides for an independent and more focussed review of the project (program) experience, including the adequacy and integrity of the evidence, analysis and conclusions presented in the PCR, and draws the larger lessons (PPAM). The PCR and the audit (PPAM) documents become integral parts of the final audit report.

4. By reassigning responsibility and accountability, the recent reorganization has highlighted distinct audiences within the Bank to which

OED findings and recommendations would have to be disseminated.¹ Previously, the OPS had a clear responsibility for ensuring that OED findings were reviewed and disseminated with appropriate emphasis to the Operations staff of the Bank. Now, the reorganized sector departments in PPR do not have that mandate. Although they are responsible for distilling the policy implications of OED findings and converting them into appropriate Bank-wide policies, the main responsibility for ensuring that Bank staff take note of OED findings and incorporate them in new operations rests with various organizational units within the Operations Complex.

5. The new organization, with its sharp country focus, enhances the opportunities for dissemination and application of OED findings which have a predominantly country content. However, sector issues are harder to deal with now because of the multiplicity of smaller units and the substantial weakening of the earlier informal dissemination network. This suggests that greater efforts and different linkages will be required to ensure the same level of awareness among staff, and that dissemination and utilization of OED findings will have to be more actively managed. And since no single

¹/ The major vehicles used by OED for dissemination of its findings, in ascending breadth of scope, are: (a) Project Performance Audit Reports (PPARs) prepared by OED staff and Project Completion Reports (PCRs) prepared by Operations staff not subject to OED's selective audit; (b) clusters of audits; (c) impact and special studies; (d) the Annual Review of Project Performance, which provides a synopsis of the previous year's audits and studies, and documents trends and patterns over time; and (e) the Annual Report on Operations Evaluation, which provides an overview of the evaluation activities in the preceding fiscal year, and reports on the effectiveness of the evaluation system.

unit has the mandate to deal with the variety of findings requiring different actions and involving different responsible groups, coordination will be vital, both in assigning responsibility among units and in planning and monitoring agreed actions.

6. A Task Force, with OED participation, was formed in December 1987 to review means to enhance the effectiveness of the dissemination/feedback process in the reorganized Bank. The emphasis in the deliberations of the Task Force has been on the management response to OED's recommendations and on identifying in the new Bank the responsibility for follow-up and the monitoring of the feedback process. Primary responsibility for preparing the Management's response to OED's recommendations and integrating these recommendations into Bank operational strategies, policies, economic and sector work, and lending operations rests with Operations and PPR. Monitoring the implementation of follow-up action would be an integral part of action plans prepared by the units concerned. OED's primary responsibility is to report to the Board on the effectiveness of the whole process, seen both from aggregate perspective and in terms of individual OED reports. The report of the Task Force has been reviewed by Management, and is now being forwarded to the JAC by the DGO for discussion.

7. From OED's perspective, to get the right messages to the right audiences in the newly reorganized Bank, OED has been examining its own role in dissemination, taking a number of initiatives and exploring new ones. These activities and initiatives include: closer interaction with Bank staff (e.g., seeking their views on topics to be selected for study,

participation of top OED managers in high level policy-oriented meetings held by PPR and the Regions); improving the content and presentation of OED's outputs (e.g., by prioritizing and targeting findings and recommendations to specific audiences); improving existing and devising new dissemination instruments (e.g., revising the content and format of the Annual Review, considering the production of an OED Digest); widening the scope of the international dimension (e.g., establishing closer relations with evaluation units in bilateral and multilateral agencies, participation in meetings of the DAC and UN groups on aid evaluation, sponsoring seminars with participation of other agencies); and increasingly publishing a greater number of studies.²

^{2/} For details see Annual Report FY88, Annex G.

THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION
OFFICE MEMORANDUM

DATE: December 16, 1988

TO: Executive Directors and Alternates

FROM: T.T. Thahane, SEC ~~477~~

EXTENSION: 72185

SUBJECT: Executive Directors Information Program 1988 (SecM88-1144)
Session on Operations Evaluation (OED) Complex

1. The attached material is being circulated as background to the sixth session of the Executive Directors Information Program to be held on Wednesday, December 21, 1988, at 10:00 a.m. in the Board Room. The session will be chaired by Mr. Rovani, Director-General, Operations' Evaluation (OED).

2. All Executive Directors, Alternates, and their staff are encouraged to attend the briefings/discussions, since these cover the Bank's current activities in the various complexes.

cc: Mr. Rovani

Attachment

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

YVES ROVANI
Director-General
Operations Evaluation

EXECUTIVE DIRECTORS INFORMATION PROGRAM 1988

OPERATIONS EVALUATION IN THE WORLD BANK

Please find attached background material for the information program for EDs session on Operations Evaluation on Wednesday, December 21, 1988.

I would very much appreciate your perusal of the material, so that basic facts and figures are known and we can focus our discussions on issues that are relevant for the working of operations evaluation in the Bank today and tomorrow. I recommend that you also look at two OED publications:

Operations Evaluation Department, Status of Current Work and Proposed Work Program and Staff Budget for FY89. (R88-95), dated April 29, 1988.

Annual Report on Operations Evaluation (FY88). (Report No. 7415), dated September 1, 1988.

I have also attached a list of selected OED Reports and Studies, which, if time permits, would not only introduce you to what I regard as the more important studies of OED, but also familiarize you with the type of outputs that we produce. A full listing of all OED Reports - more than 1800 - can be found in the Directory of OED Reports most recently issued in October 1988. A selected number of OED studies have been published and are available to the development community at large. A listing of OED publications to date is also attached.



SELECTED OED REPORTS AND EVALUATIONS

- Annual Review of Project Performance Results for 1987
(Report No. 7404 - R88-205)
- Rural Development: The World Bank Experience
(OED Publication)
- Structural Adjustment Lending, A First Review of Experience
(Report No. 6409 - SecM86-1083)
- Evaluation of Structural Adjustment Lending to Turkey
(Report No. 7205 - SecM88-443)
- Sri Lanka and the World Bank: A Review of a Relationship
(OED Publication)
- Renewable Resource Management in Agriculture
(Report No. 7345 - SecM88-803)
- Aga Khan Rural Support Program in Pakistan:
An Interim Evaluation (OED Publication)
- Conditionality in World Bank Lending: Its Relation to
Agricultural Pricing Policies (Report No. 7357 - SecM88-879)
- Cotton Development Programs in Burkina Faso, Cote d'Ivoire, and
Togo - An Impact Evaluation (OED Publication)
- PPAR India Railway Modernization and Maintenance
(Report No. 7301 - SecM88-736)
- PPAR Togo, Cote d'Ivoire, Ghana, Cima Regional Clinker
and Restructuring (Report No. 7328 - SecM88-821)
- PPAR India Dairy Development
(Report No. 6857 - SecM87-784)
- PPAR Indonesia Irrigation
(Report No. 6864 - SecM87-790)

OED Publications

Title	Lang
----- AGA KHAN RURAL SUPPORT PROGRAM IN PAKISTAN: AN INTERIM EVALUATION	E
12TH ANNUAL REVIEW OF PROJECT PERFORMANCE RESULTS	E
JENGKA TRIANGLE PROJECTS IN MALAYSIA: IMPACT EVALUATION REPORT	E
SRI LANKA & THE WORLD BANK: A REVIEW OF A RELATIONSHIP	E
RURAL DEVELOPMENT: WORLD BANK EXPERIENCE, 1965-86	E
12TH ANNUAL REVIEW OF PROJECT PERFORMANCE RESULTS (FRENCH)	F
RURAL DEVELOPMENT: THE WORLD BANK EXPERIENCE (FRENCH), 1965-86	F
COTTON DEVELOPMENT PROGRAMS IN BURKINA FASO, COTE D'IVOIRE, & TOGO	E
COTTON DEVELOPMENT PROGRAMS (FRENCH) IN BURKINA FASO, COTE D'IVOIRE, & TOGO	F
PROJECT PERFORMANCE RESULTS FOR 1986	E
RURAL DEVELOPMENT: WORLD BANK EXPERIENCE (SPANISH) 1965-86	S
ANNUAL REVIEW OF PROJECT PERFORMANCE RESULTS, 1986 (FRENCH)	F

OPERATIONS EVALUATION

FACT SHEET

STAFFING

- DGO Yves Rovani
 - Special Assistant to DGO Robert van der Lugt

 - Director Ram Chopra
 - Division I Graham Donaldson*
 - Division II Alexander Nowicki

 - Annual Review '87 Coordinator Paul Duane
- *Paul Duane acting

HL staff (HL)	40
Support staff (SL)	<u>21</u>
Total OED	61
Total Bank	5,496 OED: 1.1%
Total Operations	2,926 OED: 2.1%

CUMULATIVE OUTPUT

(As of June 30, 1988)

- PPARs/PCRs 1,679 (covering 1,924 Bank/IDA projects)
 - Studies 86
 - Annual Reports/
Reviews 38
-

BUDGET (FY89)

(a) Dollars

OED Budget	\$ 8.6 million	
Bank Budget	\$786.0 million	OED: 1.1%
Operations Budget	\$428.8 million	OED: 2%
PPR Budget	\$105.1 million	OED: 8.2%

The Bank will spend \$114.1 million on supervision of 1,770 projects in FY89. Of this about \$7.9 million will be for preparation of PCRs.

Combined total expenses for
PCR preparation and OED
Evaluation is \$16.5 million or 2.1% of total budget

(b) Manpower (staff years)

Supervision by Bank	475
of which	
PCR preparation	33

OED

total effective staff years	<u>42.0</u>	
<u>project evaluations</u>	<u>16.9</u>	
(project audits)		(7.9)
(SAL audits)		(6.6)
(Pass-through PCRs)		(2.4)
<u>Annual Review</u>	<u>3.8</u>	
<u>Studies</u>	<u>15.5</u>	
<u>Other</u>	<u>5.8</u>	
(dissemination)		(1.5)
(ECDP)		(1.5)
(other evaluation) <u>1/</u>		(2.8)

1/ JAC and Board related work, evaluation support to Operations, PPR and EDI, departmental retreat, methodology and work program development.

Annual Output

	<u>FY82</u>	<u>FY83</u>	<u>FY84</u>	<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>
<u>PCRs received</u>	159	180	178	190	197	222	180	215 <u>a/</u>
<u>Projects Evaluated</u>								
PPARs	122	91	111	86	125	109	71	101
Pass-throughs	- <u>b/</u>	78	84	93	94	111	104	123
	<u>122</u>	<u>169</u>	<u>195</u>	<u>179</u>	<u>219</u>	<u>220</u>	<u>175</u>	<u>244</u>
Audit ratio	100%	54%	57%	48%	58%	50%	41%	45%
<u>Special Studies Completed c/ d/</u>								
Special Studies	1	3	4	4	3	3 <u>e/</u>	8 <u>e/</u>	7
Impact Evaluations	5	3	8	2	6	3	-	5
	<u>6</u>	<u>6</u>	<u>12</u>	<u>6</u>	<u>9</u>	<u>6</u>	<u>8</u>	<u>12</u>

-
- a/ Planned
 - b/ Last year when OED audited all projects
 - c/ Year when special studies were issued
 - d/ No details on ongoing work for special studies
 - e/ Includes one internal study, circulated within the Bank to selected staff and available upon request.
-

Work in Progress

Approach Papers Recently Discussed by the JAC

- Procurement in Policy Based Lending
- Evaluation of Bank Free Standing Technical Assistance in Support of Public Sector Management in Sub-Saharan Africa between 1976-1987
- Bank Support for Small and Medium Industry in Selected Countries
- Sustainability of Irrigation Projects
- Procurement and Construction of Highway Civil Works in Small Countries
- Rural Roads Maintenance
- World Bank Supported Rural Development in Northeast Brazil
- Annual Review of Project Performance Results

Studies Underway in OED

	<u>To be completed in FY89</u>	<u>Main Work in FY89</u>
Tanzania country study	X	-
Senegal country study	X	-
SAL/SECAL Procurement	-	X
NE Brazil Rural Development	-	X
Morocco/Mexico Irrigation Impact	X	-
Thailand/Philippines Irrigation Impact	-	X
Resettlement of Displaced People	-	X
Chile Credit Impact	X	-
India Credit Impact	-	X
Philippines Maintenance of Rural Roads	X	-
Indonesia Maintenance of Rural Roads	-	X
Civil Works Contracting/Procurement	X	-
Transport Corridors In Africa	-	X
Indonesia Education Impact	X	-
Malawi Education Impact	X	-
Colombia Education Impact	X	-
Education Sustainability Study	X	-
Higher Agricultural Education	-	X
Indonesia Education Sector Review	-	X
African Human Resources Development	-	X
Sustainability of DFIs	X	-
Industrialization in NICs	-	X
Impact Small Scale Industry	-	X
Colombia Power Sector Review	X	-
Technical Assistance in Africa	-	X
Project Supervision Review	-	X
	<u>12</u>	<u>14</u>

Studies to be Initiated in FY89

- SAL/SECAL Monitoring
- Natural Resources Management II
- Brazil Infrastructure Environment
- Plantation Crops

Interview with Yves Rovani,
Director-General,
Operations Evaluation

All about OED

by Leandro V. Coronel

The mandate of the Operations Evaluation Department (OED) is to provide a systematic, comprehensive, and independent review of the Bank's development experience. To find out how OED goes about evaluating the Bank's work, *The Bank's World* talked to Yves Rovani, Director-General, Operations Evaluation.

* * *

Q: What is the role of OED?

A: Essentially, it is one of accountability and lesson-learning. We assess whether the Bank's operational programs and activities produce the expected results. We also help ensure that the Bank learns from its successes and mistakes, and ascertain that the Bank's self-evaluation processes are functioning satisfactorily. In addition, we encourage member countries to develop and build their own self-evaluation capability and we trade experiences with evaluation staff in other agencies.

Q: What is your relationship with management, and with the Board?

A: I report to the Board and have an administrative link with the President. Every evaluation report produced by OED is circulated to the Executive Directors and to the President. Within the Board, the Joint Audit Committee (JAC) exercises oversight over Operations Evaluation, and we work closely with it. The JAC reviews the work programs, the outline of studies and all major output of OED and IFC's Operations Evaluation Unit. The Board discusses only the most impor-

tant papers, for example OED's recent paper on structural adjustment lending (SAL), and, of course, the work program and budget, and our annual review and annual report.

There is close interaction with managers and staff at all appropriate stages. Comments are invited on every paper. We review the comments with care and take them into account to ensure accuracy and objectivity. Interaction continues after papers are issued as the feedback process develops within Operations.

Q: On the organizational structure, you have a dotted-line relationship with the Board and with management. Does this mean you have a high degree of independence?

A: Yes. This independence allows us to be original in our thinking, to address any issue of concern to the Board, to member countries and to staff, and to report frankly on our findings. It therefore helps enhance the credibility of the Bank's performance. Credibility is particularly important at this time when development resources are scarce, administrative budgets tight and the effectiveness of aid is questioned. But let me stress that independence does not mean isolation. OED staff are expected to interact with Operational staff to keep abreast of issues and to help ensure that lessons learned are fed back into operations.

This is even more apparent in IFC. I have the same formal relationship with IFC as with the Bank. My oversight supports the independence of thinking of the Operations Evaluation Unit even though the unit is located

within IFC—in its Development Department—to facilitate its familiarity with issues and enhance feedback. Let me say also that independence requires responsibility and objectivity which, in turn, must be supported by good analysis.

Q: Can you briefly describe the evaluation process?

A: The cornerstone of the evaluation process is the Project Completion Report (PCR) prepared by Operational staff shortly after a project is completed. We review all PCRs and seek the views and comments of borrowers and cofinanciers. In 50% of cases, I send the PCR to the Executive Directors and to the President as the final evaluative document.

For the other 50%, we conduct an independent evaluation—reviewing not only the PCR, but also appraisal documents, reports and files. We also interview staff and review project experience in the field. I then send the audit report to the Board, together with the PCR and comments received from the borrowers and cofinanciers. The Project Completion Report is an important step in the project cycle because the findings from one operation will be used for subsequent operations. Preparing PCRs is also educational for staff. I speak from experience as I myself have done a number of them in the past. Finally, the Project Completion Report is a building block, not only for our independent evaluations but also for our subsequent special studies and for the annual review in which we synthesize the results of all completed operations of the previous year.

Q: What are special studies?

A: Special studies are a major dimension of OED's work. They give us an opportunity to draw lessons from the Bank's experience, using aggregates rather than individual project experiences.

We do several types of special studies: impact or sustainability studies,

'This independence allows us to be original in our thinking, to address any issue of concern to the Board, to member countries and to staff, and to report frankly on our findings.'

sector reviews, policy and procedural reviews, country reviews and policy-based lending reviews. Impact evaluations involve revisiting projects several years after they have been completed, looking at project viability and social impact and at the sustainability of the institutions involved. A second group of studies deals with the experience of Bank operations in specific subsectors while a third group reviews Bank operational policies. The fourth group are country reviews which evaluate Bank-borrower interaction in a given country over time. Two have been issued, on Pakistan and Sri Lanka. More recently, OED started a new series of studies on policy-based lending, such as the first review of SAL experience.

The lesson-learning value of special studies cannot be emphasized enough. They shed light on issues such as social impact, balance of programs, aid coordination, the quality of country economic and sector work, and the factors affecting success or failure of lending in a given sector that no single project evaluation could capture.

Q: How many projects does OED review in one year?

A: In FY86, we've reviewed 218 projects. We expect to look at about 250 projects annually in the next few years—compared to 122 in FY82. Thus, in about five years, the number of projects reviewed by OED has doubled.

Q: How are you coping with this increase?

A: As I said earlier, OED is now con-

ducting independent evaluations for only about half the number of completed projects, compared to 100% in 1982. That helped release resources for special studies and other work. We have also been increasing the efficiency of our evaluations by grouping operations reviewed. For example, OED evaluated five irrigation projects in Indonesia during one mission and will produce only one report.

Q: Who are the people who go out to review projects, and have they had any previous connection with the projects they review?

A: The people who do this work have broad experience and are recruited from within the Bank. Our rules prevent OED staff from evaluating projects with which they have been directly associated. They also require disclosure of any other relevant past association with work in the country or sector which might impair their judgment.

Q: What do you do with OED's findings?

A: Let me point out first that it is not so much what we do with OED findings but rather what others do with them that matters. The Regions are responsible for the quality of their operations. It is, therefore, also their responsibility to ensure that lessons from experience Bank-wide are reflected in new lending. OPS and its sector departments, in particular, play a leading role through many processes to ensure that lessons learned are disseminated across the Bank. Our job is

to articulate the lessons in actionable terms, which is not easy, and to support the dissemination process. We are trying to help further by responding to requests from Operations Policy Staff and the Regions to participate in seminars or discussions.

Q: What about external dissemination of your findings?

A: We have contacts with other agencies and donors, and we trade experiences and share information with them. We also participate in country seminars and are considering publishing more reports provided we can see a particularly valuable message, a significant impact and an important audience. We want to be more systematic and remain cautious about our priorities and objectivity.

Q: Are the best lessons learned from successful projects or from failed ones?

A: We make a point of looking at successes as well as failures. For example we completed an impact evaluation of three successful settlement projects in Malaysia, and an OED mission recently returned from West Africa where it looked at the successful impact of cotton-based rural development projects. In both cases, very valuable lessons have emerged.

Q: Has the Bank been listening to OED's advice?

A: Yes, the Bank responds to OED findings although OED's impact would be difficult to measure. We have very good interaction with Operations. For example, we are now invit-

ed to comment on policy formulation in some of the sector departments in OPS. We have also been pleased to see the active participation of Operational staff in the JAC and the initiatives taken within Operations to discuss the country reviews, the SAL paper, some of the sector studies and, of course, the annual review.

Q: How has OED influenced work in the implementation of Bank projects?

A: Let me give you two examples. I think the systematic attention now given to sustainability in operational work may be traced to OED's initial work on the subject. The increased use of sociological expertise in the design of projects may be another example.

Q: How do you define a successful project?

A: A successful project is one which achieved the major objectives intended at appraisal. PCRs and evaluations rigorously compare results with expectations. Of course, whenever an economic rate of return could be calculated at the outset, it is reestimated on the basis of data available after the project is completed.

Q: Based on these basic criteria, how is the Bank doing with its projects?

A: Eighty percent of the projects reviewed in calendar year 1985 were judged to be successful. Considering that we are presently evaluating more complex and risky projects approved in the mid '70s and reflecting new policy initiatives such as poverty alleviation, and considering also that

'Something would be wrong with the Bank if it experienced no failures. After all, the development business involves taking risks. The most important thing is not to make the same mistake twice.'

these projects were implemented during a period of substantial economic upheaval, these results can be considered generally satisfactory. Also, something would be wrong with the Bank if it experienced no failures. After all, the development business involves taking risks. The most important thing is not to make the same mistake twice.

Q: Can you tell us briefly about the 20% that had unsatisfactory outcomes?

A: Perhaps the most significant feature is that the less successful projects tend to be the smaller ones. Thus, if you assess success in terms of investments rather than number of projects, you will find that the success rate is actually close to 90%.


I have already mentioned newer style projects which, being experimental, involved more risks. Also the results of agriculture and rural development projects in Sub-Saharan Africa continue to be poor. Looking at adverse factors, project design—behind which looms the impact of exogenous factors such as droughts, commodity prices—remains the major concern. More recently, country budgeting constraints, affecting project funding,

financing of recurring costs and maintenance, have also become sources of major concern, affecting many sectors and countries.

Q: What are your findings so far on the new type of policy-based lending such as structural adjustment?

A: We've just completed a paper for the Board, our first SAL review—covering 15 SALs. The findings show the results to have been mixed: Out of ten countries, four largely achieved their objectives; in four others the results have been less satisfactory; while in two countries the operations failed.

But SALs are rather difficult to evaluate because structural adjustment involves the interaction of many variables about which we still have much to learn. The first SALs were implemented in a very difficult world economic environment. SALs were a rapidly evolving product and their evaluation was like focusing on a moving target. For us, the SAL review is an interim evaluation, and we plan to go back to do another one as soon as enough new individual evaluations are available.

So, looking at the positive side, these operations have improved the policy formulation process within the countries concerned and helped better integrate country economic and sector work into lending. What must be said also is that SALs are one of several lending instruments of the Bank. How SALs, sector and project loans are integrated and mutually support each other in coherent country programs is the main challenge of the day. 

THE ORGANIZATION OF EX-POST EVALUATION IN THE WORLD BANK ¹

Robert-Jan E.M. van der Lugt
Special Advisor and Assistant to the
Director-General, Operations Evaluation
The World Bank

^{1/}

This paper provides an overview of OED's ex-post evaluation of Bank projects. Although originally prepared for a regional seminar on monitoring and evaluation in East Asia, the discussion is representative of and touches upon OED's work in all regions.

CONTENTS OF THE PAPER

1. Overview and Introduction
2. Ex-post Evaluation Objectives
3. Operations Evaluation Organization and Mandate
4. Project Evaluation
5. OED Evaluation Studies
6. Dissemination and Feedback
7. Lessons from Annual Reviews and Studies
8. Concluding Remarks

THE ORGANIZATION OF EX-POST EVALUATION IN THE WORLD BANK

by Robert-Jan E.M. van der Lugt ²

Overview and Introduction

1. The purpose of this paper is threefold: first, it aims to explain and describe how the World Bank undertakes ex-post evaluations: second, it attempts to draw some of the lessons that have been derived from 15 years evaluation experience in the World Bank: and third, it tries to distill a number of findings from that experience that could be relevant to ex-post evaluation in East Asia. ³ The paper does not deal with the full range of monitoring evaluation. ⁴ Rather it limits itself to ex-post evaluation.

2. The World Bank can make a more effective contribution to the development of its member countries if it learns from its experience in an objective manner. With increased lending and greater complexity of its

^{2/} The author is Special Advisor and Assistant to the Director-General, Operations Evaluation, the World Bank. The views expressed in this paper are those of the author and do not necessarily reflect the views of the World Bank.

^{3/} This paper was prepared for the East Asian Seminar on Monitoring and Evaluation in Kuala Lumpur, December 5 to 10, 1987, under the auspices of the World Bank's Economic Development Institute. It is a sequel to a similar seminar in Lahore, Pakistan in April 1987 to review the South Asian Experience with Monitoring and Evaluation.

^{4/} A useful overview of aid evaluation has been prepared by the DAC Expert Group on Aid Evaluation: Methods and Procedures in Aid Evaluation, A Compendium of Donor Practice and Experience, OECD 1986.

operations and the advent of new instruments such as policy based lending, the need for the Bank to evaluate its operations upon completion has become even more pronounced than it was in the early 1970s, when ex-post evaluation first became a regular feature of the Bank's work. The main aim of this evaluation process is to help the Bank, and its borrowing countries improve the design and implementation of future operations, whether projects or programs. The ex-post evaluation process is also one of the principal ways in which the institution is accountable to its shareholders. Increasingly the Borrowers themselves have become involved in the ex-post evaluation of their projects.

3. The Director General Operations Evaluation (DGO) has overall responsibility for the evaluation function in the World Bank. He reports directly to the Bank's Board of Executive Directors. The Operations Evaluation Department (OED) is the DGO's staff arm. All OED reports are made available to the member governments of the Bank and those of general interest are published. OED evaluations fall into two main categories: (i) ex-post evaluations (project performance audits) of all project and program lending; and (ii) special evaluation studies covering a wide range of selective subjects relevant for the development concerns of today and tomorrow. Each year OED prepares an annual review of project performance results. The main purpose of these reviews is to summarize and analyze the experience of the full range of evaluations completed by the World Bank in the preceding year.

4. The World Bank's ex-post evaluation of project/program performance is a two-tier system. The first assessment of project experience is normally made by the concerned operational units in the Bank and the executing agencies of the borrowing government shortly after completion of disbursements. This initial assessment is referred to as a Project Completion Report (PCR). Since 1977 Borrowers have been requested to prepare PCRs. When a PCR is prepared by the Borrower it may be used as the final document, accompanied by a supplemental Overview, prepared by the concerned Bank operational unit. PCRs are prepared for all lending operations and submitted to OED for independent review. In about half the cases the PCRs are forwarded to the Executive Directors without OED comment (but after soliciting and incorporating any comments received from the borrowers or cofinanciers); in the other half of the cases self evaluation is supplemented by an independent evaluation by OED staff. The Department's findings are embodied in a Project Performance Audit Memorandum (PPAR), which together with the PCR is presented to the Executive Directors in the form of a Project Performance Audit Report (PPAR).

Ex-Post Evaluation Objectives

5. The basic purpose of any evaluation function is two-fold, namely to assess how far and how efficiently operational programs and activities are producing the desired results, and to feed this information back into the formulation of new directions, policies and procedures. However, there is a fundamental tension between those two dimensions: Accountability on

the one hand and lesson learning on the other. The former requires full independence from management for greatest credibility, and conversely, the latter requires full integration into management for quickest absorption of useful lessons.

6. Furthermore, the objective of the Bank's lending is not simply to transfer resources. Bank projects can pursue several other development objectives including, but not limited to institution building, technology transfer, social and human development, and will normally include equity and environmental considerations. In addition, evaluation at the World Bank has to be responsive to the concerns of many audiences: the Board of Executive Directors, Bank management and staff, member countries and the development community at large. As an international development organization, the World Bank needs to assimilate and feedback the lessons of its experience into new operations. As an international financial agency the Bank needs to account for its activities both towards its shareholders and bondholders as well as the financial and development communities at large.

7. To meet the particular needs of the World Bank, a separate ex-post evaluation function was created. However, independence for accountability and integration for lesson learning have been intertwined in both the organization as well as the process of operations evaluation. Ex-post evaluation is not the only evaluation that takes place in the Bank. There are other evaluations in the Bank system (for example, course evaluations by EDI, the evaluation of the research program by the Research Committee, the examination of systems and practices by the Internal Audit Department,

etc.). Also, the Bank maintains an elaborate supervision system, which covers all Bank assisted operations. The supervision system consists of regular reporting the Borrowers, periodic field visits by Bank staff, regular middle management reviews of progress in solving implementation problems, a semi-annual review by senior management of the status of the more serious problem projects, and an annual discussion of project implementation experience with the Board. Projects now include monitoring and evaluation system to support supervision by the Bank and Borrower, and of course to assist project management. However, within this wider frame, ex-post evaluation merits its own and separate place, away from direct operational responsibilities, to ensure an objective and detached retrospective on operations and distill lessons for wider applicability.

Operations Evaluation Organization and Mandate

8. A separate operations evaluation organization has been set up in the World Bank. To provide for the necessary degree of independence, the DGO is not part of the major management structure of the Bank; rather he is directly responsible to the Executive Directors of the Bank with an administrative link to the President. The DGO ranks a Vice President, holds office for renewable terms of five years, is removable only by the Executive Directors and is ineligible for subsequent appointment or reappointment to the staff of the World Bank. By contrast, evaluation staff, most of whom have many years of experience in the Bank, rotate between OED and other Bank departments.

9. The formal system of operations evaluation in the World Bank dates back to September 1970, when an Operation Evaluation Unit was established in the then Programming and Budgeting Department. This Unit was the forerunner of OED, which was established under the responsibility of a Vice President in the President's Office in 1973. In 1975, the DGO position was created and the structure of the operations evaluation function has basically remained the same since. The Operations Evaluation Department has a staff complement of 60, including 40 higher level staff, currently distributed into a front office and two divisions responsible respectively for agriculture, human resources and transportation; and policy-based lending, financial sector industry, energy, public utilities and urban.

10. A standing sub-committee of the Board of Executive Directors--the Joint Audit Committee (JAC)--discharges an oversight function over the Bank's operations evaluation system. The JAC meets regularly and reviews and discusses OED's work program and budgets, its annual reviews/reports, approach papers for special evaluation studies, and subsequently when finalized the studies themselves. Also, the JAC has annually, since 1975, established subcommittees which review a sample of project/program evaluation reports in order to assess their quality as well as the adequacy of the operations evaluation system in the Bank.

11. The Director General's mandate ^{4/} includes:

^{4/} As described in the latest Annual Report - Annual Report on Operations Evaluation (FY88), issued September 1, 1988 by the DGO to the Board of Executive Directors.

- (a) assessing whether the Bank's programs and activities are producing the expected results;
- (b) incorporating OED's assessments and findings into recommendations which will help improve the efficiency and effectiveness of the Bank's programs and activities, and their responsiveness to member countries' needs and concerns
- (c) appraising the Bank's operations evaluation system and reporting on its adequacy for use within the Bank and by the member governments; and
- (d) auditing periodically actions taken by the Bank in connection with the findings of studies by the Operations Evaluation Department, and reporting thereon to the Executive Directors and the President.

12. The principal functions of OED, which is headed by a Director appointed by the DGO, are to:

- (a) assist the Director-General in making periodic assessments of the adequacy and effectiveness of the operations evaluation system in the light of the objectives and programs of the World Bank;

- (b) carry out performance audits on selected completed projects and to conduct evaluation studies focussing on selected issues and sectors;
- (c) help encourage and assist member countries to develop their own operations evaluation system, and
- (d) help disseminate evaluation findings regarding Bank operations both within the institution and to the wider development community.

13. Thus, operations evaluation in the Bank has a wide ranging mandate. Post-evaluation involves both Bank operational staff as well as the Bank's evaluation officers. Increasingly, and appropriately, project implementing and other agencies in borrowing countries have become closely involved in this process.

Project Evaluation

14. As noted above (para. 4) ex-post evaluation is a two-tier system and the Project Completion Report (PCR) is the starting point of ex-post evaluation. The PCR, which to a large extent represents the culmination of regular project supervision by the World Bank, reviews comprehensively the extent to which the objectives and expectations, on the basis of which the Bank loan or IDA credit was approved, have been or show promise of

being achieved. It examines the reasons for deviations from plans and attempts to assess their significance critically. Its purpose is not to record a comprehensive history of the project but to consider candidly, in the light of what actually happened up to that time, whether in retrospect the project was worth doing and what lessons are to be learned from the experience. The principal questions that are addressed, include the following:

- (a) Project Objectives. Were the objectives of the project appropriate and clearly defined? Were the project objectives realized in the judgement of the Bank and of the Borrower? In realizing or failing to realize the objectives, what were the major weak points, or strong points, of the project?

- (b) Economic and Social Impact. Are the economic and social effects of the project likely to reach the expected level? Was the distribution of project benefits by region or income group as expected? If the PCR cannot answer these questions or offer meaningful comment on them so soon after completion, when should a re-evaluation of the project be scheduled?

- (c) Institution Building. How was the question of institutional development addressed in conjunction with the project? Was the institution building strategy adopted appropriate and effective in relation to the project and its broader sector

context? Have agreed or expected reforms in policies and structures been carried out, and have such reforms been successful? Were project management arrangements satisfactory?

- (d) Financial Performance. Have the financial objectives, including cost recovery and self-financing of investment, been fulfilled?
- (e) Implementation. Was the project and its principal components fully completed, on time, and within cost estimates? Were final unit costs reasonable? What changes were made during implementation, and why? Did the Borrower and its consultants perform as expected?
- (f) Compliance. Did the Borrower and government comply with the loan covenants and related agreements?
- (g) Efficiency. Could similar projects be prepared, appraised and implemented in future more quickly or economically without undue risk to project and sector objectives?
- (h) World Bank Contribution. How does the Borrower perceive the World Bank's involvement with this project? Were the Bank's diagnoses of the problems of the Borrower, and those related to the sector and project, and the resultant definition of

loan objectives and covenants, appropriate in retrospect? Did the Bank influence the project design or implementation, and was this influence constructive in retrospect? Has the Bank learned the lessons of its experience, successful as well as less successful, with this project?

- (i) Other Considerations. Did the project have unintended social, economic, or environmental effects? If the project likely to be replicated?

15. As noted in para 4, all PCRs are submitted to OED and reviewed independently by the operations evaluation staff. PCRs are either forwarded, a process otherwise referred to as "pass-through", by the DGO to the Executive Directors and the President (after soliciting and incorporating any comments received from the borrowers or cofinancers), or held back for an independent evaluation of the project by OED. Hence PCRs either constitute the final evaluative document on the project experience, or they are incorporated into the Project Performance Audit Report (PPAR).

16. An evaluation by OED, otherwise referred to as a performance audit, routinely includes an examination of the files, the Board minutes, interviews with operational staff and, in most cases, visits to project sites and discussions with Borrowers and beneficiaries. Particular emphasis is placed in project evaluations on the project's contribution to the country's development, and on the borrower's view of the project experience and the World Bank's participation in it. Environmental

aspects, the role of women, institution building and technical assistance receive systematic attention while increasingly an analysis is also made of the factors that will determine if project benefits can be sustained.

17. The audit process includes substantial opportunity for review and comment. All PPARs are circulated in draft form to the concerned Bank staff, who are requested to screen for factual errors or misrepresentations, after which they are sent to the Borrowers and cofinancers for their comments. Comments from Bank staff, Borrowers and cofinancers are taken into consideration by OED before reports are finalized. However, the integrity of the ex-post evaluation requires that OED retains full responsibility for the final output (and to that extent therefore, its reports are not "cleared" by operational staff). At the same time, communications from the Borrowers are reproduced in full as annexes to the report. Only after this extensive process of consultation is completed are the reports released to the President and the Executive Directors by the DGO. At the same time, like other Board documents, they are widely distributed within the Bank and to its member countries.

18. Audit work continues to evolve. While the earlier audits largely concentrated on individual projects, to the extent feasible projects are increasingly grouped into one audit. This provides not only logistical advantages but it also allows greater depth of analysis and better understanding of the sector context. Clustering enables the auditor to make inter-project comparisons, to focus on policy issues, and to draw conclusions from a broader base of evidence. At present roughly 50% of all projects audited are clustered compared to hardly any three years ago.

19. Every year OED prepares the Annual Review of Project Performance Results. This provides an overview of all PPARs and PCRs issued during the preceding calendar year. While earlier annual reviews provided a simple overview of project evaluations, increasingly the analysis in the annual review has focussed on a wider range of issues, over a longer time horizon, taking into account findings of other evaluative work as well. The preparation of the annual review involves many staff and individual sector chapters are subjected to an intense dissemination effort within the Bank, so as to ensure maximum feedback from Bank staff on findings and lessons. The final report is discussed by the Bank's Board of Executive Directors and is also made public.

20. As a synopsis of an increasing number of project evaluations, the annual review remains the key account of the performance of Bank-supported projects, and the empirical base for drawing lessons from past operational experience. Yet it has become increasingly clear that the sample of projects reviewed each year is not necessarily a representative one, while past project experience is not always relevant to ongoing operational concerns. Rather than being encyclopedic, future annual reviews will be made more thematic in their coverage.

21. The Bank's project evaluation system is certainly not unique, but it is by far the most comprehensive among those of development agencies. The cumulative number of projects evaluated reached 1900 by the end of FY88 (June 30, 1988). In addition 86 special evaluation studies have been

undertaken to date. The costs of this endeavor are considerable. The overall annual manpower requirements for ex-post evaluation in the Bank has reached about 70 staff years, comprising almost 50 staff years for PCR preparation (not counting the considerable costs to borrowers who prepare their own PCRs) and about 20 for the OED effort.

22. Another feature of the Bank's system is its full coverage. Although the independent evaluation is selective, PCRs are prepared for all project and thus the ex-post evaluation system is complete. Originally, OED's mandate required it to undertake PPARs of all completed projects. However, depending on the nature of the project experience and its significance for Bank operations, the depth of the audit process varied. In a number of cases only summary reviews were deemed necessary. This system prevailed until 1982. Since then, under the "pass-through" system, about half of each year's PCRs are selected by OED for independent performance audit, in accordance with criteria laid down by the Board. These criteria include: innovative projects (new technology, special institutional arrangement, policy reform); large/complex projects; inadequate PCR coverage of issues; high Bank lending priority areas (poverty orientation, regional factors--i.e., Africa, policy based, highly indebted countries, etc.), packaging of projects, requests by EDs, and projects in new member countries. The pass-through ratio varies by types of operation; for example, SALs and other policy-based lending operations are all audited. By contrast, audit ratio's are lower in the more traditional sectors of Bank lending, and in sectors where OED is undertaking special evaluative work.

23. One of the reasons for introducing selective auditing was the increasing number of PCRs prepared each year. As the Bank's lending program increased, so did (with a time lag, of course) the number of PCRs. The number of PCRs submitted to OED has increased sharply over the last five years from less than 100 to close to 200, and this number is expected to level off at around 250 in the years to come. Other reasons for reducing the proportion of audits include the increasing quality of PCRs prepared by Bank staff and the increasing ratio of "follow-on" projects.

24. Nevertheless, the fact that PCRs are passed-through does not mean that these projects are "forgotten". Their experience is, after all recorded in an evaluative document (the PCR) which is widely distributed as a Board document. Furthermore, they continue to be analyzed as building blocks or other studies and work done by OED. Most importantly, the Annual Reviews of Project Performance Results include findings of PCRs in addition to those of PPARs.

25. Finally, a few words about the Borrower involvement. First, all ex-post evaluations are finalized as official Board documents. This automatically means that they are transmitted in one or more copies to all the member governments of the Bank. Hence, if nothing else the substantial stock of evaluative experience is available to all Borrowers. How internally in each country this information is stored and can be retrieved is an issue, however, that might merit some further thought.

26. Second, no ex-post evaluation is produced without an opportunity for Borrowers to comment. Hence all pass-through PCRs and all PPAR are sent to the Borrowers for comment and, as noted above, all comments received are incorporated verbatim in the document that is sent to the Board. To date the experience has been that in most cases ex-post evaluations are reviewed and commented upon by Borrowers, although far from systematically. Nature of comments also vary considerably. Again, there might be an issue that needs further discussion namely, are further improvements in this commenting process feasible and desirable?

27. Thirdly, increasingly, the Bank has encouraged preparation of PCRs by project management or by agencies of the borrowing governments carrying out the projects. After all, Borrowers stand to benefit most from the lessons of experience of their own projects. For this reason, loan and credit agreements signed since 1977, contain a provision that the borrower will prepare the PCR, 5/ within six months after the completion of the loan/credit disbursements, and submit it to the Bank. However, there is a difference between legal requirements and actual practice. There is still only a few, albeit increasing, number of PCRs that in fact are fully prepared by the Borrower. In most cases the Borrower has been involved in PCR preparation, but final PCRs required varying degrees of

5/ Since 1985 this provision has been included in the general conditions (Article IX).

Bank staff involvement. The trend, however, is promising, but again there might be an issue here that merits further attention, namely should the Borrower produce a "Bank" PCR, or should the objective be that all Bank financed projects (and for that matter other projects) be ex-post evaluated by the Borrower (using their own systems and formats, which would provide the basis for the Bank's PCR but not necessarily produce it).

28. Overall, therefore the framework for Borrower involvement in ex-post evaluation exists. More needs to be done, however, and the strengthening of evaluation capabilities in developing countries is something that OED strongly endorses.

OED Evaluation Studies

29. Project performance auditing is an important function, but not the only activity carried out in OED. In addition to synthesizing audit findings in the Annual Reviews a substantial number of other studies are being undertaken in line with OED's mandate to assess the effectiveness and efficiency of the Bank's operational programs and activities. In many cases, such studies elaborate on findings of earlier ex-post evaluation work, whether embodied in PPARs or PCRs.

30. Evaluation studies can be classified as follows:

(a) country and country sector reviews

- country reviews

- country specific sector and regional reviews

(b) impact evaluations

(c) operational and sector reviews

- comparative sector studies

- operational policy reviews

- operational procedures review

31. Country Reviews. These studies, initiated in 1984 at the request of the Executive Directors, evaluate the effectiveness of Bank's interaction with Borrowers in a member country over an extended period in time. Two country studies were completed in FY86 (Pakistan and Sri Lanka) and have been very well received by the Bank, the countries concerned and other development agencies. Among the criteria that were used to identify countries for this program are the following: (i) country commitment; (ii) fruitful relationship over time (ups and downs not being excluded); (iii) mid-size country (not so small that findings would be too limited -- not so big that the exercise would become unmanageable); (iv) size and diversity of past and prospective lending; and (v) regional distribution.

32. Thus, country reviews focus on the Bank's country programming, the quality of economic and sector work, the complementarity of economic advice and lending instruments, aid coordination and the effectiveness of the policy dialogue. A further two country studies in Sub-Saharan Africa (Tanzania, Senegal) have been substantially completed. However, before embarking on further comprehensive country reviews, an assessment of their impact is needed to determine whether they justify the large amount of resources they absorb. In the meantime, the country review approach has been extended to either the sector or regional level. The review of the Colombia Power Sector is an example of the former and a possible review of regional development in Northeast Brazil is an example of the latter. Country specific sector studies focus on sector policy and strategy, project selection and design, management and financial issues useful for helping sharpen the Bank's role in both project and sector lending. Country regional reviews help to highlight programming and policy experience and the interaction among projects in different sectors in the same geographical region.

33. Impact Evaluations. Since 1979, OED has been undertaking impact evaluations, or "second look" studies that revisit projects about five years after completion, when there is a better opportunity to assess performance and the "real" impact of the project. Contrary to earlier predictions at the appraisal or completion stages, a reassessment at that stage in the project cycle more closely approximates the "final" results over the full life of the project. Also, it takes account of developments

during a phase when the project has become "regularized", i.e., without receiving special external or internal attention as is the case during the investment phase. OED impact evaluations normally include socio-economic surveys to assess the impact of the project on its primary beneficiaries. To date, impact evaluations have been undertaken mostly agricultural projects (about 50) and a few education projects. The series is expanding by about five impact evaluations each year. At present they cover agricultural credit, irrigation and education projects.

34. The findings in these impact evaluations have provided much more focus on the factors that are important in sustaining project benefits after completion of the investment phase. The findings of all these impact evaluations have been reviewed in an OED special study entitled, "Sustainability of Projects: First Review of Experience". As the title indicates, OED intends to continue evaluating the factors that have an important bearing on project sustainability. Almost every audit now analyzes this issue in some detail and PCRs are paying increasing attention to sustainability, mostly as part of sensitivity analyses of rate of return calculations.

35. Operational and Sector Reviews. Comparative Sector Reviews compare project experience by major sectors and subsectors across countries. These studies emphasize special issues and draw lessons which are relevant for future operations. These reviews highlight issues in country sector work, the effectiveness of policy dialogues, project selection, design and implementation as well as their socio-economic impact

and the sustainability of project benefits. Other topics taken up in sector studies include issues in institutional and manpower development, operation and maintenance and self-financing. Examples of such reviews are Bank experience with fisheries development, agricultural research and extension, smallholder livestock, etc. More recently a review of Bank experience with rural development has been completed. Also the series of sustainability studies will be continued at the sectoral level. One such study covering fertilizer projects has been completed and two more, covering education and DFI lending are nearing completion..

36. Operational Policy Reviews analyze the Bank's operational approach to macro-economic or sector policy issues in borrowing countries. They include reviews of structural adjustment lending and technical assistance. The latter includes a review of free standing technical assistance projects in Indonesia (completed) and in Sub-Saharan Africa (underway). A major environmental study addressing the management of renewable natural resources in agriculture was recently completed. Another study will attempt to cover human resource development in Sub-Saharan Africa.

Structural adjustment lending will continue to receive close attention. An impact evaluation of all five SAL operations in Turkey--considered jointly--has been completed and a second SAL overview is envisaged. Other studies focus on more detailed policies and practices such as procurement under policy based lending and monitoring of SALs. In addition, study proposals have been made covering the review of the experience with export development lending and the effectiveness of lending for support of public enterprises reform.

37. Finally, a number of studies cover reviews of Bank operational procedures. A substantial number of such studies have been completed over the years, including: Delays in Loan and Credit Effectiveness (1975); Delays in Project Preparation (1978); Role and Use of Consultants in Bank Projects (1977); Built-in Monitoring and Evaluation (1977, 1979, 1981, 1984, 1985); The Supervision of Bank Projects (1979); Delays in Project Implementation (1980); Procurement in Bank Financed Projects (1981); Compliance with Loan Covenants (1982); Lending Conditionality-Water Charges (1986); and Lending Conditionality-Farm Prices (1988).

Dissemination and Feedback

38. The ultimate rationale for operations evaluation is to be found in its impact on the quality of new projects and programs. Dissemination (the actual process of distribution of evaluation finding) and feedback (the process of learning) must therefore be a high priority in any evaluative system.

39. However, until recently evaluators have not shown great interest in the process of dissemination, preferring to concentrate on evaluation, leaving the dissemination to others. In any case there was a general feeling that you could not prove that evaluation was useful, as it has always been very difficult methodologically to trace the impact of evaluative findings, let alone measure it in quantitative terms. In many cases, of course, evaluation findings can not be isolated from the general

progression in development thinking. Furthermore, it would not be prudent to assume that evaluation provides the sole rationale for management decisions. Decision making is a complex process influenced by many factors.

40. Nevertheless, evaluation findings have influenced programs and policies, although evidence is often anecdotal in nature. Thus, the systematic attention now given to sustainability in Bank operational work may be traced to OED's initial work on the subject. Much earlier, the increased use of sociological expertise in the design of projects may be another example. Also, the IDA in Retrospect, (1982) reviewing the first two decades of IDA, made extensive use of Operations Evaluation reports. More recently OED completed an operational policy review of conditionality regarding cost recovery in irrigation: the Bank is now in the process of reviewing its guidelines and policies in this field.

41. Partly as a result of OED's review of institutional development in Africa, follow-up actions have been taken. Special units have been created in the African Regional Office to provide expert help in designing institutional development projects. A systematic country-by-country analysis of public sector enterprises was undertaken to identify needs for technical assistance in Western Africa. The design of new lending strategies for agricultural development in Sub-Saharan Africa is another example of learning from lessons of experience. The new approach is more responsive to local conditions, deemphasizes substantial institutional requirements and places strong emphasis on agricultural research extension.

42. OED studies are also a source for developing Bank policy and position papers. An example is OED's study on smallholder livestock development which provided a substantial input into the Bank's policy paper on that subject. Furthermore, after review by the JAC of the Sri Lanka and Pakistan country studies, seminars were organized by the Region to discuss the follow-up to OED's recommendations. In Nigeria, two PCR's provided the basis for a week long seminar, attended by senior civil servants, project and Bank staff to discuss the future strategy for agricultural development in that country. Also, as a result of the Malaysia Jengka Triangle Impact Evaluation, Malaysian Government officials expressed keen interest in reviewing experiences in other countries that the study had analyzed for comparative purposes. Arrangements for such visits were made.

43. Gratifying as these examples may be, there is much that remains to be done to make the process of dissemination more effective. In the first place evaluators themselves need to focus their conclusions, target their recommendations and make them action-oriented. They should also remember their audience and ensure that evaluations remain relevant in relation to the issues that confront us. While evaluators are solely responsible for the quality and packaging of their messages, and can do much to improve the distribution of their findings, others share in supporting the dissemination process. Clearly those responsible in the Bank for policy formulation should play a leading role. Methods to achieve this vary. Some departments, especially in those sectors with large staffs, have distributed "lessons learned" memoranda throughout the Bank. In other

sectors meetings or retreats are used as a mechanism and in smaller departments dissemination is part of the normal processes of management and staff meetings. Increasingly internal Bank publications are used to highlight evaluation processes and findings.

44. Another effective tool of dissemination is the discussion of OED reports. All audits and special studies are submitted in draft to Bank staff and borrowers for their comments. In the case of the Annual Review, special meetings are arranged with operational staff for each sector chapter. Through such interaction, the lessons of experience and the necessary follow-up in terms of operational policies and procedures are clearly identified. In addition, both OED and other Bank departments are increasingly active in organizing meetings and seminars, for both Bank staff and borrowers, to disseminate OED findings. Furthermore, a more systematic attempt is now made to capture the feedback, or lesson learning process itself. Thus, in the framework of the Operations Evaluation Annual Report, managers were asked what action they had taken or not in relation to specific OED recommendation in their area of responsibility. A consolidated report was subsequently submitted to the Board of Executive Directors.

45. However, dissemination should not only be output oriented, inputs from evaluation are increasingly important as well. OED is now regularly requested to comment on draft policy papers and guidelines that are being developed and its staff members participate in Bank wide task forces to ensure that evaluations are brought to bear on major development and

process issues that need to be resolved. In fact, our experience has clearly shown that the evaluators' independence should not be equated with isolation. On the other hand, by expanding the scope of active dissemination, there are clearly issues that relate to safeguarding the independence and integrity of the evaluation process. Obviously the evaluator can never be the decision maker.

46. In fact, a major problem in the evaluation dissemination process might well be that we tend to think too simplistic about the influence evaluation can have on the decision making process. Carol Weiss has explored this in more detail in a recent article 6/ and concludes:

"Most evaluation are undertaken in a policy making system where authority is dispersed, multiple groups have a say, and policy is the resultant of conflicts and accomodations across a complex and shifting set of players. The evaluator has little chance of being a 'grey eminence' standing behind the decision maker.

But evaluation findings that become known in the larger policy community have a chance to affect the terms of the debate, the language in which it is conducted, and the ideas that are considered relevant in its resolution. Even when decisions come about through informal compromises and accomodations, without conscious activation of formal decision-making machinery, generalizations focus evaluation can percolate into the stock of knowledge that participants draw upon."

6/ Carol H. Weiss (1988): Evaluation for Decisions: Is Anybody There? Does Anybody Care? In Evaluation Practice, Volume 9, Number 1, February 1988.

Lessons from Annual Review and Studies

47. As noted above, the annual review remains a major instrument to aggregate and distill lessons from the Bank's operational experience obtained through ex-post evaluation. The last Annual Review issued by OED (and to be published soon) analyzed the 187 loan and credit operations which were reviewed by OED in 1987. Like earlier reviews it noted that inadequate attention to the implications of a country's unique socio-political and economic conditions in project design had damaged performance in a significant number of projects and recommended that the Bank needs to strengthen its dialogue with Borrowers (the establishment of country department should address this need). It also, as did earlier reviews, clearly established the linkage between project outcome and quality of preparation, or conversely the high risk associated with insufficient project preparation efforts (premature appraisal). A common thread in five highly regarded projects in the cohort was the insistence on strong financial accountability in parastatal-type institutions that implied more clearly defined responsibilities for their management. With regard to supervision one of the recommendations of the report related to the greater use of procurement specialists, and more detailed assessments of supervision needs during appraisal.

48. In addition to the series of general conclusions, the sector chapters of the annual review offer more specific findings and recommendations. For example, "the Bank experience with privatization of specific agricultural activities illustrates that successful privatization

depends very much on the local political and economic environment and the Borrower's commitment to this policy, the particular type of activity to be privatized and the transparency of the privatization process. Proposals for radical departures from established practice are unlikely to be effective without addressing thoroughly the Borrower's institutional arrangements and commitment to privatization policies." The SAL chapter was particularly rich in conclusions relating to the delivery of technical assistance, conditionality clauses, while the whole area of SAL procedures remains open for further analysis.

49. With regard to SAL conditionality clauses, the review reached the following conclusions:

"First, conditionalities that do not have strong political support from the Borrower do not work. Second, conditionalities need to be soundly anchored in credible economic and sector work or technical assistance. Third, conditionalities that prove unworkable, ineffective or irrelevant need to be detected and revised in timely fashion. Fourth, conditionalities should focus on the key adjustments called for under the program, rather than be dispersed on secondary aspects. Fifth, conditionalities should take into account the macroeconomic consequences of the policy prescriptions. A related concern emerging from the broader experience with SAL operations is the need to improve both the methodology for evaluating them, and the analysis needed to ascertain the possible social impacts of the recommended policy changes."

With regard to related technical assistance the following conclusions were drawn in the review:

"First, it did not serve as a substitute for carefully designed and orchestrated economic and sector work that fostered dialogue in an environment free of crisis. Second the studies initiated during the SAL program tended to cover the waterfront and exceeded the Borrower's capacity to absorb, prioritize and implement, as well as the Bank's capacity to advise and monitor. The Bank should be selective in choosing studies."

50. Among the many other general and sector conclusion, one merits specific reference, namely the Review concluded that there is a bias towards optimism in Bank appraisal. "Even while acknowledging the adverse impact of the external environment, particularly severe in this period, and the difficulties some Borrowers had with implementation, and even while recognizing major successes, some issues still require sustained attention by the Bank: Many of the objectives set at appraisal for the operations under review were unrealistic; the scheduled rates of implementation for investment projects in particular were based on excessive expectations, as were many of the institutional objectives and appraisal ERRs; and, in the case of the SALs, the adjustment process took much longer than projected. Most of the appraisals of the 1987 cohort also appear to have assumed that the projects would be relatively problem-free most of the time. The

results portrayed above demonstrate that the implementation conditions encountered were seldom as accommodating as foreseen at appraisal." As earlier annual reviews had reached similar conclusions, the recommendation was made for a much broader risk analysis of project performance at appraisal. "A more elaborate and candid assessment of risk at appraisal that identifies and weighs the key factors to which the project is expected to be most sensitive could allow better judgements to be made on all other stages of the project cycle, including the adequacy of preparation, the likely focus and cost of supervision, the probability of achieving the intended results, the sharpness of ex-post evaluation and the quality of experience gained."

51. The above are the major but not the only conclusions of the Annual Review of Project Performance Results. Studies are other sources of major evaluative findings, but audits and PCRs are also extremely effective instruments of lesson learning. The latter tend to focus not on aggregates and therefore offer insights that are particularly useful for Borrowers and their implementing agencies and Bank operational staff. We all know that we should improve preparation, but what about specifics! Most audits attempt to deal with the latter. For example: A 1986 cluster audit of five irrigation projects in Indonesia provided the opportunity for the auditors to address several issues of on-going importance to the entire irrigation sub-sector in Indonesia which would not have been possible in the case of a single project audit. These issues included inadequacies in project preparation which led to serious problems during implementation and less than satisfactory rates of return in a few notable examples; poor

standards of operation and maintenance which raise questions about sustainability of project achievements; the difficult problem of cost recovery in irrigation projects; and raised questions about the role of Government, particularly with regard to tertiary system construction and groundwater development.

52. Another recent example of a single project audit relevant to this seminar is the PPAR for a small scale irrigation loan to Malaysia. This project, which started in late 1977 and finished early 1985 was adversely affected during implementation by a fundamental change within the Malaysian economy, which led to large numbers of farmers abandoning their rice land and obtaining employment in export-oriented manufacturing industries. As a result, benefits in the form of increased rice production expected from the improved irrigation infrastructure did not materialize, and the estimated rate of return at project completion was 3% compared with an expected 23% at appraisal. The audit used this experience to illustrate the way in which an apparently well conceived and prepared project can be derailed by changing economic circumstances external to the project, and to emphasize the need for continual awareness of changes in the wider economic climate on the part of project management through the implementation stage.

53. The primary lesson of an Indian Railway Modernization and Maintenance Audit was that any component of a lending operation that is likely to have a substantial impact on the level or deployment of the labor force is going to experience difficulties. Conversely, any component that is neutral in this respect is likely to proceed smoothly.

54. A special study of World Bank experience with renewable resource management in agriculture, completed in 1988, reviewed the findings from 335 completed PPARs/PCRs and 23 impact evaluations to identify the range of topics and issues encountered in Bank-assisted projects and analyzed twenty years of Bank experience in twelve representative case study countries, including Indonesia, Malaysia, and the Philippines. The study documents the steady increase in environmental concern by the Bank and its Borrowers over the past two decades. It shows that economic and sector work in the past has been unable to provide the necessary strategic frame for deciding what the main resource management issues or operational options were in Bank Borrower countries, and concludes that, in consequence, selection and design of projects has in the main been opportunistic and influenced by policy papers and Bank operational guidelines rather than by economic and sector work. In consequence, environmental impact assessments in project appraisals appear perfunctory in relationship to the project selection and design process, with environmental issues being given less attention than they deserved in the preparation and appraisal stages of the project cycle.

55. The special study on Sri Lanka noted that "The recent relationship between Sri Lanka and the Bank has been on the whole an effective and successful one. Some difficult steps have been taken. Change required in the future may be even more difficult, if only because the Aid program which helped make past reforms possible was expanding dramatically in the past. That is why it is all the more important that Bank staff who deal with Sri Lanka are strengthened and that they focus their attention in the

future on a limited number of key issues." The report analyzed the undoubted achievements in Sri Lanka's development strategy but also revealed certain remaining problem areas. On the basis of its analysis the study suggested that some adjustment in Bank procedures could be warranted: first, focussing the program more clearly on key current and future problems; second, relating total size of lending more explicitly to policy changes; third, reducing macro-economic conditions attached to Bank lending; fourth, focussing recommendations on essential changes, and fifth, mobilizing additional resources from other donors in support of agreed policy changes. During the three decades of relationship there have been periods of fruitful and periods of poor relations. In order to ensure more continuity and stability in such relationships in the future, the review recommended that the Bank should: first, continue low key involvement in unfavorable periods so the Bank remains familiar with the country; second, expand Bank interaction at the highest political levels in Government; third, reduce the number of missions, and fourth, reduce the frequency of rotation of Bank staff.

56. The Rural Development Review included more than 20 specific findings and conclusions. No attempt will be made to summarize them here. ^{7/} Suffice to say that they were all highly relevant, especially since poverty alleviation in rural areas remains an important objective of Bank lending.

^{7/} Rural Development, World Bank Experience, 1965-86, A World Bank Operations Evaluation Study, 1988, pages xvii-xx.

However, the example also illustrates the problems of attempting to summarize in a few pages the lessons learned from 15 years evaluation experience. Unless one accepts a series of generalizations and platitude, clearly one cannot summarize what is already summarized in very concise analytical documents.

57. The purpose of this section has not been to provide a systematic account of lessons learned, but merely to illustrate the type of lessons that can be drawn. Hopefully this provides evidence about what usefully can be expected of ex-post evaluation.

Concluding Remarks

58. Within the elaborate framework of monitoring and evaluation of projects and the supervision thereof by concerned agencies, ex-post evaluation has its own role. As a retrospective view, it can focus on operations in an objective and detached way and from a wider perspective. Away from direct operational responsibility, it can distill lessons for wider applicability. Principles of accountability and lesson learning, however, need to be embodied in any ex-post evaluation system.

59. The World Bank has intertwined these two principles in both the organization and process of ex-post evaluation. The system is two-tier, with the first assessment made by the concerned operational units followed by an independent review by the separate operations evaluation organization. While the Bank's system is not unique, it has demonstrated that independence and two-tier approaches to project evaluation are important elements for any ex-post evaluation system.

60. Borrowers are increasingly involved in ex-post evaluation, not only as receivers of information or commentators, but increasingly as active participants in the ex-post assessments themselves. However, there are great variations in levels of participation among countries. 8/ The development of evaluation capabilities in developing countries is an important objective of the World Bank in general and OED in particular.

8/ A first attempt to assess the situation was made by the DAC Expert Group on Aid Evaluation at a seminar in Paris in 1987, at which evaluation experts of Africa, Asia, Europe, Latin America and North America shared their experiences. For reference see Evaluation in Developing Countries, A Step in a Dialogue, OECD 1988.

SELECTED OPERATIONS EVALUATION STUDIES

- Project Performance Results for 1986
- Rural Development, World Bank Experience, 1965-86
- The Jengka Triangle Projects in Malaysia,
Impact Evaluation Report
- Sri Lanka and the World Bank,
A Review of a Relationship
- The Aga Khan Rural Support Program in Pakistan,
An Interim Evaluation

THE WORLD BANK

Operations Evaluation System

Post Evaluation

1. One of the basic purposes of evaluation in any organization is to assess how far and how efficiently operational programs and activities are producing the desired results, and to feed the information back into the formation of new directions, policies, and procedures. Tension may arise between the reporting dimension of evaluation, for purposes of accountability, and the learning dimension, to assist management; the former requires full independence from management for greatest credibility and the latter, full integration into management for quickest absorption of useful lessons. Experience in a number of organizations has shown that the evaluation function has sometimes been too closely linked to particular levels of management, with constraints to its freedom in reporting and originality, and imagination in lesson learning. In other cases, it has sometimes been too distant from appropriate levels of management, leading to insufficient practical focus and a lack of impact where this matters most if evaluation is to improve future programs. The correct position is hard to establish and maintain.

2. The World Bank, as an organization of international cooperation for development, has particular features which have to be taken into account in considering the appropriate structure of evaluation. It has major resources -- those it lends and those it spends for administrative purposes -- for which important allocative decisions have to be made. The World Bank has a complex decision structure in which decisions on policies, budgets, and lending and borrowing commitments are made by the Executive Directors; recommendations on these matters and major administrative decisions are made by the President; and day-to-day operational and administrative decisions are delegated down the whole structure of management.

3. Moreover, since the objective of the Bank's lending is not simply to transfer resources but to support problem solving activities in member countries, the ultimate outcome of its operational decisions depends mainly on actions by the borrower. Thus, evaluation for the World Bank has to be concerned with activities at different levels of both the Bank and its borrowers and be responsive to the concerns of each.

4. To meet the particular needs of the World Bank, a separate operations evaluation unit was first established by the President in late 1960. Since then, the President from time to time has reviewed with the Executive Directors the evolution of this function and its place in the organizational structure. After such a review, in late 1974, the Executive Directors decided to establish a new post of Director-General, Operations Evaluation. Appointees to this post would have rank equivalent to that of a Vice President, hold office for renewable terms of five years, be removable only by the Executive Directors and be ineligible for subsequent appointment or reappointment to the staff of the World Bank except in unusual circumstances. In 1975, the Executive Directors appointed as the first

incumbent a senior officer of the Bank. These arrangements were designed to ensure familiarity with the problems of development and the operations of the World Bank, while providing for the constitutional independence deemed necessary for this function.

5. To further provide for the necessary independence, the Director-General Operations Evaluations (DGO) is not part of the normal management structure of the Bank; rather he is directly responsible to the Executive Directors of the Bank. More in particular the DGO is responsible for:

- (a) assessing whether the Bank's programs and activities are producing the expected results;
- (b) incorporating OED's assessments and findings into recommendations for the formulation of new directions, policies and procedures with the purpose of improving the efficiency of the Bank's programs and activities, and their effectiveness and responsiveness to member country needs; and
- (c) appraising the Bank's operations evaluation system and reporting on its adequacy for use within the Bank and by the member governments.

6. Operations evaluation in the Bank therefore has a wide ranging mandate, namely the assessment of the effectiveness and efficiency of Bank operational programs and activities. However, as a large part of the Bank's activities relate to investment in projects, it is only natural that the first emphasis in evaluation is also with these projects. Post evaluation involves both Bank operational staff as well as the Bank's evaluation officers.

Self-Evaluation

7. In order to achieve the most effective impact on future operations, the evaluation system in the Bank is based on the principle that evaluation should be carried out in the first instance by those directly involved in the activities being evaluated. Evaluation is therefore designed as a two-tier system. The first tier consists of self-evaluation by the relevant operational units; the second tier provides reviews of these self-evaluations, and of the operational experience that they cover, by an independent operations evaluation staff.

8. Most of the evaluation effort is thus decentralized and carried out by the same technical departments dealing with ex-ante project appraisal and supervision of implementation within the World Bank's six regional offices and the central projects staff. Post evaluation is normally done shortly after the last loan or credit disbursement is made. The Bank's operational staff then prepares a Project Completion Report (PCR), reviewing the extent to which the objectives and expectations of the project have been, or are likely to be, achieved. It examines the significance of any deviations from plans. It is not intended to record a detailed history of the project, but to analyze whether the project was worth doing and what lessons might be learned from it. As a general rule PCRs should normally be prepared six months after the completion of the loan/credit disbursements but this rule can be applied flexibly if there is reason to do so.

9. Increasingly, the Bank has encouraged preparation of PCRs by project management or by agencies of the borrowing governments carrying out the projects. The borrowers, after all, stand to benefit more than anyone else from the lessons of experience relating to their own projects. For this reason, almost every loan or credit agreement now signed by the World Bank contains a provision that the borrower will prepare the PCR and submit it to the Bank.

Project Completion Reports

10. The starting point for post evaluation therefore is the Project Completion Report which to a large extent represents the culmination of regular supervision by the World Bank. The PCR reviews comprehensively the extent to which the objectives and expectations, on the basis of which the Bank loan or IDA credit was approved, have been or show promise of being achieved. It examines the reasons for deviations from plans and attempts to assess their significance critically. Its purpose is not to record a comprehensive history of the project, but to consider candidly, in the light of what actually happened up to that time, whether in retrospect the project was worth doing and what lessons are to be learned from this experience. The principal questions that are normally addressed, most of which are also asked during project supervision, and related "if not, why not?" questions are the following

- (1) Project Objectives. Were the objectives of the projects appropriate and clearly defined? Were the project objectives realized in the judgment of the Bank, and as far as known, of the Borrower? In realizing or failing to realize the objectives, what were the major weak points, or strong points, of the projects?
- (2) Economic and Social Impact. Are the economic and social effects of the project likely to reach the expected level? Was the distribution of project benefits by region or income group as expected? If the PCR cannot answer these questions or offer meaningful comment on them so soon after completion, when should a re-evaluation of the project be scheduled?
- (3) Institution Building. How was the question of institutional development addressed in conjunction with the project? Was the institution building strategy adopted appropriate and effective in relation to the project and its broader sector context? Have agreed or expected reforms in policies and structures been carried out, and have such reforms been successful? Were the project management arrangements satisfactory?
- (4) Financial Performance. Have the financial objectives, including cost recovery and self-financing of investment been fulfilled?

- (5) Implementation. Were the project and its principal components fully completed, on time, and within cost estimates? Were final unit costs reasonable? What changes were made during implementation, and why? Did the Borrower and its consultants perform as expected?
- (6) Compliance. Did the Borrower and Government comply with the loan covenants and related agreements?
- (7) Efficiency. Could similar projects be prepared, appraised and implemented in future more quickly or economically without undue risk to project and sector objectives?
- (8) World Bank Contribution. How does the Borrower perceive the World Bank's involvement with this project? Were the Bank's diagnoses of the problems of the Borrower, and those related to sector and project, and the resultant definition of loan objectives and covenants appropriate in retrospect? Did the Bank influence the project design or implementation, and was this influence constructive in retrospect? Has the Bank learned the lessons of its experience, successful as well as less successful, with this project?
- (9) Other Considerations. Did the project have unintended social, economic, or environmental effects? Is the project likely to be replicated?

Particular emphasis is placed on the project's contribution to the country's development, and on the Borrower's view of the project experience and the World Bank's participation in it. Increasingly an analysis is also made of the factors that will determine if project benefits can be sustained.

11. Guidelines issued to staff require that the Project Completion Report be selective in the depth to which particular questions are pursued and avoid perfectionism of writing and presentation so that the crucial facts may be brought out and the lessons drawn at the lowest possible cost to the World Bank and the Borrower. Nevertheless, the costs are considerable. The overall cost to the Bank of the projects evaluation process for FY85 is estimated at about 54 staff years, comprising 39 staff years for PCR preparation and 15 for the OED input (these figures do not include the special studies undertaken by OED).

12. Guidelines for PCR preparation are included in OMS 3.58 but have also been published (September 1983) so as to be available to borrowers who increasingly prepare PCRs. For example some 40% of the 190 PCRs received in OED in FY85 were prepared by borrowers although only a small number were complete and nearly all required additional input by Bank staff.

Project Performance Audits

13. To ensure an objective treatment of the project's achievements, each of the PCRs is in turn reviewed by the staff of the Operations Evaluation

Department (OED), which is responsible, through a Director, to the Director-General, Operations Evaluation. OED staff members are selected by and are responsible to the Director and Director-General and have unrestricted access to the staff and records of the World Bank and its affiliates. The Department presently comprises 33 professional staff members with an almost equal number of support staff.

14. OED reviews systematically and comprehensively, after project completion, all World Bank lending operations and their contribution to the development process in member countries. This is done by OED submitting to the Executive Directors a Project Performance Audit Report (PPAR) consisting of a memorandum testifying to the apparent validity and comprehensiveness of the PCR, with whatever qualifications or additions OED deems necessary, summarizing the project experience and highlighting lessons and issues that can be derived from this experience. The PCR is also attached to this audit memorandum and is therefore an integral part of the PPAR. Originally, OED's mandate required it to undertake project performance audits of all completed projects. Depending on the nature of the project experience and its significance for Bank operations, the depth of the audit process varied. In a number of cases only summary reviews were deemed necessary and the PCR together with a summary of highlights submitted to the Board (abbreviated audit). In other cases full audits were undertaken by OED. In addition to studying all documents bearing on the concerned project preparation and design and the implementation experience OED staff also engaged in intensive discussions with the responsible operational staff in the Bank. Such audits were called intermediate audits, but if a visit to the country was also undertaken they became indepth audits.

15. All audit reports are circulated in draft to the responsible Bank staff and after initial screening for factual errors or misrepresentations sent to the Borrowers for comment. Comments are taken into consideration before the report is finalized (however, OED has full responsibility for the final product and to that extent its reports are not "cleared") and communications from the Borrowers are reproduced in full as an annex to the audit memorandum. Only after this process is completed is the report released to the President and the Executive Directors by the Director-General Operations Evaluation. At the same time, like other Board documents, it is widely distributed in the Bank (all departments normally receive copies).

16. However, quality of PCR preparation has considerably improved over time and in April 1983 a selective auditing system was introduced. PCRs are still prepared for all completed projects and read in OED. However, for projects which had no significant shortfall against expectations and no significant issues of general interest as well as an acceptable analysis of project experience, no further audit work is undertaken by OED and the PCR released to the Executive Directors as the post evaluation document. However, even in these cases the PCR is still first sent to the Borrower for comment. At present a little under 50% of the PCRs are being handled as such "pass throughs". The remainder are being subjected to full audit by OED staff. This new system of selective auditing has been closely scrutinized by both Bank staff and Executive Directors and has been found to be working satisfactorily.

17. One of the underlying reasons for selectivity was the increasing number of PCRs prepared each year. As the Bank's lending program increased, so did (with a time lag, of course) the number of PCRs. The number of PCRs submitted to OED has increased sharply over the last five years from less than 100 to close to 200, and we now expect this number to level off at around 250 for the years to come. Other reasons were the increasing quality of PCRs and the increasing ratio of follow on projects to projects new in the sector or subsector.

18. Nevertheless, the fact that PCRs are passed through does not mean that these projects are "forgotten". Their experience was after all recorded in an evaluative document (the PCR) and distributed in the Bank. Furthermore, they continue to be analyzed within the framework of other studies and work done by OED. Most importantly the annual reviews of project performance audit results continue to include findings of PCRs in addition to those in audit reports.

19. Audit work itself is also continually evolving. While the earlier audits largely concentrated on individual projects, increasingly to the extent that that is feasible, projects are grouped for purposes of audit in order to provide greater depth of analysis and to allow better understanding of the sector context in which projects are being executed. Such group audits have been undertaken for example for six agricultural projects in Tanzania, four agricultural projects in Malaysia, four transport projects in Zaire, etc.

Dissemination of Information

20. A major purpose of the evaluation is to learn from experience. To that extent it is therefore especially important that the evaluation findings are disseminated to the "right" people. Responsibility for this function is not limited to OED, but operational staff, especially in the support departments, also share in the execution of this function. One of the more important instruments for dissemination of information is the Annual Review of Project Performance Audit Results. These contain a concise analysis of the results and findings contained in all PPARs and PCRs issued in a given year, increasingly against a wider reference point of earlier project experiences and focussing of issues of particular operational importance. Ten such Annual Reviews have been issued by OED so far, and the eleventh is presently being finalized for distribution to the Board.

21. Another major reference document prepared in OED is the Concordance (short for Concordance to Project Performance Audit Reports Issued by the Operations Evaluation Department March 1972 to June 30, 1984). This document is updated yearly and contains the cumulative findings contained in all PPARs and PCRs issued by OED. These have been summarized and classified for each PPAR or PCR and are contained in a computerized memory bank. In addition to the Concordance as a document the memory bank itself is also accessible and continuous efforts are being made to expand the memory bank and to improve the computerized storage and retrieval system and link it more closely with the Bank's bibliographic data system (reports desk) and the larger management information system now being developed in the Bank. As of June 30, 1985 a total of 1323 projects had been evaluated and their findings are contained in this database.

Other OED Activities

22. Project performance auditing is an important OED function, but not the only activity carried out in OED. In addition to systematically synthesizing audit findings in the Annual Reviews and in the computerized data banks, a substantial number of other studies are being undertaken in line with OED's mandate to assess the effectiveness and efficiency of the Bank operational programs and activities. In many cases, such studies elaborate on findings of earlier OED audit work.
23. Projects are not finished at completion. In fact many are expected to produce benefits for a long period thereafter, be this continued education, increased agricultural production on the irrigation command area, or continued improved institutional performance. The PCR in itself is only capable to capture the investment dimension of the project. For that reason OED has decided rather early that it would be worthwhile to revisit completed projects, about four to five years after project completion to assess how that particular project continued to function. Such Impact Evaluations have been undertaken for about 20 agricultural projects or groups of agricultural projects and 5 impact evaluations each year, mostly in agriculture.
24. The findings in these impact evaluations have provide much more focus on the factors which are important to sustain project benefits after completion of the investment phase. The findngs of all these impact evaluations have been reviewed in a recent OED special study: Sustainability of Projects: First Review of Experience. As the title indicates OED intends to continue evaluating the factors that have an important bearing on project sustainability. Almost every audit now analyses this subject in some detail and PCRs are paying increasing attention to this subject also mostly in relation to sensitivity analysis of rate of return calculations. Further sustainability studies are planned by OED and will relate to sustainability issues in fertilizer projects, electricity projects and education projects.
25. Other special studies done by OED harvest the experience contained in certain sectors. Examples are studies of Bank experience with settlement, fisheries, monitoring and evaluation (4 studies have been completed over the years), agricultural research and extension, water management in irrigation projects, rural development in Sub-Saharan Africa, training components in Bank projects, etc. In the meantime simular studies are underway, more in particular a study of Bank experience with structural adjustment lending.
26. Yet another group of studies reviews in detail Bank operations in a certain sector in a country. Reviews have been undertaken of Bank operation in the agricultural sector in Indonesia, the Philippines, and comparatively Malawi and Burkina Fasso, of the Industries and DFC program in Turkey and the water supply and waste disposal program in Tunesia. Studies underway cover Bank experience in the transport sectors in Kenya and Tanzania, as well as with a series of import loans in Bangladesh.
27. Based on the experience with these sector reviews, OED has taken the initiative to widen the scope of attention to the whole range of interactions between the Bank and a given country. This is probably the most ambitious undertaking in operations evaluation so far. Two such country program and policy reviews are underway.

28. Another group of studies relates to reviews of specific Bank operational policies. In the past this has included studies in effectiveness delays, delays in project preparation, use of consultants in Bank projects. This was followed by studies on the Bank's supervision role, delays in project implementation, experience with procurement, experience with covenants included in loan/credit agreements, experience with technical assistance based on a case study of technical assistance projects, and components in Bangladesh, and the most recent study on Bank experience with institution building, based on a number of case studies in Africa. This series is being continued at present with special emphasis on Bank experience with conditionality. Two studies are presently being completed and cover reviews of cost recovery in irrigation and more broadly agricultural pricing policies. Conditionality studies in other sectors are also being planned.

29. All in all, OED's work programs cover a wide range of studies and audits, clearly a reflection of the broad mandate of OED to assess the effectiveness and efficiency of Bank operational programs and activities. It is also clear that post evaluation does not imply post-mortems. Rather, because of selectivity and the issue oriented approach OED has followed in developing its overall programs as well as individual work, it makes important contributions to what is relevant in the Bank's work today and tomorrow. Because of the wide range of its attention span as well as worldwide coverage OED is also a challenging place to work.

RvdL 9-12-85

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JAC 85-10

FROM: The Secretary, Joint Audit Committee

May 2, 1985

MECHANISMS FOR INTEGRATING OED FINDINGS INTO THE POLICY FORMULATION PROCESS OF THE BANK

The attached paper entitled "Mechanisms for Integrating OED Findings into the Policy Formulation Process of the Bank", which was prepared in the Operations Evaluation Department, will be considered at a forthcoming meeting of the Joint Audit Committee.

Distribution

Committee

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Mr. Burnham
Mr. Corti
Mr. Dean
Mr. Girukwigomba
Mr. Phaichitr
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For Information

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Mr. Husain	Mr. Thahane
Mr. Kapur	Mr. Watanabe
Mr. Qureshi	Mr. Wood

Mechanisms for Integrating OED Findings into the Policy Formulation Process of the Bank

1. This paper has been prepared at the request of the Joint Audit Committee (see JAC/M 85-3, para. 6). It reviews the mechanisms in place to feed back OED's findings and recommendations into the Bank's policy formulation and operational decisions. In conclusion, the paper also suggests possible ways of further strengthening this process. The Operations Policy Staff have been consulted in developing the recommendations of this paper.

OED Feedback Mechanisms

2. Major OED reports such as the Annual Review or operational policy reviews, often contain recommendations suggesting changes in Bank policies or procedures with a view to enhancing operational efficiency and effectiveness. Such recommendations are followed up both by OED and operational staff.

3. In its Annual Reports, OED reports regularly on the implementation of earlier recommendations, detailing the specific measures taken by Bank management and emphasizing areas where further action may be required. The last Annual Report (No. 5247, dated August 30, 1984), for instance, indicates the actions taken by the Bank on specific recommendations made in one of OED's policy reviews (Compliance with Loan Covenants). This tracking mechanism has been in place since 1978; recommendations of new special studies and the Bank's reaction to them are added from year to year as the earlier recommendations, already acted upon, are taken out.

4. OED's Annual Reviews provide another vehicle to followup on lessons and recommendations emanating from OED's work. The Tenth Annual Review (No. 5248, dated August 30, 1984), for example, devotes a special chapter to the "Summary Findings, Lessons, Feedback" (Volume One, Chapter IV). In this chapter, major findings from project evaluations are highlighted and remedial action is recommended to be applied in future operations. The follow-up measures are carefully reviewed with operational staff.

5. Moreover, in a special annex (Volume Three, Annex III) the Annual Reviews flag certain issues that have emerged as of recurring concern. The purpose of this annex is to provide a ready reference by which progress made in the more important deficiencies noted can be tracked in subsequent project evaluations.

6. Specific project-related issues are reviewed with operational staff concerned as and when they arise. Beyond that, OED endeavors to disseminate its audit reports more broadly among professional staff in the operating departments. To ascertain the extent to which OED reports were made available to and used by operational staff, the department conducted an informal survey in FY83. The findings varied as between sectors and

departments, but it appears that readership is less at levels below Division Chief because heavy work pressure often prevents staff from reading PPARs that do not concern them directly. It may therefore be more important for the operational staff to learn the more general lessons which are provided in syntheses prepared both by OED and the OPS Sector Departments.

Follow-up Mechanisms Employed by Operational Staff

7. The adequate dissemination among operational staff of the findings of OED reports and their integration into the operational decision process is a matter of importance to the Bank's management. A number of mechanisms are employed to achieve these objectives.

8. First, operational departments are directly responsible for the preparation of project completion reports (PCRs) which provide the basis for ex-post evaluations of individual projects. The quality of the PCRs has improved markedly since project auditing became selective in mid-1982, and valuable lessons are learned already at that stage. In addition, operational staff review individual project performance audit reports (PPARs) prepared by OED, and are fully involved in the process of lesson learning from such operations.

9. The next stage, which involves the broader distribution of completed PCRs and PPARs, is done selectively to reflect the wide variety of reports and the different ways the Bank is organized. Every unit in the Operating Departments receives the reports which are considered relevant to its work. A Regional Agriculture Division, for example, receives not only all PCRs and PPARS of its own projects, but also others in which it is interested.

10. The Sector Departments in OPS/EIS have the primary responsibility for disseminating the lessons of the audits to the different Regions. The procedures cannot be uniform for they depend on the number and diversity of projects involved and the number of staff in the sector. In Agriculture, there are a large number of project audits and of staff, and a wide variety and diversity of projects, ranging from research, to extension, credit, marketing, crop production, forestry, irrigation, land settlement and so forth. Accordingly, the Agriculture and Rural Development Department of the Operations Policy Staff prepares and distributes memoranda on the lessons learned from PPARs to all managers in the agricultural sector in the Bank, to Directors of Programs Departments, and to Resident Missions abroad. Summary Findings of the OED Annual Reviews (para. 4 above) are discussed by Regional agricultural managers with OED staff under the chairmanship of the Director, AGR. Similar feedback arrangements exist for other sectors such as industry, DFCs, education, transport and public utilities, though the specific mechanisms used vary from one sector to another.

11. Beyond dissemination, the Bank's management is also concerned that the lessons of experience are integrated into the decision processes. The instructions on Project Briefs require that they record "relevant experience

acquired in the design or supervision/implementation of projects in the same country," and specifically refer staff to PCRs and PPARs. The President's Reports and Recommendations to Executive Directors for approval of new loans and credits are required to discuss the lessons from prior relevant project audits and how the proposed project takes these lessons into account. During the appraisal review process, a major function of the OPS advisers is to bring to bear on new projects the lessons of experience of prior relevant projects. In addition, numerous studies are undertaken which address broader issues identified in the project audits and summarized in OED's Annual Reviews and Annual Reports.

12. The special studies prepared by OED are subject to very close review, usually on a Bank-wide basis. For example, studies on procurement, on project supervision, on compliance with loan covenants, and on institutional development in Africa were disseminated throughout the Bank at all the relevant management levels, comments were requested and the management responses were widely considered before the reports were distributed to the Executive Directors. Actions taken or proposed by the Bank's Management in response to OED's recommendations are reported to the Board (see para. 3 above). In the case of the study on loan covenants, for instance, steps were recently taken by the Bank to use loan covenants more selectively and to streamline legal documents, as had been recommended by OED.

13. Finally, project audits and other OED reports are a major source for special Bank studies such as the IDA Retrospective and World Development Reports, and a variety of sector papers.

Possible Further Action

14. Over the years, effective feedback mechanisms have been established both by OED and the operating departments. These mechanisms while not without shortcomings by and large see to it that OED's findings and recommendations are taken into account in the Bank's procedures and policy formulating process. To further strengthen the existing procedures and to provide direct feedback from experience at a few selected points in the project and policy formulation process, it is proposed that:

- (a) In the course of preparing OED's next Annual Review (and subsequent ones) greater emphasis be given to systematic feedback discussions with OPS and Regional staff. These discussions would be conducted on the basis of draft sector chapters and summary findings and would identify changes in Bank policies, procedures and resource deployment that have occurred, or which are now proposed to be introduced, over recent years in response to the lessons of experience emerging from the PCR/PPAR process. The quality of these discussions has been uneven as between one sector and another in the past, partly because the time horizon for the Annual Reviews has generally been only one year. In the future, beginning 1985, every Annual Review will cover the experience of six years: the

- latest year seen in the evolutionary perspective of the preceding five years. It is now proposed to undertake the feedback discussions also in a similar perspective, with greater opportunity to identify strengths and weaknesses over time and remedial actions taken or proposed.
- (b) In the preparation of sector policy papers and operational guidelines, OED will be given an opportunity to provide its comments.
 - (c) OPS should advise the Regions that where recent OED findings are directly relevant to a project under consideration, staff should be encouraged to consult OED in the initial stages of project preparation. OED should also take the initiative to bring their findings to the attention of Regional staff and OPS, as appropriate.
 - (d) As for operational policy and sector reviews, operational staff be also requested to attend meetings of the JAC so as to respond to broader issues when impact evaluation reports, whether singly or in groups, are discussed.
 - (e) The Annual Reports on Operations Evaluation review in some depth the follow-up actions taken by the Bank's Operational management in terms of the actions proposed above, in addition to continued reporting on the status of recommendations made by OED in its major studies and operational policy reviews.

Operations Evaluation Department
April 29, 1985

International Bank for Reconstruction and Development

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JOINT AUDIT COMMITTEE

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JAC 85-20

FROM: The Secretary, Joint Audit Committee

July 11, 1985

DISSEMINATION AND INTEGRATION
OF OED FINDINGS IN BANK OPERATIONS

The attached paper entitled "Dissemination and Integration of OED Findings in Bank Operations", which was prepared by OPS, will be considered at a forthcoming meeting of the Joint Audit Committee.

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July 1, 1985

DISSEMINATION AND INTEGRATION
OF OED FINDINGS IN BANK OPERATIONS

1. The Joint Audit Committee, at its meeting of June 7, 1985, discussed a paper on "Mechanisms for Integrating OED Findings into the Policy Formulation Process at the Bank," prepared by the Operations Evaluation Department (JAC-85-10). At the invitation of the Committee, the present paper was prepared to provide a more detailed description of the processes which now exist to feed back OED's findings and recommendations into the Bank's policy formulation and operational decisions. Because the processes are somewhat different for project audits than for broader OED studies, they are described separately. It should be emphasized that OED findings are generally limited to completed projects and that the Bank has an extensive process--the Project Implementation Review--by which the lessons of experience from ongoing operations are identified for application to new lending (see para. 20).

PROJECT AUDITS

2. The adequate dissemination within the Bank of the findings of Project Completion Reports (PCRs) and Project Performance Audit Reports (PPARs) has been a matter of perennial interest to the management and the Board. Adequate dissemination is important because the proper integration of the lessons of experience in new lending is a major purpose of these project audits.

3. While the preparation of PCRs and PPARs involves staff of both OED and the Operational Departments, more than 70 percent of the time required for their preparation is in fact that of operational staff. This means that in the preparation of PCRs and the review of PPARs with OED staff, the project staff concerned, the operations policy staff, and their managers are fully involved in the process of lesson-learning which is the essence of this activity.

4. The next stage, which involves the broader distribution of completed PCRs and PPARs, is done selectively to reflect the wide variety of reports and the different ways the Bank is organized. Every unit in the Operating Departments receives the reports which are considered relevant to its work. A Regional Agriculture Division, for example, receives not only all PCRs and PPARs of its own projects, but also others in which it is interested. There is some flexibility and room for judgment here and some difference of views among different participants.

5. The Sector Departments in OPS/EIS have the major responsibility for disseminating the lessons of the audits to the different Regions. Each of the Sector Departments has studied very carefully the type of dissemination which is most appropriate for it. Every Department prepares

memoranda and organizes meetings with the relevant staff in the Regions on the findings of project audits and their relevance to new lending. The specific nature and frequency of these memoranda differ somewhat for they depend on the number and diversity of projects involved and the number of staff in the sector. The procedures used for the dissemination of findings in the Agriculture sector, which has nearly 60 PCRs annually and involves 20 Agriculture Divisions and considerable staff in Resident Missions, need to be different from those in the Urban Sector, with only few PCRs annually and staff in only six Divisions, three of which are also responsible for Water Supply projects, or from those in sectors which have not been decentralized, such as Population, Industry and Petroleum.

6. || In Agriculture and Rural Development, there are a large number of project audits and of staff, and a wide variety and diversity of projects, ranging from research, to extension, credit, marketing, crop production, forestry, irrigation, land settlement and so forth. Accordingly, the Agriculture and Rural Development Department prepares and distributes to agriculture and other operations staff in the Regions memoranda on the Lessons Learned from PPARs. More than sixty of these memoranda have been issued in the last five years, or about one per month. Some Lessons Learned are derived from a single PPAR but others reflect a composite Lesson based on a set of PPARs that have identified similar issues. The majority of the PPARs from which these memoranda are prepared relate to area development and irrigation projects reflecting the dominance of these two sub-sectors in agricultural lending in the period to which the PPARs mainly relate. The Africa Regions in particular have been a major focus of these memoranda (45% of the total).

7. The last six memoranda reflect the range of these attempts to distill lessons of relevance for future project lending. One dealt with the issue of establishing independent project authorities, based on a West Africa livestock project. One dealt with the need for more detailed design at an early stage in irrigation projects, based on two such projects in EMENA. Two were derived from agro-industry projects in South Asia dealing with a wide range of design issues relating to project scope, cost and training. One dealing with macro-economic and price policy was based on six projects audited in Eastern Africa and the sixth drew attention to certain monitoring and evaluation issues that had been commented on in recent PPARs.

8. The views of Regional agricultural managers on the OED Eleventh Annual Review of PPARs were discussed with OED at a meeting chaired by the Assistant Director of the Agriculture Department.

9. The Department intends to continue its regular contacts with the OED Agriculture Division and has offered full cooperation in terms of access to the data base of agriculture lending as an input to the forthcoming OED study on the Impact of Rural Development. OED is a major client of this data base which uniquely provides the classification of agriculture projects according to its poverty focus and contains the data on beneficiaries and production targets that are needed for OED studies.

10. The Education and Training Department disseminates the findings of PCRs/PPARs in various ways. Traditionally, the Department has discussed the findings of the OED Annual Review of Project Performance Audit Reports with regional education managers, circulated a summary of key lessons from recent PCRs/PPARs to all sector staff and called the attention of staff to points of special operational significance in individual PCRs/PPARs through special memoranda. The richness of the PCRs/PPARs presently available has allowed the Department to gradually shift the focus of the dissemination effort from annual summaries and topical memoranda to systematic and thematic analyses. The vehicle for such analyses are General Operational Reviews of the sector's implementation experience in respect of selected issues. Two such reviews have already been issued--dealing with textbooks and primary education--and three more--teacher training, institutional development in education in Sub-Saharan Africa, and issues in educational project management--are expected to be completed soon. Thus the empirical base of the Department's policy development has been strengthened. To feed back effectively the operational experience contained in the PCRs/PPARs to sector staff through these Reviews, a series of staff training seminars are being organized. The first of these seminars dealt with the experience with the lessons learned in textbook projects. Furthermore, the OED special study on project-related training continues to provide the backdrop for the Department's efforts to increase the concern and understanding of manpower development issues among non-education sector staff. A review of more recent experience with project-related training drew heavily on PCR/PPAR findings. Finally, considerable dissemination of the sector's experience through the PCRs/PPARs is disseminated through the functional review process. Advisers are paying close attention to the treatment of findings of PCRs/PPARs in the generation of new projects. For FY86 the Department plans to organize 16 dissemination efforts through Operational Reviews and seminars.

11. The Transportation Department, prior to FY85, disseminated the findings of PCRs and PPARs through annual meetings with regional staff. Policy papers such as the ones on Highway Maintenance and on Railway Problems, drew heavily upon the lessons of past experience. Since early FY85, the Department has taken further steps to bring the lessons of experience to the attention of all transport sector staff. Several times a year, it circulates to regional staff a note calling attention to the lessons emerging from new PCRs and PPARs. An annual meeting is held with regional staff to review the lessons learned from the PCRs/PPARs. A Highway Review Group, including regional staff, deals with issues arising in projects in the lending program, and as a part of the process the lessons of past experience are considered. This has effectively increased regional awareness of problems and solutions tried in other regions. The Department is planning to undertake general operational reviews, which take account not only of the lessons of completed projects but also the current experience with ongoing projects. Finally, the Department has organized a large number of seminars and other meetings attended by regional staff dealing with particular topics; in many of these the lessons of experience are reviewed.

12. In the Water Supply and Urban Development Department, PPARs and PCRs with significant results are discussed at bi-weekly advisers meetings and division chiefs meetings. The Department conducts annual meetings with each Regional division to review its experience on project implementation, including the findings of PCRs and PPARs. As part of the Department's Annual Report, PPAR and PCR results are analyzed and ways to implement the lessons learned are proposed. This year, for the first time, the findings of OED's annual review of PPARs will be discussed at a meeting with the Director of OED and OED staff. The results of these discussions will be incorporated in the Department's Annual Report.

13. The Population, Health and Nutrition Department, given the increasing number of PHN projects reaching the audit stage, has directed its advisers to systematically review those PPARs which have a bearing on their areas of responsibility. Based on the advisers' review, a consolidated memorandum outlining the lessons learned from each project will be prepared. These memoranda will be circulated to the three operational Divisions, as well as to the Policy and Research Division, and will be discussed in their weekly staff meetings. PPARs and PCRs with particularly significant results will be placed on the agenda for discussion at the monthly departmental staff meetings.

14. The Industry Department, as a regular part of the lead advisory role, reviews and comments on all PCRs and PPARs on IDF projects. The relevant lessons of experience highlighted in the PCRs and PPARs issued through 1983 were discussed and incorporated into the Report of the Task Force on Portfolio Problems (Yellow Cover Report No. 4772), widely distributed to staff and also discussed by the OVPs. OED's recent Annual Reports highlighted the work of this Task Force. In addition, at the Department's monthly meetings with the IDF Division Chiefs, issues arising in PCRs and PPARs having wider Bank significance are discussed. Regarding OED's recent Annual Reviews, the Department has followed a more formal system. As soon as OED's draft chapter on IDF projects is available, the Department circulates it to each IDF division for review and comments. The comments are circulated among the divisions and a joint meeting is then held with OED to discuss the findings. OED revises the draft chapter, which is then sent back to the Department for further comments. At this stage the Department may send a formal memo to OED after consultations with the Regions. These annual meetings and formal interchanges serve not only to disseminate lessons of experience but also to draw OED's attention to the evolving changes in Bank practices and policies, as well as initiatives being taken by the operational complex to take into account OED's findings. We understand that in this year's Annual Report, OED will include, as a result of the meeting on the draft Eleventh Review, a special section on such initiatives last year in the IDF complex. It should also be pointed out that a new Policy Paper on Financial Intermediation, now being finalized, also draws upon the lessons learned from the evaluation of past projects.

15. With regard to OED reports on Industrial projects, the Department follows procedures similar to those mentioned above, except that the dissemination procedures are more streamlined since the Department is directly responsible for these projects.

16. The Energy Department, in the electric power sector, monitors OED findings in PPARs and special studies and where the results are of special interest in connection with projects under preparation, a note is circulated to the Regions calling them to their attention. There have been several such cases in the past year. The Department also holds an annual meeting with the Regional power division chiefs to discuss the findings of PCRs and PPARs and selected supervision issues. In the oil and gas sectors where PPARs are just beginning to appear, the review procedures are the same except that the dissemination is directed to the staff of the two petroleum Projects divisions.

17. Beyond dissemination, we are also concerned that the lessons of experience are integrated in the decision processes. As pointed out above, the project staff contributes a major part of the time required for preparation and review of project audits. The instructions on Project Briefs require that they record "relevant experience acquired in the design or supervision/implementation of projects in the same country," and specifically refer staff to Supervision, Project Completion or Operations Evaluation reports. We require that President's Reports and Staff Appraisal Reports discuss the lessons from prior relevant project audits and how the proposed project takes these lessons into account. In order to highlight this more prominently, we have recently issued instructions that the lessons of experience always be treated in a separate paragraph, with a subheading "Experience with Past Lending." During the appraisal review process, a major function of the advisers is to bring to bear on new projects the lessons of experience of prior relevant projects.

18. In addition, numerous studies are undertaken which address broader issues identified in the project audits and summarized in OED's Annual Reports. For example, the Agriculture and Rural Development Department a) has appointed an Agro-Industry Adviser in response to numerous problems with these projects identified in project audits; b) has organized a seminar to discuss the experience with agriculture projects in Africa highlighted in the Ninth Annual Review of Performance Audit Reports; OED and Regional staff prepared papers for the seminar and, as a follow-up, the Agriculture Department organized workshops on Project Design for Africa in 1984; c) has initiated action on a number of OED recommendations concerning fishery projects; and d) is following up on OED recommendations concerning its Monitoring and Evaluation Unit, including training of Bank staff and project officials, and the establishment of country evaluation profiles. Other Departments are undertaking similar activities.

OED STUDIES

19. The broader studies prepared by OED are subject to very close review, usually on a Bankwide basis. For example, studies on procurement, on project supervision and on compliance with loan covenants were disseminated throughout the Bank at all the relevant management levels, comments were requested from them and the management responses were widely considered before they were sent to the Executive Directors. The Annual Reports on Operations Evaluation summarize the current status of recommendations of OED studies, the management's response to these studies and the actions that have or are planned to be taken on recommendations in these studies. The 1983 Annual Report (No. 4679, August 24, 1983) follows

up on a number of studies, including those dealing with procurement, technical assistance, and compliance with loan covenants. The discussion of procurement lists the major recommendations and the specific actions that have or were being taken. On technical assistance, we have undertaken a special study on which we reported to the Executive Directors (in the Ninth Annual Report on Project Implementation and Supervision, Report No. R84-28, February 9, 1984) and a new OMS on Technical Assistance (4.00) was issued in September 1984. In connection with the study of loan covenants, we have taken steps to achieve greater selectivity in the use of loan covenants and to streamline and simplify legal documents.

OTHER STUDIES AND REVIEWS

20. Project audits and OED's broader studies are a prime source for special studies such as the IDA Retrospective, the World Development Reports, and sector papers such as those on railways or on highway maintenance, so that the lessons of experience are fed back into new operations in a number of ways. Moreover, the lessons of experience arise not only from OED's work, but also from the more than 1,800 projects currently under supervision. We have an extensive process--the Project Implementation Review (PIR)--whereby we review not only every single project but also the project portfolio as a whole, by country and sector, and undertake special studies of particular aspects of the portfolio, such as technical assistance, cost overruns, cofinancing, etc. These reviews are held twice a year and involve the participation of Regional staff and management, OPS and the Senior Vice President, Operations. As a result of these reviews, adjustments in ongoing projects and in new lending are made to reflect the lessons learned long before projects are completed. OED has full access to the PIR documents, as to all internal Bank documents needed to carry out its responsibilities, and also participates as observer in the PIR discussion meetings with the Senior Vice President.

21. After more than ten years experience with the OED system, we have developed a widely diversified, pragmatic and effective way in which we are disseminating the lessons of experience and integrating them into new operations.

DRAFT

ANNUAL REVIEW

The report in front of you reviews the performance of 174 projects evaluated in 1984. It also places these projects in the context of 630 projects evaluated during 1979-83 to highlight performance trends.

All but 15 of the 804 projects evaluated in the past six years have been completed. On the basis of information available at the time of evaluation, about 81% of the completed projects or 89% of total investments, seem to have achieved their major objectives or were on the way to doing so. Given the constraints under which many of these projects were implemented, the overall outcome remains satisfactory.

There is, however, cause for concern about the deteriorating trend in project performance which has emerged over the past few years. Of the 171 completed projects in the 1984 group, 44 projects or 26% were regarded as having unsatisfactory or uncertain outcomes, compared with 19% for the period 1979-84 as a whole. When eight Tanzanian projects are excluded as exceptional occurrences, the failure rate can be reduced to 22%. It is, however, still a bit higher than the average of the previous five years.

We shall also call your attention to the distinct sectoral and regional imbalances in project performance. The rate of projects evaluated in 1984 with unsatisfactory or uncertain outcome was 37% for agriculture and 31% for the two African regions. Only 37% of agricultural projects in sub-Saharan Africa were considered to have achieved their major objectives.

Preliminary studies undertaken by OED suggest that even the performance of some of the successful projects may not be sustained over the longer run.

These results suggest the need for a more focussed effort in terms of project selection, design and implementation. While it is true that project outcomes have been affected by factors outside the borrowers' and Bank's control such as adverse weather conditions, civil strife and deteriorating domestic economic conditions, there were also many cases where projects failed due to inadequate project design, poor management, weak institutions or unsuited policies. Such constraints need to be carefully assessed at the time of project appraisal and preparation and may require changes in project design, strengthening of borrower institutions (as against setting up project implementation units), changes in policies as well as strong and sustained Bank support. Solutions to these problems will not come easy but there are no real alternatives.

There is little point in belaboring past omissions and failures. In the early to mid-1970s when most of the projects evaluated in this report were approved, the Bank responded to the needs of its borrowers who wished to accelerate agricultural and rural development and aimed at diffusing project benefits down to the poor. In doing so the Bank and borrowers accepted a higher risk of failure. The Bank has learned from this experience and started to make changes in its approach and procedures which would reduce the risk for future projects. This response, however, has been slow in coming.

Let me mention two aspects of the Eleventh Annual Review, both of which bear closely on lessons from past project performance. The first relates to analyses of the gap between rate of return as at the time of

1 approval and at the time of audit. This can be mainly seen in sections
2
3 covering agriculture and transportation. While findings differ between
4
5 agricultural and transportation projects, these analyses provide a step
6
7 toward constructive approach to redress any overly optimistic forecasts of
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9 project benefits, thus contributing to lessen failures and avoid their
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11 recurrence. Another features of this Annual Review can be noticed in
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13 statements concerning feedback of evaluation findings, which for the first
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15 time are incorporate in the Review in a systematic manner and which will set
16
17 the pattern for the future Annual Reviews. These feedback sections describe
18
19 actions taken by operating staff in response and along with auditors'
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21 recommendating; however, since this is the break-in exercise, their formats
22
23 are not uniform. More refinement can be seen in the successive Annual
24
25 Reviews.
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31 Finally, this review provides two supplementary notes in Chapter
32
33 IV. One of them reverts to the issue of sustainability of project benefits
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35 which was raised in last year's report. It reviews the experience with 14
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37 fertilizer projects supported by the Bank in seven countries. In general, it
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39 finds that experience encouraging. The other note deals with conditionality
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41 as it affects agricultural price policies and irrigation water charges. It
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43 offers the tentative conclusion that there remains a continuing need for
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45 clarification of Bank policies on both subjects.
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**DIRECTORY TO REPORTS ISSUED BY
THE OPERATIONS EVALUATIONS DEPARTMENT**

<u>Report No.</u>	<u>Board Document No.</u>	<u>Title</u>	<u>Date of Loan/ Credit Signature</u>
I. Annual Reports			
871	SecM75-692	First Annual Review of Project Performance Audit Results	n.a.
1227	SecM76-481	Second Annual Review of Project Performance Audit Results	n.a.
—	R76-245	Annual Report on Operations Evaluation	n.a.
1675	SecM77-601	Third Annual Review of Project Performance Audit Results	n.a.
1707	SecM77-660	Concordance and Directory to Project Performance Audit Results Issued by OED-March 1972 to December 1976	n.a.
2185	SecM78-673	Fourth Annual Review of Project Performance Audit Results	n.a.
2190	R78-206	Third Annual Report on Operations Evaluation	n.a.
2176	SecM78-699	Concordance to Project Performance Audit Reports Issued by OED - March 1972 to December 31, 1977	n.a.
2499	SecM79-356	Concordance to Project Performance Audit Reports Issued by OED - March 1972 to December 31, 1978	n.a.
2637	R79-229	Fifth Annual Review of Project Performance Audit Results	n.a.
2648	R79-225	Annual Report on Operations Evaluation	n.a.
3102	R80-264	Annual Report on Operations Evaluation	n.a.
3107	SecM80-682	Concordance to Project Performance Audit Reports Issued by OED - March 1972 to December 31, 1979	n.a.
3117	SecM80-681	Sixth Annual Review of Project Performance Audit Results	n.a.
3254	SecM81-33	Concordance to Project Performance Audit Reports Issued by OED - March 1972 to June 30, 1980	n.a.
3607	R81-246	Annual Report on Operations Evaluation	n.a.
3625	SecM81-830	Concordance to Project Performance Audit Reports Issued by OED - March 1972 to June 30, 1981	n.a.
3640	R81-265	Seventh Annual Review of Project Performance Audit Results	n.a.
4101	R82-270	Eighth Annual Review of Project Performance Audit Results	n.a.
4104	R82-269	Annual Report on Operations Evaluation	n.a.
4114	SecM82-848	Concordance to Project Performance Audit Reports Issued by OED - March 1972 to June 30, 1982	n.a.
4679	R83-282	Annual Report on Operations Evaluation	n.a.
4720	R83-302	Ninth Annual Review of Project Performance Audit Results (in three volumes)	n.a.
4739	SecM83-1079	Concordance to Project Performance Audit Reports Issued by OED-March 1972 to June 30, 1983	n.a.
5247	R84-245	Annual Report on Operations Evaluation	n.a.
5248	R84-246	Tenth Annual ^{Review} of Project Performance Audit Results (in three volumes)	n.a.
5284	SecM84-926	Concordance to Project Performance Audit Reports Issued by OED-March 1972 to June 30, 1984	n.a.

Report No.	Board Document No.	Title	Date of Loan/ Credit Signature
II. Special Studies			
Z-17	R72-55	Operations Evaluation Report: Electric Power	n.a.
Z-18	R72-131	Bank Operations in Colombia-An Evaluation	n.a.
—	SecM73-414	Interim Report on Actions Relating to Recommendations of the Colombia Evaluation Study	n.a.
328	SecM74-79	Evaluation of First Kenya Education Project	n.a.
349	SecM74-152	Comparative Evaluation of Selected Highway Projects	Aug. 19, 1966
485	SecM74-529	Operations Evaluation Report-Development Finance Companies	n.a.
690	SecM75-247	Closing Report on Actions Relating to Recommendations of the Electric Power Evaluation Report of March 1972	n.a.
813	SecM75-539	Delays in Loan and Credit Effectiveness	n.a.
853	SecM75-641	Closing Report on Actions Relating to Recommendations of the Evaluation Study of Bank Operations in Colombia	n.a.
1034	SecM76-100	Delays in Project Preparation	n.a.
1138	SecM76-262	Diffusion of Innovations from Bank-Supported Projects	n.a.
1279	SecM76-592	Technical Assistance-A Pilot Case Study: Kenya Livestock I (Credit 129-KE)	Sept. 26, 1968
1357	SecM76-784	Operations Evaluation Report: Agricultural Credit Programs (in two volumes)	n.a.
1600	SecM77-440	Distribution of Benefits of Port Improvements (Case Studies of La Goulette, Pisco, Douala, and Karachi)	n.a.
1758	SecM77-745	Built-In Project Monitoring and Evaluation: First Review	n.a.
1824	SecM77-865	Study of the Role and Use of Consultants in Bank-Financed Projects	n.a.
2166	SecM78-649	The Agricultural Program in Indonesia	n.a.
2242	SecM78-790	Rural Development Projects: A Retrospective View of Bank Experience in Sub-Saharan Africa	n.a.
2321	SecM79-3	Review of Bank Operations in the Education Sector	n.a.
2724	SecM79-788	Built-In Project Monitoring and Evaluation: A Second Review	n.a.
2858	SecM80-129	Operational Policy Review - The Supervision of Bank Projects	n.a.
2946	SecM80-280	Operational Policy Review - Delays in Project Implementation	n.a.
3077	SecM80-573	Sector Operations Review: The Industries and DFCs Program in Turkey	n.a.
3173	SecM81-25	The Drought Relief Fund Project: A Review	n.a.
3176	SecM80-828	Second Case Study of Technical Assistance: Selected Agricultural Development Projects in Afghanistan	n.a.
3320	SecM81-91	Built-In Project Monitoring and Evaluation: Third Review	n.a.
3415	SecM81-265	Agricultural Credit Projects: A Review of Recent Experience in India	n.a.
3421	SecM81-293	Water Management in Bank-Supported Irrigation Project Systems: An Analysis of Past Experience	n.a.
3557	SecM81-636	An Interim Report on Procurement Issues in Bank-Financed Projects	n.a.
3796	SecM82-118	Sector Operations Review: Agricultural and Rural Development Program in the Philippines	n.a.
3834	SecM82-163	Review of Training in Bank-Financed Projects	n.a.
4090	SecM82-782/1	Operational Policy Review - Compliance with Loan Covenants	n.a.
4146	SecM82-899	Sector Operations Review: The Water Supply & Waste Disposal Program in Tunisia	n.a.
4231	SecM83-9 & 9/1	Operational Policy Review - Review of Bank Technical to Bangladesh	n.a.
4684	SecM83-879	The World Bank Strengthening Agricultural Research and Extension - The World Bank Experience	n.a.
4984	SecM84-240	Harvesting the Waters - A Review of Bank Experience with Fisheries Development	n.a.
5078	SecM84-466	The World Bank - Built-In Project Monitoring and Evaluation: Rural Development in Northeast Brazil	n.a.
5085	SecM84-457	Institutional Development in Africa - A Review of World Bank Experience (in two volumes)	n.a.
5387	SecM85-041	Agricultural Sector Operations Review: Burkina/Malawi	n.a.
5625	SecM85-560	The Experience of the World Bank with Government-sponsored Land Settlement	n.a.
5718	SecM85-730	Sustainability of Projects: First Review of Experience	n.a.
5781	SecM85-899	Built in Project Monitoring and Evaluation: An Overview	n.a.

Report No.	Board Document No.	Title	Date of Loan/ Credit Signature
<i>III. Impact Evaluation Reports - Bald Letter</i>			
2559	SecM79-526	Mexico - Third Irrigation Project (Loan 450-ME) Impact Evaluation Report	May 25, 1966
2968	SecM80-370	Kenya - First Smallholder Agricultural Credit (Credit 105-KE) Impact Evaluation Report	May 11, 1967
3051	SecM80-539	Sudan - Roseires Irrigation (Loan 284/Credit 2-SU) Impact Evaluation Report	June 14, 1961
3062	SecM80-540	Colombia - First and Second Education (Loans 552/679-CO) Impact Evaluation Report	July 31, 1968
3070	SecM80-556	Papua New Guinea - New Britain Smallholder Development (Credits 137/175-PNG) Impact Evaluation Report	Jan 21, 1969
3314	SecM81-76	Burundi - First Arabica Coffee Improvement (Credit 147-BU) Impact Evaluation Report	April 11, 1969
3587	SecM81-713	Malaysia - Muda and Kemubu Irrigation (Loans 434/500-MA) Impact Evaluation Report	Nov. 17, 1965/ June 15, 1967
3600	SecM81-736	Madagascar - Lake Alaotra Irrigation (Credit 214-MAG) Impact Evaluation Report	Aug. 17, 1970
3622	SecM81-806	Kenya - First Livestock Development (Credit 129-KE) Impact Evaluation Report	Sept. 26, 1968
3933	SecM82-485	Peru - San Lorenzo Irrigation and Land Settlement (Loan 418-PE) Impact Evaluation Report	June 18, 1965
3959	SecM82-662	Colombia - Atlantico Irrigation (Loan 502-CO) Impact Evaluation Report	June 29, 1967
4472	SecM83-499	Philippines - First Education (Loan 393-PH) Impact Evaluation Report	Oct. 28, 1964
4557	SecM83-708	Philippines - Second Rural Credit (Loan 607-PH) Impact Evaluation Report	June 4, 1969
4575	SecM83-709	Indonesia Irrigation Rehabilitation (Credit 127-IND) Impact Evaluation Report	Sept. 6, 1984
4732	SecM83-941	Dominican Republic - Livestock Development (Credit 245-DO) Impact Evaluation Report	May 19, 1971
4850	SecM84-16	Malawi - Lower Shire Valley Agricultural Development (Credits 114/363/823-MAI) Impact Evaluation Report	Feb. 5, 1984 March 28, 1973 July 7, 1975
4911	SecM84-144	Kenya - First and Second Forestry (Loans 641/1132 and Credit 565-KE) Impact Evaluation Report	Nov. 7, 1984
5029	SecM84-302	Benin - Hinvi Agricultural Development (Credit 144-BEN) Impact Evaluation Report	March 5, 1969
5069	SecM84-458	Thailand - First Education (Loan 471-TH) Impact Evaluation Report	May 9, 1984
5072	SecM84-462	Ivory Coast - Oil Palm and Coconut Development (Loans 611, 612, 613/759, 760/1036/1382-IVC) Impact Evaluation Report	June 13, 1969 June 22, 1971 July 31, 1974 Sept. 18, 1980
5125	SecM84-606	Gambia - Agricultural Development (Credit 333-GM) Impact Evaluation Report	Sept. 29, 1972
5170	SecM84-653	Senegal - Settlement Project in the Terres Neuves Region (Credits 254/578-SE) Impact Evaluation Report	June 18, 1971 Aug. 6, 1975
5634	SecM85-580	Sri Lanka - Lift Irrigation (Credit 121-CE)	June 19, 1968
5745	SecM85-787	Turkey - Seyhan Irrigation (Stage II) (Loan 587/Credit 143-TU)	Feb. 28, 1969 Feb. 28, 1969

OPERATIONS EVALUATION DEPARTMENT
PPARs in Process
(For period ending October 31, 1985)

An Analysis: PPARs; Elapsed Time in OED /a

DIVISION/SECTOR -----	AVERAGE -----	STANDARD DEVIATION -----	
<u>Division 1</u>			
Agriculture	9.6	3.7	
Education	10.7	3.5	
Population	8.7	4.9	
Average by Division	9.7	3.8	
<u>Division 2</u>			
DFC/Industry	17.9	6.6	
Non-Project Lending/TA	10.3	2.8	
Average by Division	14.7	6.5	
<u>Division 3</u>			
Transp./Tourism/Urban Dev.	18.1	10.4	
Public Utilities	22.6	14.6	
Average by Division	19.4	12.0	
<u>Overall Average</u>	<u>14.0</u>	<u>9.2</u>	<u>Standard Deviation</u>

<u>Projects with Longest Time Preparation Period:</u>		<u>No of months</u>
OEDD1	Agr: Pakistan Tarbela Dam (Cr. 581 & 771)	23
	Educ: Morocco Education III (Ln. 1220)	18
	Popul: Bangladesh Population (Cr. 533)	15
OEDD2	DFC/IND: Morocco CIH (Ln. 848 & 1279)	28
	Non-Fr. lend./TA: Thailand SAL I (Ln. 2097)	13
OEDD3	Trans./Tour./Urban: India Railways XIII (Cr. 582)	57
	Public Utilities: India Rural Electr. (Cr. 572)	48

/a Elapsed Time from Date FCR Received to Date Report Sent to D.G.

SOURCE: OED Monthly Work Program for Period Ending October 31, 1985

DRAFT

ELEVENTH ANNUAL REVIEW OF PROJECT PERFORMANCE AUDIT RESULTS

WORKING PAPERS

AGRICULTURE

August 28, 1985

Operations Evaluation Department
OEDD1

ELEVENTH ANNUAL REVIEW OF PROJECT PERFORMANCE AUDIT RESULTS

WORKING PAPERS

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AGRICULTURE

STATISTICAL ANALYSIS OF FACTORS INFLUENCING PROJECT PERFORMANCE

1. The following material presents the models for, and results of, analysing ERRs for agricultural projects reviewed in 1979-83 and 1984. It should be read in conjunction with

(a) paras. 5.14 to 5.42, but particularly 5.35 to 5.42, and

(b) paras. 5.83 to 5.98, but particularly 5.91

of Volume Two of the Eleventh Annual Review of Project Performance Audit Results, which it supports.

A. Reestimated ERR

2. Consider the model:

$$(1) \text{ ERR} = \sum_{i=1}^6 \alpha_{1i}^* X_{1i} + \sum_{j=1}^6 \alpha_{2j}^* X_{2j} + \sum_{k=1}^3 \alpha_{3k}^* X_{3k} + \sum_{m=1}^2 \alpha_{4m}^* X_{4m} + \epsilon^*$$

where

ERR = individual, unweighted economic rate of return estimated at project completion

X_{1i} = 1 for region i
0 for other regions

α_{11}^* = the effect of region South Asia (SA)
" 12 = " " " " Eastern Africa (EA)
" 13 = " " " " Western Africa (WA)
" 14 = " " " " East Asia and Pacific (AEP)
" 15 = " " " " Europe, M.East & N.Africa (EMENA)
" 16 = " " " " Latin America and Caribbean (LAC)

X_{2j} = 1 for subsector j
0 for other subsectors

α_{21}^* = the effect of subsector Credit (CRED)
" 22 = " " " " Area Development (AREA)
" 23 = " " " " Livestock (LIV)
" 24 = " " " " Treecrops (TREE)
" 25 = " " " " Irrigation (IRRIG)
" 26 = " " " " Others (OTHER)

$X_{3k} = 1$ for style k
 0 for other styles

α_{31}^* = the effect of style Pre-'74, Old (OS)
 " α_{32} = " " " " Poverty Orientation (POV)
 " α_{33} = " " " " Non-Poverty " (NONPOV)

$X_{4m} = 1$ for GNP size m
 0 for other GNP size

α_{41}^* = the effect of 1981 GNP larger than US\$7 billion (GNPL)
 " α_{42} = " " " " " smaller " " " (GNPS)

and

ϵ^* = Error Term, or the effect of all other factors

3. For the purposes of estimation, this model has been transformed into the following:

$$(2) \text{ ERR} = \alpha_{01} + \sum_{i=2}^6 \alpha_{1i} X_{1i} + \sum_{j=2}^6 \alpha_{2j} X_{2j} + \sum_{k=2}^3 \alpha_{3k} X_{3k} + \alpha_{42} X_{42} + \epsilon$$

4. Compared with the initial model, a general constant (α_{01}) has been added and the initial variable in each set has been suppressed. This was done to make the model conformable with typical procedures for estimation. The lack of asterisks over the new parameters signify that such new parameters are now estimated with reference to the corresponding parameters associated with the variable suppressed from the set. For example, α_{12} is now the effect of Eastern Africa minus the effect of South Asia.

B. Difference between Reestimated and Appraisal ERR (ERRDIFF)

5. Models similar to those defined for ERR were also defined for the difference between reestimated and appraisal rates of return (ERRDIFF) and the parameters estimated accordingly.

C. Results

6. The results appear in Table 1.

Table 1: Estimated Coefficients, 1979-83 and 1984

Coefficients	ERR		ERRDIFF	
	1979-83 (%)	1984 (%)	1979-83 (%)	1984 (%)
α_{01} - CONSTANT	34.1**	31.9**	2.2	-13.1
" ₁₂ - EA	-17.3**	-14.3*	-3.9	-8.1
" ₁₃ - WA	-11.0**	-6.4	-4.7	-1.2
" ₁₄ - EAP	-4.3	5.0	-3.1	12.1
" ₁₅ - EMENA	-9.0**	-5.1	-1.8	9.5
" ₁₆ - LAC	-14.1**	-9.2	-5.1	7.1
" ₂₂ - AREA	-10.5**	-8.0	-7.4	6.3
" ₂₃ - LIV	-15.8**	-1.2	-8.7*	-10.9
" ₂₄ - TREE	-12.8**	-8.5	-2.7	6.5
" ₂₅ - IRRIG	-9.8**	-3.4	1.8	10.5
" ₂₆ - OTHER	-7.8*	-12.9	-6.5*	-3.2
" ₃₂ - POV	1.5	-4.8	-2.9	-7.6
" ₃₃ - NONPOV	3.3	-5.5	0.4	-2.0
" ₄₂ - GNPS	-1.3	-4.6	-5.3*	-2.7
No. observations	190	48	190	48
Residual degrees of freedom	176	34	176	34
R-squared	.33	.46	.18	.52
Adjusted R-squared	.28	.26	.12	.34
S.E. of regression	12.9	11.0	14.6	12.0
Mean of dependent variable	15.8	10.9	-7.5	-14.9
S.D. of dependent variable	15.3	12.7	15.6	14.8
F-statistic	6.76**	2.25*	2.97**	2.84*

Note:

Tests of hypotheses concerning reestimated ERR coefficients are based on the following choice of values of $t_{.05}(*)$ and $t_{.01}(**)$ corresponding to the degrees of freedom: sign ignored for the constant; sign considered for regions and subsectors where the respective comparators (South Asia and Credit) have long been regarded as better performers; sign ignored for project style; and sign considered for GNPS where the comparator was expected by hypothesis to perform better.

Tests of hypotheses concerning ERRDIFF coefficients are based on the same considerations for sign and hence the same values of the t statistic. In the absence of prior concerns about the appraisal ERR, the kinds of hypotheses formulated for the reestimated ERR extend by inference to its difference with the appraisal ERR.

Tests of hypotheses concerning the significance of regression are based on $F_{.05}(*)$ and $F_{.01}(**)$ for the appropriate pairs of degrees of freedom.

AGRICULTURE

PREDICTING PROJECT FAILURE RATES: IMPLICATIONS

7. The following material presents the analytical models for, and results of, analysing the implications of project outcome variability for (unsatisfactory) project performance in 1979-83 and 1984. It should be read in conjunction with paras. 5.94 to 5.98 of Volume Two of the Eleventh Annual Review of Project Performance Audit Results, which it supports.

A. Probabilistic Theory of Failure

8. A simple model for predicting project failure rates can be constructed from the intuitive expectation that projects with low appraisal ERRs are more likely to fail than those with high appraisal ERRs. As shown below, the model has some empirical validity.

9. Consider initially the situation where the project appraisal ERR, X%, and the reestimated ERR, Y%, are both unbiased, and where projects are considered to be successful only if they achieve a reestimated ERR of at least 10%. What is the probability that $Y < 10\%$, assuming that the expected value of Y ex ante is the observed value of the corresponding X, and the standard deviation of Y for any given X is σ , common for all X? This probability, which is expressed diagrammatically in Chart 1, can be found if the distribution of Y is known. The project failure rate for n projects

would be $\sum_{i=1}^n P(Y_i < 10)$, which by assumption is equivalent to

$$\sum_{i=1}^n P[(Y_i - X_i)/\sigma < (10 - X_i)/\sigma].$$

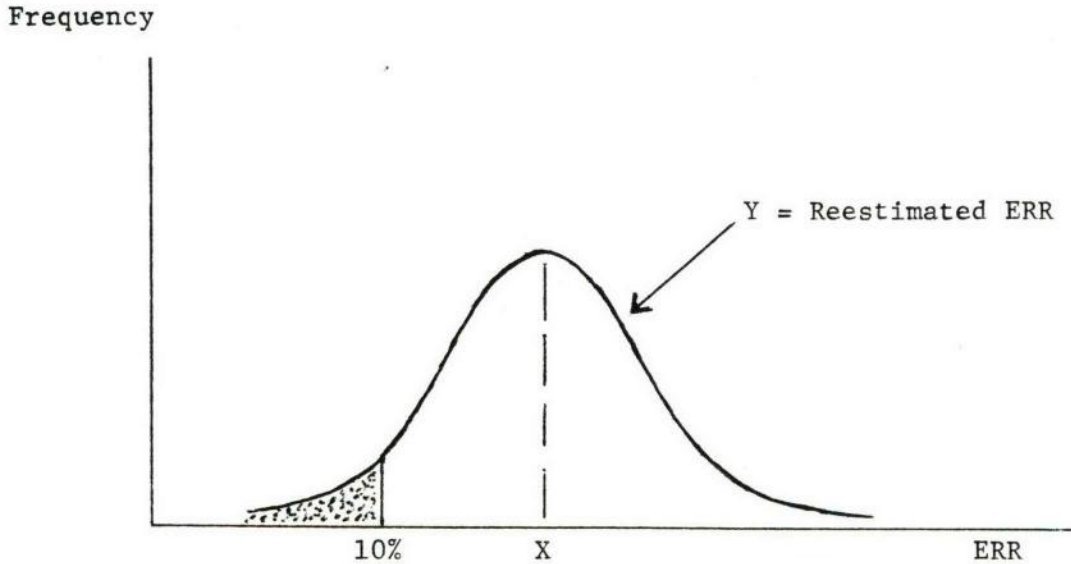
10. On the further assumption that $(Y-X)/\sigma$ is a standard normal deviate, it was decided to estimate σ for 190 projects reviewed in 1979-83

such that $\sum_{i=1}^n P[(Y_i - X_i + 7.5)/\sigma < (10 - X_i + 7.5)/\sigma] = .25$, which was the

actual failure rate for the 190 projects observed under circumstances of an average appraisal ERR bias of 7.5%. However, the uniform application of this bias to all 190 projects, but particularly to those in the lower ranges of appraisal ERR, resulted in much higher predicted failure rates than 25%, for any range of values of σ ; indeed, the minimum predicted project failure rate overall was found to be 38%. The reason why actual failure rates were as low as 25% lay with appraisal ERR bias being greater in the higher ranges of appraisal ERR. Similarly, the appraisal bias for the 1984 group of projects was found to be stratified in like fashion (Table 2).

11. Using the stratification of appraisal bias for 1979-83 from Table 2 instead of the average value of 7.5%, Table 3 presents an estimated value for σ of 6%, as well as a corresponding predicted distribution of project

Chart 1: Depicting Appraised Probability of Project Failure - Diagrammatic Representation



- Note: (a) The above curve represents a hypothetical frequency distribution of the reestimated ERR, Y, anticipated at appraisal for a given appraisal ERR, X, assuming $E[Y] = X$.
- (b) The shaded area lying under the curve and to the left of a 10% ERR represents the probability of project failure (when the total area under the curve = 1).

failures, in the presence of bias, against appraisal ERR. Table 3 also presents a predicted distribution of project failures using the same estimate of σ , but assuming no appraisal bias. Table 4 presents the corresponding predictions for the 48 projects reviewed in 1984, but using a derived estimate for σ of 4%.

B. Implications

12. These results would divide the responsibilities for project failures in 1979-83 into two broad categories--bias 56%, and dispersion 44%--according to the relative proportions of the additional predicted failures due to bias (48-20.9) and the predicted failures due to dispersion alone (20.9). The more biased appraisals of the 1984 group of projects resulted in a division of responsibilities for its group of failures being bias 97%, and dispersion only 3% (see Tables 3 and 4).

13. However, the real interest of these results may lie in the lack of congruence still between the predicted and actual distributions of project failures in the presence of appraisal ERR bias. Actual failure rates tend to be more than predicted in the upper appraisal ERR ranges, less elsewhere (Tables 3 and 4). This suggests that future statistical analyses of project performance should explore one or more of the following:

- (i) testing whether the variability of outcome also increases with appraisal ERR--which would be consistent with the notion that higher expected returns are associated with higher risks;
- (ii) disaggregating project failure analyses by introducing additional factors such as size of economy and the livestock and "other" project classifications identified as important in Working Paper No. 1.
- (iii) transforming the ERR data to recognize the exponential character of ERRs and hence the likelihood that the distributions used in this chapter to describe dispersion of ERRs around their expected values are not symmetrical; and
- (iv) expanding the number of predictive models concerning project performance that allow empirical testing against that performance.

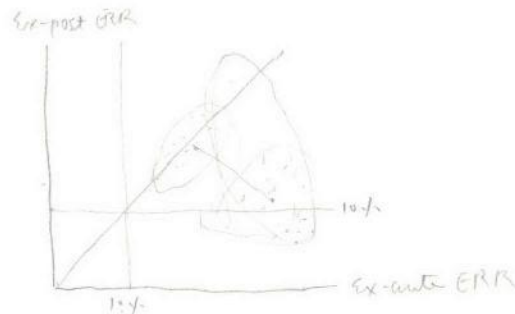


Table 2: Relation of Appraisal Bias to Appraisal ERR,
1979-83 and 1984

Appraisal ERR	Bias of Appraisal ERR /a			
	1979-83		1984	
	No. Projects	Bias	No. of Projects	Bias
%		%		%
10-12	15/b	6.3	1	-4.0
13-15	37	1.1	7	4.0
16-20	47	5.9	15	7.5
21-25	32	6.7	7	21.9
26-35	38	8.9	9	16.2
36+	21	22.0	9	30.9
10-36+	190	7.5	48	14.9

/a I.e., the mean of the differences between appraisal and reestimated ERRs.

/b Includes one project appraised at 8%.

Table 3: Distribution of Predicted Project Failure Rates, 1979-83

Appraisal ERR	No. projects	Project failures		Predicted failures /a based on $\sigma = 6\%$ /b and:				
		No.	Rate	Actual stratification of appraisal bias		No appraisal bias		
				Bias	No.	Rate	No.	Rate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
%			%	%		%		%
10-12	15	9	60	6.3	12.1	81	6.4	43
13-15	37	9	24	1.1	11.8	32	9.5	26
16-20	47	14	30	5.9	17.4	37	4.4	9
21-25	32	8	25	6.7	5.0	16	0.5	2
26-35	38	5	13	8.9	1.8	5	-	-
36+	21	3	14	22.0	-	-	-	-
10-36+	190	48	25	7.5	48	25	20.9	11

/a Based on reestimated ERR < 10%.

/b This value of σ estimated under the constraint that the sum of the probabilities of individual project failure in column (6) equals 48, the total in column (3).

Table 4: Distribution of Predicted Project Failure Rates, 1984

Appraisal ERR	No. projects	Project Failures		Predicted failures /a based on $\sigma = 4\%$ /b and:				
				Actual stratification of appraisal bias			No appraisal bias	
				No.	Rate	Bias	No.	Rate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
%			%	%		%		%
10-12	1	-	-	-4.0	0.2	20	0.35	35
13-15	7	3	43	4.0	2.8	40	0.14	2
16-20	15	4	27	7.5	7.7	51	0.03	-
21-25	7	6	86	21.9	6.9	99	-	-
26-35	9	3	33	16.2	1.4	16	-	-
36+	9	3	33	30.9	0.4	4	-	-
10-36+	48	19	40	14.9	19.4	40	0.52	1

/a Based on reestimated $ERR \leq 10\%$.

/b This value of σ estimated under the constraint that the sum of the probabilities of individual project failure in column (6) equals 19, the total in column (3).

C. Direct Estimation of σ

14. The above indirect approach to estimation appears to rest on a narrow interpretation of σ as the standard deviation of Y for a given X, or on Y being the only random variable. A broader interpretation recognizes that X is also a random variable, just as Y is a random variable independently of its expression of outcome variability. For one can envisage a measure of appraisal ERR dispersion about an expected value, or measure of appraisal efficiency, such as might be obtained were a typical project appraised repeatedly and independently, amidst the variety of different appraisal teams' perceptions about the proposed project and its environment. Likewise, one can envisage a measure of reestimated ERR dispersion about an expected value, or measure of evaluation efficiency, such as might be obtained were a typical project evaluated repeatedly and independently, amidst the variety of different evaluation teams' perceptions about the implemented project and its environment. The data available for estimating these efficiencies, however, are only a single sample Y and a single sample X calculated for each audited project. The difference between these sample values (ERRDIFF) reflects, therefore, not only the effects of outcome variability on Y, but also sampling variations in both Y and X. Table 5 presents direct estimates of (a) the standard deviation of ERRDIFF corresponding to an appraisal bias which is not differentiated by appraisal ERR; and (b) the standard deviation of ERRDIFF corresponding to an appraisal bias which is so differentiated--by the appraisal ERR strata of Table 2.

Table 5: Standard Deviation of ERRDIFF, 1974-84

	<u>1974-78</u>	<u>1979-83</u>	<u>1984</u>
Standard Deviation of ERRDIFF with:			
(a) appraisal bias undifferentiated	11.4%	15.4%	14.8%
(b) appraisal bias differentiated	10.5%	14.4%	11.5%
No. of Projects	69	190	48

15. The standard deviations given in Table 5 under item (a) are presented for the record only; when compared with those given under item (b), their slightly larger relative sizes serve to illustrate the limited significance--in this case--of recognizing the existence of systematic differentiation of appraisal bias. The standard deviations given under item (b) are presented because they provide direct estimates of the σ that was estimated indirectly in Tables 3 and 4. Recall that the predicted project failure rates in those tables were constructed from probability distributions of $(Y-X)/\sigma$ or variations thereof (paras. 9-11). Hence, when X is recognized as also being a random variable, σ , which was introduced in para. 9 for simplicity as the standard deviation of Y and a measure of outcome variability, is really the standard deviation of Y-X. As such, it measures in addition to outcome variability not only the "noise" of evaluation, but also the "noise" of appraisal; it has not been possible to separate these three elements of ERRDIFF dispersion. Comparison of the set of direct estimates of σ given under item (b) in Table 5 with those derived indirectly in Tables 3 and 4 for 1979-83 and 1984 show that they are broadly incompatible. This signifies that the two methods of analysis fall significantly short of providing a satisfactory understanding yet of the variability of project performance. Essentially, this strongly confirms the need to pursue more comprehensive analyses of the kind outlined in para. 13. Nevertheless, the implications of the greater, direct estimates of σ for project failure have been presented for comparison in Tables 6 and 7.

16. Naturally, all three elements of ERRDIFF dispersion are subject to quality control within the Bank and there will always be room for improvements in appraisal procedures to increase appraisal efficiency (lower appraisal ERR dispersion) and for similar improvements to evaluation at project completion and audit.

Table 6: Distribution of Predicted Project Failure Rates, 1979-83

Appraisal ERR	No. projects	Project failures		Predicted failures <u>/a</u> based on $\sigma = 14.4\%$ <u>/b</u> and:				
		No.	Rate	Actual stratification of appraisal bias		No appraisal bias		
(1)	(2)	(3)	(4)	Bias	No.	Rate	No.	Rate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
%			%	%		%		%
10-12	15	9	60	6.3	9.6	64	7.1	47
13-15	37	9	24	1.1	15.7	42	14.6	39
16-20	47	14	30	5.9	20.9	44	13.7	29
21-25	32	8	25	6.7	10.8	34	6.0	19
26-35	38	5	13	8.9	8.5	22	3.5	9
36+	21	3	14	22.0	1.7	8	-	-
10-36+	190	48	25	7.5	67.2	35	44.9	24

/a Based on reestimated ERR < 10%.

/b This value of σ estimated directly, as reported in paras. 14-15.

Table 7: Distribution of Predicted Project Failure Rates, 1984

Appraisal ERR	No. projects	Project Failures		Predicted failures <u>/a</u> based on $\sigma = 11.5\%$ <u>/b</u> and:				
		No.	Rate	Actual stratification of appraisal bias		No appraisal bias		
(1)	(2)	(3)	(4)	Bias	No.	Rate	No.	Rate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
%			%	%		%		%
10-12	1	-	-	-4.0	0.6	29	0.9	45
13-15	7	3	43	4.0	2.9	49	2.1	36
16-20	15	4	27	7.5	7.6	50	3.9	26
21-25	7	6	86	21.9	5.4	78	0.9	13
26-35	9	3	33	16.2	3.3	36	0.4	4
36+	9	3	33	30.9	2.5	27	-	-
10-36+	48	19	40	14.9	22.3	46	8.2	17

/a Based on reestimated ERR < 10%.

/b This value of σ estimated directly, as reported in paras. 14-15.

SecM71-85

FROM: The Deputy Secretary

February 11, 1971

Operations Evaluation Unit

Attached for information is a copy of the statement by Mr. Christopher Willoughby at the meeting of the Executive Directors on February 9, 1971, on the first phase of the work of the Operations Evaluation Unit of the Program and Budgeting Department.

Distribution:

Executive Directors and Alternates
President
President's Council
Executive Vice President, IFC
Vice President, IFC
Department Heads, Bank and IFC



Record Removal Notice

File Title Operation Evaluation Department (OED) General - 1v		Barcode No. 1307938		
Document Date 09 February, 1971	Document Type Board Record			
Correspondents / Participants				
Subject / Title Meeting of Executive Directors, February 9, 1971 Statement by Mr. Christopher R. Willoughby to the Executive Directors on the Program of the New Operations Evaluation Unit				
Exception(s)				
Additional Comments Declassification review of this record may be initiated upon request.		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.		
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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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EDS75-17

FROM: The Secretary

November 7, 1975

OPERATION AND IMPACT OF THE BANK'S EVALUATION SYSTEM

Attached hereto, as requested by Dr. Sen, is a copy of the statement made by him at the meeting of the Executive Directors held on October 28, 1975.

Distribution:

Executive Directors and Alternates
President
Senior Vice President, Operations
Executive Vice President and Vice President, IFC
President's Council
Directors and Department Heads, Bank and IFC



Record Removal Notice

File Title Operation Evaluation Department (OED) General - 1v		Barcode No. 1307938		
Document Date 25 February, 1986	Document Type Board Record			
Correspondents / Participants				
Subject / Title Minutes of Meeting of the Executive Directors of the Bank and IDA held in the Board Room on February 25, 1986 at 10:00 a.m.				
Exception(s)				
Additional Comments Declassification review of this record may be initiated upon request.		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.		
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International Bank for Reconstruction and Development

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JOINT AUDIT COMMITTEE

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JAC86-22

FROM: The Secretary, Joint Audit Committee

October 15, 1986

STRENGTHENING OED'S INTERNAL PROCEDURES

In connection with the meeting of the Joint Audit Committee held on October 10, 1986, attached for information is a copy of a paper entitled "Strengthening OED's Internal Procedures", together with a copy of a memorandum from Mr. Clausen dated May 1, 1986.

Distribution:

Committee

Mr. Al-Sultan
Mr. Dean
Mr. Draghi
Mr. Girukwigomba
Mrs. Gonzalez
Mr. Keating
Mr. Rao Sahib
Mr. Yamaguchi

For Information

Other Executive Directors and Alternates

President	Mr. Reddy
Mr. Asser	Mr. Rotberg
Mr. Carlsson	Mr. Rovani
Mr. Chopra	Mr. Shihata
Mr. Hittmair	Mr. Stern
Mr. Husain	Mr. Thahane
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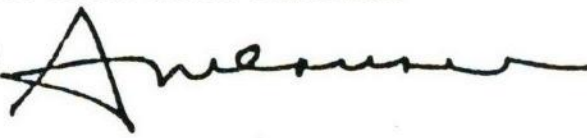
WORLD BANK INTERNATIONAL FINANCE CORPORATION
OFFICE MEMORANDUM

DATE: May 1, 1986

5/7

TO: Members of the Joint Audit Committee

FROM: A.W. Clausen



EXT: 72001

SUBJECT: OED Internal Procedures Study

1. Attached you will find the report on "Strengthening OED's Internal Procedures". Pursuant to the executive sessions of the JAC held last December, this report is the outcome of the study which I informed you would be undertaken and on which you were interviewed by the working group doing the study.

2. I have accepted the recommendations of the report and have asked Mr. Rovani to follow up with you as appropriate.

cc: Messrs. Y. Rovani
E. Stern
M. Paijmans
I. Shihata
T. Thahane

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STRENGTHENING OED'S INTERNAL PROCEDURES

April 23, 1986

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STRENGTHENING OED'S INTERNAL PROCEDURES AND RULES OF CONDUCT

EXECUTIVE SUMMARY

1. The role of an evaluation unit, especially in an international development agency, is a sensitive one. The parties at interest are many, including member countries, other donors, contractors, and in the case of the World Bank, an internationally diverse staff. The need exists not only for high technical competence in performing evaluation work, but also for impartiality and objectivity in its execution. This requires that measures be taken through management and personnel practices and rules of conduct to maximize the independence of the staff performing this function and protect them from external pressures in approaching their work. Given the visibility of this function and its importance as the last step in assessing the Bank's operational work, it is not only the actual impartiality that counts, but also the appearance of same. The manner in which the evaluation unit carries out its work--and is seen to do so--does matter and affects the unit's standing and credibility.

2. This review has not been investigatory in nature, that is, looking into the actions or comportment of individuals. Nor has it been a broad diagnostic examination of the Department, its impact or effectiveness. It has rather focused more specifically on the internal procedures and guidelines governing the conduct of the Operation Evaluation Department's (OED's) work, with the view towards strengthening these, if warranted, in the Department's and the Bank's interest.

3. Our review has not revealed the emergence of serious problems in need of strong remedial measures within the topics covered by our terms of reference, whether from the perspective of those within OED or from those we have seen who are outside it but intimately familiar with its work. The review has, however, pointed out a need for tightening up internal operating procedures and rendering them explicit where they are now only implicit or unwritten. It has also revealed a need to articulate guidelines relating to the assignment of OED staff to evaluation work and their rules of conduct in the interest of safeguarding the individual staff member as well as the integrity of the functions they perform. These proposed improvements are less to solve known and identified problems today than to help avoid their occurrence in the future. At the same time, we recognize the dangers inherent in overly circumscribing OED's latitude for action or reducing its flexibility and hence its potential effectiveness. Thus, we have purposely avoided prescribing overly rigid rules.

4. Our recommendations are in four areas:

- (a) Reiterating top management's support to OED--Although OED has received such support at various times, there is a need for continuous reinforcement for OED's work from all levels of management starting at the top. Without such support it will be hard to attract and maintain a first-class staff with appropriate qualifications and personal characteristics.

- (b) Reinforcing OED's staffing--The evaluation function is no better than the staff performing it. This point is linked to the first one and calls for continued attention to recruitment and reassignment of staff to and from OED, and ensuring that an appropriate mix of staff is represented there. In the end the best safeguard for ensuring the objectivity and impartiality of OED's work is in the quality of its staff.

- (c) Updating and articulating internal operating procedures--Some of these are by now out of date; others are either not in place or in an informal draft status. We recommend that they be set forth in writing and serve as working parameters to be used by staff. This will also help to render the evaluation process more transparent and to institutionalize a range of current practice. These cover three areas: Standards and Procedures, the published and widely disseminated overall description of OED's purposes and how it functions--now seven years old and in need of updating in several important respects; audit guidelines, the internal procedures by which OED staff conducts its work; and, finally, departmental and divisional operating procedures which are both fragmented and incomplete at present.

- (d) Establishing supplementary rules of conduct, particularly relating to the assignment of staff to OED work--These guidelines would serve to support the basic rules of conduct covering all Bank staff (in Personnel Manual Statement 1.00) and are recommended because of the special nature of the evaluation function and the need to avoid the reality and appearance of lack of impartiality. Unlike the rules in PMS 1.00 which cover outside interests, these guidelines focus on conditions arising because of prior or prospective work within the institution, since OED is largely staffed by insiders.

I. INTRODUCTION

1. An evaluation function exists within most major institutions. A key purpose for this function is to perform ex-post reviews of the implementation and results of an institution's operations and activities. In the World Bank, the evaluation function is a key component in the regular examination and improvement of the Bank's support to its borrowing member countries. It is therefore important to ensure that the Bank's evaluation unit, the Operations Evaluation Department (OED), functions independently and under operating conditions that encourage the maximum objectivity and impartiality by its staff. Accordingly, the President, following consultations with the Board of Directors, has asked for a review of certain OED internal procedures with a view toward ensuring that the appropriate internal operating conditions are being met.

2. The review was conducted by an interdisciplinary working group comprised of Mr. Richard Lynn, Director, Organization Planning Department (OPD) as leader; Mrs. Eva Meigher, Assistant General Counsel, Administration and General Affairs; and Mr. Graham Donaldson, Chief, Division 1, OED, as members. Mr. Jean-Yves Maillat, OPD management consultant, served as staff to the group.

3. The following issues were addressed in the review:

- (a) How to ensure that OED staff are able to function independently vis-a-vis Bank Operations or the countries being evaluated.
- (b) How staff are assigned to OED work so as to avoid conflict of interest situations, including whether or not any supplement to the Bank's rules of conduct may be needed for OED staff.
- (c) How to monitor OED work programs so as to avoid excessive delays.
- (d) Whether there are gaps in explicit (written) procedures governing OED's work that need to be closed.

In looking at the above, consideration was also given to such topics as recruitment and reassignment of staff, reporting relationships, roles of selected staff, and criteria for project and special topic selection. Comments on or assessments about individual managers or staff were not included in the review.

4. The review was conducted using two approaches. One was a review of relevant documents, such as internal procedures, OED annual reports, Joint Audit Committee (JAC) minutes and comments, staff working papers, etc. The other was through selected interviews with those who could illuminate the issues being addressed. Overall, some 34 persons were seen by the working group. These included the current and former Directors General, all OED Managers and selected staff, a number of Bank Operations staff, all JAC members, and evaluation staffs from several other development agencies.

5. The report first covers a short background on evaluation before describing the current situation in OED in terms of the nature and characteristics of OED's work, existing procedures and guidelines, staffing and rules of conduct. Conclusions and recommendations are then provided on these and related topics.

6. While this report contains certain procedural recommendations it is not designed to cover the full texts of such changes. Assuming agreement with the concepts set forth here, this latter step would be undertaken as part of subsequent implementation actions.

II. BACKGROUND ON EVALUATION

7. Evaluation, in a public agency, can be viewed as essential to the agency's management and to the authorities responsible for its conduct. Its functions may include:

- (a) establishing accountability for results to the agency and its sponsors;
- (b) eliciting lessons of experience and providing feedback information to improve the quality of the next cycle of operations; and
- (c) providing a basis for expanding, modifying, or discontinuing programs or activities.

In a development agency, evaluation is geared toward improving the delivery of development assistance and enhancing the quality of cooperation between donors and recipients. Most evaluation functions today in a development context emphasize providing assistance over finding fault. Such assistance may analyze the impact of development activities on recipients and contribute toward improving program or project design, refining development policies and procedures. The function can provide a broader context and framework in which specific projects can be assessed and subsequent ones improved.

8. Evaluation can be viewed as a continuous process of examining an agency's projects or programs, and may occur at various stages of a project or program's life cycle. Early to mid-stage evaluations, which may include monitoring, may focus on project management and implementation and operating issues. Ex-post evaluations, on the other hand, tend to address results achieved, policy implications, and impact on target groups.

9. Evaluation in a development agency also involves not only the projects and programs but the agencies and individuals who were associated with them. The parties of interest are many, including recipient governments, collaborating agencies, and various intermediaries, such as contractors, suppliers, and consultants, as well as the development staff engaged in designing and executing the work. Such evaluations may prove to be sensitive if they should highlight problems, errors of judgment, or unsuccessful approaches or actions on the part of any of these participants. Since the development agency must continue to work closely with such parties, there is likely to be concern on the part of management as to what kinds of information and findings are to be brought to their attention, in what form, and with what effect on relations with them. Because of the importance of the function and its sensitivity, an agency must take particular pains to ensure that its evaluation function is able to perform independently and with integrity on the part of its staff. This is usually done through:

- (a) establishing procedures and guidelines concerning the evaluation unit's practices and processes,
- (b) ensuring the appropriate staffing leadership of the unit, and
- (c) establishing rules of conduct to ensure and protect staff's impartiality^{1/}.

^{1/} For a fuller treatment of these themes, see the Development Assistance Committee, Organization for Economic Cooperation and Development's, paper entitled Evaluation Methods and Procedures: A Compendium of Donor Practice and Experience of April 1985.

III. CURRENT OED SITUATION

10. The OED of the World Bank follows a similar pattern to that of other development agency evaluation units. That it operates in a potentially conflictual or even adversarial, role is well recognized by OED staff, and the Bank's management and staff. Several of OED's key characteristics are worth noting here by way of background.

A. Nature and Characteristics of OED's Work

Stage of Evaluation

11. Since its inception, OED has been concerned only with ex-post evaluations of individual projects. Projects are examined only after disbursements are completed, although special studies may look at the content of an ongoing program in order to assess needed changes in policy and program directions. This practice, although not found explicitly in writing, means that evaluation cannot be moved forward in the project cycle to avoid a final assessment of project performance.

Balance between Lessons of Experience and Performance Assessment

12. OED is not exclusively responsible for undertaking evaluation in the Bank. Other evaluators include the Regions, Operations Policy Staff, Energy and Industry Staff and the Economics and Research Staff. Since the focus of evaluations outside OED is largely on identifying lessons of experience in the field, OED would seem to have a special role in assessing the effectiveness and adequacy of past performance. However, an attempt is made in OED to maintain a balance between past performance assessment and lessons learned, although the balance to be sought is not clearly defined and may vary from time to time. In any event, OED evaluations are not seen as a vehicle for enforcing individual accountability.

Two-tier Approach

13. From its inception until 1983, OED evaluated all completed projects financed by the Bank, thus guaranteeing universal coverage. As the size of the portfolio grew, the desirability of this practice was questioned and, after review, OED was directed by the Board to evaluate at least 50% of projects completed in any one year. However, starting in 1974, a Project Completion Report (PCR) has been prepared for all projects by either the borrower or Bank staff, sometimes using associates such as the UNESCO and FAO cooperative programs or consultants. The PCR has become the primary instrument of evaluation and OED evaluates the project primarily by validating the PCR, although it makes its own assessments and frequently raises other issues based on its field visits and the review of project documents and files. Since at the time the PCR is prepared, it is not known whether or not the project will be separately audited but that there is a better than 50% chance that it will be, the Bank continues, in practice, to evaluate ex-post all individual projects completed at least in terms of a PCR. There seems to be a general acceptance that the PCR concept works well, and similarly that the selective OED approach to project auditing continues to be appropriate in affording adequate coverage.

Availability of Information for Evaluation

14. Since the PCR is the "primary instrument of evaluation," most review attention is focused on the quality of PCRs. OED can reject a PCR if it considers it below standard and may request additional information and note, in its Project Performance Audit Memorandum (PPAM), the inadequacy of the information provided. In addition, OED, at the direction of the Director General (DGO) has prepared four reports in the past eight years on project monitoring and evaluation, through which it has sought to improve the information available to project managers and to subsequent evaluators. While the quality of PCRs is generally held to be good, staff differ on this matter. While most of the needed information is consistently available, there are significant exceptions. Notably, OED staff find that information on the beneficiaries of projects is frequently sparse or non-existent. They also note that project files are often incomplete--with reports or memoranda (such as comments from OPS made at various stages of the project cycle) frequently missing. This is an area calling for continued attention.

Role of the DGO

15. The overall independence of OED is in part provided for by the nature of the appointment of the Director General. The DGO is selected by the Executive Directors from one or more names put forward by the President of the Bank after informal consultations with the Executive Directors. He is selected at the vice presidential level for renewable terms of five years, without the option to be reassigned to the Bank group staff except in unusual circumstances. The DGO is responsible to the Executive Directors with an administrative link to the President. This keeps the independence of the DGO and preserves his freedom to report openly without personal hindrance.

Protection of OED's Staff

16. OED's management is well aware of the need to ensure the freedom to act of OED staff and to minimize the external pressures that may inhibit the full and open disclosure of its findings. To this end OED has, with rare exceptions, maintained the anonymity of the authors of its reports. This is not a fully satisfactory measure since most evaluations are undertaken by "single-member missions" and one requirement of the evaluation is that the OED staff member should interview the Operations staff responsible for the project. In addition, all OED visits to countries have to be announced. Therefore, the identity of the evaluator is widely known or easily ascertainable within the Bank. While the quality of OED reports is generally praised there is a feeling among many people interviewed that OED reports are not always as candid as they might be. Several interviewees felt that drafters sometimes resorted to wordiness to soften the impact of their findings. Views were expressed that this aspect deserved continuing attention by OED management. OED management in their review process also pay particular attention to the tone of the audit reports to avoid inflammatory statements which can, perhaps more than anything else, hamper sound and cooperative relations both with Operational staff and Borrowers.

B. Existing Internal Procedures and Guidelines

17. OED procedures have evolved over the past decade and a half through an open approach to the evaluation process. This is provided for by producing draft reports that are subject to review and written comment by both Operations staff and borrowing country personnel. Openness is built in through requiring that all comments be dealt with explicitly. This is done with respect to Operations staff comments by (a) modifying the report if the validity of a rebuttal is accepted or by recording the difference of opinion in a footnote using the language of the reviewer if the viewpoint is not shared; and (b) with respect to the country comments, by publishing such comments with an annotation as to whether the report has been modified or the viewpoint is not accepted and why. This process is facilitated by providing adequate time for review (six weeks in the first instance) and extending the time on request, even at the expense of slippages in OED's work program. It is generally agreed that these are appropriate measures and that the approach works well.

18. Similarly the process has evolved through the attention given to the selection of projects for evaluation and of subjects for review. The work program is developed annually, reflecting primarily issues and concerns raised at meetings of the Board (all of which the Director General attends) and of the JAC which also reviews and approves the work program. Through this process the JAC plays an active role in guiding the direction of OED evaluations and reviews. The criteria for selection of projects for evaluation are approved by the JAC after periodic review and discussion. The Board and the JAC also review OED's major findings and the responses of management to such findings through their review of individual reports, of the Annual Report of the Director General, and of the Annual Review of Project Performance Evaluations.

19. The content of project evaluations is further guided by specifying information to be presented and issues to be addressed in PCRs (prepared by Operations or Projects staff) and PPAMs (prepared by OED). And, the content of reviews is guided by the JAC's review of Approach Papers prepared for all evaluations and studies other than project audits. These overall procedures are described in general terms in the published booklet entitled World Bank Operations Evaluation: Standards and Procedures. This booklet, last published in 1979, is currently both out of date and out of print and needs to be current and available if it is to be useful.

20. The content of project completion reports is specified in Guidelines for the Preparation of PCRs (Operational Manual Statement 3.58), prepared by OED in collaboration with OPS, which lays down in substantial detail, requiring 72 pages of the Operational Manual, the information and formats required. However, those guidelines issued in 1977 are no longer consistent with actual practice. Further, there is no stated format or written guidelines covering OED's Project Performance Audit Memoranda, and the Project Performance Audit Reports. As a consequence, there is some needless variation between reports issued by OED at this time, rendering comparisons and compilations of findings difficult.

21. Detailed steps and processes for the preparation, quality control, production, distribution, review, and dissemination of OED reports are specified from time to time by the Director or division chiefs in OED through various memoranda. However, these are incomplete in their coverage, not common to all divisions, and not available in a standard form for OED evaluators.

22. We believe that the state of all of these procedures is in need of update in the interest of improving the efficiency and effectiveness of the Department and to render it more transparent to the audiences it serves.

C. Staffing Status

23. As of February 13, 1986, OED had 57 staff (excluding the DGO) of which 34 were at grade 21 and above. Of the latter only the Director and the two evaluation officers at grade 21 were recruited outside the Bank; the others came to OED with an average Bank experience of 16.2 years for the division chiefs, 9.8 years for the principal evaluation officers and 10.7 years for the senior evaluation officers. Twenty of those staff (59%) have been in OED for less than 3 years and only two have been in OED more than 6 years.

24. Although most people interviewed for this study commented favorably on OED's independence, questions can be raised concerning the impartiality of staff who are recruited mainly from within the Bank and who evaluate the work of parts of the institution to which they belonged for an average of ten years or more, with which they keep close ties, and to which most of them will eventually return.

Inside vs. Outside Evaluators

25. The debate as to whether an evaluation unit should be staffed with evaluators from within the institution or from outside is a long standing one, not confined to OED. Internal evaluators know better the organization, its programs, policies, procedures and constraints; they are known to the staff; need little learning time; and are in a better position to follow-up on recommendations. Outside evaluators can bring specific skills, fresh perspective and insight, new thinking, and they are free from organizational biases and personal biases towards staff of the institution; hence they are assumed to be more objective, impartial and independent.

26. The previously mentioned 1985 OECD paper found that outsiders are generally hired because of time or specific skill constraints in the usually small-sized evaluation units and because their presence gives the appearance of impartiality, and thus enhances the credibility of results. But, according to this same paper, donor experience does not bear out the outsiders' greater impartiality, and it states that insiders having no direct association with the object of the evaluation can be as objective as outsiders.

27. Most of our interviewees seem to share this view, and whether OED staff, Bank staff, JAC members or outsiders, they saw the disadvantages of staffing OED with outsiders outweighing the advantages. Their main concern is

that it would hinder the feedback to Operations of lessons learned. As one JAC member put it: "insiders are the least bad thing." Our interviewees generally feel, therefore, that OED should be staffed by a majority of insiders with a minority of outsiders.

28. OED has recruited some outside evaluators especially in its earlier years. However, we understand that most of them did not want to make OED their career and that their later reassignment to other Bank units was difficult because their profile did not correspond to needs in Operations. OED also uses consultants to supplement its skills base and to get some of the fresh thinking that outsiders can provide. From FY81 to FY84 OED has consistently used the equivalent of 3.5 staff years of consultants' time per year in addition to its internal staff. In FY85 the figure was 5 equivalent staff years (or 12.8% of available high level resources) and it is scheduled to remain at that level for FY86 and FY87.

Reassignment to Operations

29. Whether recruited in-house or outside, OED's evaluators are eligible for reassignment in Operations because, given its size, it is felt that there are not enough career opportunities within OED. Some OED staff interviewed indicated that this may cause some of their colleagues to exercise self-restraint, if not self-censorship, in order not to compromise their future reassignment to Operations. They felt this could affect outsiders as much as insiders if not more so because the former may feel a need to prove themselves to operational managers and may be looking for a way onto the Bank's Operational staff. To what extent this is exercised in substance rather than in style and in what instances OED staff actually exercise such self-restraint is hard to document.

30. To avoid such problems, reassignments from OED to the Bank could be forbidden, thus, in effect, making OED the last stop in the institution for inside recruits and the only stop for outside recruits. This solution, however, would only prove attractive to some senior Bank staff who have no desire or no possibility to advance in Operations. It would hinder the recruitment of well-qualified staff in mid-career. It might also result in having a unit composed mainly of pre-retirees, which could be very damaging for its image and credibility.

31. Most interviewees recognize that OED can be a challenging final step in one's career in the Bank, but they also feel that a passage in OED can be a broadening experience in mid-career and that the Bank has much to gain from reintegrating OED staff to Operations. Further, OED stands to attract better operational staff if they know they can move back to Operations.

32. The rotation of staff from OED to Operations has not always been easy. There have been cases where OED staff have experienced difficulty in finding an opening in Operations. Our interviewees seemed to believe that these difficulties were mainly due to personality characteristics or to professional calibre rather than to Bank managers holding grudges against outspoken OED staff.

33. It is to be noted that staff joining OED since 1983 have had a guaranteed re-entry in their region of origin after a 2 to 3 year passage in OED (provided to them in writing when they join OED)^{1/}. This seems to have helped rotate staff into and out of OED. However, we feel that giving new OED recruits a guaranteed re-entry to their region of origin may affect their impartiality towards that region. We feel, therefore, that the re-entry guarantee should apply to Operations as a whole and not just to the region of origin. We believe this is consistent with the intent of the Bank's reassignment policy. We also feel that the 2 to 3 year stay in OED mentioned in the re-entry guarantee is too short and that this should be extended to 3 to 5 years.

Quality of Staff

34. OED has had difficulty in obtaining the calibre of staff it considered appropriate. Bank staff were, until recently, disinclined to join OED mainly because many Bank managers tended to underrate the value of experience in OED and perceived an assignment in OED as a "gap in one's career." This situation, however, has been changing over the past two years or so. Proof is in the fact that the recent openings in OED have been filled quickly, that there have been more qualified candidates than positions available, and that there is presently no uncommitted higher-level vacancy in OED. This is in contrast with a few years back when some vacancies could take up to two years to be filled.

D. Rules of Conduct

35. Ensuring OED staff's independence requires that clear guidance be given to staff as to what may constitute or appear to constitute a conflict of interest with respect to assigned work and how one is to deal with it.

Rules Applicable to all Bank Staff

36. World Bank staff members, including OED staff, are subject to the Principles of Staff Employment which were approved by the Executive Directors in August 1983 and which set forth the respective rights and obligations of the Bank and IFC and the institutions' staff members. The introductory section of Chapter III of the Principles, which relates to the general obligations of staff members, provides that:

"The sensitive and confidential nature of much of their work requires of staff a high degree of integrity and concern for the interests of the Organizations. Moreover, as employees of international organizations, staff members have a special responsibility to avoid situations and activities that might reflect adversely on the Organizations, compromise their operations, or lead to real or apparent conflicts of interest."

^{1/} Memorandum from Mr. Stern, SVPOP, to Operational Vice Presidents, dated June 13, 1983 and titled "OED Staffing."

37. Staff members are mandated to "discharge their duties solely with the interests and objectives of the Organizations in view" and to "respect the international character of their positions and maintain their independence by not accepting any instructions relating to the performance of their duties from any governments." Further, staff members may not take any action that would adversely reflect on their status as international civil servants or "on the integrity, independence and impartiality that are required by that status."

38. Staff Rules will be issued to implement Chapter Three of the Staff Principles. Pending the issuance of Staff Rules, the pertinent provisions of Personnel Manual Statement (PMS) No. 1.00 (Outside Activities and Interests) remain in effect. By its terms PMS No. 1.00 covers individuals employed on regular, fixed-term, part-time or temporary appointments and any consultants filling a regularly budgeted staff position. We have been informed that through individual letters of appointment, the provisions of PMS 1.00 are also made applicable to other consultants engaged for a six-month term or longer.

39. PMS No. 1.00 provides guidance to staff to avoid conflicts or the appearance of conflict between their private interests and activities or their former employment and their duties to the Bank. Prohibition of the acquisition of certain interests is provided in certain situations and disclosure and abstention from exercise of responsibility, except as specifically instructed, in others. In this manner embarrassment either to the staff member concerned or to the Bank would be avoided.

Rules Specific to OED

40. As far as rules of conduct applying specifically to OED are concerned, we could only locate one written instruction on the subject: the Director's Instruction No. 2 entitled "Conflict of Interest in the Preparation of Evaluation Reports" of April 18, 1985. The Instruction states that

"Staff are recommended to avoid, to the extent possible, assigning the author of a PCR for evaluation of the same PCR.... Any staff constraints with regard to change in work program, arising as a result of these rules, should be discussed between the staff and the division chief concerned."

It should be noted that the Instruction refers to a PCR an OED staff member may have written and not to a project one might have been associated with while in Operations. However, OED staff we interviewed recognized that there is an unwritten rule to the effect that one would not evaluate one's former project work. Some felt the rule was absolute; others felt it was to be applied flexibly.

41. Since there do not seem to be other written or generally accepted unwritten rules on this subject, OED staff had different perceptions as to other restrictions that may apply. Some thought that OED staff are barred, for their first year in OED, from evaluating any project originating in the Region from which they came. Others either thought that the restriction only applied to their division of origin or to the country they had been working on and some had never heard of such a rule.

IV. CONCLUSIONS AND RECOMMENDATIONS

A. Summary of Findings

42. Our review has not revealed the emergence of serious problems in need of strong remedial measures within the topics covered by our terms of reference, whether from the perspective of those within OED or from those we have seen who are outside of it but intimately familiar with its work. However, we do find the need for follow-up action in several areas in order to strengthen OED's functioning and its internal practices and procedures. This strengthening begins with the need to reaffirm top management support to OED and their assistance in ensuring that OED is staffed with those of high technical competence and integrity. The review has pointed out a need for tightening up internal operating procedures and rendering them more explicit where they are now only implicit or unwritten and therefore subject to wide swings in interpretation. It has also revealed the need to articulate guidelines relating to the assignment of OED staff to evaluation work and their rules of conduct with respect to it. This is in the interest of safeguarding individual staff members as well as the integrity of the function they perform. These proposed improvements are less to solve known and identified problems today than to help avoid their occurrence in the future. At the same time, we recognize the dangers inherent in overly circumscribing OED's latitude for action or reducing its flexibility and hence its potential effectiveness. So we have purposely avoided prescribing excessive rules or prohibitions.

B. Commitment of Bank Top Management to the Evaluation Function

43. The Working Group's proposals for procedural and rules of conduct improvements will not in and of themselves ensure an effective and objective evaluation function. The real test is in the quality of staff employed by OED and how they undertake their work when they are there. The impetus for building a first rate staff in OED must begin with top management and its continuing commitment to a viable evaluation function and OED as its instrument. The Senior Vice President, Operations, has signaled this importance in 1983 by establishing guaranteed re-entry, encouraging the identification and reassignment of staff to OED, and recognizing an assignment in OED as a positive career move. But despite improvements in the last two years in assignments to and from OED, some of the old perceptions of OED as a disadvantageous assignment still persist. One important way of combating these perceptions is to have regular reinforcement of the importance of OED to the institution and its career-broadening potential at all levels of Bank management, starting at the top. This should be enforced in practice on a continuous basis through the sector reassignment panels. This process will then be self-sustaining as high caliber staff are attracted to serve in OED and as staff in OED find attractive assignment opportunities after an OED tour of duty. Attention to resource needs would be another measure of management's commitment to the function.

C. Internal Procedures and Guidelines

44. In view of the need to (a) maintain an open and transparent evaluation process, (b) provide a measure of consistency across OED's work, and (c) guide staff in the execution of their work within OED, coupled with the need to update and complete current procedures and guidelines governing these elements, we make the following recommendations.

45. The review group recommends that OED's Standards and Procedures publication be updated and reprinted as a matter of priority and that it be regularly updated thereafter as the published and readily available reference guide on what OED does and how it does it. We further recommend that its content be expanded to include the following:

- (a) the process for selecting projects to be evaluated and topics to be reviewed;
- (b) the procedures for review of the work program and of individual reports;
- (c) the major issues, subjects and themes to be given attention in OED evaluations and reviews; and
- (d) all major policies and guidelines applied in implementing the functions of OED, including where appropriate any different policies or criteria that might be applied to particular sectors or subjects.

46. We further recommend that the guidelines for the preparation of PCRs (OMS 3.58), which are now out of date, be revised in collaboration with OPS as soon as practicable and that it be accompanied by similar guidelines for the preparation of PPAMs and PPARs to be prepared and revised regularly as complementary companion pieces to the PCR guidelines.

47. In view of the need to clarify the internal processes for preparation, quality control, production, distribution, review, and dissemination of OED reports, we recommend that OED management decide on a common format for operating guidelines, perhaps based on a loose-leaf book similar to the OMS, reconcile differences in procedures between divisions where possible and extend the coverage of such guidelines to include the essential steps in the pursuit of all regular OED functions. These should also be regularly updated as changes are needed. Among the specifics to be included should be the formal requirement to establish terms of reference for all audits and back-to-office reports for all field missions in order to improve OED's product while making fuller use of OED's collective expertise. In preparing these internal guidelines the purpose is not to reduce staff flexibility, but rather to facilitate efficient operations, improve coordination among OED staff, and achieve greater openness of OED's work.

48. We also see the need to strengthen work planning and control processes governing the completion of audit reports. Specifically, the working group recommends that all audits should be completed within 24 months of the receipt of the PCR.^{1/} This would allow ample time for grouping project audits for efficiency (i.e., to allow field visits to two or more projects concurrently) and full opportunity for review and comment by Bank staff and country officials while ensuring that excessive delays are not incurred on any evaluation and that the evaluations of difficult projects are not shelved.^{2/} The careful attention of OED's management to the monthly review of the work program would be an important concomitant to this action.

49. Finally and while less tangible than the foregoing procedural changes, we believe that an appropriate operating environment must be fostered by OED's management if OED is to maintain and expand its effectiveness. This could be characterized as encouraging experimentation on evaluation approaches and methodologies; maintaining a collegial working climate with peer interaction, collaboration, and teamwork; and ensuring open communications both within OED and beyond. OED has had a tradition of "lone evaluators," in part in response to budgetary constraints, which may not take sufficient advantage of the collective experience available in the department. Where possible, team work should be encouraged and, where this is not possible, processes should be adopted such as those indicated above for terms of reference and back-to-office reports to facilitate the exchange of information and views on project and policy issues. This recommendation should be addressed by the OED management team.

D. Rules of Conduct

The Desirability of Special Guidelines

50. While all Bank staff are presumed to be impartial and objective, special care needs to be taken to maximize the fact and appearance of OED staff's independence, impartiality and objectivity.

51. OED staff, like other Bank staff, are subject to the Principles of Staff Employment and to PMS 1.00. However, neither gives guidance specifically to OED staff because of their particular status as evaluators of the Bank's and the borrowers' activities or because they are recruited primarily from Operations with a view to rejoining Operations after a specified period. We conclude that it would be desirable that additional rules of conduct apply to OED staff. The rules we recommend offer protection to the staff member, who in doubtful cases would be covered by a clearance from his director, and to the institution by barring staff members from performing evaluations in some cases presenting a risk of conflict of interest and by requiring disclosure in other cases while at the same time keeping the

^{1/} We note that the average time in which audits are completed is 14 months; thus 24 months should be considered as an upper limit.

^{2/} In the exceptional case where the audit cannot be performed within the 24-month limit, the existing rule requiring that the JAC be informed, is to be maintained.

necessary operational flexibility. Moreover, clear guidelines are to the advantage of the institution because they show that it is aware of and sensitive to the importance of the reality and appearance of impartiality and independence of the evaluation function. They would also defuse criticism of the evaluation at some future date by those who might imply that a potential conflict of interest had not been taken into account in assigning the evaluation.

52. In considering whether supplemental rules of conduct should apply to OED staff and what the nature of such rules should be, a variety of factors peculiarly relevant to OED was weighed. We considered that:

- (a) there do not seem to be substantial questions raised about actual lack of independence by OED staff;
- (b) the Director General is selected by the Executive Directors from one or more names put forward by the President of the Bank, after informal consultations with the Executive Directors and that he is responsible to the Executive Directors with only an administrative link to the President of the Bank;
- (c) there are multiple reviews of evaluations with different perspectives;
- (d) OED has 34 staff in grades 21 and above with only one or two staff members working in some sectors and that, therefore, flexibility of assignment is required;
- (e) knowledge and experience with respect to countries and sectors are assets in performing the evaluation functions; and
- (f) the Bank does have general rules regarding conflicts arising from financial interest and prior employment.

We also considered, however, that:

- (a) for an evaluation function to be effective, it must be perceived to be independent;
- (b) the Bank's conflict of interest rules do not take into account the possibility of potential conflicts because of prior or future employment within other departments of the Bank;
- (c) evaluations are not undertaken by teams, but generally by individuals;
- (d) associations, affiliations, or attitudes might result in prejudgments; and
- (e) the lack of written guidelines on the circumstances under which disqualification was desirable or should be considered exposed staff members and the Bank to possible criticism.

53. More specifically, consideration was also given to possible pressures or the appearance of lack of objectivity that might arise because of prior or future employment in Operations with respect to the following: (a) evaluation of a project or of non-project work with which the evaluator was previously associated; (b) evaluation of a project involving an organizational unit in which the evaluator worked or to which the evaluator knew he would be reassigned; and (c) evaluation of a project involving a country on which the evaluator had worked. It was concluded that special OED guidelines should apply in all these situations.

Close Association with a Project under Review

54. There was a consensus among those interviewed that if an OED staff member had worked on a project in any phase of the project cycle, he should be barred from evaluating the project. It is recommended that this absolute prohibition be limited to those cases where the OED staff member was the project officer, or a member of any of the mission teams or the manager directly supervising the work. The prohibition should apply to all OED staff through the level of Division Chief. The OED Director and the Director General would not be barred because of their probable lack of direct personal involvement in the project but should consider whether disqualification is advisable under the circumstances of the particular case. If the DGO chooses to disqualify himself, the Director would assume the DGO's responsibility and this would be made known to the JAC.

Other Association with Work under Review

55. In those cases where an OED staff member had worked on a project in another capacity than described in the previous paragraph, or had been associated with non-project work under review, we believe that the staff should not be automatically barred from doing the evaluation or the review but that he/she should (a) disclose in writing, before undertaking an evaluation or a review of an evaluation, any past association with the work under review; (b) discuss with the supervisor at the level of Division Chief or higher the closeness and timeframe of such past association, the perceptions created by the participation of the staff member in the evaluation, and other relevant factors such as the efficiency and staffing needs of the unit; and (c) ask that the Director decide, upon recommendation of the supervisor concerned, whether the OED staff member should proceed with the evaluation or be disqualified. If the staff member is not disqualified, the supervisor will bear in mind, while reviewing the evaluation, those factors brought up by the staff member. This rule should apply to all staff through the OED Director except that the DGO would decide on the disqualification of the Director. The DGO would also decide on whether the circumstances warranted his own disqualification.

Past or Future Association with a Bank Unit or Country concerned

56. There was a diversity of views on whether an evaluator would be impartial and appear impartial with respect to projects originating in organizational units from which he came and/or to which he would subsequently be assigned. Some emphasized the necessity for flexibility while others emphasized the threat to impartiality in maintaining contacts and relationships with former colleagues or in avoiding to antagonize future colleagues and jeopardize future assignments. There was the same difference of views with respect to the desirability of evaluating projects in countries with which one had gained great familiarity through close professional

association. Some emphasized the advantages of expertise and familiarity and the necessity of flexibility in assignments, and others the threat to independence that was posed by this familiarity.

57. We believe that a desirable balance could be achieved among these considerations by requiring the OED staff member to disclose any relevant past or future association with the Bank unit or the country concerned by the project being evaluated, following the disclosure procedure described in para 55 above.

Nationality

58. The working group also considered whether an OED staff member should evaluate projects in the country of the staff member's nationality. The working group recommends that no special rules should apply to OED in this respect and that the prevailing policy applied in Operations should be observed. This policy discourages full time assignment to one's own country (as is the case with Programs staff) but does not prohibit part-time participation in activities relating to the country of one's own nationality.

Other Considerations

59. Finally, we considered whether other conditions could be identified which were likely to affect a staff member's objectivity and concluded that the staff member should be given the opportunity to seek agreement for disqualification if he/she felt that personal affiliations, associations, prejudgments, attitudes and/or biases were likely to cloud his/her objectivity or impartiality. The procedure to follow would be the same as in the case of disclosure described in paragraph 55 above except that the disclosure is not required but is at the staff member's discretion.

60. A chart reflecting the recommendations relating to the special rules of conduct for OED staff is attached.

E. Staffing

61. If independence in ascertaining accountability were the only objective to be achieved, it would clearly result in the establishment of an OED unit completely separate from the Bank with staff appointed from the outside whose career in the Bank would be limited to OED. However, since there is a broad agreement that evaluation should be designed to improve assistance rather than to find fault, OED should be staffed by a majority of experienced Bank staff who have already built their track record and are widely respected by their Bank colleagues for their professional competence, that they be offered a guaranteed re-entry in Operations (rather than their region of origin) after a 3 to 5 year stint in OED, and that a minority of outsiders should be recruited through fixed-term appointments, exchanges with evaluations units of comparable international organizations, donor aid agencies or borrower agencies or through increased use of consultants. This would best serve the Bank's and OED's needs and would help ensure OED's independence and reduce any potential self restraint of its staff.

62. It is equally important that OED should screen and select its staff carefully, not only on the basis of their technical competence but also on the basis of (a) their potential evaluation skills, (b) their personal traits with regard to integrity, objectivity and impartiality, (c) their ability to deal and communicate with others, (d) their personal authority and credibility, and (e) their degree of commitment to the evaluation process.

63. Many interviewees felt that if staff with the appropriate professional calibre and personal characteristics are selected there should be few, if any, problems of objectivity, impartiality, independence, reassignment to operations, and possible resulting lack of candor.

Rules of Conduct

(chart)

- o OED staff through Department Director to be given the opportunity to discuss with their supervisor before accepting assignments which may be associated with a project being audited. Director to decide on disqualification of all staff under him. OED to decide on disqualification of Director and to consider self-disqualification (para 47).
- o OED staff through Department Director to be given the opportunity to discuss with their supervisor before accepting assignments which may be associated with a project being audited. Director to decide on disqualification of all staff under him. OED to decide on disqualification of Director and to consider self-disqualification (para 47).
- o OED staff through Department Director to be given the opportunity to discuss with their supervisor before accepting assignments which may be associated with a project being audited. Director to decide on disqualification of all staff under him. OED to decide on disqualification of Director and to consider self-disqualification (para 47).

V. SUMMARY OF RECOMMENDATIONS

Commitment of Bank Top Management to the Evaluation Function

- o Bank management to regularly reinforce OED's importance to the institution and to be attentive to OED's resource needs (para 43).
- o Sector reassignment panels to ensure rotation of well-qualified staff to and from OED (para 43).

Internal Procedures and Guidelines

OED to:

- o Update, expand and reprint OED's Standards and Procedures (para 45).
- o Update, in collaboration with OPS, the guidelines for the preparation of PCRs and to prepare similar guidelines for the preparation of PPAMs and PPARs (para 46).
- o Issue internal operating guidelines in one common format; to be included is the formal requirement for establishing terms of reference for all audits and back-to-office reports for all field missions (para 47).
- o Strengthen work planning and control processes in order to complete all audits within 24 months of receipt of PCR (para 48).
- o Foster an appropriate operating environment conducive to team work and open communications (para 49).

Rules of Conduct

OED to adopt the following rules of conduct (also summarized in attached chart):

- o OED staff through Division Chief to be barred from evaluating a project with which they were previously closely associated; Director and Director-General to consider self-disqualification (para 54).
- o OED staff through Department Director required to disclose to and discuss with their supervisor before undertaking the work, (a) any distant association with a project being audited, (b) any past association with non-project work under review, and (c) any past or future association with a Bank unit or a country concerned by the project being audited. Director to decide eventual disqualification of all staff under him. DGO to decide on disqualification of Director and to consider self-disqualification (paras 55-57).
- o OED staff through Department Director to be given the opportunity to seek, at their discretion, disqualification for other reasons likely to cloud their objectivity. Director to decide on eventual disqualification of staff under him. DGO to decide on disqualification of Director and to consider self-disqualification (para 59).

Supplementary Rules of Conduct - OED Staff

<u>OED Activity</u>	<u>Nature of Potential Conflict</u>	<u>Rule</u>
1. <u>Project Evaluation</u>	If OED staff member had worked on the project cycle as project officer, member of mission teams or manager directly supervising the project.	Absolute prohibition on evaluation of project; applies through division chief level. OED Director and DGO decide whether they should disqualify themselves.
2. <u>Project Evaluation</u>	If OED staff member had worked on the project in another capacity than described above; or If OED staff member: (a) is a past member of Bank organizational unit (Division, Department or Region) in which project was handled. (b) is a prospective member of Bank organizational unit (through re-assignment) in which project was handled. (c) has worked on country of project.	Mandatory disclosure to direct supervisor at level of division chief or above; decision on disqualification made by Director for all staff under him and by DGO for the Director. DGO decides on his own disqualification.
3. <u>Non-project Work</u>	If OED staff member had been associated with non-project work while in Operations.	Same as rule No. 2
4. <u>Project Evaluation and Non-project Work</u>	If OED staff member has associations, affiliations, attitudes likely to cloud objectivity.	Voluntary disclosure by OED staff member to direct supervisor at level of division chief or above; decision on disqualification made by Director for all staff under him and by DGO for the Director. DGO decides on his own disqualification.

OED STAFFING REVIEW(Grade 21 and up)

	FY79	FY80	FY81	FY82	FY83	FY84	FY85	FY86 1st Half
Assignment and recruitment into OED	3	0	7	6	4	7	5	3
Reassignment out of OED	-	1	3	3	1	6	4	-
Terminations	-	1	-	2	-	-	5	2
Staff at end of period	22	20	24	25	28	29	28	31*
Authorized strength	22	23	26	28	28	30	32	34*
Vacancies at end of period	-	3	2	3	-	1	4	3

At the time of this report, of the 3 vacancies at the end of the first half of FY86, two have been filled and the last one is committed (to be filled in May 1986).

*The increase in authorized strength is due to the fact that two former research assistants were graded at level 21 during the job grading exercise and have now the title of evaluation officers.

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ORGANIZATIONAL ASSESSMENT OF OED

September 3, 1982

Organizational Assessment of the Operations Evaluation Department

Background

1. In July the Organization Planning Department agreed to do a quick diagnostic assessment of the OED proposal^{1/} to create a divisional structure in the Operations Evaluation Department (OED). The Terms of Reference for the assessment are in Annex 1.

2. In carrying out the assessment Mr. Petter Langseth and Mrs. Patricia Suarez (OPD consultants) (a) reviewed documentation related to OED's present and future work program and staffing and resource allocations; (b) conducted selected interviews with staff, both within and outside OED; and (c) evaluated various organizational alternatives. On August 19, 1982, we met for a progress review, at which time we clarified some of the outstanding issues and generally agreed upon the near and longer-term organizational structure and objectives. This memorandum expands upon our discussion at the August 19th meeting to which you indicated agreement in principle with the adjustments. Also included in the memo are some other nonstructural issues related to work programming, staffing and process changes.

Criteria and Assumptions

3. In formulating our recommendations, we developed a set of criteria and assumptions as a basis for evaluating your proposal and several alternative proposals.

^{1/} Memo from S. Kapur to OED staff dated July 23, 1982, "Revised Departmental Organization and Procedures".

4. The criteria used were:

- clear lines of responsibility and ease of working within the structure;
- clarity of management functions;
- reasonable span of control;
- flexibility;
- balance within the organization both in workload and in staffing; and
- impact of structure on the morale of the staff and the working environment.

5. Along with the criteria were some basic assumptions which allowed us to limit the range of possible alternatives and come up with certain modifications to your original proposal. The key assumptions governing the next 3 years' activities were:

- OED would follow the same or a similar audit strategy as has been used in FY83, i.e., approximately 60% of the total disbursed projects would be audited either in-depth (field audit) or on an intermediate basis (desk audit);
- Development strategy changes made in the mid to late 1970s will require adjustments in OED resource allocation in the mid 1980s;
- No changes in OED top management (Director-General and Director) are expected over the next three years.

Recommendations

6. Based on our assessment and the useful discussions in the progress review, we recommend that OED:

- proceed as already proposed over the short-term, but leave the sections as informal designations;
- move towards a "divisions-only" structure during the next twelve to eighteen months;
- redistribute the sector composition of the divisions to reflect a better balance of workload and compatibility among sectors;
- establish a central administrative unit reporting to the Director and request in the FY84 budget a Programming and Budgeting Officer position to manage the administrative unit;
- develop detailed job descriptions;
- document internal operating procedures under the new approach; and
- develop a detailed action plan to implement the recommended changes.

7. To arrive at our recommendation for a "divisions-only" structure (see Annex 2) we analyzed four other structures. Those alternatives - the pre-August organization, the division/section structure (the OED proposal), a section-only proposal and a structure with three divisions

reporting directly to the Director-General are included as Annex 3 with a summary of the "pros" and "cons" of each.

8. A "divisions-only" structure would evolve gradually. Quality control would formally rest with the Division Chief, but each audit or study would be reviewed by one of the senior sector specialists. (The concept of having a designated individual as "lead" specialist for a sector would continue.)

9. The difference between this structure and the OED proposal is that it does not include formal sections. Our rationale for recommending that they not be formalized is based on:

- the size of the sections -- except for agriculture -- consist of only 2-4 people which compartmentalizes staff and inhibits flexibility in the organization;
- horizontal communications within divisions are easier with less formal structure;
- the span of control for the division chief without formal subordinate units is reasonable -- there are between 7 and 10 higher-level staff per division, most of whom are senior evaluation officers with solid work experience who do not require much if any day-to-day supervision;

- the time which would have been spent on management and administration by the section chiefs can instead be used to do operational work - in effect, achieving a more efficient and effective use of these scarce staff resources.

10. We also recommend a slight shift of sector coverage within the divisions based on present and future workloads. The agriculture section should become a division by itself. Agriculture audits and special studies represent 30% of the department's staff and work program. The agriculture sector also has the highest intensity of audits (80%), of which 60% are in-depth audits. Combined with the fact that the agriculture section already has eight higher level staff, it makes sense to have a separate agriculture division.

11. Making agriculture a separate division will require some adjustment in the other two divisions. We recommend combining industry and DFC's with the transportation, tourism, urban development and public utilities sectors. Education, training and family planning, together with structural adjustment, technical assistance and program lending, and policy review would form the third grouping. Our grouping the divisions in this way seems to us to combine more closely the hard sectors (industry, public utilities, transportation) in one division and the soft sectors (education, training and technical assistance) and program-type work in another.

12. Redistributing the sector coverage would provide a better balanced organization -- both in terms of workload and sector groups. It

is also intended that this adjusted structure would take into account the Bank's changing emphases in the mid to late 1970s so that OED could better perform its audits as the emphasis changes in its work program in the next 2-3 years. Annex 4 shows the distribution of OED work program for FY83 by sector and audit intensity. Annex 5 includes the disbursed loans and credits by sector which are expected to be ready for auditing between FY84 and FY88.^{1/}

13. In your proposed organization the departmental administrative work is assigned to various individuals in the department. While this balances the administrative workload among the three divisions, it requires that senior operational staff spend time on certain administrative matters which could be handled more efficiently and effectively by a less senior staff member within a central unit. Our recommendation is to create an Administrative Unit reporting to the Director which would be responsible for:

- coordination of overall programming and budgeting, with divisional inputs;
- departmental status reports and work programs;
- word and data processing support;
- departmental time and attendance reports; and
- training coordination

^{1/} We have also included the workload distribution under our modified structure and compared it with the original OPD proposal.

The unit would be headed by a Programming and Budgeting Officer and would include the word processing staff and the staff assistant already in charge of preparing administrative reports (Ms. Reyes). We recommend that for FY84 you request an additional position for a Programming and Budgeting Officer.

14. On the nonstructural side we recommend that internal procedures and job descriptions be documented. Since you are making a number of modifications to the way the departmental work was carried out previously, and responsibility for carrying out the work program has been delegated to the divisions, sound operating procedures and job descriptions are essential. These should include:

- job descriptions which detail major functions and responsibilities of the Director, Division Chiefs, senior evaluation officers with lead responsibility for sectoral quality control, other senior evaluation officers, and the Programming and Budgeting Officer;
- consistent formats for departmental status reports and, to the extent possible, audit reports and studies;
- a consistent and documented approach to "pass through" audits;
- guidelines for use of consultants;
- the budget procedure and the responsibilities of each division in the preparation of the work program and budget; and
- criteria for use of interdisciplinary advisory groups;
- frequency and content of departmental meetings.

The latter two points need attention to help ensure better "horizontal coordination and communication" in OED.

Next Steps

15. In our recommendation for a "divisions-only" structure we suggested that this should occur over a twelve to eighteen month period. The reason for this is to allow for a gradual change from your original proposal to the modified one to coincide with personnel changes which are expected to occur over that same period, i.e., the retirement of Mr. Kirk and the reassignment of Mr. Malone. We would support you in your effort to formalize the divisional structure now but would hold off on formally appointing section chiefs. We suggest you continue to call the section chief designees "senior evaluation officers" for their sector specialty, and formally add that descriptive term to their title if you feel it to be necessary and appropriate.

16. We suggest you announce to your staff the changes we have recommended followed by a staff meeting with all staff, your Personnel Officer and the OPD consultants responsible for the assessment. We could put together a short paper, similar to this memo but excluding the personnel issue (para. 15), which could serve both as an announcement and the basis for discussion at the meeting.

17. Finally, OPD will be pleased to work with OED to prepare job descriptions and procedural guidelines, the former in coordination with PMD. We suggest a meeting at your convenience to discuss the implementation program and OPD's possible assistance to OED in it.

Annexes

Annex 1: Terms of Reference

Annex 2: Recommended Structure; Divisions Only

Annex 3: Alternative Organization Structures in OED

Alternative I: Pre-August 2, 1982, Structure

Alternative II: OED's Proposed Reorganization

Alternative III: Sector Groupings Only

Alternative IV: Office of the Director General

Annex 4: OED's FY83 Work Program

Annex 5: Alternative Divisional Workload Based on Numbers of
Disbursed Loans and Credits in FY84-FY88

Operations Evaluation Department
Organizational Assessment
Terms of Reference

Purpose

The Organization Planning Department was asked by Mr. S. Kapur, Director, Operations Evaluation Department (OED) to do a quick diagnostic assessment of his proposal to create a divisional structure in OED. This, in essence, would formalize a structure which is already in place. In carrying out this assessment, OPD would:

- (a) Assess proposed structure against alternative structures keeping in mind the present and future work program, and
- (b) Determine whether any operating or management process changes might be needed to carry out the work more effectively.

Tasks

- (a) Review relevant background documentation.
- (b) Interviews with selected staff within OED and selected managers within the Operations complex.
- (c) Analysis of the organizational options.
- (d) Analysis of staffing arrangements and working relationships.

End-Product

A short assessment memoranda providing an outside "estimate of the situation," with respect to organization structure, including a commentary on the specific issues indicated above. The memorandum will include a suggested course of action and timetable for addressing specific problems identified.

Staffing and Timing

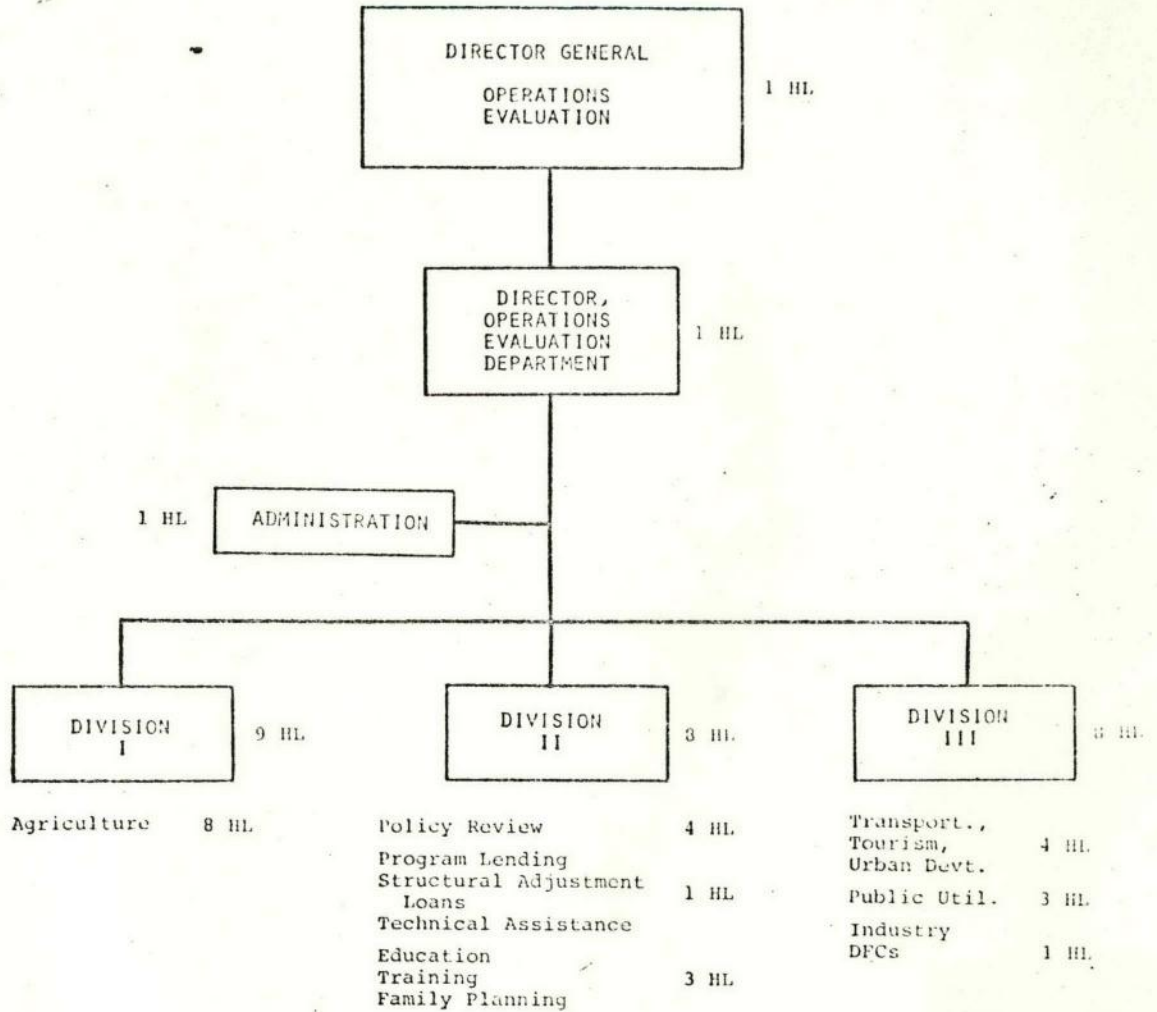
The assessment will be led by Mrs. Patricia Suarez and Mr. Petter Langseth, both OPD Management Consultants. Mr. Richard Lynn, OPD Principal Management Consultant, will be the Project Adviser. A progress review will be prepared by Mr. Kapur by August 19, 1982, with the final memorandum drafted for his review by September 3, 1982. After Mr. Kapur has reviewed the memorandum and discussed it with Mr. Weiner, Director General, OED, OPD will assist Mr. Kapur in implementation of any changes as required.

Comments

The above organization assessment is not designed to provide a definitive review of OED's activities, nor serve as a vehicle for evaluating the effectiveness of OED's output.

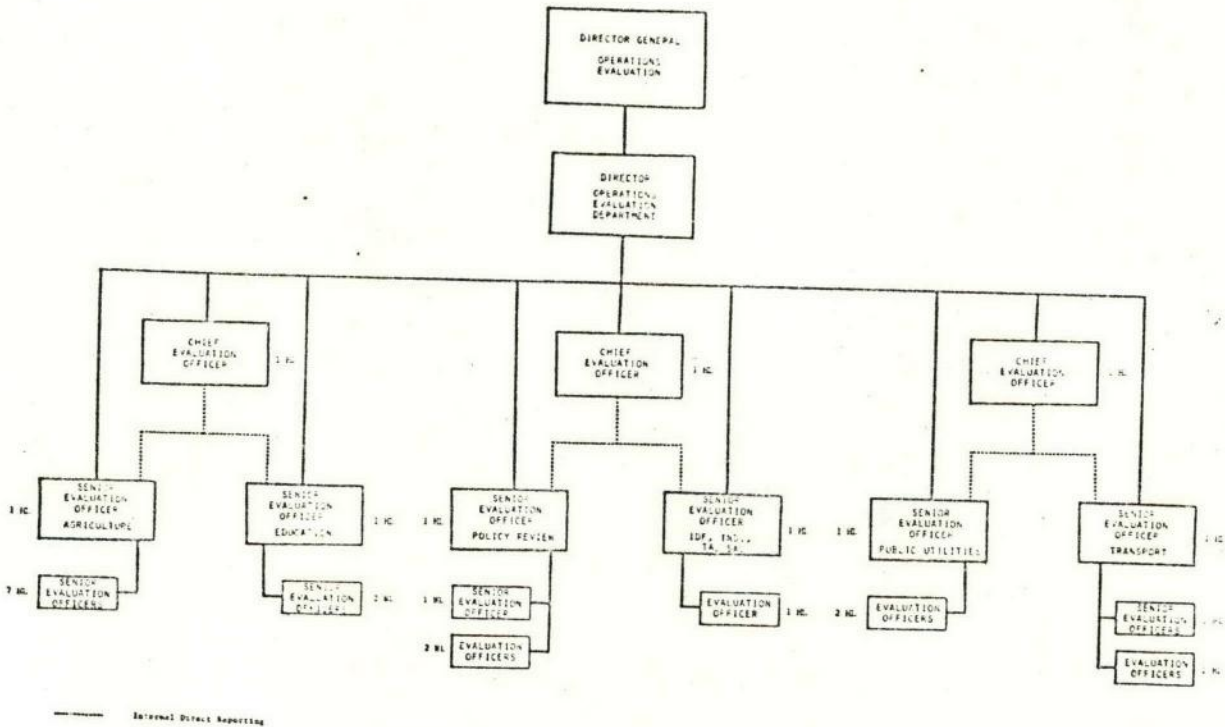
DIVISIONS ONLY

OPERATIONS EVALUATION STAFF



ALTERNATIVE ORGANIZATION STRUCTURES IN OED

1. Alternative 1: Pre-August 2, 1982 Structure



SUMMARY OF ASSESSMENT:

PROS

- FEW MANAGEMENT LAYERS (ALL SENIOR MANAGERIAL STAFF REPORT TO THE DIRECTOR)
- EFFICIENT (DECISIONS CAN BE MADE FAST)
- THE ORGANIZATION STRUCTURE REFLECTS THE WORK PROGRAM

CONS

- QUALITY CONTROL AT THE DIRECTOR LEVEL
LITTLE DELEGATION OF AUTHORITY
- ROLES OF CHIEF EVALUATION OFFICERS
NOT CLEARLY DEFINED
- TOO LARGE A SPAN OF CONTROL FOR DIRECTOR
(28 PEOPLE: 9 MIDDLE MANAGERS, 5 RESEARCH ASSISTANTS, 4 SUPPORT STAFF)
- LITTLE HORIZONTAL COMMUNICATION
- COMPLEX FORMAL AND INFORMAL REPORTING
RELATIONSHIPS
- ADMINISTRATIVE FUNCTIONS ARE DISBURSED

Alternative 1: Pre-August 2, 1982 Structure (continued)

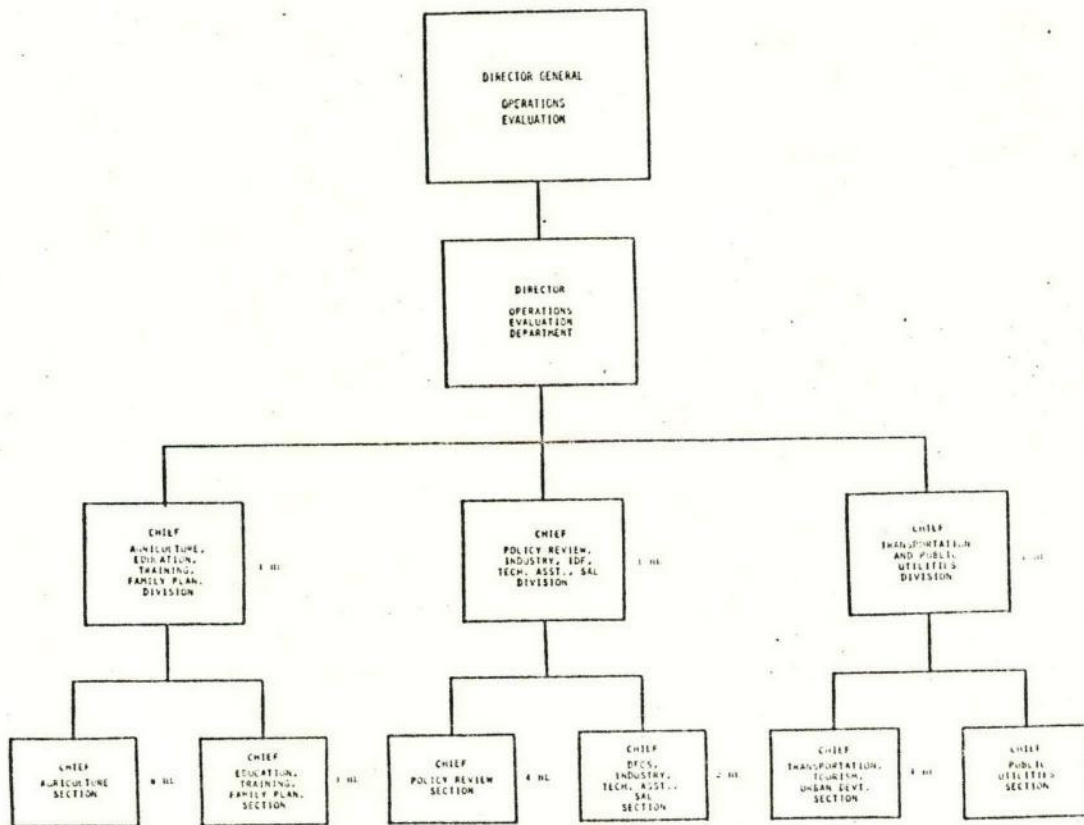
The pre-August 2, 1982, structure was characterized by the fact that the number of staff over the last six years had more than doubled, while the quantity and diversity of the work being done had increased even more. While some changes, according to Mr. S. Kapur, had been made in the department's internal way of working to adjust to the change of OED's size and responsibility, these changes had largely remained informal. According to the director (memo to all staff dated July 23, 1982), "The structure has remained flexible, pragmatic in the day-to-day operations, and a mixture of hierarchical and matrix management. While this approach has helped us to achieve what we have, the disadvantages have also become increasingly clear, necessitating a change."

Issues

The positive elements in this structure were, compared with Projects departments in the Bank, that OED had fewer management layers (three compared to five). All senior managerial staff reported directly to the director, which made decision-making easier (centralized). This structure was simple and reflected the work program then in place in OED. The major issues raised in the pre-August 2 structure were:

- o Little delegation of authority and responsibility to the middle management. The director performed the essential quality control in the department.
- o The span of control of the director was with 18 staff members reporting directly to him--considered to be too large.
- o The lack of defined authorities, functions and responsibilities in middle management created complex reporting relationships, especially between the section chiefs and the chief evaluation officers.
- o In the pre-August 2 structure, OED did not have one central function responsible for the department's administrative functions. Since these administrative functions were disbursed to various staff at different levels, it was difficult to handle them in an efficient, cost-effective and consistent manner.

2. Alternative II: OED's Proposed Reorganization



SUMMARY OF ASSESSMENT

PROS

- REDUCED SPAN OF CONTROL FOR THE DIRECTOR (3 HE STAFF MEMBERS)
- INCREASED DELEGATION OF LINE AUTHORITY TO THE MIDDLE MANAGERS
- ADDED QUALITY CONTROL AT DIVISION LEVEL
- MORE OPPORTUNITY FOR TEAMWORK WITHIN DIVISION

CONS

- ADD ONE MANAGEMENT LAYER
- UNBALANCED STAFFING; ONE OF THE SIX SECTIONS, AGRICULTURE, HAS 30% OF THE STAFF
- LACK OF RATIONALE FOR THE LUMPINATION OF SECTIONS IN THE DIVISIONS
- NO FORMALIZED CENTRAL COORDINATION FOR DEPARTMENTAL ADMINISTRATIVE FUNCTION
- LITTLE HORIZONTAL COMMUNICATION AMONG DIVISIONS
- QUALITY CONTROL STILL AT DIRECTOR LEVEL
- TOO MANY MANAGERS (50% OF THE HE STAFF)

Alternative II: OED's Proposed Reorganization (continued)

The central point in this new structure is to group sections under the three chief evaluation officers who will function as division chiefs, with primary responsibility for work program and budget preparation and implementation and delegated responsibility in personnel matters. They will be assisted by, and work in consultation with, senior evaluation officers in charge of the sections under them and will, in turn, report to the department director who will continue to be responsible for overall management.

Issues

Compared with the pre-August 2 structure, there are several improvements in the structure proposed by Mr. S. Kapur. The major positive change was the delegation of line authority to the division chiefs (work programming, personnel matters and some quality control). By giving the chief evaluation officers this division chief authority, the director also reduced his span of control from 18 to 3 staff reporting directly to him. By delegating the authority to sign all draft audit reports going out to Bank staff for comments to the division chiefs, the director will no longer be involved in editing of early drafts, thus easing his workload. The divisionalization will possibly give opportunities for more horizontal communication and teamwork across sections, as different sectors will report to the same division chief. Having assessed this structure according to the criteria cited in para. 3 of the text, we would raise the following issues:

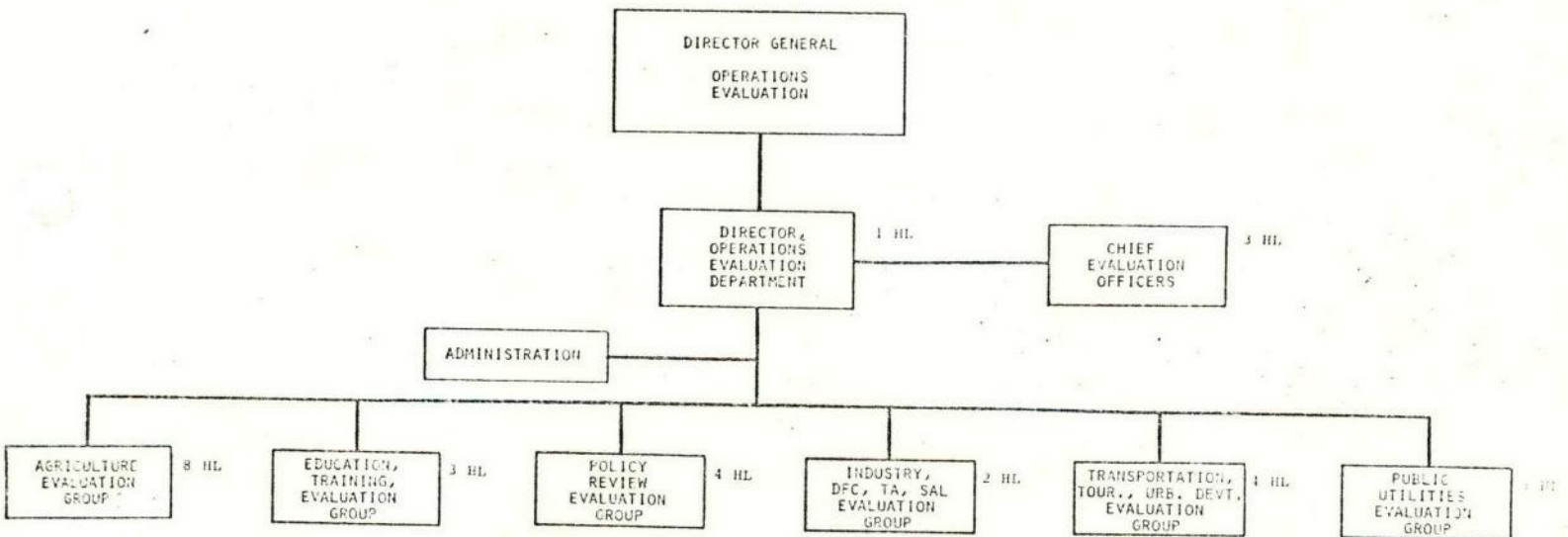
- o The administrative functions in the department are delegated to different people at different levels, and we question whether these functions can be performed cost efficiently, effectively, and consistently without one central person in charge.
- o In the pre-August 2 structure, the chief evaluation officers were not formally division chiefs, and the number of line managers in OED was 7 out of 28 higher level staff (25 percent). By introducing the division chiefs and keeping the section chief, OED has more than 35 percent of the higher level staff as managers.
- o The roles of the chief evaluation officers and the section chiefs are still unclear, and, with the proposed sector composition, it will be hard to find division chiefs with the experience and background to perform meaningful, substantive quality control.
- o The section chiefs resist the divisionalization as they see erosion of their responsibility and question the purpose of a new management layer.

Alternative II: OED's Proposed Reorganization (continued)

- o By giving the chief evaluation officers the function and authorities of a division chief and at the same time keeping the section chiefs, one management layer is actually added. According to the interviews with staff, the basic substantial input was done on the section level, and staff questioned the purpose and the cost effectiveness of having three quality control layers above the section.
- o There is a considerable staffing imbalance in the sections (agriculture has 30 percent of the staff) and also in the proposed divisions (11, 6, 7). Reviewing the predicted workload for the different sections, it seems that this imbalance is going to remain if not increase.
- o The rationale behind the sector composition was partly driven by the departmental commitments (e.g. annual report, administration) of the chief evaluation officers and not as much by issues such as staffing balance, future workload or related projects. The fact that the agricultural sector has 30 percent of the staff, by far the highest number of projects to date and in the coming years, and the highest audit intensity (80 percent) is not reflected in the structure. Some of the other sections have only two or three staff members, and a formal section is probably not needed.

3. Alternative III: Sector Groupings Only

OPERATIONS EVALUATION STAFF



SUMMARY OF ASSESSMENT

PROS

- FEWER FORMAL MANAGEMENT LAYERS
- SECTION CHIEFS DO NOT LOSE ANY AUTHORITY
- MORE HOMOGENEOUS NATURAL GROUPINGS

CONS

- ROLE OF CHIEF EVALUATION OFFICER UNCLEAR (STAFF/ADVISER)
- UNEVEN BALANCE - 30% OF STAFF IN ONE SECTOR
- 25% OF THE HL STAFF IN MANAGEMENT POSITIONS
- LITTLE HORIZONTAL COMMUNICATION/TEAM WORK
- SPAN OF CONTROL PROBLEM

Alternative III: Sector Groupings Only (continued)

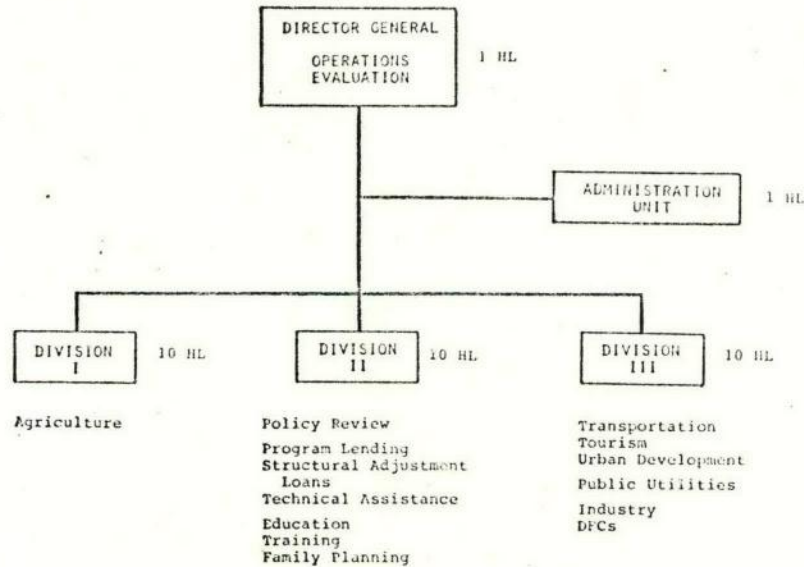
A sectoral grouping is assessed as one out of five alternative structures partly because it reflects a viable option and partly because this structure is the one preferred by several of the staff interviewed. In this alternative, the section chiefs are considered the line managers reporting directly to the director. The chief evaluation officers are considered to be in an advisory capacity and do not have any subordinates. The department's administrative functions are performed by a central staff unit (front office) headed by one higher level staff member.

Issues

This structure comes out with fewer management layers. The sector grouping is simple and reflects the work program, and, because the sectors are homogeneous, it will be easier for the section chiefs to execute substantive quality control of the section. This structure could, as it does not take away any authority or functions from the section chiefs, create less frustration among those higher level staff. The major issues regarding this structure are:

- o The role of and need for three evaluation officers in an advisory capacity is unclear.
- o There is still an imbalance in the workload and staffing of the sections (agriculture--30 percent of the projects and higher level staff). Some of the sections are too small to be recognized as a formal section.
- o There would, however, still be more than 25 percent of the higher level staff in management positions.
- o The director would still have a large span of control with 10 people reporting directly to him.
- o There would be less opportunity for horizontal communication and teamwork across sections. Each section chief will have the authority to plan his/her own work program and assign the necessary staff.

4. Alternative IV: Office of the Director General



SUMMARY OF ASSESSMENT

PROS

- FEW MANAGEMENT LAYERS (15% OF HL STAFF IN MANAGEMENT POSITIONS)
- BALANCED ORGANIZATION - STAFFING AND WORKLOAD EVENLY DISTRIBUTED IN THE THREE DIVISIONS
- DIVISIONAL STRUCTURE AND STAFFING REFLECTS NEXT YEAR'S WORK PROGRAM
- SPAN OF CONTROL FOR:
 - DIRECTOR - 4 HL STAFF
 - DIVISION CHIEFS - 7-10 HL STAFF
- GIVES MORE OPPORTUNITIES FOR TEAMWORK, HORIZONTAL COMMUNICATION
- DEPARTMENTAL ADMINISTRATIVE FUNCTION CENTRALIZED

CONS

- AUTHORITY, RESPONSIBILITY, AND TITLE IS TAKEN AWAY FROM THE SECTION CHIEFS
- CONFUSION ABOUT SECTION CHIEF'S ROLE
- QUALITY CONTROL STILL DONE ON THREE LEVELS - DIRECTOR GENERAL, DIRECTOR, DIVISION CHIEF

Alternative IV: Office of the Director General (continued)

This possible longer-term proposal to be considered when a new Director General is appointed and the Director position becomes vacant, basically introduces the following changes:

- o The department head position would be abolished, and the Director General would have the institutional responsibilities and functions as today and in addition carry out the functions of the department.
- o There would be three well-qualified, independent division chiefs and two support functions (administration unit and planning and budgeting) headed by higher level staff to support the Director General.
- o Divisional sector composition will be changed in order to better reflect future workload (partly reflected in Alternative V).

Alternative IV is based on the assumption that OPD's "Divisions Only" alternative is implemented in FY83/84 and that the department gain relevant experience with (1) chief evaluation officers as real division chiefs, (2) centralization of all administrative functions in the department and (3) improved communication and teamwork. The benefits of this structure would, in short, be:

- o Reduced number of management layers (two).
- o Only 12 percent of the staff in management positions.
- o Division structure is balanced (staffing and workload) and reflects the future work program (FY87/88).
- o It is a simple organization.
- o All departmental administrative functions are centralized.

ASSUMPTION: Sector Specialists are considered professionals spending most of their time on operational work.

OPERATIONS EVALUATION DEPARTMENT

FY83 WORK PROGRAM

	DIVISION 1		DIVISION 2		DIVISION 3	
TOTAL						
HUMAN RESOURCES (HL)	8	3	4	2	3	3
CONSULTANTS PROGRAMMED	2.2 (28%)	-	0.38 (9.5%)	0.53 (27%)	0.53 (18%)	0.53 (18%)
HUMAN RESOURCES ONBOARD						
	1 Sr.Eval.Officer (sector spec.) 7 Other Professionals 1.5 Research Asst.	1 Sr.Eval.Officer (sector spec.) 2 Other Professionals 1 Research Asst.	1 Sr.Eval.Officer (sector spec.) 3 Other Professionals 2 Research Asst.	1 Sr.Eval.Officer (sector spec.) 1 Other Professional	1 Sr.Eval.Officer (sector spec.) 2 Other Professionals	1 Sr.Eval.Officer (sector spec.) 2 Other Professionals
	AGRICULTURE	EDUCATION, TRAINING, FAMILY PLANNING	POLICY REVIEW	INDUSTRY & DFCs	TRANSPORTATION, TOURISM, URBAN DEVT.	PUBLIC UTILITIES
TOTAL NO. OF DISBURSED PROJECTS	50	27		33	61	53
WORK PROGRAM FY83	40 Audits (80%) 30 In-Depth (60%) 10 Intermediate (20%) 10 Pass-Through (20%) 5 Impact Evaluation Studies 3 Special Studies	15 Audits (56%) 10 In-Depth (37%) 5 Intermediate (19%) 12 Pass-Through (44%) 1 Impact Evaluation Study	Covenant Study (2%) Institutional Dev. Study (97%)	15 Audits (45%) 8 In-Depth (24%) 7 Intermediate (21%) 18 Pass-Through (55%)	21 Audits (34%) 9 In-Depth (15%) 12 Intermediate (20%) 40 Pass-Through (66%)	15 Audits (28%) 7 In-Depth (13%) 8 Intermediate (15%) 38 Pass-Through (72%)
WORKLOAD PER PROFESSIONAL STAFF (INCLUDING CONSULTANTS)	In-Depth - 2.9 Intermediate - 0.9 Impact Eval. - 0.5 Special Study - 0.3	In-Depth - 3.3 Intermediate - 1.6 Impact. Eval. - 0.3	as assigned	In-Depth - 3.2 Intermediate - 2.8	In-Depth - 2.5 Intermediate - 3	In-Depth - 2 Intermediate - 2.2

(Percentage of number of projects)

Source: Work Program and Budget FY83

ALTERNATIVE DIVISIONAL WORKLOADS BASED ON NUMBER OF DISBURSED LOANS AND CREDITS IN FY84-88

OED RECOMMENDED DIVISIONS	DIVISION I				DIVISION II				DIVISION III				
	AGRICULTURE	EDUCATION, TRAINING & FAMILY PLANNING	TECHNICAL ASSISTANCE	POLICY REVIEW	STRUCTURAL ADJUSTMENT AND PROGRAM LOANS	INDUSTRY	DTC	(ENERGY)	PUBLIC UTILITIES 3/	URBAN DEVELOPMENT	TOURISM	TRANSPORTATION	TOTAL PROJECTS
AVERAGE IMPLEMENTATION TIME 1/	7.3	8.4	5.9		2.5	6.3	7.0	5.2	8.7 8.0	2.8	2.6	7.3	
PREDICTED NUMBER OF DISBURSED LOANS AND CREDITS PER SECTOR 2/													199
FY84	65	21	3		16	13	25	-	30	3	4	36	216
FY85	64	22	5		12	7	26	4	28	5	1	38	232
FY86	88	19	4		(11)	13	20	13	32	13	6	40	259
FY87	83	22	10		(8)	10	27	14	34	6	-	32	246
FY88	85	22	3		(7)	10	29	19	47	10		29	271
OPD'S RECOMMENDED SECTOR COMPOSITION	DIVISION I	DIVISION II				DIVISION III							
FY88	85	32				144							
Audit Intensity	(80%)	(60%)				(35%)							
No of Projects to be Audited	68	19				50							

() predicted SAL

1/ Average Processing Time (Board Approval to Project Completion) for Projects completed in period FY80-82 in years. Source: PAB, September 1, 1982.

2/ IBRD & IDA, Country Lending Programs through FY85, February 27, 1981.

3/ Water Supply & Sewerage - 8.7, Power - 8.0

A.S.

OFFICE MEMORANDUM

TO: Mr. Alexander Kirk, Chief Evaluation Officer, OED DATE: July 27, 1982

FROM: Petter Langseth, Management Analyst, OPD

SUBJECT: Operations Evaluation Department: Organizational Assessment

1. Thank you for agreeing to help us in our organizational assessment of the Operations Evaluation Department. This is to confirm that we are scheduled to meet at 3:30 p.m. on Thursday, July 29, 1982 in your office.

2. The Organization Planning Department (OPD) was asked by Mr. S. Kapur, Director, OED, to do a quick diagnostic assessment of his proposal to create a divisional structure in OED. In carrying out this assessment, OPD would:

- (a) assess the proposed structure against alternative structures keeping in mind the present and future work programs; and,
- (b) determine whether any operating or management process changes might be needed to carry out the work more effectively.

3. Our meeting would focus on a number of areas including:

- (a) your views on the proposed departmental reorganization as outlined in Mr. Kapur's memo of July 23, 1982;
- (b) any further changes that you feel are needed to improve the working efficiency of the department.

cc.: Ms. Patricia Suarez, OPD

PLangseth:hb

A. J. ... Assk.
re Budget.

Recd. 7/28/82

Amasa - please make new file

*"Operational
Memorandum
OED and Evaluation"*

DRAFT
TNRuth:alg
January 28, 1976

(Organizational Manual Statement No. 1.70)

Introduction

1. The Director-General, Operations Evaluation directs the operations evaluation work of the World Bank and is responsible for the Operations Evaluation Department, the Director of which reports to the Director-General.
2. The purpose of operations evaluation is to assess and improve the World Bank's contribution to development through systematic analysis of each project's results compared to expectations, and of the Bank's past experience in areas having to do with general development and lending and with matters of operational policy and practice. The Bank shares reports of its operations evaluation work with members and borrowers, providing them with actual performance data on the Bank's operations and the attainment of its operational objectives, as well as technically useful information for those in both developed and developing countries who are actively engaged in economic development activities. The Bank's operations evaluation work is carried out with full professional integrity and independence from day-to-day operations.

Organization of Work

3. Work programs of the Operations Evaluation Department have three major components:
 - (a) Project Performance Audits
 - (b) Evaluation Studies
 - (c) Management Policy Reviews
4. Project Performance Audits comprise the largest volume of work of the Department and provide a broad base for work in the other categories. The Department prepares Project Performance Audit Reports on all Bank-assisted projects about one year after completion of loan/credit disbursements, using basic data from Project Completion Reports prepared by the Bank operating

departments within six months of completion of disbursements. The Project Performance Audit Report assesses the effectiveness of the project, and of the Bank's participation in it, against the project objectives envisaged at the time of loan/credit approval. Annually the Department prepares a Review of Project Performance Audit Results, which is a synthesis and composite analysis of the preceding year's Audits.

5. Evaluation Studies examine past experience in groups of projects selected around a common theme, such as Bank/IDA lending and other development assistance in a specific sector. Evaluation Reports generally contain recommendations for improving the effectiveness and efficiency of operations in the area involved. Closing Reports of Evaluation Studies, prepared a year or two after the Reports, review the Bank's action on the recommendations.

6. Management Policy Reviews analyze a particular aspect of Bank operational policy or procedure, and study its application in a number of cases to determine its operational impact and if and how it needs to be revised. Management Policy Reviews are more highly focussed than Evaluation Studies, in which all aspects of a group of projects are examined. Management Policy Reviews include follow-up by the Operations Evaluation Department on Bank action taken on recommendations emanating from its reports of the Reviews.

Organization of Staff

7. The Operations Evaluation Department is organized with a Director and several small units, each of which, with one exception, has a sectoral orientation and undertakes Project Performance Audits and Evaluation Studies in the sector(s) assigned to it. The one unit without sectoral boundaries is responsible for Management Policy Reviews.

T
O

Mr. Willoughby, G-1050

F
R
O
M

V. N. Rutt, OPD

D1107 X6236

SUBJECT

OED Organizational Manual Statement

DATE

1/29/76

FOLD — MESSAGE

Chris: We spoke some time ago about producing a functional statement on OED for the Organizational Manual, and agreed that I would provide the first draft. Perhaps we could discuss the attached after you've gone over it or, if you prefer, after you've reviewed it with Mr. Weiner whose final approval we would have to secure in any ^{event.} case.

Please feel free to revise the draft any way you see fit. It's based pretty much on my knowledge of OED derived from our discussions last August/September, and obviously things might have changed, or be in the process of changing, since then.

3615

JAN 30 1976

ORIGINATOR-DO NOT WRITE BELOW THIS LINE

REPLY TO → SIGNED

VNR

REPLY

Tom: Your draft is a very useful basis, which is in fact mostly still correct, but, as you suggested the other night, I should think it is now best to wait until Mr. Weiner's "Standards" Paper finally emerges from its course through the Joint Audit Committee and the Board

DATE

Feb 7 1976

SIGNED

Christopher Willoughby

SEND WHITE AND PINK COPIES WITH CARBONS INTACT. PINK COPY IS RETURNED WITH REPLY.

F
R
O
M

Mr. Willoughby, G-1050

T
O

Mr. Kell, OPD

D1107 X6236

SUBJECT

OED Organizational Manual Statement

DATE

1/29/76

FOLD — MESSAGE

Chris: We spoke some time ago about producing a final statement on OED for the Organizational Manual, and agreed that I would provide the first draft. Perhaps we could discuss the attached after you've gone over it or, if you prefer, after you've reviewed it with Mr. Warner whose final approval we would have to secure in any event.

Please feel free to revise the draft any way you see fit. It's based pretty much on my knowledge of OED derived from our discussions last August/September, and obviously things might have changed, or be in the process of changing, since then.

3/15

ORIGINATOR-DO NOT WRITE BELOW THIS LINE

REPLY TO → SIGNED

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DATE

Feb 7 1976

SIGNED

Christopher Willoughby

RETURN THIS COPY TO SENDER

DR

File ; Board Discussion ; OED

November 15, 1976

Mr. Thomas Ruth

Gerald Alter

Manual Statement on Operations Evaluation

11/17

At the Operational Vice Presidents' meeting today Mr. Knapp suggested, in response to the discussion at the Executive Directors' meeting on operations evaluation last week, that instructions should be given to the staff that when repeater loans are being proposed staff reactions to OED evaluations of earlier loans should be included in the President's Report or Appraisal Report, as appropriate. Please take this suggestion into account in MS 3.60 on Operations Evaluation. You may also wish to consider issuance of a circular to be filed with MS 3.15 on Loan/Credit Documentation Procedures.

You may also wish to consider whether MS 2.00 on Loan/Credit Processing should contain a provision for the Operations Evaluation Department periodically to identify those loans in the work program which can be considered "repeater loans" to which OED evaluations have a special relevance. Operational managers could then be informed that they would be expected to assure that these evaluations are taken into account in loan processing and the results summarized in the loan documents.

The substance of Mr. Knapp's suggestion will be communicated by Mr. Baum to his Department Heads at an early meeting.

cc - Messrs. Knapp
Baum
Bohr ✓

GAlter:dbs

61.31
22.6
10.8
11.2
24.2

1070
11/16

Mr. T. Ruth, OPD

November 3, 1977

Shiv S. Kapur, Director, OED

OMS on Operations Evaluation

Some time ago we were asked to assist in preparing a draft OMS on Operations Evaluation. In view of the material which already exists on this subject, particularly the booklet on Standards and Procedures, it does not seem sensible to duplicate it for an OMS. We feel, therefore, that a short OMS which incorporates the other relevant documents by reference should fill the bill. A draft along these lines is attached.

Attachment

cc: Mr. Weiner

JHCollier:mjb

OPERATIONAL MANUAL STATEMENT

Operations Evaluation

The operations evaluation system of the Bank is described in the booklet, "Operations Evaluation - World Bank Standards and Procedures" issued in June, 1976. This booklet gives a complete account of the objectives of operations evaluation, the procedures by which it is implemented and the respective roles of the Operations Evaluation Department, the regional staff and other units of the Bank Group. Staff should, therefore, regard this booklet as constituting the basic operational statement governing operations evaluation.

Since the publication of the Standards and Procedures booklet two Operational Manual Statements have been issued which amplify certain of the topics which the booklet discusses. The first of these is OMS No. 3.55, dated March, 1977, on "Project Monitoring and Evaluation". The Standards and Procedures booklet contains a brief section on "Built-in" Evaluation, which stresses the importance of involving the borrower in the evaluation process and of ensuring that the necessary steps are taken to build a monitoring and evaluation function into the more complex Bank projects. OMS 3.55 describes the concepts and definition of monitoring and evaluation systems and sets out what is involved in their design and implementation.

The second OMS issued recently concerning operations evaluation is No. 3.58, "General Guidelines for Preparing Project Completion Reports". This describes the purpose and scope of Project Completion Reports, the method of preparation and presentation and the procedures for handling them. Specific guidelines dealing with individual sectors will be issued shortly in the form of Annexes to OMS 3.58.

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: All OED Staff
FROM: Shiv S. Kapur
SUBJECT: Divisionalization

DATE: July 12, 1982

As most of you are aware, it is proposed to introduce a formal divisional structure in this Department. Instructions to this effect are being issued separately. In the meantime, I have requested the Organization Planning Department to advise us on the divisionalization as well as any other structural changes which might contribute to the more efficient working of this Department. Mr. Lynn of that Department, together with one or two of his colleagues, will be visiting this Department and speaking to some of you individually before formulating their recommendations. You are requested to extend them your full cooperation so that we obtain the maximum benefits from whatever structural changes are introduced.

cc: Mr. Weiner
Mr. Rohrbacher, Director, OPD

OFFICE MEMORANDUM

DATE: October 2, 1981

TO: All OED Staff

FROM: Shiv S. Kapur

SUBJECT: Departmental Organization; Chief Evaluation Officers

With effect from October 1, Mr. Otto Maiss has taken over as Chief Evaluation Officer from Mr. Bohr. For the present, Mr. Bohr will, however, remain in the Department and work mainly on the performance audits of urban development projects.

Effective the same date, the responsibilities and functions of Chief Evaluation Officers will be revised as shown below and in the attached organization chart. The proposed changes reflect: (i) the experience of the last year or so; (ii) further enlargement and diversification of the Department's work; and (iii) greater delegation of responsibility to the Chief Evaluation Officers.

A. Chief Evaluation Officer, Agriculture, Education, Training and Family Planning

He will carry responsibility for the first draft of all PPARs and impact evaluation studies relating to the above sectors to the point where these would be acceptable without further review for being sent out to the Regions and Central Operating Departments for comments before being dispatched to the countries, where necessary. The procedure to be adopted is further discussed below.

The impact evaluation studies, sector and sub-sector reviews and other special studies will be planned and designed in close consultation between the Senior Evaluation Officers and the Chief Evaluation Officer. The Chief Evaluation Officer will be responsible for their timely execution, for monitoring their progress from time to time, and for the first complete draft of the requisite quality before it is put up to me.

The Chief Evaluation Officer will be assisted by the Senior Evaluation Officer, Education, Training and Family Planning and the Senior Evaluation Officer, Agriculture. The Senior Evaluation Officers will continue to be primarily responsible for the planning, programming and implementation of the work in their respective sectors, including discussions with their counterparts in the operating complex, whenever necessary.

Mr. John Malone will be the Chief Evaluation Officer for Agriculture, Education, Training and Family Planning.

B. Chief Evaluation Officer, Policy Review, Industry, DFCs and Non-Project Lending

The Policy Review Section, which has so far reported to me direct, will now be placed under the above Chief Evaluation Officer. In consultation with the Senior Evaluation Officer, Policy Review, the Chief Evaluation Officer will be responsible for planning, designing, monitoring and implementing all policy reviews and cross-sector studies. His role in developing appropriate methodology for the special studies and reviews and in monitoring their progress will be especially important. He will also be responsible for the first complete draft of the Annual Review based upon sector contributions and following the pattern agreed upon jointly with me, the other Chief Evaluation Officers and the Senior Evaluation Officers. He will be expected, in consultation with me, to determine and develop topics for special comment.

In addition to the above, he will be responsible for the supervision and review of project performance audit reports in industry, DFCs, program loans, structural adjustment loans, and technical assistance. In this area, he may need to take a personal role in auditing structural adjustment loans.

The respective responsibilities of the Chief Evaluation Officer and the Senior Evaluation Officer, Industry, DFCs, Program Loans, Structural Adjustment Loans and Technical Assistance, will be similar to those mentioned in the description of the role of the Chief Evaluation Officer, Agriculture.

Finally, he will be in overall charge of the assignment of research assistants to various tasks and their rotation between different sections in accordance with needs and priorities. He will carry out this responsibility in consultation with the other two Chief Evaluation Officers and, in the event of disagreement, with me.

Mr. Otto Maiss will be the Chief Evaluation Officer, Policy Review, Industry and Non-Project Lending.

C. Chief Evaluation Officer, Infrastructure and Administration

He will carry responsibilities and perform functions similar to those of the other two Chief Evaluation Officers in respect of the Public Utilities and Transport and Tourism sectors, both regarding PPARs and special or sector/sub-sector studies. He would also be responsible for the new urban development PPARs for which the primary responsibility will be shared between the Public Utilities and Transport Sections, depending upon the mix of individual projects.

He will continue to be responsible for the first complete draft of the Annual Report on Operations Evaluation for which he will have the assistance of a research assistant.

In regard to administrative responsibilities, he will be the budget officer for the Department, responsible, in consultation with me and other senior staff, for putting together the annual OED work program and budget, coordinating with PAB, and monitoring expenditures in relation to the budgetary provision from month to month. He will have the authority to ask for review of requests for consultants and temporary support staff. He will also be responsible, with the assistance of the administrative secretaries and senior staff assistant, for administrative matters relating to all secretarial staff, including recruitment and selection. The professional staff concerned will be associated with the selection process.

Mr. Alexander F. Kirk will be the Chief Evaluation Officer, Infrastructure and Administration.

In addition to the above responsibilities, the three Chief Evaluation Officers, on the recommendation of the Senior Evaluation Officer concerned, will be responsible for authorizing annual leave other than home leave to all staff under their control. Home leave applications will continue to come to me as hitherto. In addition, the Chief Evaluation Officers will carry out any other responsibilities and functions which may be assigned to them from time to time.

It is proposed that the first drafts of project performance audit reports should in future be initialed by the Chief Evaluation Officer concerned and sent across for preliminary comment to the Projects/Programs division chiefs concerned. Since this move has various implications, however, for the evaluation function, for OED and for the Regions, it will be brought into force only after the new system has settled down and other implications have been discussed internally in the Department.

Attachment

cc: Mr. Weiner
Mr. Evans, PMD

=====

OPERATIONS EVALUATION DEPARTMENT

=====

DIRECTOR

Shiv S. Kapur

CHIEF EVALUATION OFFICER, AGRICULTURE,
EDUCATION, TRAINING AND FAMILY
PLANNING

John M. Malone, Jr.

Senior Evaluation Officer,
Agriculture

Hans Kordik

Senior Evaluation Officer,
Education, Training and Family
Planning

Ralph Romain

CHIEF EVALUATION OFFICER, POLICY
REVIEW, INDUSTRY AND NON-PROJECT
LENDING

Otto Maiss

Senior Evaluation Officer,
Policy Review

John Burrows

Senior Evaluation Officer, Industry,
DFCs, Structural Adjustment and
Program Loans & Technical Assistance

George C. Maniatis

Research Assistants

Elizabeth Gross
Poonsook Mahatanankoon
Kathryn McPhail
Kathryn Shrivastava
Pouran Soltani

CHIEF EVALUATION OFFICER, INFRA-
STRUCTURE, URBAN DEVELOPMENT AND
ADMINISTRATION

Alexander F. Kirk

Senior Evaluation Officer,
Public Utilities

Robin W. Bates

Senior Evaluation Officer,
Transport, Tourism and Urban
Development

Tillman H. Neuner

OFFICE MEMORANDUM

TO: All OED Staff

DATE: July 23, 1982

FROM: Shiv S. Kapur

SUBJECT: Revised Organizational Structure and Procedures

1. The attached memorandum outlines the more important changes in the formal organizational structure and procedures of the Department. Procedures not mentioned in the memorandum will continue as at present until further changes are introduced from time to time.
2. A team of experts from the Organization Planning Department has been requested to assess the organizational procedures of the Department and the changes proposed in the attached memorandum. They will be meeting with some of you in the coming weeks. Such modifications as may be necessary in the light of the OPD report and our own experience in the next six months will be made at the end of January 1983.
3. The unit costs provided for the work program are based on estimates and are different from those derived from work sheets and used for program formulation in the past. In order to get a firm grip on unit costs and provide a basis for efficient operation of the Department, it is essential that Research Assistants and all professional staff, including SEOs and CEOs, fill in the time-sheets regularly and as specifically in regard to work items as possible. Without this, a reasonable co-relation between the work program and the budget cannot be established and reviewed.
4. The background and rationale for the proposed changes are explained in the opening paragraphs of the memorandum. For the reasons mentioned there this seems to be the appropriate time to initiate formal change. The proposals contained in the memorandum will therefore become effective as of August 2, 1982.
5. As you will notice, there are minor discrepancies in some of the figures in Attachment II of the memorandum. CEOs/SEO's will review the figures as they concern them and adjust them for internal consistency. Revised statements should be provided to my office.
6. It is proposed to make a brief presentation of the contents of the attached memorandum at a meeting of all OED staff at 3:00 p.m. on Wednesday, July 28. Questions will be invited and clarifications provided.

Attachment

cc: Mr. Weiner

OFFICE MEMORANDUM

TO: All OED Staff
FROM: Shiv S. Kapur
SUBJECT: Revised Departmental Organization and Procedures

DATE: July 23, 1982

I. Background

1. In the last six years, the number of staff in this Department has more than doubled while the quantity and diversity of the work being done have increased even more. Within the Bank and outside, the Department now enjoys stability and a high level of visibility. OED's reports are being increasingly used as source material for purposes of research and for preparing crucial Bank policy documents. While changes have been made in our internal ways of working to adjust to the changed OED size and responsibility, these changes have largely remained informal. The structure has remained flexible, pragmatic in the day-to-day operations, and a mixture of hierarchical and matrix management. While this approach has helped us to achieve what we have, the disadvantages have also become increasingly clear, necessitating a change.
2. A change in the formal structure has been under consideration for some time. It was however decided to postpone action until after discussions had been completed on the findings of the 1982 Attitude Survey. The follow-up meetings have provided very useful insights into the working of the present system and reinforced the need for a formal change. Especially important has been the universally expressed desire to strengthen team work in the Department. The present system, fragmented as it is between small sector units, has not been particularly conducive to team work, especially across sector boundaries. An organizational structure is needed to create management units of a viable size which would be neither too large nor too small for interactive team work. Such units should also be able to meaningfully carry out delegated responsibilities.
3. Recent experience with the development of the FY83 work program and budget, and the delegation of responsibilities already in train for the implementation of that work program and for the major items of the discretionary budget, further make it appropriate that the management structure be reorganized at this time.
4. The revised organization and procedures will be as outlined below and in the attached organization chart. As you have separately been informed, I have also requested the Organization Planning Department to review this Department's organization in the light of our changed circumstances and responsibilities. Experts from that Department will be meeting with staff members of OED at different levels and are expected to make their recommendations by the end of September 1982. The revised organization and procedures outlined in this memorandum will be therefore provisional; further changes that may be found necessary on the basis of OPD recommendations, will be considered and implemented by the end of January, 1983.

II. Objectives

5. The purpose of the reorganization is to devise viable, cohesive units or divisions to which maximum responsibility and authority can be delegated for initial work programming and its day-to-day implementation and monitoring. It is expected that by promoting team work at the divisional level and cross-sector task assignment to individual staff members, the quality of work, job satisfaction, and staff morale will improve. Improvements are also expected to result in task assignment, understanding of work expectations and in feedback on performance. Vertical and lateral communications would be enhanced.

III. Revised Structure

6. The revised structure is outlined in the attached organization chart (Attachment I). The central point is to group sections under the three Chief Evaluation Officers who will function as Division Chiefs, with primary responsibility for work program and budget preparation and implementation and for delegated responsibility in personnel matters. They will be assisted by and work in consultation with Senior Evaluation Officers in charge of the sections under them, and will in turn report to the Department Director who will continue to be responsible for overall management. It has already been proposed to OPD that the Chief Evaluation Officers be redesignated as Division Chiefs. This proposal will be taken up with PMD after the OPD report and recommendations have been received; the Senior Evaluation Officers in charge of the different sections will at the same time be redesignated as Section Chiefs. Chief Evaluation Officers, in consultation with the Section Chiefs, will draw up revised job descriptions and the proposed division of responsibilities between them. This work should be completed and the job descriptions submitted to me by the end of September after which it is intended to discuss them with the group of supervisors for each division in a series of meetings before being finalized.

7. In parallel with the above actions, secretaries to the Chief Evaluation Officers will begin to function as Administrative Secretaries for the proposed divisions. They will do so under the overall supervision of Miss Duncan. Revised job descriptions for Administrative Secretaries will also be developed to the above schedule. The Administrative Secretaries should consult with Miss Duncan for this purpose and meet together with the latter to ensure broad conformity with each other and agree upon appropriate assignment of special department-wide responsibilities. The draft job descriptions should then be approved by the Chief Evaluation Officers and sent to me for information.

8. The authority and responsibility of the Chief Evaluation Officers in the revised system, as well as some relevant procedures, are broadly outlined below. The responsibilities will be clarified in greater detail

in the job descriptions. They will also be reviewed at the mid-term review proposed below and changes made in the light of experience at that time.

9. Responsibilities for certain department-wide functions will continue to be centralized and allocated to various individuals. These are shown in para. 20 below. A task force comprising Mesdames. Duncan, Uyehara, Kaciur and Luhman will review the filing system in the Department at various levels and come up with an efficient system to be made operational after the Department moves to the new building.

IV. Functions, Responsibilities and Procedures

A. Work Program and Budget

10. The work program and budget for FY83 has been developed in a series of meetings with the senior staff. The work program and related resource allocations for each section and division have been agreed. Allocations of consultants, in consultant-year and financial terms, as well as the proposed operational travel and budget have also been agreed in respect of each section and division. A summary table appears at Attachment II and constitutes the work expectations for the Department.

11. It will be the responsibility of the Chief Evaluation Officers, with the assistance of the Section Chiefs, to implement and monitor the above program within the resources allocated. The Chief Evaluation Officers will have the authority to hire consultants as and when necessary, to determine and authorize their fees, and to authorize all operational travel for staff and consultants under their control. They will sign all operational travel requests and communications to countries announcing mission travel, on my behalf. Necessary action has been taken to inform Accounting Department of the necessary delegation of authority.

12. Administrative responsibility for budgetary items other than consultant costs and operational travel will continue to be centralized under Mr. Kirk. He will also have the contingency fund for consultant fees and for operational travel, including the operational travel of the Department Director and the DGO. Recourse to this contingency fund by the divisions will be limited to priority needs which cannot be otherwise met in the last four months of the fiscal year. Chief Evaluation Officers will have to establish priority and justify recourse to the contingency fund by a note to Mr. Kirk. Release of contingency funds will be made with my prior approval.

13. In implementing the work program, the Chief Evaluation Officers will sign the covering memoranda for distribution of the first drafts of audit reports seeking comments of Bank staff. Discussions with Bank staff on draft audits and special studies will be conducted by the principal authors under the supervision of Section Chiefs and Chief Evaluation Officers who will intervene either when requested by their staff or when they consider it appropriate in the interest of smooth and cost-effective operation of this Department. All draft reports for country comments will be sent under my signature to enable preliminary review by me and avoid possible confusion among borrowers.

14. For the above system to work, the CEOs will ensure that their Administrative Secretaries maintain full running account of budgetary expenditures authorized and committed by the CEOs against the two major items mentioned above. Copies of the monthly printouts received from ACT will be made available to Chief Evaluation Officers. The Administrative Secretaries will be instructed by Mrs. Kaciur on the use of these printouts in conjunction with the consultant fees and operational travel commitment documents to be maintained by the Administrative Secretaries. This should enable each CEO to monitor expenditures relating to his division and under his control. Mr. Kirk will continue to monitor overall departmental expenditures and put up monthly summaries and printouts for my information. Requests for temporary assistance and for overtime will be sent by the CEOs concerned to Mr. Kirk for review and authorization on my behalf within the departmental budget. After authorization has been given, it will be responsibility of the Administrative Secretary concerned to arrange with PMD for suitable temporary help.

15. For special studies, advisory groups will be constituted and announced by me in consultation with the principal author and the Chief Evaluation Officers. These advisory groups will cut across divisional boundaries to permit broad participation and perspective being brought to bear on the studies. The advisory groups will be convened from time to time by the principal author of the study and will meet to determine the design, scheduling, resource allocation for the study and review of the draft reports.

B. Personnel Matters and Special Responsibilities

16. The Chief Evaluation Officers will authorize all leave, including home leave, to staff under their control. They will also ensure timely advertisement of secretarial vacancies and interview and hire secretaries, whenever necessary, in consultation with their Section Chiefs and with PMD. The initial steps about the hiring of research assistants will continue to be taken by Mr. Kirk, the three Chief Evaluation Officers together constituting the panel for screening applications and interviewing candidates for research assistant positions in the Department. On the recommendation of this panel, I shall interview the selected candidate before appointment is offered. The recruitment of professional staff to the Department will be done by me in close consultation with SEOs and CEOs. The SEO and CEO concerned will join me in interviewing such staff whenever such interviews are found necessary.

17. The Chief Evaluation Officers, assisted by their Section Chiefs, will exercise full responsibilities as Division Chiefs for job counseling of their staff on a continuing basis, helping individual staff members to develop their training programs in the light of their present and anticipated career development needs, and for full and open vertical and lateral communication within and outside the division. They will approve individual task assignments and work schedules developed by Section Chiefs, and ensure that proper work expectations are established for all staff

under their control. They will consult with other CEOs and Section Chiefs concerned for establishing inter-disciplinary tasks and staff assignments for their accomplishment.

18. Chief Evaluation Officers will provide continuing feedback on performance to their staff and ensure recognition at their level for good work done. They will also make recommendations to the Director for recognition of exceptionally good performance and be responsible for providing the justification and making recommendations to me for career growth promotions for staff under their control, where justified, subject to para.20(c) below in respect of research assistants. Annual merit increases in salary will continue to be based on consultation between me and the CEOs accompanied by their Section Chiefs and, in respect of secretaries, by their Administrative Secretaries.

C. Centralized Responsibilities and Front Office

19. The following activities will be part of the departmental front office:

- (a) all work handled by Mrs. Reyes, including the departmental library. The task force for the development of an improved computerized memory and retrieval system, led by Mr. Egbert, will report to me directly; and
- (b) word processing operations, staff and equipment under the immediate charge of Mrs. Tillman.

20. In addition to their other responsibilities, the following staff will be in charge of certain responsibilities for the Department as a whole:

- (c) Mr. Kirk: for overall work program and budget formulation and the control and monitoring of both delegated and non-delegated budgetary expenditures as well as contingency reserves. He will also initiate and coordinate action for the recruitment and promotion of research assistants.
- (d) Mr. Malone: for coordinating and arranging the associate training of evaluation staff from the donor and borrowing country agencies.
- (e) Mrs. Uyehara: will continue to act as the senior Administrative Secretary in the Department to regulate secretarial work flows between divisions whenever made necessary by work load "peaking". She will also continue to act as the Training Coordinator for the Department. In this role, she will receive special recommendations for training from Chief Evaluation Officers, statements of agreed training needs extracted from staff AERs and put them up to me, along with other relevant information, for nomination of staff for training.

- (f) Mrs. Kaciur: will assist Mr. Kirk in monitoring budgetary expenditures and will prepare the overtime reports.
- (g) Mrs. Luhman: will act as the Leave and Attendance Clerk for the Department.
- (h) Miss Duncan will receive the monthly forecasts for translation from the divisional Administrative Secretaries and process them for handling by the Language Services Division.

V. Review

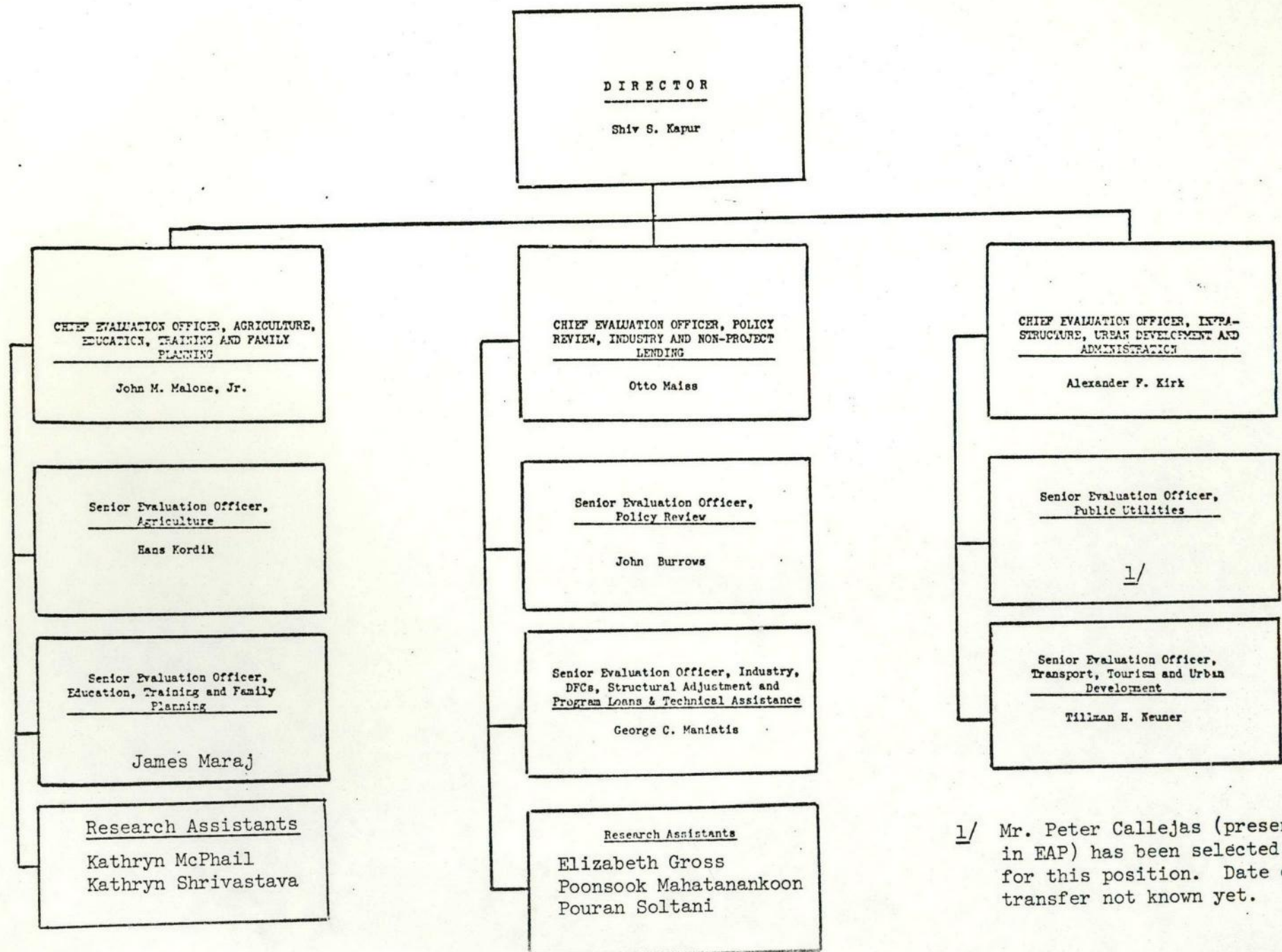
21. As mentioned above, the revised organization and procedures will be provisional and subject to adjustments in the light of recommendations expected from OPD. Experience with all components of the system will be reviewed at the end of January 1983. Major changes recommended by OPD will also then be considered along with the experience with the work program and budget formulation for FY84. The latter will be initiated by the Chief Evaluation Officers in respect of their divisions at the end of October, to permit consolidation and review and the submission of the draft to the Director-General in January.

Attachments

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OPERATIONS EVALUATION DEPARTMENT

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1/ Mr. Peter Callejas (presently in EAP) has been selected for this position. Date of transfer not known yet.

WORK PROGRAM AND BUDGET, FY83

AGRICULTURE, EDUCATION, TRAINING AND FAMILY PLANNING DIVISION

UNIT/WORK PROGRAM	RESOURCES BUDGET - FY83					
	Staff & Consultant Resources			Consultant Fees (\$)	Operational Travel	
	Staff Person Week	Consultant Person Week	Total		No. of Trips	Amount (\$)
Chief Evaluation Officer						
Source:						
1 Chief Evaluation Officer @ 40 PW	40	-	40	-	-	-
Total	40	-	40	-	-	-
Use:						
Management and Review	40	-	40	-	-	-
Total	40	-	40	-	-	-
I. Agriculture						
Source:						
1 Section Chief @ 40 PW	40		40			
7 Professionals @ 40 PW	280		280			
1.5 Research Assistants @ 40 PW ^{1/}	60		60			
Total	380	+ 99 =	479	218,500	29	145,000
Use:						
Management and Review	-	-	-	-	-	-
40 Audits						
30 In-depth @ 7 PW	210	8	218	12,000	11	55,000
10 Intermediate @ 4 PW	40	-	40	-	-	-
10 Pass-through	-	-	-	-	-	-
5 Impact Evaluation Studies	68	52	120	118,000	10	50,000
3 Special Studies	39	39	78	88,500	8	40,000
Annual Review	23	-	23	-	-	-
Total	380	99	479	218,500	29	145,000
II. Education, Training & Family Planning						
Source:						
1 Section Chief @ 40 PW	40		40			
2 Professionals @ 40 PW	80		80			
1 Research Assistant @ 40 PW ^{1/}	40		40			
Total	160	-	160 ^{2/}	-	6	30,000
Use:						
Management and Review	20	-	20	-	-	-
15 Audits						
10 In-depth) @ 6 PW	90	-	90	-	5	25,000
5 Intermediate)						
12 Pass-through @ 0.5 PW	6	-	6	-	-	-
1 Impact Evaluation Study (Thailand)	12	-	12	-	1	5,000
Annual Review, Education	10	-	10	-	-	-
Annual Review, Population	2	-	2	-	-	-
Total	140	3/	140	-	6	30,000

^{1/} In the above computations, the Division has not converted Research Assistant time into professional staff equivalents. This is being allowed to stand but should be corrected before the mid-term review.

^{2/} Discrepancy between resource availability and use probably due to Research Assistant conversion in the figures for resource use but not in resource availability (see note ^{1/} above).

^{3/} Reserve provision of 0.1 (or 5 weeks) of consultant time (\$11,500) is available in the Education Section budget for initiating a special study, to be completed in FY84.

INFRASTRUCTURE AND URBAN DEVELOPMENT DIVISION

UNIT/WORK PROGRAM	RESOURCES BUDGET - FY83					
	Staff & Consultant Resources			Consultant Fees (\$)	Operational Travel	
	Staff Person	Consultant Week	Total		No. of Trips	Amount (\$)
Chief Evaluation Officer						
Source:						
1 Chief Evaluation Officer @ 40 PW	40	-	40	-	-	-
Total	40	-	40	-	-	-
Use:						
Management and Review)	40	-	40	-	-	-
Annual Report)	40	-	40	-	-	-
Total	40	-	40	-	-	-
I. Transportation, Tourism & Urban Development						
Source:						
1 Section Chief @ 40 PW	40		40			
2 Professionals @ 40 PW	80		80			
Total	120	+ 21	= 141	46,000	10	50,000
Use:						
Management and Review	-	-	-	-	-	-
21 Audits						
9 In-depth @ 7 PW	42	21	63	46,000	10	50,000
12 Intermediate @ 3.5 PW	42		42			
40 Pass-through @ 0.5 PW	20		20			
Annual Review	16		16			
Total	120	21	141	46,000	10	50,000
II. Public Utilities						
Source:						
1 Section Chief @ 30 PW	30		30			
2 Professionals @ 40 and 33 PW	73		73			
Total	103	+ 21	= 124	46,000	6	30,000
Use:						
Management and Review	14	-	14	-	-	-
15 Audits						
7 In-depth @ 7 PW	35	14	49	30,700	6	30,000
8 Intermediate @ 3.5 PW	19	7	26	15,300		
38 Pass-through @ 0.5 PW	19		19			
Finalize Tunisia Study	4		4			
Annual Review	12		12			
Total	103	21	124	46,000	6	30,000

POLICY REVIEW, INDUSTRY AND NON-PROJECT LENDING DIVISION

<u>UNIT/WORK PROGRAM</u>	<u>RESOURCES BUDGET - FY83</u>					
	<u>Staff & Consultant Resources</u>			<u>Consultant Fees</u> (<u>\$</u>)	<u>Operational</u> <u>Travel</u>	
	<u>Staff</u>	<u>Consultant</u>	<u>Total</u>		<u>No. of</u>	<u>Amount</u>
	<u>Person</u>	<u>Week</u>		<u>(<u>\$</u>)</u>	<u>Trips</u>	<u>(<u>\$</u>)</u>
Chief Evaluation Officer						
Source:						
1 Chief Evaluation Officer @ 40 PW	40	-	40	-	-	-
Total	<u>40</u>	<u>-</u>	<u>40</u>	<u>-</u>	<u>-</u>	<u>-</u>
Use:						
Management and Review)	40	-	40	-	-	-
Annual Review of PPARs)	40	-	40	-	-	-
Total	<u>40</u>	<u>-</u>	<u>40</u>	<u>-</u>	<u>-</u>	<u>-</u>
I. Industry & DFCs						
Source:						
1 Section Chief @ 40 PW	40		40			
1 Professional @ 30 PW	30		30			
Additional Support	24		24			
Total	<u>94</u>	+ 21 =	<u>115</u>	46,000	7	35,000
Use:						
Management and Review	8	-	8	-	-	-
15 Audits						
8 In-depth @ 6 PW	36	12	48	26,300	6	30,000
7 Intermediate @ 4 PW	28		28			
18 Pass-through @ 0.5 PW	9		9			
1 SAL Audit @ 14 PW	5	9	14	19,700	1	5,000
Annual Review	7		7			
Seminar (Yugoslavia)	1		1			
Total	<u>94</u>	<u>21</u>	<u>115</u>	<u>46,000</u>	<u>7</u>	<u>35,000</u>
II. Policy Review						
Source:						
1 Section Chief @ 40 PW	40		40			
3 Professionals @ 40 PW	120		120			
2 Research Assistants @ 20 PW	40 ^{1/}		40			
Total	<u>200</u>	+ 15 =	<u>215</u>	34,500	9	45,000
Use:						
Management and Review	6	-	6	-	-	-
Covenants Study	6		6			
Institutional Development Study	188	15 ^{2/}	203	34,500	9	45,000
Total	<u>200</u>	<u>15</u>	<u>215</u>	<u>34,500</u>	<u>9</u>	<u>45,000</u>

1/ Professional-equivalent.

2/ Reserve provision.


perations Evaluation Department

July 23, 1982

OFFICE MEMORANDUM

DATE: May 2, 1986

TO: Mr. Barber B. Conable

FROM: Yves Rovani,  Director-General, Operations Evaluation

EXTENSION: 33035

SUBJECT: Operations Evaluation in the World Bank

1. The Bank has a comprehensive system of operations evaluation designed to:
 - * elicit lessons from experience relevant for future development activities;
 - * assess the adequacy and effectiveness of Bank policies and procedures; and
 - * establish a comprehensible record of the Bank's activities and achievements.

The system has three levels. All completed operations funded by the Bank are evaluated by those responsible for them ("self evaluation") and a sample of these operations are audited independently. The findings of these evaluations are used as building blocks in the further review of Bank experience across sectors, processes or policies through special studies of selected subjects.

2. The self evaluation is based on the preparation of a Project Completion Report (PCR) for each completed Bank and IDA lending operation, currently 200-250 a year. This PCR is prepared by borrower or Bank staff under the auspices of the responsible Regional office. The independent evaluation, currently made for 50 percent of completed projects, is made by the Operations Evaluation Department (OED) and presented in a Project Performance Audit Memorandum (PPAM). Together, the PCR and PPAM comprise a Project Performance Audit Report (PPAR) which is sent for comment to borrower and Bank staff and, once these comments have been reflected in the document, is sent to the Board of Executive Directors. PCRs of operations not selected for independent audit are considered the final evaluative documents; they are similarly sent to borrowers for comments and subsequently to the Board. The results of the year's evaluations are reviewed synoptically in an Annual Review of Project Performance Results issued by OED. These Reviews increasingly look at the annual findings in the context of those that have accumulated over a longer period. They are issued for public use in the same format as they are issued to the Executive Directors, but (so far) with country and project names deleted.

3. As to the results of Bank operations, all but just over 20 of almost 1,200 operations reviewed by OED have been taken to completion. Well over 80% of the completed projects--representing about US\$23 billion in IBRD and IDA lending and US\$70 billion in total investments--appear to have achieved their major objectives and were judged to have been worthwhile at completion. Impressive as the overall results are, however, the trends of performance have not been consistent, and a recent deterioration in various indicators of performance raises substantial issues of approach, objectives, instruments of lending, policy and institutional environment, and project design that bear on the viability of operations. Several factors would appear to account for the decline in performance. First, Bank lending in the 1970s expanded rapidly and reached into new areas; projects became more complex, sought wider objectives, and were technically and institutionally more innovative. Second, the physical and economic environment has been unusually difficult, especially in Sub-Saharan Africa. Third, unfavorable economic policies have strongly contributed to the difficulties.

4. OED uses about two-thirds of its resources to carry out the mandatory project audits and prepare the Annual Review just mentioned; the remainder are used for special studies. These can be classified as follows.

- * Impact Evaluations, which look at the impact of Bank projects about five years after their physical completion (about 25 such evaluations undertaken to date).
- * Bank (sub)Sector Experience Reviews, looking at Bank lending experience in for example, fisheries, settlement programs, project monitoring and evaluation.
- * Country Sector Reviews, covering say, water supply in Tunisia or agriculture in Malawi and Burkina Faso.
- * Policy Reviews, looking at experience with the implementation of Bank policy on for example, institution building, loan effectiveness, and with Bank conditionality.
- * Policy-Based Lending Reviews, such as the Bangladesh program loans review and the review of structural adjustment lending, presently underway.
- * Country Reviews, a systematic review of the whole range of interactions between the Bank and a country over a long period. Studies for Sri Lanka and Pakistan have been completed and a third covering an African country is being planned.

5. The Operations Evaluation Department is constituted as an independent unit within the Bank, under the direction of a Director-General, Operations Evaluation (DGO). The independence of OED is fostered by the unique position of the DGO. He is selected by the Board, appointed for five-year terms, without the right of subsequent employment in the Bank, and reports to the Board with an administrative link to the President. The Board has assigned oversight responsibility for operations evaluation to the Joint Audit Committee (JAC), which now includes eight members drawn from among the Executive Directors. In its monthly meetings, frequently attended by other Executive Directors as well, JAC reviews OED's budget and work program, all its special studies, sector sections of the Annual Review of Project Performance Results, and a sample of evaluation reports (PPARs and PCRs). Each spring the full Board approves OED's work program and budget and each fall it reviews OED's Annual Review, Annual Report on Operations Evaluation and the JAC's annual report. The full Board also discusses OED special studies that the JAC recommends for its consideration. The sentiments expressed in these meetings suggest that Executive Directors value the function of OED highly and consider it an important asset of the Bank.

6. The Operations Evaluation Department (OED) is the staff arm of the DGO. Because of the complex and sensitive nature of the evaluation process, the staff of OED needs to be of the highest competence and maturity. OED has therefore in the past decade mainly been staffed by senior staff from the operating complex of the Bank. OED has some 34 higher level staff supported by a somewhat smaller number of research and administrative support staff. Its resources account for less than one percent of the Bank's administrative budget and in fact, over the FY85-87 period, its budget allocations have declined in real terms and as a percentage of the Bank's budget. Its anticipated output for FY86 and projected output for FY87 are summarized in the attachment. In a new departure, OED will evaluate the Aga Khan Foundation's rural support program in Pakistan. This evaluation, for which the Bank will be fully reimbursed, will give us insights into how effectively nongovernmental agencies implement poverty-oriented rural development projects.

7. OED is at present in a period of transition as regards its management and the focus of its operations. Arising out of challenge to the integrity of OED evaluation procedures (which proved unfounded) Mr. Clausen instituted a review of certain internal procedures and rules of conduct. The report prepared by a review team drawn from senior staff of OED, LEG, and OPD was sent to Mr. Clausen in April 1986 with the suggestion that it be distributed to members of the JAC. The first recommendation of the review report was that "there is a need for continuous reinforcement for OED's work from all levels of management starting at the top."

8. The current DGO was appointed for a five-year term in March 1986. The Director of the Department resigned effective March 28, 1986 and has not yet been replaced.

9. Recent developments both inside and outside the Bank provide an opportunity to take a new look at OED's programs. Concerns about aid effectiveness, learning from experience and cooperation among donors are very much alive in the international community today ("donors don't learn, donors don't share" as quipped by Prof. Cassen). These concerns of course are particularly relevant to the Bank Group given the current resource requests of Bank and IDA.

10. Within the Bank, energy/petroleum and urban projects are now maturing, changing the sectoral mix of completed projects to be evaluated. Policy-based lending was introduced in 1980 and has accelerated since the 1985 Seoul annual meetings. As the initial Structural Adjustment Loans reach the evaluation stage, the EDs, including particularly those who were skeptical originally, are very keen to see the lessons analyzed and fed back into current policy lending. Regrettably, we have had to postpone discussion of the first Overview of Structural Adjustment Loans several times, including most recently from July 1986, because of difficulties in putting an acceptable draft together. The matter is currently under review and the study will be given highest priority for completion, by September 1986 at the latest.

11. OED is presently at a crossroads. After more than a decade, the project-by-project evaluation system--from which the Department has derived its budgetary resources--is well established and provides an important stock of data. There is now more demand for aggregative and more complex analysis of the effect of Bank policies and of emerging issues in fields such as institutional development; natural resources development and the environmental impact of development projects; human resources development; the alleviation of poverty and the sustainability of project benefits. During the coming year, we should like to examine the feasibility of shifting the Department from a supply-driven work program to a program that will focus more sharply on policy issues of importance for the Board and its constituencies and for the Bank, and to expand, in conjunction with the Bank's external relations and operations staff, the internal and external dissemination of OED findings and lessons. This growing emphasis on special studies and dissemination will require redeployment of staff and increased resources. By the time of the mid-year budget review in early 1987, we shall present a detailed three-year work program that will reflect this new focus.

Attachment

OPERATIONS EVALUATION DEPARTMENT

A. Output

	<u>Forthcoming</u>	<u>Projected</u>
	FY86	FY87
1. Project Evaluations:	220	250
Audits	134	138
PCRs reviewed but not audited	86	112
2. Annual Report of DGO	*	*
Annual Review of Project Evaluations	*	*

3. Special Studies:

Forthcoming FY86

World Bank in Pakistan - A Review of a Relationship
World Bank in Sri Lanka - A Review of a Relationship
Review of Experience in the Fertilizer Subsector
Bangladesh Review of the Experience with Import Credits Nos. 1-10
Power Projects Revisited: Sustainability of Benefits
Rural Development - Implementation of a Strategy
The Smallholder Dimension of Livestock Development - A Review of Experience
Conditionality in Bank Projects: Agricultural Price Policies
Impact Evaluation Report - Malaysia First, Second and Third Jengka Triangle
(Lns. 533/672/885-MA)
Impact of World Bank Lending for Educational Development in Korea: A
Review
Impact Evaluation Report - Korea Pyongtaek-Kumgang Irrigation (Credit
600-K0)

Projected FY87

Review of Structural Adjustment Lending Experience
World Bank in (Kenya?) - A Review of a Relationship
Development of Transport Sector in Kenya and Tanzania, 1960-80
Education Projects Revisited - Sustainability of Benefits
Impact of World Bank Lending for Education Development in Thailand
Agricultural Marketing in Bank-Supported Projects
Natural Resources Development - Impact on an Ecological Zone
Pakistan - The Aga Khan Rural Support Program - Interim Assessment of the
Performance and Impact
Impact Evaluation of India Tarai Seeds (Loan 614-IN) and Indonesia Seeds
(Credit 246-IND)
Impact Evaluation of Bangladesh Foodgrain Storage (Credit 381-BD)
Impact Evaluation of Western Africa Cotton Development Projects
Conditionality in Bank Projects: Irrigation Water Charges
Sustainability of DFCs
Technical Assistance Review (Indonesia?)


B. Resources

	<u>FY86</u>	<u>FY87</u>
1. Authorized Positions		
Director-General	1	1
Director	1	1
Division Chiefs	3	3
Higher Level Staff	34	34
Support Staff	21	21
Consultants (staffyear equivalent)	5	5-?
2. Budget (\$ '000)		
Salaries	2,843	2,898
Discretionary (mainly travel and consultants)	1,423	1,508.5
Total	4,266	4,406.5

OFFICE MEMORANDUM

DATE: September 16, 1988

TO: Mr. Moeen A. Qureshi

FROM: Yves Rovani 

EXTENSION: 33035

SUBJECT: Operations Evaluation*M. Chopra*
*file**- Annual Review*
- Annual Report
- Operations Evaluation

1. In the past few weeks OED's Annual Review of Project Performance Results was issued to the Board, followed by my Annual Report on Operations Evaluation. On August 31, the Joint Audit Committee discussed the Annual Review; the Annual Report has been discussed by the JAC on Wednesday. Both reports are scheduled for the full Board on October 18, 1988.

2. I would like to take this opportunity to thank you and your staff for the attention and support you have given to help strengthen evaluation, dissemination and feedback in Operations during the extremely busy past year. I wish to stress and thank you particularly for the constructive and extremely effective role played throughout by Mr. Vergin.

3. It was very important to me in this first post reorganization year not only to avoid erosion of the evaluation system in the face of the massive effort which had to be invested in lending, but also to take the opportunity to identify actions required to improve the contribution of evaluation to the quality of Bank operations. Many activities needed the support of Operations such as the PCR Working Group, the D&F Task Force, the improvement in programming PCRs (including adjustment operations) for FY89, and helping me report to the Board on follow-up to past OED findings.

4. As you know, OED has contributed its share of the collective effort and is also helping Operations to review the PCR backlog. Attention continues to be given not only to the relevance of the various outputs of OED but also to improvements in design and formulation of conclusions and recommendations which can make them more operationally relevant in the new context of the Bank. Current innovations in progress include more systematic clustering of audits, redesigning next year's Annual Review and possibly the preparation of abstracts or digests of OED products.

5. At this point, I thought it might be useful to select a few questions arising from the Annual Review and Annual Report which might deserve your attention. If this meets with your agreement I would plan in future to advise you informally of other substantive issues emerging from our work, in addition to the process issues which for the time being have of necessity been the prime focus.

Risk Assessment

6. You may remember that the Annual Review stresses the need to review risk analysis (RA) or risk assessment as I would prefer to call it, since my concerns go well beyond the mechanical sensitivity analysis included in most SARs under the heading Risk Analysis. I am concerned for the Bank to improve the whole process of RA, at all levels, to make it a useful tool of project design, and if necessary project rejection; and to improve the transparency of the process so that higher management, and even the Board, can see what risks have been taken into account, and the basis on which decisions have been made. The proposal is further elaborated in the annex.

7. Hopefully little additional staff time would be required since it should involve only the orderly recording of ideas which have been incorporated in the project design. Rather than introduce RA Bank-wide, it might be sensible to start with its experimental introduction, say for IDA projects in Africa.

8. Such an initiative would be seen as responsive to our critics who claim that the Bank is mesmerized by the transfer of funds, and insufficiently sensitive to how well funds are spent. It would also be responsive to Mr. Boehmer's mordant comment at the JAC on the Annual Review, that he was not too concerned about project difficulties resulting from "bad luck" with respect to risks which had clearly been considered at appraisal, but that he was very concerned by the emergence of problems which apparently had not even been considered.

Other Issues

9. You may recall that this year's Annual Report contains a large section (Annex B) in which operational managers report on the follow-up actions taken in response to selected OED studies and project evaluations. The responses have been carefully reviewed in OED and suggest that in some instances further action would be desirable. While most of these issues will be followed up directly with the managers concerned, there are a few that I would like to bring to your attention.

10. One of them has a bearing on the risk assessment. A statistical analysis carried out by OED and subsequently confirmed by an EAS paper, concluded that appraisal estimates of economic rates of return are generally over-optimistic, and are usually not borne out by the completion estimates. You may wish to consider follow-up work in Operations in an effort to reduce the degree of over-optimism in future projects.

11. Project monitoring and evaluation appears to be well established and supervised in most sectors, although there are some questions in respect of those sectors where M&E is most complex. For instance, in agriculture where a central M&E unit was dismantled

during the reorganization and no new mechanisms seem to be in place now to guide and support regional staff; and in human resources, where this issue has not been satisfactorily resolved in a project context for any of the subsectors. The management response to a recent OED study on that subject concludes that "M&E remains a somewhat neglected area of Bank input."

12. Another issue is smallholder livestock development. OED and operations staff agree that this is an important area for the Bank to be involved since OED's study of 1986 showed that results were better than generally perceived from the experience with free standing livestock projects. Yet, actual lending for livestock development has declined, possibly calling for a review of future lending programs.

13. One major item in OED's work program is country reviews. So far two studies have been issued (Pakistan, Sri Lanka), another two are under way (Senegal, Tanzania) and two more are scheduled to commence next year. These reviews are some of the highest cost outputs of OED. While the more recent ones are better focused and more cost-effective, I would appreciate your and Senior Operational Managers' views on ways in which we can make them operationally more useful and relevant.

14. I understand that you have heard of our concern about project files and that some action to correct existing problems has been initiated. OED would be happy to provide documented examples of the deficiencies in the existing system, and assist in resolving the problems.

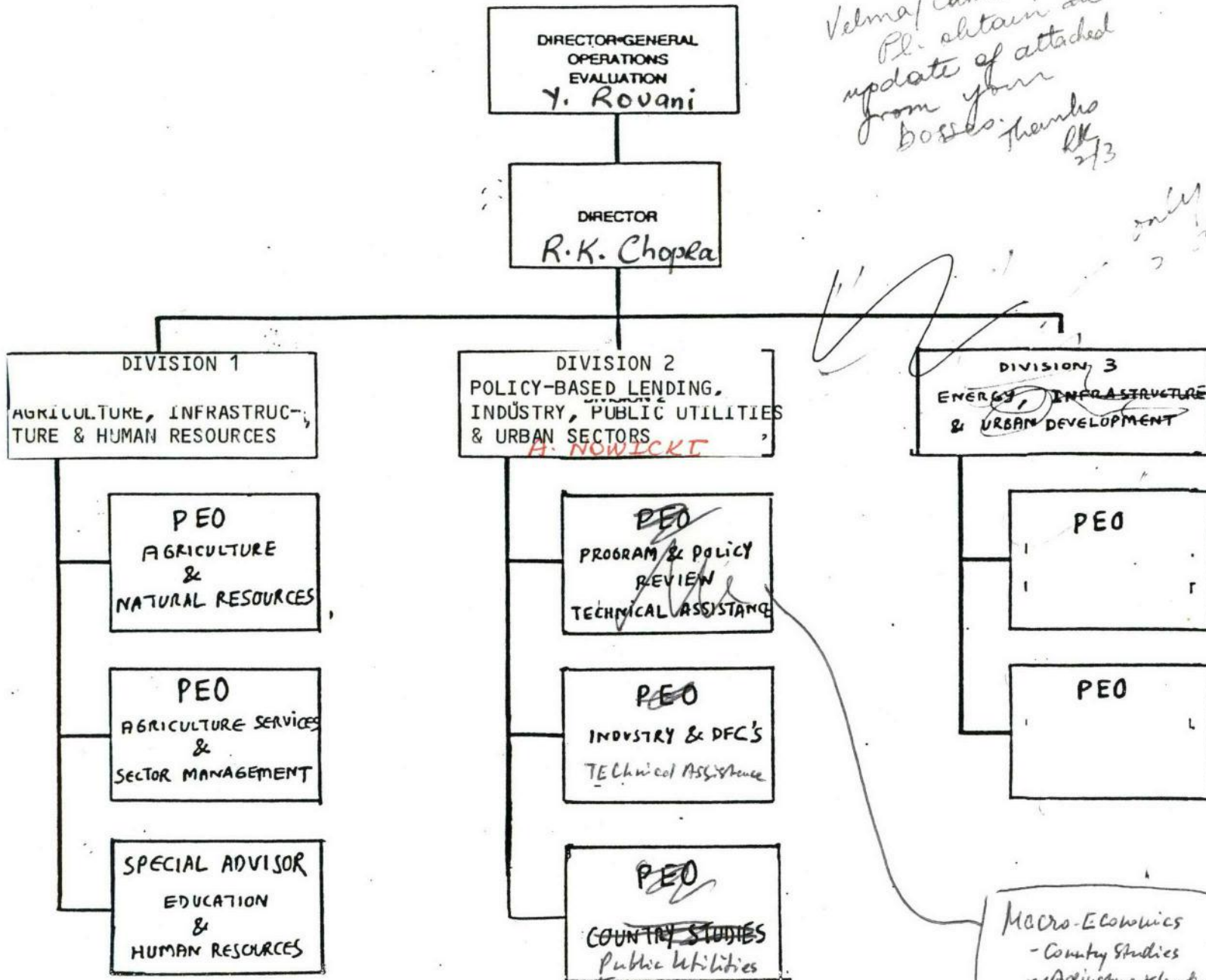
Attachment

cc: Mr. Hopper

Risk Assessment

1. Current practice is too much a "risk rationalization" approach which considers the effect of deviations from a basically optimistic scenario such as "if yields are 10% less (or if investment costs are 20% more) then the ERR will fall from x to y." The fact that the Bank is involved in project preparation may indeed create a conflict of interest for processing operations requiring this "stop and think" approach.
2. Ideally, the RA should be a narrative of less than a page, outlining the key conditions necessary for project success assessing their relative weights and judging the ability of the project to adapt to unfavorable outcomes (technical issues such as the condition of the underground for dam foundations, the availability of infrastructure, markets, etc., would be treated in more detail in relevant sections, while the risk assessment section would capture only the essential judgments ensuring that we do not pile risk upon risk). Probabilities should be included in the RA, but there seems to be no benefit in aspiring to reduce a RA to a single number. OED could work with Operations to suggest a check list of topics to be considered, amongst which institutional capacity, management quality and continuity (or political economy considerations in the case of adjustment) would be included, calling for staff judgment on them if they are likely to be major factors in the success of the operation.
3. Introduction of RA needs to be seen by staff as part of a rededication of the Bank to only supporting the highest quality projects. It would make their responsibilities and accountability clear, and similarly those of managers at all levels in the process. Management has to be seen to take as much pride in a poor project caught and rejected before Board presentation, as it does in a good project sent to the Board.
4. A related idea would be to include an assessment of how intensive supervision might have to be, what it should focus on in particular, and when in the implementation process it should take place. A thoughtful assessment might allow the more discriminatory approach to budgeting that is being called for.

OPERATIONS EVALUATION DEPARTMENT
Organization Chart



*Velma/ Carmen:
Pl. obtain an
update of attached
from your
bosses. Thanks
RK
2/3*

*only
2 divs.*

PEO = PRINCIPAL EVALUATION OFFICER

Meeting of September 18, 1987

Proposed Agenda

① PCR Process
② OED
③ Policy Centre

1. The next major output of OED

- (a) The Annual Report and Annual Review, which are scheduled for JAC review in October and Board discussion in mid-November.
- (b) The evaluation of Rural Development Lending since Nairobi which is scheduled for JAC review in mid-October.

I would like President's agreement to:

- scheduling Board discussion of the Rural Development paper along with the Annual Report and Annual Review;
- review and comment on Annual Report and Annual Review before I send them to the JAC and Board, as a sign of support to OED and because of the post reorganization message in the Annual Report. (Staff work will minimize the reading.)

2. Review of the Project Completion Reports process and contents.

Follow-up to previous meeting in July. Paper promised is attached. President's support would be very much appreciated.

3. PPR/OED Relationship

Very short information piece attached. Requires no action.

4. External role of OED

In the last year, I have improved the presentation of OED's output, with much editorial support from International Relations, and have started a publications program. Although OED has been forgotten in the distribution of Public Affairs slots, I have decided to continue to all extent affordable. Upon the advice of Julian Grenfell, I have taken a Public Affairs expert of his choice as my consultant to help design a strategy for presenting the Bank's evaluation experience to external audiences, starting in next calendar year.

This is intended to help the Bank. President's support would be welcome.

5. Brazil Environment Study

Brief note attached.

6. Information of DGO OED about Policy Committee decisions, etc.

Marianne Haug is handling.

OED

PPR RELATIONSHIP

From my perspective, building the relationship with PPR is a major opportunity to enhance the contribution of experience to the resolution of development issues - at all levels - confronting the Bank, and to breathe new life into the dissemination and feedback process. All exchanges of views at various levels between PPR and OED managers and staff have been positive and there are already numerous examples. There remains the need to develop an agreed - albeit unbureaucratic - framework and to concretize action.

At this point, I have two suggestions:

1. Rethink "Mechanisms for Feedback", two papers prepared by OED and OPS respectively, at the request of the JAC which discussed them in 1985. Processes need to be revisited. Specifying the type of issues and problems PPR and OED should meet regularly to discuss which types of dissemination and feedback ventures could be cosponsored could be useful. If a paper could be prepared for the JAC on the subject before they ask for it, even better.

2. We could conduct jointly with each department of PPR - sector and country policy - a review of:

- the stock of accumulated experience to identify issues requiring follow up; and
- the principal issues - strategic and otherwise - confronting PPR and requiring evaluation experience. Matching the two, and adding the existing OED work program plus our subsequent thinking, we could develop a list of priority issues requiring follow up action of all kinds: country and project policy, strategy, aid coordination, evaluation, etc., which would contribute to PPR and OED programs and help focus our respective comparative advantage.

I will propose the above to David Hopper, who has invited me to his retreat and has indicated that he would invite OED staff to PPR meetings and was prepared to promote PPR cooperation with OED.

September 18, 1987

File OED

OPERATIONS EVALUATION - THE BANK'S EXPERIENCE

by Robert van der Lugt

Overview and Introduction

1. An efficient World Bank can make a more effective contribution to the development of its member countries. With recent combined annual lending by the World Bank and its affiliates exceeding \$17 billion, the need for the Bank to evaluate its operations upon completion has become even more pronounced than it was in the early 1970s, when ex post evaluation first became a regular feature of the Bank's work. The main aim of this evaluation process is to help the Bank, and its borrowing countries improve design and implementation of future operations, whether project, program, or sector loans. The evaluation process also gives added substance to the ways in which the institution is accountable to its shareholders, the 151 member countries that provide the resources or guarantee the borrowings undertaken by the Bank to finance its lending.

2. The Director General Operations Evaluation (DGO) has overall responsibility for the evaluation function and reports directly to the Bank's Board of Executive directors with an administrative link to the President. The Operations Evaluation department (OED) is the DGO's staff arm. All its reports are made available to the member governments of the Bank and those of general interest are published. OED evaluations fall into two main categories: (i) operations audits of projects, program and sector lending; and (ii) special studies of sectors country relationships and other selected subjects. Each year OED prepares the Annual review of Project Performance Results. The main purpose of these Reviews is to assess the performance of the World Bank supported projects evaluated in any given calendar year and to analyze experience gained from their evaluation.

3. The World Bank's evaluation of project performance is a two tier system. The first assessment of project experience is normally made by the operational units concerned or by the borrower government at the time of completion of disbursements in the form of a Project Completion Report (PCR). PCRs are prepared for all projects and submitted to OED for review. In about half the cases the PCRs are forwarded to the Executive Directors without OED comment (but after soliciting and incorporating any comments received from the borrowers or lenders); in the other half of the cases self evaluation is supplemented by an independent evaluation by OED staff and the department's findings together with the PCR are presented to the Executive Directors in the form of a Project Performance Audit Report (PPAR).

4. This paper attempts to describe the Bank's experience with operations evaluation, the process and involvement of borrowers in the evaluation functions, the lessons that have emerged and issues that need to be addressed in adjusting the evaluation function to the demands of the future. The paper covers the following topics: (i) objectives of the evaluation function; (ii)

organization of operations evaluation in the Bank; (iii) the project evaluation process; (iv) evaluative studies; (v) other evaluation activities; (v) dissemination and feedback; and (vi) issues and challenges.

Post-Evaluation Objectives

5. The basic purpose of any evaluation function is twofold, namely to assess how far and how efficiently operational programs and activities are producing the desired results, and to feed this information back into the formulation of new directions, policies and procedures. However, there is a fundamental tension between these two dimensions: accountability on the one hand and lesson learning on the other. The former requires full independence from management for greatest credibility, and conversely, the latter requires full integration into management for quickest absorption of useful lessons.

6. The objective of the Bank's lending is not simply to transfer resources but to support problem solving activities in member countries. Evaluation at the World Bank has to be responsive to the concerns of many audiences: the Board of Executive Directors, Bank management and staff, member countries and the development community at large. As an international organization cooperation for development, the World Bank needs to learn and feedback the lessons of its experience into new operations. As an international financial agency the Bank needs to account for its activities both towards its share holders and bondholders as well as the financial and development communities at large.

7. To meet the particular needs of the World Bank, independence for accountability and integration for lesson learning have been intertwined in both the organization as well as the process of operations evaluation.

Operations Evaluation Organization and Mandate

8. A separate operations evaluation organization has been set up in the World Bank under the general direction of the Director General Operation Evaluation (DGO). To provide for the necessary independence, the DGO is not part of the normal management structure of the Bank; rather he is directly responsible to the Executive Directors of the Bank with an administrative link to the President. Appointees to this post have rank equivalent to that of a Vice President, hold office for renewable terms of five years, are removable only by the Executive Directors and are ineligible for subsequent appointment or reappointment to the staff of the World Bank. By contrast, most of the other evaluation staff rotate in and out from OED to the Bank, normally after many years of experience in the Bank.

9. The formal system of operations evaluation in the World Bank dates back to September 1970, when an Operation Evaluation Unit was established in the then Programming and Budgeting Department. This Unit became the Operations Evaluation Department (OED) under the responsibility of a Vice President in the President's Office in 1973. In 1975, the position of Director General Operations Evaluation (DGO) was created. This structure of

DGO and OED has basically remained the same since. However, the department has more than doubled in size to its present 60 staff members. This staff complement includes 39 higher level staff, currently distributed into a front office and three divisions: Agriculture and Human Resources; Industry and Policy Review; and Energy, Infrastructure and Urban Development.

10. A standing sub-committee of the Board of Executive Directors--the Joint Audit Committee (JAC)--discharges an oversight function over the Bank's operations evaluation system. The JAC meets regularly and reviews and discusses OED's workprogram and budgets, its annual reviews and reports, approach papers for evaluative studies, other than project evaluations, and the studies themselves. Also, the JAC has annually since 1975, established subcommittees which review a sample of project evaluation reports in order to assess their quality as well as the adequacy of the project evaluation system in the Bank.

11. The Director General's mandate is to:

- (a) assess whether the Bank's programs and activities are producing the expected results;
- (b) incorporate OED's assessments and findings into recommendations for the formulation of new directions, policies and procedures with the purpose of improving the efficiency of the Bank's programs and
- (c) appraise the Bank's operations evaluation system and report on its adequacy for use within the Bank and by the member governments

12. The Operations Evaluation Department (OED) is the staff arm of the Director-General. It is headed by a Director appointed by the DGO. The principal functions of OED are to:

- (a) assist the Director-General in making periodic assessments of the adequacy and effectiveness of the operations evaluation system in the light of the objectives and programs of the World Bank;
- (b) carry out performance audits on selected completed projects and to conduct evaluation studies and operational policy reviews;
- (c) help the Bank encourage and assist member countries to develop their own operations evaluation system;
- (d) assess actions taken by the Bank on the findings of OED studies and report thereon to the Executive Directors and President; and
- (e) help disseminate evaluation findings regarding Bank operations both within the institution and to the wider development community.

13. Thus, operations evaluation in the Bank has a wide ranging mandate. Post evaluation involves both Bank operational staff as well as the

Bank's evaluation officers. Increasingly, and appropriately, it also involves project implementing and other agencies in borrowing countries.

Project Evaluation

14. In order to achieve the most effective impact on future operations, the Bank's evaluation system is based on the principal that evaluation should be carried out in the first instance by those directly involved in the activities being evaluated. Evaluation is therefore designed as a two-tier system. The first tier consists of self-evaluation by the relevant operational units; the second tier provides independent reviews of these self-evaluations, and of the operations they cover, by the operations evaluation staff.

15. Most of the evaluation effort is thus decentralized and carried out by the same departments that deal with project appraisal and supervision. Post evaluation is normally done shortly after final loan or credit disbursements when operational staff routinely prepare a Project Completion Report (PCR).

16. The PCR is the starting point for the post evaluation and to a large extent, represents the culmination of regular project supervision by the World Bank. The PCR reviews comprehensively the extent to which the objectives and expectations, on the basis of which the Bank loan or IDA credit was approved, have been or show promise of being achieved. It examines the reasons for deviations from plans and attempts to assess their significance critically. Its purpose is not to record a comprehensive history of the project but to consider candidly, in the light of what actually happened up to that time, whether in retrospect the project was worth doing and what lessons are to be learned from the experience. The principal questions that are addressed, most of which are also asked during project supervision, include the following:

- (a) Project Objectives. Were the objectives of the project appropriate and clearly defined? Were the project objectives realized in the judgement of the Bank and of the borrower? In realizing or failing to realize the objectives, what were the major weak points, or strong points, of the project?
- (b) Economic and Social Impact. Are the economic and social effects of the project likely to reach the expected level? Was the distribution of project benefits by region or income group as expected? If the PCR cannot answer these questions or offer meaningful comment on them so soon after completion, when should a re-evaluation of the project be scheduled?
- (c) Institution Building. How was the question of institutional development addressed in conjunction with the project? Was the institution building strategy adopted appropriate and effective in relation to the project and its broader sector context? Have agreed or

expected reforms in policies and structures been carried out, and have such reforms been successful? Were project management arrangements satisfactory?

- (d) Financial Performance. Have the financial objectives, including cost recovery and self-financing of investment, been fulfilled?
- (e) Implementation. Was the project and its principal components fully completed, on time, and within cost estimates? Were final unit costs reasonable? What changes were made during implementation, and why? Did the borrower and its consultants perform as expected?
- (f) Compliance. Did the borrower and government comply with the loan covenants and related agreements?
- (g) Efficiency. Could similar projects be prepared, appraised and implemented in future more quickly or economically without undue risk to project and sector objectives?
- (h) World Bank Contribution. How does the borrower perceive the World Bank's involvement with this project? Were the Bank's diagnoses of the problems of the borrower, and those related to the sector and project, and the resultant definition of loan objectives and covenants, appropriate in retrospect? Did the Bank influence the project design or implementation, and was this influence constructive in retrospect? Has the Bank learned the lessons of its experience, successful as well as less successful, with this project?
- (i) Other Considerations. Did the project have unintended social, economic, or environmental effects? Is the project likely to be replicated?

17. All PCRs are submitted to OED and then reviewed independently by the operations evaluation staff and either "passed through" and forwarded by the DGO to the Executive Directors and the President (after soliciting and incorporating any comments received from the borrowers or co-lenders), or used as part of an independent evaluation of the project by OED. The department's evaluation includes an examination of the files, the Board minutes, interviews with operational staff and, in most cases, visits with the borrowers and beneficiaries at project sites. The department's findings are then written up in a Project Performance Audit Memorandum (PPAM). This together with the PCR constitutes the Project Performance Report (PPAR).

18. All audit reports are circulated in draft form to the responsible Bank staff, and after initial screening for factual errors or misrepresentations, they are sent to the borrowers and cofinancers for their comments. Detailed comments from Bank staff are taken into consideration by OED before reports are finalized (however, OED has full responsibility for the final product, and to that extent its reports are not "cleared" by operational staff) and, in addition, the communications from the borrowers are reproduced

in full as annexes to the audit memoranda. Only after this process is completed are the reports released to the President and the Executive Directors by the DGO. At the same time, like other Board documents, they are widely distributed within the Bank.

19. Particular emphasis is placed in project evaluations on the the project's contribution to the country's development, and on the borrower's view of the project experience and the World Bank's participation in it. Environmental aspects, the role of women, institution building and technical assistance receive systematic attention while increasingly an analysis is also made of the factors that will determine if project benefits can be sustained. Audit work itself is also continually evolving. While the earlier audits largely concentrated on individual projects, to the extent feasible projects increasingly are grouped into one audit report in order to provide greater depth of analysis and to allow a better understanding of the sector context in which they are being executed. Such group audits have been undertaken, for example, of six agricultural projects in Tanzania, four agricultural projects in Malaysia, four transport projects in Zaire, six irrigation projects in India, and three dairy projects in India.

20. Originally, OED's mandate required it to undertake project performance audits of all completed projects. However, depending on the nature of the project experience and its significance for Bank operations, the depth of the audit process varied. In a number of cases only summary reviews were deemed necessary. This system prevailed until 1982. Since then, under the "pass-through" system, about half of each year's PCRs are selected by OED for independent performance audit, in accordance with criteria laid down by the Board. These criteria include: innovative projects (new technology, special institutional arrangement, policy reform); large/complex projects; inadequate PCR coverage of issues; high Bank lending priority areas (poverty orientation, regional factors--i.e., Africa, policy based, highly indebted countries, etc.), packaging of projects, requests by EDs, and projects in new member countries. The share of PCRs audited varies by types of operation; for example, SALs and sector adjustment loans are all audited. Similarly many of the agricultural projects in Africa, where the failure rate is high are audited. By contrast audit ratio's are lower in the more traditional sectors of Bank lending.

21. One of the reasons for introducing selective auditing was the increasing number of PCRs, prepared each year. As the Bank's lending program increased, so did (with a time lag, of course) the number of PCRs. The number of PCRs submitted to OED has increased sharply over the last five years from less than 100 to close to 200, and this number is expected to level off at around 250 for the years to come. Other reasons include the increasing quality of PCRs prepared by Bank staff and the increasing ratio of "follow-on" projects to projects new in the sector or subsector.

22. Nevertheless, the fact that PCRs are passed through does not mean that these projects are "forgotten". Their experience is, after all recorded in an evaluative document (the PCR) and distributed to the Board and in the

Bank. Furthermore, they continue to be analyzed within the framework of other studies and work done by OED. Most importantly, the Annual Reviews of Project Performance Results continues to include findings of PCRs in addition to those of audit reports.

23. Every year OED prepares the Annual Review of Project Performance Results, which provides an overview of all PPARs and PCRs issued during the preceding calendar year. Findings are analyzed along with patterns of experience and their implications for future operations. The Annual Review is also made public.

24. The cumulative number of project evaluations reached 1,545 at the end of FY86. Access to this large and unique source of information is assured through a computerized retrieval system which continues to be expanded and updated. Enlarged storage capacity has enabled the system access to much more extensive textual and numeric information. In addition, a directory of all OED reports has been widely distributed in the Bank and to bilateral and multilateral agencies. However, as Board documents OED reports themselves are subject to limited distribution.

25. Increasingly, the Bank has encouraged preparation of PCRs by project management or by agencies of the borrowing governments carrying out the projects. The borrowers, after all, stand to benefit more than anyone else from the lessons of experience of their own projects. For this reason, loan and credit agreements signed since 1977, contain a provision that the borrower will prepare the PCR, within six months after the completion of the loan/credit disbursements, and submit it to the Bank.

26. The Bank's project evaluation system is certainly not unique, but it is by far the most comprehensive among those of development agencies, and its costs are considerable. The overall costs of the project evaluation process for the Bank has reached about 70 staff years, comprising almost 50 staff years for PCR preparation (not counting the considerable costs to borrowers who prepare their own PCRs) and about 20 for the OED report. Another feature of the Bank's system is full coverage. Although the independent evaluation is selective, PCRs are prepared for all project and thus the ex-post evaluation system is complete.

OED Evaluation Studies

27. Project performance auditing is an important OED function, but not the only activity carried out in OED. In addition to systematically synthesizing audit findings in the Annual Reviews and in the computerized data banks, a substantial number of other studies are being undertaken in line with OED's mandate to assess the effectiveness and efficiency of the Bank's operational programs and activities. In many cases, such studies elaborate on findings of earlier OED audit work.

28. Four major groups of studies can be distinguished:

- (a) impact evaluations and sustainability studies;

- (b) country reviews;
- (c) comparative sector studies; and
- (d) operational policy reviews.

29. Impact Evaluations. Since 1979, OED has been undertaking impact evaluations, or "second looks" - studies that revisited projects about five years after completion, when there is a better opportunity to assess performance and the "real" impact of the project. Contrary to earlier predictions at the appraisal or completion stages, a reassessment at that stage in the project cycle more closely approximates the "final" results over the full life of the project. Also, it takes account of developments during a phase when the project has become "regularized", i.e., without receiving special external or internal attention as during the investment phase. OED impact evaluations normally include socio-economic surveys to assess the impact of the project on its primary beneficiaries. To date, impact evaluations have been undertaken for about 33 agricultural projects of groups of agricultural projects and a few education projects. The series is expanded by about five impact evaluations each year, mostly in agriculture.

30. The findings in these impact evaluations have provided much more focus on the factors that are important in sustaining project benefits after completion of the investment phase. The findings of all these impact evaluations have been reviewed in an OED special study entitled, "Sustainability of Projects: First Review of Experience". As the title indicates, OED intends to continue evaluating the factors that have an important bearing on project sustainability. Almost every audit now analyzes this issue in some detail and PCR's are paying increasing attention to sustainability, mostly as part of sensitivity analyses of rate of return calculations. Another sustainability study has recently been completed covering fertilizer projects. Further sustainability studies will cover education, irrigation, agricultural credit power and DFC projects.

31. Country Reviews. These studies initiated in 1984 at the request of the Executive Directors evaluate the effectiveness of Bank's interaction with borrowers in a member country over an extended period in time. Two country studies were completed in FY86 (Pakistan and Sri Lanka) and have been very well received by the Bank, the countries concerned and other development agencies. Among the criteria that are being used to identify further countries for this program are the following: (i) country commitment; (ii) fruitful relationship over time (ups and downs not being excluded); (iii) mid-size country (not so small that findings would be too limited--not so big that exercise would become unmanageable); (iv) size and diversity of past prospective lending; and (v) regional distribution.

32. Despite the initial success of the program, it has been difficult to obtain firm commitment to individual country studies both inside the Bank and at the country level. Of immediate priority are two country studies in Sub-Saharan Africa. Should preliminary contacts prove positive, OED would

undertake these reviews--one in an anglophone and one in a francophone country--over the next two years, looking for complementarity of issues. Afterwards, and before embarking on further comprehensive country reviews in either LAC, EMENA or East Asia and the Pacific, a more detailed assessment of their impact will be required to determine whether they continue to justify the large amount of resources they absorb. In the meantime, other lower cost but similar approaches at a sector or regional level in a given country are being explored. The country and regional distribution of these studies, as well as the comparative sector studies discussed below will complement that of the country reviews.

33. Country specific sector reviews must yield interesting results on sector policy and strategy, project selection and design, management and financial issues useful for helping sharpen the Bank's role in both project and sector lending. At this point, country sector reviews are being considered for infrastructure, environment, electric power, education, agriculture and transportation. Country regional reviews would help to highlight programming and policy experience on the interaction among projects in different sectors in the same geographical region. Northeast Brazil has been tentatively identified for such a review as the Bank has long had a special involvement in this region.

34. Comparative Sector Studies. Cross country studies review project experience by major sectors and subsectors. These studies emphasize special issues and draw lessons which are relevant for future operations. Examples are studies of Bank experience with settlement, fisheries, agricultural research and extension, water management in irrigation projects, rural development in Sub-Saharan Africa, and training components in Bank projects. A review of Bank experience with rural development is being completed and other studies covering forestry, urban development, higher agricultural education, small scale industry, and rural water supply are under consideration.

35. Operational Policy Reviews. These studies review the Bank's operational approach to macro-economic or sector policy issues in borrowing countries. A major environmental study has been set in motion addressing the management of renewable natural resources in agriculture. Another study will attempt to cover human resource development in Sub-Saharan Africa.

36. A substantial number of such studies have been completed over the years including: Delays in Loan and Credit Effectiveness (1975); Delays in Project Preparation (1976); Role and Use of Consultants in Bank Projects (1977); Built-in Monitoring and Evaluation (1977, 1979, 1981, 1984, 1985); The Supervision of Bank Projects (1979); Delays in Project Implementation (1980); Procurement in Bank Financed Projects (1981); Compliance with Loan Covenants (1982); Bank Technical Assistance-Kenya (1976) and Bangladesh (1983); Lending Conditionality-Water Charges (1986); and Lending Conditionality-Farm Prices (1987).

37. Structural adjustment lending will continue to receive close attention. An impact evaluation of all five SAL operations in Turkey--considered jointly--and a second SAL overview are envisaged. In addition, it is proposed to review the experience with export development lending and the effectiveness of lending for support of public enterprises reform.

38. The program also includes reviews of the experience with free-standing technical assistance projects in Indonesia and in sub-Saharan Africa. This will be supplemented by a review of studies financed under Bank projects, initially in the education sector. On the basis of these and other OED studies and findings, an overview of Bank experience with technical assistance will be prepared.

39. Further studies will focus more on internal policies and practices, including: (i) a review of supervision effectiveness; (ii) procurement under policy based lending; (iii) comparative approaches to internal financial management, accounts and audits in IDF, agricultural credit and irrigation development; and (iv) conditionality in Bank projects. It is also proposed to survey the experience with utility pricing and related covenants in the power, water supply and the telecommunications sectors. A broader perspective might be taken at a later stage on conditionality issues in general.

Other Evaluative Activities

40. The operations evaluation system covers but a fraction of the substantial evaluation and auditing efforts undertaken in or by the Bank. Constitutionally, the DGO is not concerned with the functions of internal auditing or the external auditor, neither does the system cover the activities of the Bank's financial complex. Also the operations evaluation system limits itself to post-evaluation in contrast to monitoring and evaluation which is an ongoing which effort and concern in all Bank operations. Through this and supervision efforts, on which the Bank spends considerable resources--more than 500 staff years per year, and which circulate in the biannual project implementation review, there is a continuous and ongoing cycle of learning and feedback. But even in the field of ex-post evaluation, OED is not the only actor.

41. Obviously as mentioned above, Bank operational staff provide a major input into project evaluations through their PCRs, but other parts of the Bank sustain their own self evaluation systems. The Bank's Economic Development Institute has always evaluated its individual courses and seminars and reports on these in its regular annual reports. Its self evaluation was considerably expanded since the advent of its new five-year development plan and at Board request OED has been involved, albeit to a limited extent, in the mid-term evaluation of the plan, including a separate OED assessment of this self evaluation process. In the research complex, procedures have been established by the Research Policy Council to evaluate completed research projects. OED does not have the specialized expertise or resources to evaluate the Bank's research output.

Dissemination and Feedbacks

42. The ultimate rationale for operations evaluation is to be found in their impact on the quality of Bank operations. Disseminating OED's findings and feeding them back into new operations is therefore a high priority. However, at the same time it should be noted that impact is hard to trace and often impossible to measure. Furthermore, in many cases a parallelism of ideas occurs.

43. Dissemination clearly cannot operate in a one-way street. OED's job in the process is limited and consists largely of articulating lessons in actionable terms--not an easy task by any means--and supporting the dissemination process. The regions are responsible for the quality of their operations. This includes the responsibility to ensure that lessons from experience Bank-wide are reflected in new lending. The Bank's Operational Policy Staff (OPS) and its sector departments in particular, play a leading role through many processes to ensure that lessons learned are disseminated across the Bank.

44. Methods to achieve this vary. Some OPS departments, especially in those sectors with large staffs have distributed "lessons learned" memoranda throughout the Bank. In other sectors meetings or retreats are used as a mechanism and in smaller departments dissemination is part of the normal processes of management and staff meetings. Increasingly internal Bank publications--such as those in the agricultural and transport sectors--are used to highlight evaluation processes and findings.

45. Another effective tool of dissemination is the discussion of OED reports. All audits and special studies are submitted in draft to Bank staff and borrowers for their comments. In the case of the Annual Review, special meetings are arranged with operational staff for each sector chapter. Through such interaction, the lessons of experience and the necessary follow-up in terms of operational policies and procedures are clearly identified. In addition, both OED and OPS are increasingly active in organizing meetings and seminars, for both Bank staff and borrowers, to disseminate OED findings.

46. The dissemination process is, however, not only output oriented, OED inputs are also valuable. OPS is now requesting OED comments on draft policy papers and guidelines, and uses OED studies as a source for developing Bank policy and position papers. A recent example is OED's study on small-holder livestock development which provided a substantial input into the Bank's policy paper on that subject. Furthermore, after review by the JAC of the Sri Lanka and Pakistan country studies, seminars were organized by the Region to discuss the follow-up to OED's recommendations. In Nigeria, two PCRs provided the basis for a weeklong seminar, attended by senior civil servants, project and Bank staff to discuss the future strategy for agricultural development in that country. Also, as a result of the Malaysia Jengka Triangle Impact Evaluation, Malaysian Government officials expressed keen interest in reviewing experiences in other countries that the study had analyzed for comparative purposes. Arrangements for such visits were made.

47. The impact of all these activities on Bank operations, however, remains difficult to quantify and evidence is often anecdotal. But the systematic attention now given to sustainability in operational work may be traced to OED's initial work on the subject. Much earlier, the increased use of sociological expertise in the design of projects maybe another example. Recently OED completed an operational policy review of conditionality regarding cost recovery in irrigation; the Bank is now in the process of reviewing its guidelines and policies in this field.

48. Partly as a result of OED's review of institutional development in Africa, follow-up actions have been taken. Special units have been created in the African Regional Offices to provide expert help in designing institutional development projects. In Western Africa, a systematic country-by-country analysis of public sector enterprises has been undertaken to identify needs for technical assistance. The design of a new lending strategy for agriculture in Sub-Saharan Africa is another example of learning from lessons of experience. The new approach is more responsive to local conditions, deemphasizes substantial institutional requirements and places strong emphasis on agricultural research extension.

49. As to external dissemination, there is regular contact with other donors and agencies. Increasingly OED staff participate in EDI courses and country seminars. Consideration is also given to publishing more of the OED output provided there is a particularly valuable message, a significant impact and an important audience. However, it is also true that much remains to be done to achieve more effective information sharing and lesson learning among donors.

Issues and Challenges

50. Dissemination will remain one of the major challenges the Bank's operations evaluation system will face in the years to come. Initiatives in this area will be staff intensive, requiring an effective marshalling of limited resources into priority areas without compromising the independence of OED and the quality and intensity of its evaluation which must remain the cornerstone of the operations evaluation system.

51. There is scope for enhancing OED's impact on the Bank and outside, as there has been growing demand for OED findings by other aid donors and the general public. To respond to those needs the following areas of attention have been identified:

- ° Closer interaction between OED and the Bank's operations staff. This will not only reduce overlap between the learning facet of OED's activities, and the research and policy function of the Bank's operational complex, but also enhance institutional knowledge through frequent exchanges on project and country experience.
- ° Wider dissemination of OED findings by selected publication of OED reports, and by more frequent conference participation, contributions to journals and the like.

- ° Increased interaction with borrowers so that OED's findings translate into improved evaluation procedures in the field and more focussed use of the findings from past OED work.
- ° More emphasis on the presentation and quality of OED output. More concise reports on individual projects or review of comparative experience will find a wider readership. This is basic to improving dissemination of findings among Bank staff, member governments and, where appropriate, the development community at large.

52. Internally, an important challenge is the growing number of completed projects. As a result of the growth in number of PCRs and PPARs and the increasing complexity and costs of PPARs involving projects with a poverty or policy focus, project evaluations have claimed an increasing share of OED resources that have remained constant over the last years. As a consequence the resources for OED studies, a particular valuable tool for providing findings, have fallen.

	<u>Projects Evaluated</u>		<u>FY84</u>	<u>FY85</u>	<u>FY86 /c</u>
	<u>FY82</u>	<u>FY83</u>			
PPARS	122 /b	15	111	86	124
Pass-throughs	-	78	84	93	94
	<u>122</u>	<u>169</u>	<u>195</u>	<u>179</u>	<u>218</u>
Audit papers	100%	54%	57%	28%	57%

/a PPARs as% of total projects evaluated.

/b Last year when OED audited all projects.

/c The estimate for FY87 is a total of 210 projects evaluated and a 52% audit ratio.

53. Special studies have become a particularly valuable tool for drawing and feeding back findings, not only in specific sectors and subsectors but also with regard to the balance of lending programs, the quality of country economic and sector work, and social impact. Thus, the balance between the various evaluation activities needs to be restored. This can be done to some extent by dropping the audit ratio further. However dropping the audit ratio without without sacrificing accountability and the quality of findings requires that project completion reports be timely and of constant good quality. This in turn will require that OED and Bank staff allocate more time to monitoring and evaluating PCR's.

54. Quality of PCRs and timeliness of project evaluation is another challenge as these have been issues for some time and require more attention. Borrower involvement has complicated these administrative processes and so have product linkages. OED audits are linked to PCRs and are thus

supply driven; however, OED has no control over the PCR pipeline. The Borrower PCR substitutes for Bank PCRs in some cases but not all, but in any case substantially influences the latter's preparation. However, that raises questions as to who is responsible for the quality of the end product. Responsibilities have become blurred and some rethinking is needed.

55. Another issue relates to the product we would like at the end of the process. To date the emphasis has been on producing a PCR acceptable to the Bank. However, there might be too much emphasis of producing documents for distribution to the Bank's Board. What is needed in the final analysis is a process of evaluation in the countries concerned, but in the first instance geared to their own benefit and in a format and content most suitable for internal needs.

56. The final challenge is in the field of improved self-evaluation in the Bank's member countries. Borrowers' PCRs are uneven in quality. While in some countries and sectors borrowers PCRs are fully satisfactory, in many cases they are not given the priority assigned to new and ongoing operations by senior staff. The greatest deficiencies are in the more complex sectors where institutions are weakest. To upgrade the quality of borrower's; PCRs, Bank staff will have to continue to guide and help borrowers in the actual preparation of such documents. However, improving self-evaluation is important far beyond the requirements of the PCRs. Not only is there growing interest in evaluating completed projects in donor countries, but an increased need to do so in borrowing countries facing increasingly severe investment allocation decisions under circumstances of serious resource constraints. Also there is a substantial need for borrowers to be able to better coordinate ex-post evaluation undertaken in their countries. A medium to long-term program of training and support will need to be developed to strengthen borrowers' ex-post evaluation capabilities. Give its long experience in the field OED would be in a good position to coordinate such efforts.

57. However, it is inescapable that some of the issues mentioned will also arise in the development of an ex-post evaluation system in the countries concerned, namely the tension between accountability and lesson learning and the tension between independent performance audit and agency prepared completion reporting.

NUMBER OF PROJECTS EVALUATED BY YEAR AND TYPE OF EVALUATION

Evaluation Year	No. of Reports Issued	No. of Projects Evaluated			Audit Ratio
		Audited	Not Audited	Total	
Through CY75	89	107	—	107	100
CY76	63	70	—	70	100
CY77	92	109	—	109	100
CY78	90	98	—	98	100
CY79	113	130	—	130	100
CY80	73	87	—	87	100
CY81	96	108	—	108	100
CY82	127	107	20	127	84
CY83	164	88	90	178	49
CY84	146	97	77	174	56
CY85	174	99	93	192	52 ^a
TOTAL	<u>1,227</u>	<u>1,100</u>	<u>280</u>	<u>1,380</u>	<u>80</u>

^a Audit ratios by major sectors were: SALs: 100%, Agriculture: 69%, Human Resources: 50%, DFCs: 44%, Transportation: 39%, Public Utilities: 30%, Industry: 23%, and Other Sectors: 50%.

Chart 1.10 Estimated and Actual Completion Times, 1974-85

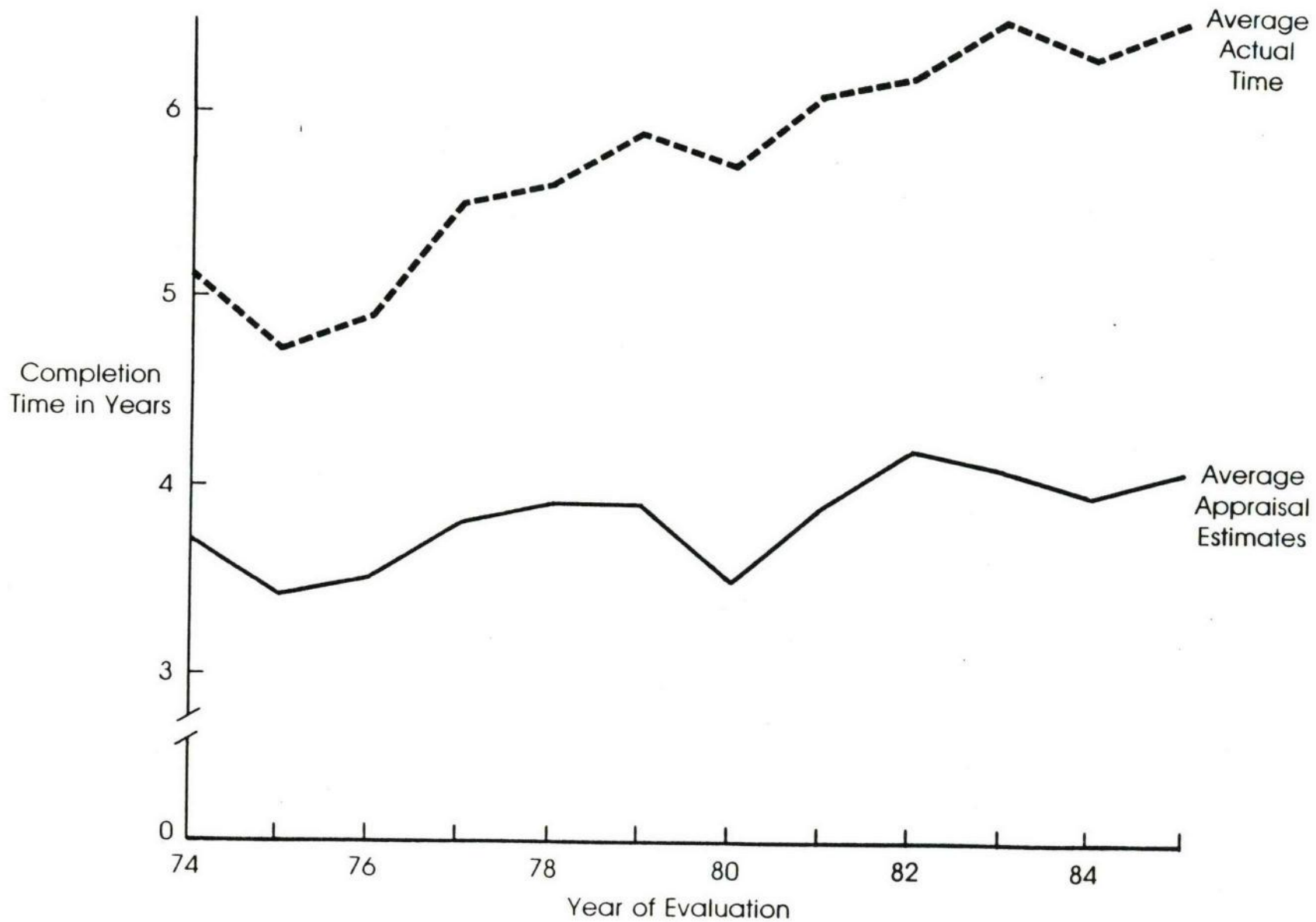
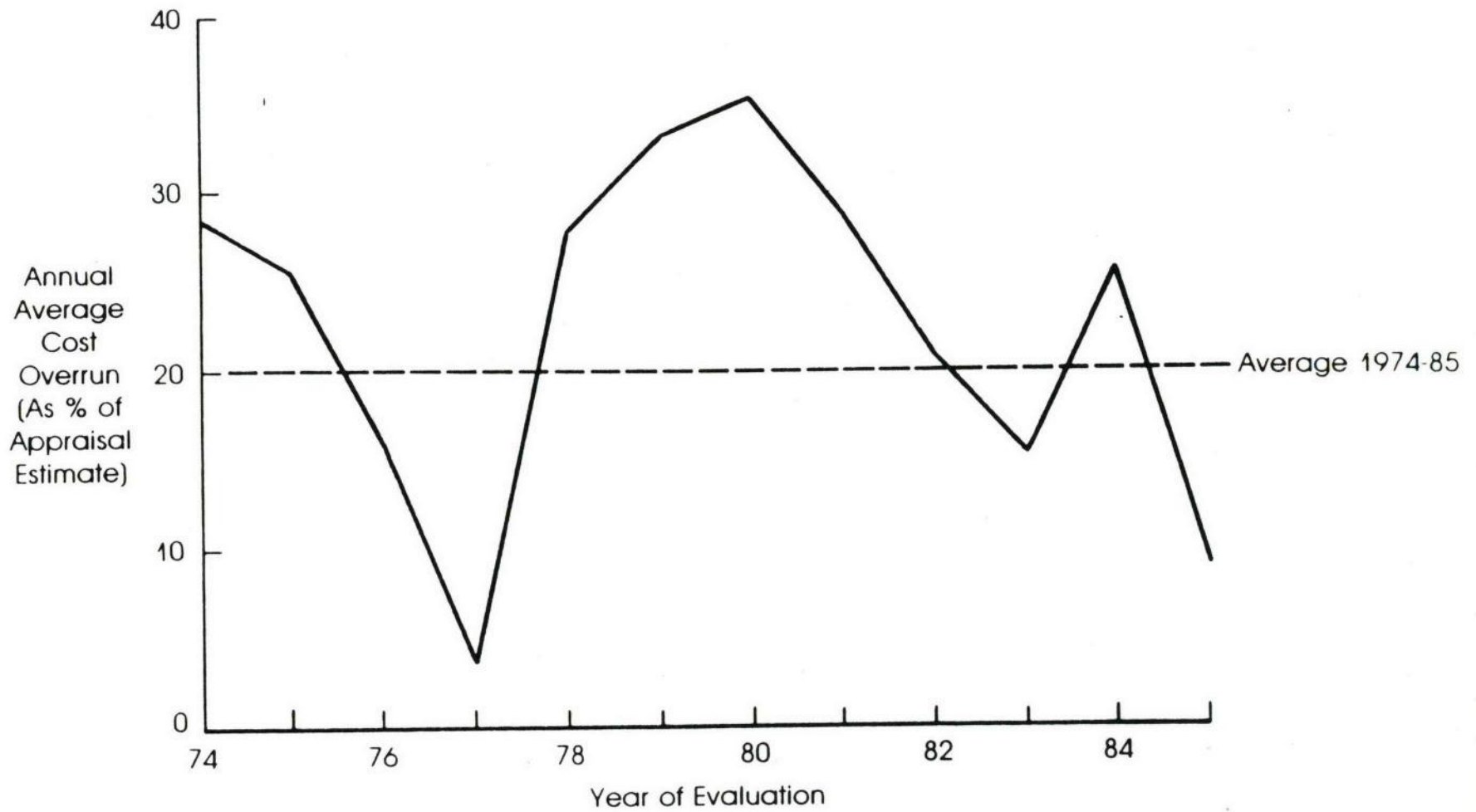


Chart 1.11 Average Cost Overruns¹



¹Average percentage cost overrun calculated in U.S. Dollars from the total actual and appraisal costs of all projects evaluated in a year.

Chart 1.4 Project Results, 1974-85

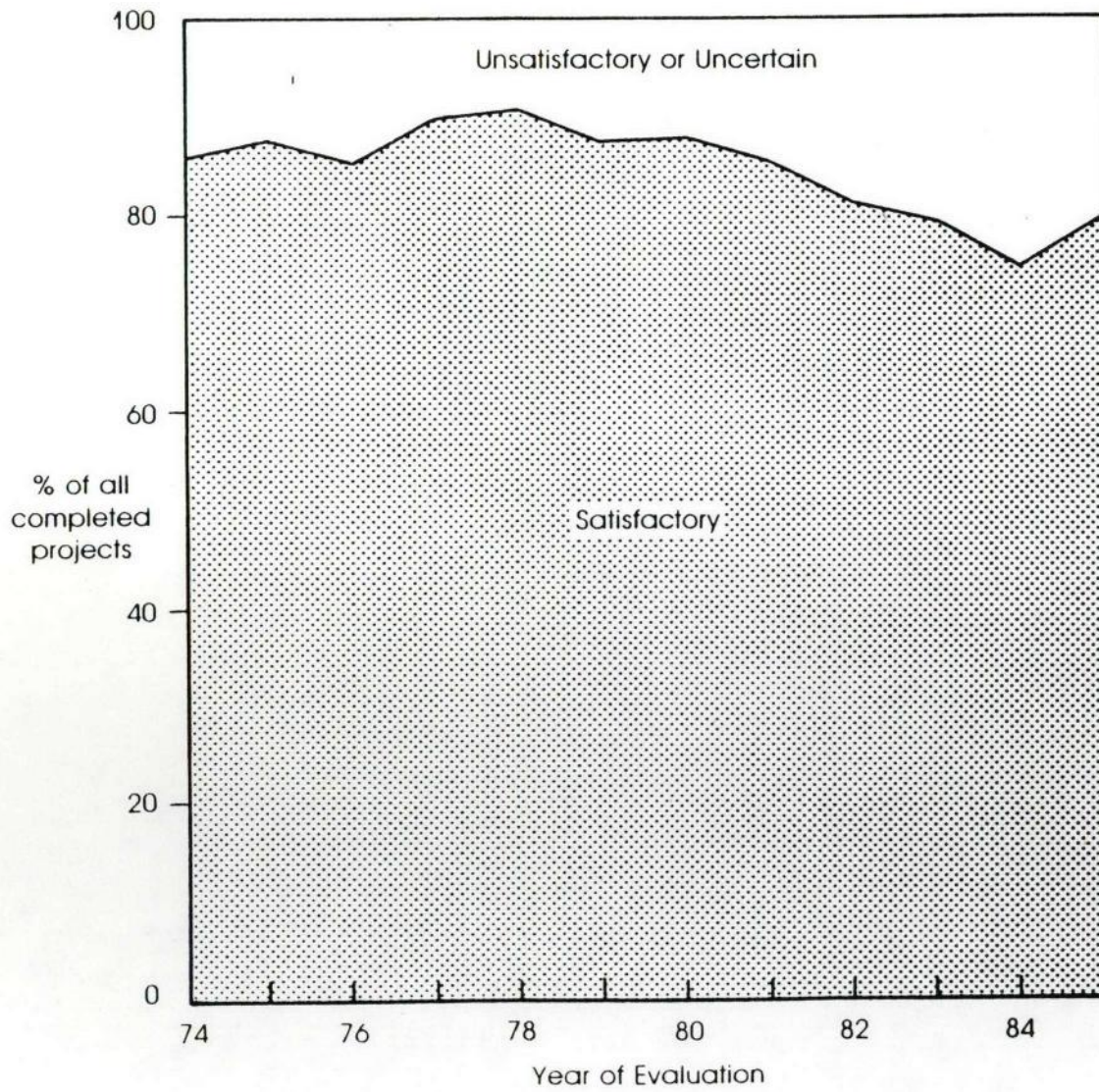


Table 3-3 (continued)

Activity	Location	Cooperating agency
Direct Training (continued)		
Water supply/sanitation (R)	Barbados	CDB/PAHO
Senior seminar on water supply/sanitation (N)	Mexico	Secretaria de Desarrollo Urbano y Ecologia/PAHO
Agribusiness development projects (R)	Jamaica	IICA/University of the West Indies
Public expenditures programming (R)	Costa Rica	Instituto Centroamericano de Administracion Publica
Resources for education and their cost-effective use (R)	Trinidad	Commonwealth Secretariat

Note: Activities listed exclude assistance given by EDI staff to activities organized by other institutions. There were seventeen such activities in fiscal year 1986.

N = national activities; R = regional activities; IR = Interregional activities; W = worldwide activities.

materials production has accounted for 14 percent of total EDI expenditures during the past two years. The output of completed materials was above the five-year plan target in fiscal 1985, and about the same level of production was maintained in fiscal 1986. The materials completed during the past year place greater emphasis on macroeconomic and sectoral-management issues, including such broader topics as the private provision of public services, entrepreneurial development, and public-enterprise management. A large proportion of these materials has been produced under contract with universities and other institutions, as well as with individual consultants, throughout the world.

Cofinancing of EDI activities amounted to \$4 million in fiscal 1986, about 25 percent of EDI's total expenditures and an amount far larger than in fiscal 1985 (\$2.3 million). The bulk of the increase was accounted for by the United Nations Development Programme (UNDP), the Canadian International Development Agency (CIDA), and the International Fund for Agricultural Development (IFAD).

In mid 1985, the EDI created an Evaluation Committee that sets evaluation policies and procedures for the EDI's work and monitors their implementation. The Committee has reviewed the EDI's evaluation techniques and has broadened and strengthened their application. It is initiating an experimental evaluation of the effect of EDI training in one sector in three countries. It also is preparing a plan for the mid-term evaluation of the EDI's five-year plan that will be carried out in fiscal 1987 in collaboration with the Bank's Operations Evaluation Department. This work will include a special evaluation of EDI's program in China.

Operations Evaluation

A notable feature of the Bank's work is its system of independently evaluating the results of

projects after a loan has been fully disbursed. Comparing actual experience with what had been expected before the project was launched has become an essential part of the Bank's process of learning how to make development assistance more effective. The evaluation function in the Bank is the responsibility of the Operations Evaluation Department (OED), which, although administratively linked to the President of the Bank, is directly responsible to the Executive Directors.

Since July 1981, a selective system of project-performance auditing has been in operation. Under this system, member governments and Executive Directors receive staff reports on the outcome of all completed projects. These reports are read by staff of the OED, who subsequently prepare audits for approximately half the completed projects. The criteria for selecting projects for audit as applied by OED have been approved by the Joint Audit Committee of the Executive Directors, which also carries out an in-depth review of a sample of the reports and audits issued during the year.

The system of selective auditing does not jeopardize the integrity of the Bank's post-evaluation function. Under the two-tiered evaluation system, the self-evaluation function by operational staff is now firmly established in the Bank, and, in addition to undertaking separate evaluations of about half the projects, OED's evaluation officers scrutinize all reports before they are issued.

Borrowers' comments are sought on all evaluation reports, and, in a growing number of cases, borrowers participate directly in the preparation of reports on completed projects. In addition, OED and Bank operational staff often visit project sites and hold extensive discussions with borrower representatives and beneficiaries when evaluating completed projects. The combined borrower input by written comment, prep-

1986

aration of reports, or through country visits, exceeded 90 percent of all reports and audits issued in fiscal 1986. One hundred twenty-four projects were subjected to performance audits in fiscal 1986; in addition, reports covering ninety-four completed projects were passed on to the Executive Directors after scrutiny by OED, but without OED audit. The cumulative total of projects covered by reports or audits reached 1,545 by the end of fiscal 1986. Reflecting the expansion of Bank operations in the mid and late 1970s, the number of completed projects coming up for review and evaluation is likely to rise to 250 in fiscal 1987.

The ultimate objective of Bank evaluation continues to be to identify and disseminate lessons that can contribute to improvements in the design and implementation of future Bank-supported projects. By bringing together experience with similar projects, lessons can be more readily drawn and more efficiently confirmed and disseminated. The *Annual Review of Project Performance Results* continues, as in the past, to be a valuable mechanism for summarizing experience by sector, and, through a process of review with operating staff, bringing that experience to bear on the design of future projects.

OED's *Annual Review of Project Performance Results*, covering calendar year 1984, was published in February 1986. The review looked at the performance of 174 projects evaluated in 1984 against the background of the previous five years. The review presented the preliminary findings of two ongoing studies on conditionality and gave further attention to the subject of sustainability that had been addressed in the previous annual review.

In terms of overall results, all but fifteen of the 804 projects reviewed over the past six years were taken to completion. On the basis of information available at the time of evaluation, some 81 percent of completed projects, representing about 87 percent (\$16.5 billion) of IBRD/IDA lending, appeared likely to achieve their major objectives or prove worthwhile. Given the variety of negative factors surrounding the implementation of these projects in recent years, the overall outcome is satisfactory. However, the review found the continuing downward trend in the major indicators of performance to be a clear cause for concern and examined the main reasons for the trend. To some degree, the decline in performance reflects the shifts in World Bank lending during the decade of the 1970s—particularly into new and more difficult areas of operations, which were known to carry a higher risk of failure. To some degree, also, it reflected the difficult economic, financial, and policy environment facing these projects during their implementation.

In addition to its project evaluation, OED completed three impact evaluations and ten special studies during the year, most of which were reviewed by the Joint Audit Committee; some were also discussed by the Executive Board.

The Joint Audit Committee maintains continuing oversight of the OED work program and of its effectiveness. The conclusions of the Joint Audit Committee, the Annual Report of the Director-General, Operations Evaluation, on the status of the Bank's evaluation system, and OED's 1985 *Annual Review of Project Performance Results* were all reviewed by the Executive Directors.

Internal Auditing

Internal auditing is an independent appraisal function within the World Bank that reviews and evaluates Bank operations and activities as a service to the Bank. This appraisal function is accomplished through operational audits of the financial and operating systems and procedures used in the conduct and management of the Bank's operations. The overall objective of the Internal Auditing Department (IAD) is to assist vice presidents, department directors, and other managers in the effective discharge of their responsibilities by providing them with periodic reports and appraisals carried out on activities within their respective areas of responsibility. IAD places particular emphasis on examining, reporting on, and, where necessary, recommending improvements in the adequacy and effectiveness of the Bank's system of internal control and the identification of possible means of improving the efficiency and economy of operations and the use of resources.

IAD's examination and evaluation of the adequacy and effectiveness of policies, systems, and internal controls used in the management and conduct of activities include, as appropriate, an assessment of the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information. The department also reviews systems established to ensure adherence with those governing agreements, instruments, and related decisions, regulations, policies, plans, and procedures that could have a material effect on operations and reports and determines the extent of such compliance. In addition, where appropriate, each audit includes an evaluation of the means utilized to safeguard the Bank's assets from various types of losses, an appraisal of the efficiency and economy with which resources are used, and the accomplishment of established goals and objectives of specific programs or operations.

The department has established work programs designed to achieve its objectives. These

ROUTING SLIP		DATE
		January 22, 1976
FROM THE VICE PRESIDENT, PROJECTS STAFF		
NAME		ROOM NO.
Mr. C. R. Willoughby		G-1050
	APPROPRIATE DISPOSITION	NOTE AND RETURN
	APPROVAL	NOTE AND SEND ON
X	COMMENT	PER OUR CONVERSATION
	FOR ACTION	PER YOUR REQUEST
	INFORMATION	PREPARE REPLY
	INITIAL	RECOMMENDATION
	NOTE AND FILE	SIGNATURE

REMARKS

Some borrowers complaints -

- 1) Missions not read progress reports or get issues debated before coming
- 2) Missions not enough power in field; refer all back to Wash
- 3) excessively complex procurement for v. simple things
- 4) not enough explanation of steps for start-up
- 5) unnecessary procurement approvals which contribute nothing & take staff time alcoholic comments too detailed
- 6) missions do not warn ahead of time when data they need; too domineering
- 7) progress reports too complex, & not related to available info system.
- 8) terrible staff discontinuity; v. expensive to explain
- 9) no specialists on request

Supervision

Creighton: how on earth can we supervise the program loan for investment - Kenya? Should we have a consulting firm? - all over the country

Creighton: Are TA/consultant ts. of ref reviewed enough or adapted in light of experience?
but careful; can weaken their responsibility, commitment, if Tok 'amendable' easily

Why don't we charge for spm in same way as IB makes a one-time charge for it (Kusain)

Adequate early timely spm may save much on spm later (cf. Malagasy Livestock, Rakad) (Kusain).

How do you get over problem that borrowers will not be too critical of consultant in a written report, on other problems; need to visit.

David Knox - more time in country

OFFICE MEMORANDUM

DATE: March 27, 1986

TO: Mr. Yves Rovani, Director General, DGO

FROM: Yukinori Watanabe, Director, OED

EXT: 2924

SUBJECT: Redeployment of Human Resources in the Front Office

In conjunction with the creation of the Dissemination and Feedback Unit, the Management Information System (MIS) and related administrative duties have been assigned to Poonsook Mahatanankoon who will perform the following duties and responsibilities:

1. Coordinate the computerization of the departmental administrative functions, e.g. OED Work Program, Operational Travel Request, OED Budget, PCRs Forecast, with a view of integrating all these into OED MIS./a
2. Administer and monitor the "Monthly Schedule of Project Completion Reports (PCRs)Expected" to operational staff to ensure timely delivery of PCRs to OED.
3. Prepare consolidated report, "Project Completion Reporting Schedule" to be sent to Senior Vice President of Operations from OED Director and copied to Bank's senior management to keep them abreast of recent development on PCR system.
4. Coordinate with OED division chiefs to update the departmental monthly work program.
5. Prepare and monitor the departmental monthly work program to assist OED senior managers meet OED's commitment to Joint Audit Committee (JAC) and Executive Directors.
6. Provide important indicators on progress of report preparation on the above.
7. Liasise extensively with staff of front offices of operating departments to resolve issues on PCR schedule data.
8. Serve as administrative point of contact for all queries on PPARs/PCRs raised by staff Bankwide.
9. Formulate the departmental Capital Budget and Computing Activities Budget in accordance with IRMD and PBD guidelines.

/a Task to be accomplished by a core team from Front Office composed by Mmes. P. Mahatanankoon, E. Reyes and L. Kwaku in coordination with Mmes. E. Tang and C. Denaro of PBD.

10. Monitor the Capital Budget and Computing Activities expenditures and prepare status report showing actual vs budget figures for the current year.
11. Provide indicators, e.g. PCRs forecast in formulation of the OED Work Program and Budget for the next fiscal year.
12. Provide trends and statistical analyses to support the OED work program and PCR system.
13. Assist in the computerization of the PCR Schedule to facilitate electronic communication with the operating departments (possibly using LAN) in the future.
14. Perform other duties as assigned.

c: Messrs. Donaldson (OEDD1)
Maiss (OEDD2)
Shields (OEDD3)
Lynn (OPD)
Mossop (PMD)
Mmes. Kwaku (OEDOD)
Mahatanankoon(OEDOD)
Reyes (OEDOD)

FOR YOUR INFORMATION

February 26, 1986
FYI/86/21

STAFF ANNOUNCEMENT

Mr. Shiv S. Kapur, Director-General, Operations Evaluation, will retire on February 28, 1986.

Mr. Kapur has had a long and distinguished career with the Bank. He was appointed in 1969 to the Western Hemisphere Department, serving as Loan Officer and then as Division Chief with responsibility for a number of Latin American countries. In 1976, Mr. Kapur was promoted to Director of the Operations Evaluation Department and in June 1984, he was appointed Director-General, Operations Evaluation.

I wish to take this opportunity to extend my very best wishes to Shiv for a long and happy retirement.

I am pleased to announce that the Executive Directors have selected Mr. Yves Rovani to succeed Mr. Kapur as Director-General.

Mr. Rovani, a French national, has been with the Bank for almost 30 years. He began his career in 1956 as a Financial Analyst in the Public Utilities Division of the then Technical Operations Department. In 1967, Mr. Rovani was appointed Advisor-Finance in the Public Utilities Division. The following year, he moved to the Office of the Director, Projects Department, as Financial Advisor. Mr. Rovani was promoted to the post of Director, Public Utilities Department (later Energy, Water and Telecommunications Department) in 1972. After the Department's reorganization in 1979, he continued to oversee the Bank's energy operations as Director of the Energy Department.

Mr. Rovani's appointment as Director-General, Operations Evaluation, will be effective on March 1, 1986.

A handwritten signature in black ink, appearing to read "A. M. ...", is written in a cursive style.

OFFICE MEMORANDUM

DATE: January 28, 1986

TO: All OED Staff

FROM: Graham Donaldson, Chief, OEDDI

EXTENSION: 2893

SUBJECT: Review of OED Internal Procedures

1. A committee has been established to review OED internal procedures, the Terms of Reference for which are attached for your information.
2. Please note paragraph 6 which provides, inter alia - " All OED staff who wish to contribute views on topics under consideration will be invited to do so by contacting a member of the working group." For purposes of scheduling meetings it would be helpful if you would advise me of your wish to meet with one or all of the committee. However, if it is preferred you may, of course, contact one of the other committee members direct.
3. If you wish to participate you should so indicate by Friday, January 31, 1986. Staff on mission should contact me on their return.

Attachment

GDonaldson:vc

Terms of Reference:
Review of OED Internal Procedures

1. In view of the importance of the evaluation function to the World Bank and the anticipated retirement of the Operation Evaluation Department's (OED's) Director General, senior management has decided to undertake a review of selected OED administrative and operating procedures.

2. The review will be conducted by an interdisciplinary working group comprised of Richard Lynn, Director, Organization Planning Department (OPD) as leader; Mrs. Eva Meigher, Assistant General Counsel, Administration and General Affairs; and Mr. Graham Donaldson, Chief, Division 1, OED, as members. Mr. Jean-Yves Maillat, OPD management consultant, will serve as staff to the group. As appropriate, staff of the Personnel Management Department will also be engaged in the effort.

3. The following specific issues will be included in the review:
 - (a) How staff are assigned to OED work so as to avoid conflict of interest situations, including whether or not any supplement to PMS 1.00 may be needed for OED staff.

 - (b) How to monitor OED work programs so as to avoid excessive delays, especially on controversial projects.

 - (c) How to ensure that OED is able to function independently vis-a-vis Operations or the member countries, e.g., on the handling of critical comments on OED reports.

- (d) Whether there are gaps in explicit (written) procedures on the above that need to be closed.

In looking at the above, consideration will also be given to such topics as recruitment and reassignment of staff, reporting relationships, roles of selected staff, and criteria for project and special topic selection.

Comments on or assessment about individual managers or staff will not be included in the review.

4. The review will be conducted using two approaches. One is a review of relevant documents, such as internal procedures, OED annual reports, Joint Audit Committee minutes and comments, staff working papers, etc. The other will be through selected interviews with OED managers and staff, former OED staff members, and Operations or other ~~staff~~ knowledgeable of OED's work. These may be done individually or via small group discussions. All OED staff who wish to contribute views on the topics under consideration will be invited to do so by contacting a member of the working group.

5. The review will be completed with a brief report at the end of February, 1986. While the report may contain recommendations for procedural additions or modifications, it is unlikely to cover the full texts of such changes. Assuming agreement, this latter step would be undertaken as part of subsequent implementation actions in March or beyond.

Copy

DATE: January 22, 1986
TO: Telephone Directory Coordinator, ADM
FROM: ^{rw} Yukinori Watanabe, Director, OED
EXTENSION: 32924
SUBJECT: Change of Telephone Book Entries for OED

The present designations in the Organizational Listing of the Telephone Directory have become out of date. We would like to request a revised Organizational Listing as attached with new designations inserted in red.

Attachment

Organizational Listing (continued)

The World Bank

	Extension	Room
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OPERATIONS EVALUATION STAFF

OFFICE OF THE DIRECTOR-GENERAL, OPERATIONS EVALUATION (DGO)

Director-General Shiv S. Kapur 33035 H7021

Operations Evaluation Department (OED)

Director Yukinori Watanabe 32924 H6089

DIVISION CHIEF

Division 1, Agriculture and Human Resources Graham Donaldson 32893 H6045

Principal Senior Evaluation Officer, Agriculture and Rural Development ~~Hans Kordik~~ Christian J. Polti 91 59 H6071

Principal Senior Evaluation Officer, Agriculture and Rural Development Robert van der Lugt (acting) 88 77 H6059

Principal Senior Evaluation Officer, Human Resources Frederic Gamble (acting) 32897 H6039

DIVISION CHIEF

Division 2, Industry and Policy Review Otto Maiss 32911 H6005

Principal Senior Evaluation Officer, ^{Program +} Policy Review John R. Burrows 32906 H6021

Principal Senior Evaluation Officer, ^{Technical Assistance} Industry ~~and~~ & DFCs and Non-Project Lending George C. Maniatis 33040 H6031

DIVISION CHIEF

Division 3, Infrastructure and Urban Development Brian Shields 32926 H6111

Principal Senior Evaluation Officer, ^TTransportation and Urban Development Tillman H. Neuner 32174 H6095

Principal Senior Evaluation Officer, Public Utilities Peter Callejas 32917 H6121

and Energy

OFFICE MEMORANDUM

005

DATE November 25, 1985

TO Mr. Yukinori Watanabe, Director, OED

FROM Otto Maiss OM

EXTENSION

SUBJECT Change of Organizational Designations

The present designations in the organizational listing of the Telephone Directory are somewhat out of date. I suggest the following changes:

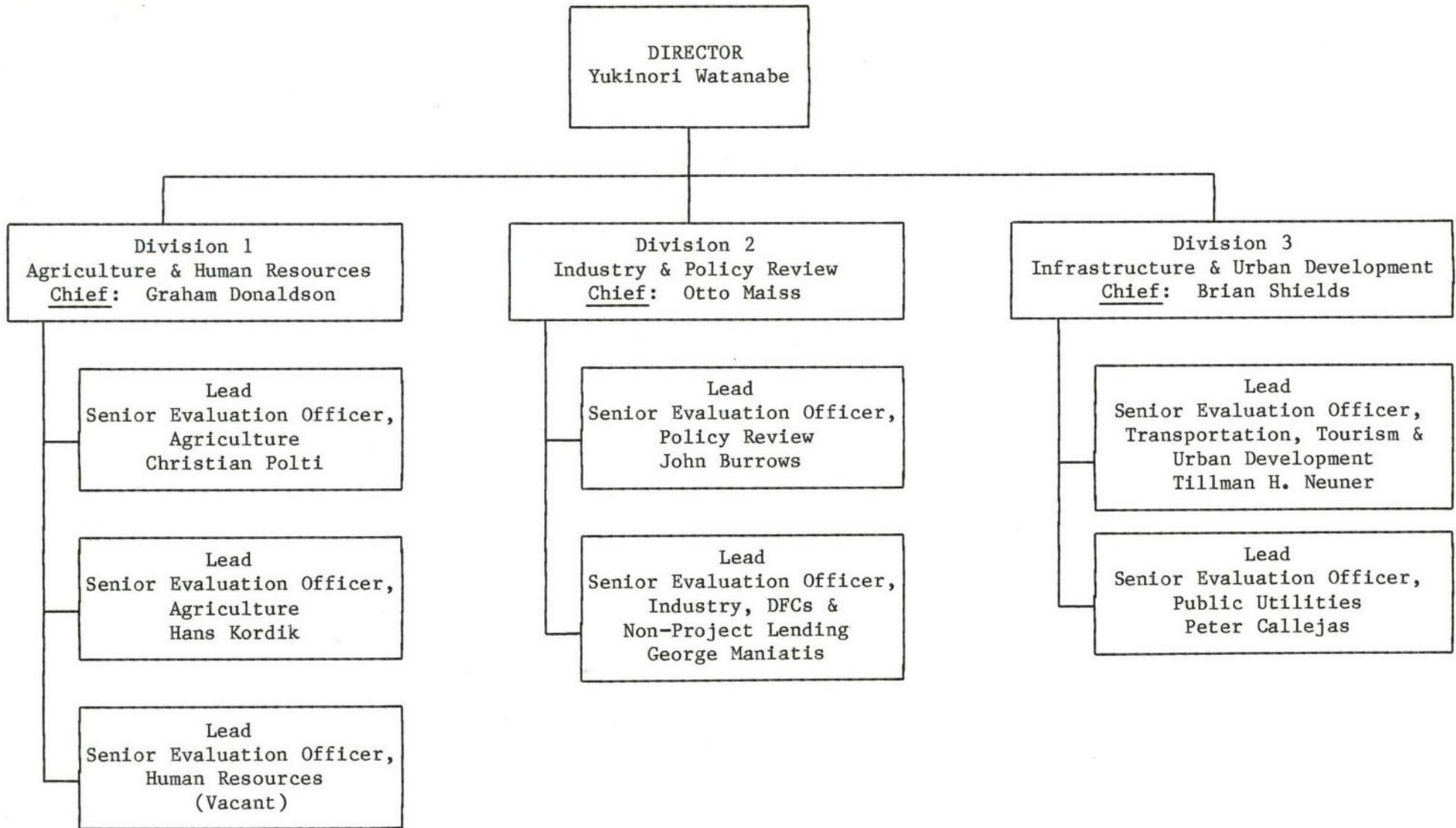
Senior Evaluation Officer, Program & Policy Review
Technical Assistance
..... John R. Burrows

Senior Evaluation Officer, Industry & DFCs
..... George Maniatis

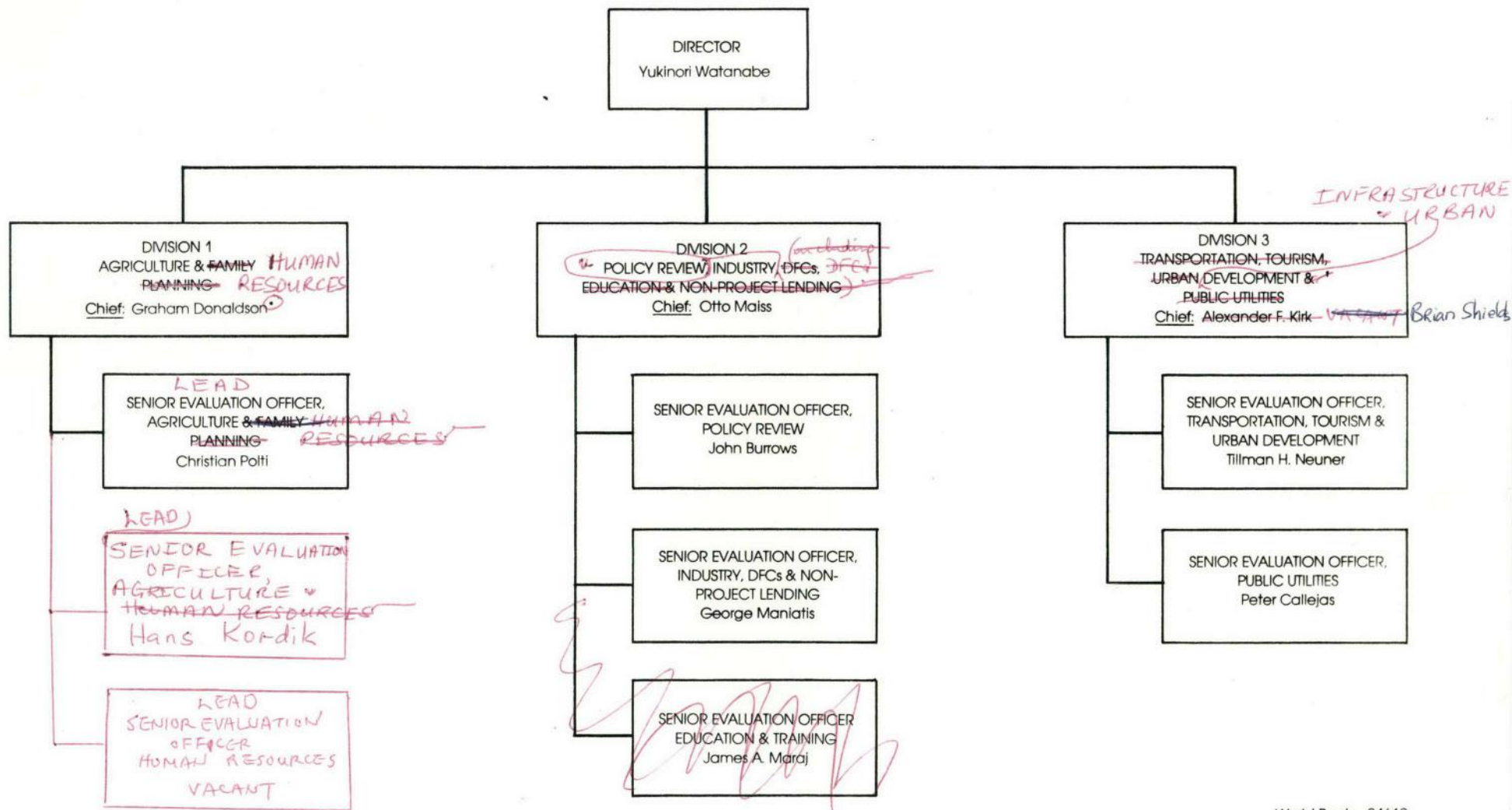
If you agree, I will see to it that these changes are reflected in the next edition of the Directory.

OPERATIONS EVALUATION DEPARTMENT

Organization Chart



OPERATIONS EVALUATION DEPARTMENT Organization Chart



OFFICE MEMORANDUM

DATE: June 27, 1985

TO: Mr. T. N. Ruth, OPD

FROM: *Y. Watanabe*
Yukinori Watanabe, Director, OED

EXTENSION: 32924

SUBJECT: Organizational Listing - Operations Evaluation Department (OED)

Thank you for your expeditious handling of the title changes in the Operations Evaluation Department. There are, however, some modifications necessary in the Organizational Listing found on page 89 of the May 1985 issue of the World Bank/IFC Telephone Directory. I have, therefore, attached a copy of page 89 with the revisions.

Attachment

cc: Messrs. Donaldson
Gamble
Chai

Organizational Listing (continued)

The World Bank

		Extension	Room
Assistant Director	Enzo R. Grilli	61820.....	17-102
DIVISION	CHIEF		
Commodity Studies and Projections	Ronald C. Duncan	61967.....	16-165
Global Analysis and Projections	Peter Miovic	69348.....	17-136

Development Research Department (DRD)

Director	Gregory K. Ingram	61001.....	18-115
Senior Adviser	F. Graham Pyatt	61003.....	18-117
Chief, Economic Adviser	Vittorio Corbo	69788.....	18-121
Living Standards Measurement Unit	Dennis N. de Tray	61277.....	18-138
Chief, Analytic Support Unit	Alexander Meeraus	61031.....	18-113
DIVISION	CHIEF		
Development Strategy	Uma J. Lele	61251.....	18-127
Public Economics	Gerardo P. Sicat	61231.....	18-149
Productivity	Alan H. Gelb (acting)	61217.....	18-162
Employment and Income Distribution	Constantino P. Lluch	61271.....	18-139
International Economic Research	Joseph Michael Finger	61278.....	18-137

OPERATIONS EVALUATION STAFF

OFFICE OF THE DIRECTOR-GENERAL, OPERATIONS EVALUATION (DGO)

Director-General	Shiv S. Kapur	33035.....	H7021
------------------------	---------------------	------------	-------

Operations Evaluation Department (OED)

Director	Yukinori Watanabe	32924.....	H6089
DIVISION	CHIEF		
Division 1, Agriculture and Human Resources	Graham Donaldson	32893.....	H6041
Senior Evaluation Officer, Agriculture and Rural Development and Human Resources Development	Hans Kordik	32887.....	H6071
Senior Evaluation Officer, Agriculture and Rural Development Human Resources Development	Christian J. Polti	32891.....	H6059
DIVISION	CHIEF		
Division 2, Industry and Policy Review	Otto Maiss	32911.....	H6005
Senior Evaluation Officer, Policy Review	John R. Burrows	32916.....	H6123
Senior Evaluation Officer, Industry, DFCs and Non Project Lending	George C. Maniatis	32915.....	H6009
DIVISION	CHIEF		
Division 3, Infrastructure and Urban Development	Alexander F. Kirk	32926.....	H6095
Senior Evaluation Officer, Transportation and Urban Development	Tillman H. Neuner	32900.....	H6033
Senior Evaluation Officer, Public Utilities	Peter Callejas	32902.....	H6029

LEGAL DEPARTMENT (LEG)

OFFICE OF THE VICE PRESIDENT AND GENERAL COUNSEL (VPG)

Vice President & General Counsel	Ibrahim F.I. Shihata	74945	E723
Associate General Counsel	Hugh N. Scott	72315	E715

Senior Evaluation Officer
Human Resources

FORM NO. 75
(6-83)

THE WORLD BANK/IFC

ROUTING SLIP		DATE:
NAME		ROOM NO.
<i>Mr. Watanabe</i>		
<i>rwj/1</i>		
<i>Thank you for info. I'll look for some good time to change the naming.</i>		
JUN 28 1985		
APPROPRIATE DISPOSITION	NOTE AND RETURN	
APPROVAL	NOTE AND SEND ON	
CLEARANCE	PER OUR CONVERSATION	
COMMENT	PER YOUR REQUEST	
FOR ACTION	PREPARE REPLY	
<input checked="" type="checkbox"/> INFORMATION	RECOMMENDATION	
INITIAL	SIGNATURE	
NOTE AND FILE	URGENT	
REMARKS: <i>The attached list explains my request to change the name of our unit to include "Energy". On the other hand you may wish to consider establishing a separate Power and Energy unit.</i>		
FROM:	ROOM NO.:	EXTENSION:
<i>Peter Callias</i>	<i>H-6029</i>	<i>2902</i>

OFFICE MEMORANDUM

DATE June 24, 1985

mw 6/25

Your point is well taken. However, we have so far had only a

TO Mr. Yukinori Watanabe, Director, OED

limited operations in energy areas. I would consider the change some other time.

FROM Peter Callejas *PC*

EXTENSION 32902

SUBJECT Organizational Listing in Telephone Directory

10
0762
JUN 24 1985

For my position description in the listing of Operations Evaluation Staff on page 89 in the Telephone Directory, we need to add the word "Energy" after Public Utilities. Your authority is required to make the above change.

June 26/85

Origins of PCR_a on Hand or
Scheduled for Issue by 06/30/86 ^{a/}

Origin of PCR	Number of Projects		
	PCR _a <u>b/</u> ON Hand	PCR _a <u>a/</u> Scheduled	Total Projects
<u>Energy Department</u>	1	7	8
<u>Regional Projects Departments</u>			
EAP: <u>Energy Division</u>	0	0	0
WAP: <u>Energy Division</u>	1	0	1
AEP: <u>Energy Division</u>	1	3	4
ASP: <u>Power & Transportation Division</u>	1	5	6
EMP: <u>Power & Energy Development Division</u>	3	2	5
LAG			
LCP: <u>Energy Division</u>	0	8	8
Totals	7	25 ^{a/}	32

a/ PCR issue schedule is from OED's Monthly Schedule of Project Completion Reports, 06/03/85.

b/ PCR_a on hand = number of projects for which OED has PCR_a but for which PPARs/PCR_a not issued to ED's by 6/30/85

c/ PCR scheduled (see a/ above) is optimistic compared to FY 85 when 18 power/energy projects had PCR_a issued between 6/25/84 and 6/27/85

OFFICE MEMORANDUM

005

DATE: May 29, 1985

TO: Mr. Stanley Panickaveetil, PBD

FROM: T. N. Ruth, OPD

MOC/17/85

MAY 30 1985
0649

EXTENSION: 69420

SUBJECT: Master Organization Code: Operations Evaluation Department

1. The Director-General has approved some transfers of functions among the three divisions of OED, creating a need to change the divisional titles. Accordingly, please make the following title changes as soon as is convenient, effective May 1, 1985 if possible:

<u>Department</u>	<u>Division</u>	<u>Organizational Unit</u>	<u>Abbreviation</u>
570	10	*-Division 1--Agriculture and Human Resources	OEDD1
	20	*-Division 2--Industry and Policy Review	OEDD2
	30	*-Division 3--Infrastructure and Urban Development	OEDD3

2. As we discussed, it may be impractical to make related budgetary transfers before the beginning of FY86, i.e., next July 1. I suggest that the concerned people copied on this memorandum take the matter up with appropriate staff of the Accounting Department.

cc: Y. Watanabe, Director, OED
 M. Collins, PMD
 P. Langseth, OPD
 A. Attena, ADMTR, C-205
 S. Chandra, ACT, I-4-167
 M. Cuadra, IRMD, M-407
 C. Denaro, PBD, D-708
 E. Franklin, ACTBC, I-4-274
 V. Gautam, IRMD (15), H-3072
 N. Harrison, ACT, I-4-139
 K. Herat, PBD, D-743
 P. H. Herley, PMD, I-2-118
 R. T. Hu, PMDDR, (3) I-3-273
 T. M. Hynes, ADM (2), A-122
 D. K. Karstens, ADM, H-2109
 N. Y. Lao, COM, I-3-257
 L. Leisenring, ADM, C-225
 C. Lowndes, SVPMS, E-1236
 F. Murias, ACT, I-4-163
 D. I. Murray, ADMCB, F-122
 W. Prilliman, ADM, B-111
 E. Rosolina, ADM, C-225
 R. Scheu, PMD, I-2-137
 V. Veizaga, COM, I-3-255
 R. Voight, OPD
 B. Vollmer, ACT, I-4-175
 R. Wijeratne, OPD

TNRuth:sst

Thank you. However, I am concerned that the figures of agricultural projects may be inflated while, on the other hand, the complexity and high cost of SAL audits has been lost sight of. In other words, the numerical comparison may be misleading.

SSK
05/16

In the light of the Director General's comments, the memo may not be released.


UW 5/17/85


May 16, 1985

Mr. Kapur:


Re: OED Work Program (Memo to
Mr. Petter Langseth, OPD)

By this memo, I am actually paying an old debt. You are aware that at the time when I pressed OPD for comments on our organizational change in Divisions I and II, I was told that these would be readily available upon receipt and review of our workload indicators for the past years and also for FY86. However, in light of the urgency, agreement was reached between Mr. Langseth and myself that OPD would prepare and transmit its comments to OED based on oral briefings from us and would leave detailed statistical data for future presentation. This memo, therefore, is simply meant to place the workload data in OPD's files. I don't think they would be misused.


Y. Watanabe



Thank you. However, I am concerned that the figures of agricultural projects may be inflated while, on the other hand, the complexity and high cost of S&A audits has been lost sight of. In other words, the numerical comparison may be misleading.

 5/16
P-1852

Mr. Watanabe:

Why is this information being submitted at this time? OPD has already given its view and the reorganization has already been implemented. The time for a further review should be a year from now.

SSK

ROUTING SLIP		DATE: <i>May 10, 1985</i>	
NAME		ROOM NO.	
<i>Mr. Kaper</i>			
<i>Mr. Watanabe</i>			
APPROPRIATE DISPOSITION		NOTE AND RETURN	
<input checked="" type="checkbox"/>	APPROVAL	NOTE AND SEND ON	
<input type="checkbox"/>	CLEARANCE	PER OUR CONVERSATION	
<input type="checkbox"/>	COMMENT	PER YOUR REQUEST	
<input type="checkbox"/>	FOR ACTION	PREPARE REPLY	
<input type="checkbox"/>	INFORMATION	RECOMMENDATION	
<input type="checkbox"/>	INITIAL	SIGNATURE	
<input type="checkbox"/>	NOTE AND FILE	URGENT	
<p>MARKS:</p> <p><i>Why is this information being submitted at this time, OPD has already given its view and the reorganization has already been implemented. The time for a further review should be a year from now.</i></p>			
FROM: <i>rw</i>		ROOM NO.:	EXTENSION:

[Handwritten signature]

OFFICE MEMORANDUM

005

DATE: May 10, 1985

TO: Mr. Petter Langseth, OPD

FROM: Yukinori Watanabe, Director, OED

EXTENSION: 32924

SUBJECT: OED Work Program - Number of PPARs and PCRs
Between FY82 and FY85, and Estimated for FY86

Attached are tables showing the distribution of PPARs and PCRs for FY82 through FY86 which are indicative of OED's workload in terms of ordinary evaluation activities. The figures for FY86 have been based on the number of projects for which 85 percent or more will have been disbursed by the end of 1985 and adjusted to the probability of PCR deliveries before the end of FY86.

When these numbers are compared on a Divisional basis, care needs to be taken of the fact that Division 2, although handling a smaller number of projects than the other Divisions, has responsibility for non-project lending review for which significant staff input is required and also for country review work which consumes a large amount of both staff and consultant resources. Division 2 is also the coordinating unit in the preparation work for the Annual Reviews of Project Performance Audit Results for which staff resource injections are needed for nearly half of each fiscal year.

The mechanical comparison of Divisional workload on the basis of numbers of audit reports produced by each Division, therefore, would not always be warranted. To be more precise about such comparison, there is a need for an integrated evaluation of different work components in each Division, consisting of regular audit preparations, impact evaluation reviews, special studies, the Annual Report and the Annual Review preparation, and other related work.

Attachments

cc: Mr. Kapur, DGO

YWatanabe/llk

Table 1: REPORTS PROCESSED BY OED

<u>Sector</u>	<u>FY81</u>	<u>FY82</u>	<u>FY83</u>	<u>FY84</u>	<u>FY85 (Est.)</u>
	<u>PPARs/PCRs Issued</u>				
Agriculture	41	45	40	47	27
DFC & Industry	18	20	10	13	10
Public Utilities	14	19	10	11	13
Transportation/ Tourism/Urban	12	27	12	23	21
Education	7	8	18	16	6
Population	1	3	1	1	5
Technical Assistance	1	-	-	-	1
Non-Project Lending	-	-	-	-	<u>9</u>
Total	94	122	91	111	91
	<u>PASS-THROUGH PCRs</u>				
Agriculture			11	14	18
DFC/Industry & Non- Project Lending			16	18	25
Public Utilities			16	16	18
Transportation/Tourism/ Urban			28	24	26
Education			7	12	10
Population			-	-	<u>2</u>
Total			78	84	99
GRAND TOTAL			<u>169</u>	<u>195</u>	<u>190</u>

OEDOD
05/10/85

Table 2: FORECAST OF PROJECT
COMPLETION REPORTS FOR FY86

<u>Sector</u>	<u>Division</u>	<u>Total</u>
Agriculture	OEDD1	76
Human Resources (Family Planning) (Education)		21 (2) (19)
<hr/>		
DFC & Industry	OEDD2	40
Technical Assistance & Non-Project Lending		18
<hr/>		
Public Utilities/Energy	OEDD3	41
Transportation		46
Tourism		2
Urban Development		<u>6</u>
Total		<u>250</u>

OEDOD
05/10/85

005

FORM NO. 75
(6-83) THE WORLD BANK/IFC

ROUTING SLIP		DATE: <i>May 10, 1985</i>
NAME		ROOM NO.
<i>M. Kaplan</i>		
APPROPRIATE DISPOSITION		NOTE AND RETURN
<input checked="" type="checkbox"/>	APPROVAL	NOTE AND SEND ON
<input type="checkbox"/>	CLEARANCE	PER OUR CONVERSATION
<input type="checkbox"/>	COMMENT	PER YOUR REQUEST
<input type="checkbox"/>	FOR ACTION	PREPARE REPLY
<input type="checkbox"/>	INFORMATION	RECOMMENDATION
<input type="checkbox"/>	INITIAL	SIGNATURE
<input type="checkbox"/>	NOTE AND FILE	URGENT
REMARKS:		
FROM: <i>mw</i>	ROOM NO.:	EXTENSION:

OFFICE MEMORANDUM

DATE: May 10, 1985

TO: Mr. Petter Langseth, OPD

FROM: Yukinori Watanabe, Director, OED

EXTENSION: 32924

SUBJECT: OED Work Program - Number of PPARs and PCRs
Between FY82 and FY85, and Estimated for FY86

Attached are tables showing the distribution of PPARs and PCRs for FY82 through FY86 which are indicative of OED's workload in terms of ordinary evaluation activities. The figures for FY86 have been based on the number of projects for which 85 percent or more will have been disbursed by the end of 1985 and adjusted to the probability of PCR deliveries before the end of FY86..

When these numbers are compared on a Divisional basis, care needs to be taken of the fact that Division 2, although handling a smaller number of projects than the other Divisions, has responsibility for non-project lending review for which significant staff input is required and also for country review work which consumes a large amount of both staff and consultant resources. Division 2 is also the coordinating unit in the preparation work for the Annual Reviews of Project Performance Audit Results for which staff resource injections are needed for nearly half of each fiscal year.

The mechanical comparison of Divisional workload on the basis of numbers of audit reports produced by each Division, therefore, would not always be warranted. To be more precise about such comparison, there is a need for an integrated evaluation of different work components in each Division, consisting of regular audit preparations, impact evaluation reviews, special studies, the Annual Report and the Annual Review preparation, and other related work.

Attachments

cc: Mr. Kapur, DGO

YWatanabe/11k

Table 1: REPORTS PROCESSED BY OED

<u>Sector</u>	<u>FY81</u>	<u>FY82</u>	<u>FY83</u>	<u>FY84</u>	<u>FY85 (Est.)</u>
	<u>PPARs/PCRs Issued</u>				
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Transportation/ Tourism/Urban	12	27	12	23	21
Education	7	8	18	16	6
Population	1	3	1	1	5
Technical Assistance	1	-	-	-	1
Non-Project Lending	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>
Total	94	122	91	111	91
	<u>PASS-THROUGH PCRs</u>				
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Transportation/Tourism/ Urban			28	24	26
Education			7	12	10
Population			<u>-</u>	<u>-</u>	<u>2</u>
Total			78	84	99
GRAND TOTAL			<u>169</u>	<u>195</u>	<u>190</u>

Table 2: FORECAST OF PROJECT
COMPLETION REPORTS FOR FY86

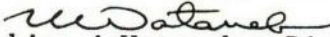
<u>Sector</u>	<u>Division</u>	<u>Total</u>
Agriculture	OEDD1	76
Human Resources (Family Planning) (Education)		21 (2) (19)
<hr/>		
DFC & Industry	OEDD2	40
Technical Assistance & Non-Project Lending	..	18
<hr/>		
Public Utilities/Energy	OEDD3	41
Transportation		46
Tourism		2
Urban Development		6
Total		<u>250</u>

OEDOD
05/10/85

OFFICE MEMORANDUM

DATE: May 7, 1985

TO: Mr. Ian A. Scott, PBDIP

FROM: 
Yukinori Watanabe, Director, OED

EXTENSION: 32924

SUBJECT: Coordination of Planning Assumptions

This is in response to your memorandum dated April 11, 1985. Our comments refer to Attachment V. If you have any questions please contact Mr. Maiss on extension 32911.

Attachment

cc: Mr. Maiss

Function;

OED

Please confirm and specify currently available data inputs (planning assumptions) necessary for your functional planning activities:

- Scheduled project completion reports (PCR)
- joint audit committees priority listing of:
 - o impact evaluation reports
 - o special studies

Please identify problems with existing data inputs, and data inputs from other parts of the Bank which you need for your planning activities but do not obtain:

- 1) Planning and Budgeting Department has refused to let us have copies of CPPs, only allowing us access by reading in their offices. These documents are relevant to both our Special Studies and Impact Studies for specific countries, and for preparation of PPARs.
- 2) There has been no central depository for IMF reports in the Bank, and it has been extremely difficult to locate many IMF documents relevant to evaluations of Structural Adjustment Loans and other policy-based lending. As of February 1985 the Regional Chief Economists are supposed to be responsible for keeping IMF documents. This system will need to be monitored to see that in fact it is effective, and that documents are kept for a sufficiently long time, perhaps 10 years. Getting documents from the IMF through the Secretary's Office is very difficult and time-consuming.

THE WORLD BANK/IFC

ROUTING SLIP		DATE: May 3, 1985	
NAME		ROOM NO.	
Mr. Watanabe			
<i>mw 5/6</i>		<i>MAY 05 28</i>	
<i>ok.</i>		<i>0 1985</i>	
<i>hepn's P.S. Kappath memo out</i>			
APPROPRIATE DISPOSITION		NOTE AND RETURN	
APPROVAL		NOTE AND SEND ON	
CLEARANCE		PER OUR CONVERSATION	
COMMENT		<input checked="" type="checkbox"/> PER YOUR REQUEST	
FOR ACTION		PREPARE REPLY	
INFORMATION		RECOMMENDATION	
INITIAL		SIGNATURE	
NOTE AND FILE		URGENT	
REMARKS:			
<p>The attached reflects suggestions from my division. No comments have been received from divisions 1 and 3.</p>			
FROM:	Otto Maiss <i>OM</i>	ROOM NO.:	EXTENSION:

DRAFT

May 3, 1985

To: Mr. Ian A. Scott, PBDIP
From: Yukinori Watanabe, Director, OED
Subject: Coordination of Planning Assumptions

This is in response to your memorandum dated April 11, 1985. Our comments refer to Attachment V. If you have any questions please contact Mr. Maiss (ext. 32911).

Attachment

OMAISS/lcu

Function: OED

Please confirm and specify currently available data inputs (planning assumptions) necessary for your functional planning activities:

- Scheduled project completion reports (PCR)
- joint audit committees priority listing of:
 - ° impact evaluation reports
 - ° special studies

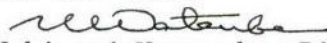
Please identify problems with existing data inputs, and data inputs from other parts of the Bank which you need for your planning activities but do not obtain:

- 1) Planning and Budgeting Department has refused to let us have copies of CPP's, only allowing us access by reading in their offices. These documents are relevant to both our Special Studies and Impact Studies for specific countries, and to preparation of PPARs.
- 2) There has been no central depository for IMF reports in the Bank, and it has been extremely difficult to locate many IMF documents relevant to evaluations of Structural Adjustment Loans and other policy-based lending. As of February 1985 the regional Chief Economists are supposed to be responsible for keeping IMF documents. This system will need to be monitored to see that in fact it is effective, and that documents are kept for a sufficiently long time, perhaps 10 years. Getting documents from the IMF through the Secretary's Office is very difficult and time-consuming.

OFFICE MEMORANDUM

DATE: April 26, 1985

TO: All OED Staff

FROM:  Yukinori Watanabe, Director, OED

EXTENSION: 32924

SUBJECT: Organizational Changes in OED

In light of our further work program and with a view to streamlining operations in Divisions 1 and 2, the following organizational changes will take place in these two Divisions effective May 1, 1985. These changes will enable Division 2 to cope with its increasing workload in DFC/Industry project evaluation activities in the coming years and will prevent its span of control from being overly extended. For Division 1, it is expected that by combining staff expertise in the areas of education and population audits, human resource implications of the Bank's lending operations can be more deeply analyzed and evaluated.

The following will, therefore, be the effect of these changes:

- (i) the Education unit of Division 2 will be transferred to Division 1; the unit will be allotted additional assignments of evaluating population projects, and change its name to Human Resources Unit.
- (ii) The number of higher-level staff positions in the Human Resources unit will be reduced from three to two while one additional higher-level position will be added to the DFC/Industry unit in Division 2.
- (iii) In accordance with the above changes, Divisions 1, 2, and 3 will change their names, respectively to: Agriculture and Human Resources Division; Industry and Policy Review Division; and Infrastructure and Urban Development Division.
- (iv) Changes in office space arrangements associated with the abovementioned transfer of function will be further discussed as a part of the Departmental restructuring of offices, which would reflect the staff increase in FY85.

YWatanabe/11k

cc: Mr. Kapur, DGO
Mr. Collins, PMD
Mr. Lynn, OPD

Mr. Watanabe:

Para. 1 of this memo contradicts the last para. of your memo to files of April 10 on this subject. You had then quoted Mr. Langseth to say that the proposed change could not be made without OPD's approval. However, please go ahead now with your proposal.

SSK
04/24

OFFICE MEMORANDUM

APR 24 1985

Mr. Watanabe

005

DATE: April 23, 1985

TO: Mr. S. Kapur, Director-General, OED
Mr. Y. Watanabe, Director, OED

THROUGH: Richard B. Lynn *RL*

FROM: Petter Langseth *PL*

EXT: 69421

SUBJECT: Organizational Changes in OED

Para 1 of this memo
contradicts the last para of
your memo to files of April 10
on this subject. You had then
quoted Mr. Langseth to say that
the proposed change could not
be made without OPD's
approval. However, please go
ahead now with your proposal.

1. According to the Organizational Guidelines (Organization Manual Statement 0.10): "A transfer of functions and/or restructuring across divisions within a single department" can be proposed by department directors and needs the approval of the Director-General (V.P., S.V.P. or E.V.P.). *4/24*
2. Accordingly, you have followed the process described in the guidelines and assuming that the change otherwise is within the guidelines, the approval can be given by the Director-General.
3. In initial review of the proposed change, OPD raised two concerns:
 - a) What is the rationale for changing OPD's recommendations of 1982?
 - b) To what extent is there a factual or perceived link between the reorganization and the recent issues raised by staff in the Education Unit.
4. Based on further information given to us by OED we understand that the change was proposed in order to balance the workload between Division 1 and Division 2, which since OPD's study of 1982 has been impacted by the following factors:
 - a) Factors reducing the workload in agriculture (Division 1)
 - Average implementation time in agriculture in Operations is now closer to 9 years than the 7.8 years quoted to OPD in 1982. This will delay the increased number of agricultural projects forecasted to come to OED in FY86 (see attachment).
 - The audit intensity in agriculture is down from 80% to 60%.
 - b) Factors increasing the workload in Division 2:
 - The number of DFC and industry projects have close to doubled.

APR 24 REC'D

- The number of SALs has increased and these projects are demanding more staff time than originally planned.

5. The proposed changes will enable Division 2 to cope with its increasing workload in DFC/Industry project evaluation activities and will prevent the span of control under the Division Chief from being overly extended.

6. The creation of a Human Resource Unit in Division 1 will balance the workload between the increased number of projects in population and health and the reduced workload in the education sector, and incidentally achieves a more balanced apportionment of units among OED's divisions.

7. OPD was further given to understand by you that the move of the Education Unit from Division 2 to Division 1 has no relationship to the recent complaints from staff in the Education Unit, but is rather motivated by the workload factors set forth above.

8. Based on these findings and the fact that the move of the Education Unit into Division 1 and its name change to Human Resource Unit is otherwise within the organizational guidelines, OPD believes it is within the Director-General's authority to effect these changes.

PL:jpm
1823A

ATTACHMENT
 APRIL 23, 1985
 OED REORGANIZATION


SECTOR AND STAFFING COMPOSITION IN OED
 - CURRENT AND PROPOSED

CURRENT SECTOR COMPOSITION		DIVISION 1 AGRICULTURE & FAMILY PLANNING			DIVISION 2 INDUSTRY AND POLICY REVIEW			DIVISION 3 INFRASTRUCTURE & URBAN			DEPARTMENTAL TOTAL ALL STAFF	
		DIVISIONAL TOTAL DIVISION 1	AGRICULTURE	FAMILY PLANNING	EDUCATION AND TRAINING	SFL'S	DFC'S AND INDUSTRIE	DIVISIONAL TOTAL DIVISION 2	PUBLIC UTILITIES	URBAN DEVELOPMENT AND TRANSPORTATION		DIVISIONAL TOTAL DIVISION 3
AVERAGE IMPLEMENTATION TIME		-	90	84	59	25	65	-	84	28	-	
CURRENT DIVISIONAL STAFFING		10			12			9			31	
FY86	PREDICTED NO DISBURSED LOANS AND SPECIAL STUDIES	78					72			89		239
	• NO OF AUDITS • SPECIAL STUDIES	9					6			2		17
OED'S PROPOSED DIVISIONAL STRUCTURE		DIVISION 1 AGRICULTURE AND HUMAN RESOURCES			DIVISION 2 INDUSTRY AND POLICY REVIEW			DIVISION 3 INFRASTRUCTURE AND URBAN				
PROPOSED STAFFING		12			10			9			31	
CHANGES IN STAFFING		+2	0	÷1	0	+1	÷2	0	0	0	0	0
		DIVISIONAL TOTAL DIVISION 1	AGRICULTURE	HUMAN RESOURCES	SFL'S	DFC'S AND INDUSTRY	DIVISIONAL TOTAL DIVISION 2	PUBLIC UTILITIES	URBAN DEVELOPMENT AND TRANSPORTATION	DIVISIONAL TOTAL DIVISION 3		

OFFICE MEMORANDUM

DATE: April 12, 1985

TO: Mr. Graham Donaldson, Chief, OEDD1

FROM: 
Yukinori Watanabe, Director, OED

EXTENSION: 32924

SUBJECT: Organizational Changes in OED

In connection with the OPD review of the subject matter (see my memo to Files, dated April 10, 1985), my appointment with Mr. Langseth has been arranged for 9:30 a.m. on Tuesday, April 16, 1985. I would appreciate your attendance at this meeting and, prior to the meeting, I would like to discuss with you the current and future workload in agriculture and other sectors, including education. For this purpose, please prepare a table indicating the actual number of projects audited over the past few years and the number estimated to be audited over the next two to three years together with the number of special studies and impact evaluation reviews in these periods.

YWatanabe/llk

OFFICE MEMORANDUM

APR 11 1985
0437

DATE: April 11, 1985

TO: Mr. Y. Watanabe, OEDOD

FROM: I. Scott, Division Chief, BBDIP

EXTENSION: 76931

SUBJECT: Coordination of Planning Assumptions

Since Petter Langseth interviewed you last January/February, a draft report describing current functional planning practice has been produced. It contains an examination of 12 functional planning areas (see Attachment I) and represents an important input to the formulation and structuring of the institutional planning function currently underway. We thank you for your support in helping us to reach this stage.

At this time, we are in the process of checking the planning assumptions necessary for each specific functional area. In this respect we would appreciate your participation in:

- confirming the major current inputs (planning assumptions) to your functional planning process as expressed in the text (Attachment II) and graphical representation (Attachment III). Attachment IV provides some background information on the scope procedure and presentation format of the draft report.
- identifying the major information (planning assumptions) which you need as inputs from other functions in the Bank, but do not obtain satisfactorily. This includes information which is not currently available in the Bank, information which is available but not transmitted to your function, information which is available but is not of sufficient quality or properly formatted for your functional needs.

Attachment V can be used as a basis for the coming meeting with Petter Langseth and Josue Tanaka to confirm, identify and further specify your planning assumptions. Thank you for your collaboration.

JT/cf

OPERATIONS EVALUATION PLANNING

1. Operations Evaluation Planning is concerned with two major activities: the Project Performance Audit Reports (PPAR) and the Special Studies and Impact Evaluation. Due to the different nature of these activities, the planning inputs and processes differ and are described separately below.

Planning of PPAR Activity

2. The PPAR production level can be estimated based on the number of PCRs (I1) to be generated by the Regions. The number of PCRs itself can be predicted from the number of current lending operations and the average time of disbursement for different project types. As an additional input, OED obtains from the Controller's Loan Balance System a print out of all projects/loans with disbursement levels above or equal to 85% [I2]. The PPAR plan can then be derived since PPAR are completed within one year of the PCR for some 60% of completed projects.

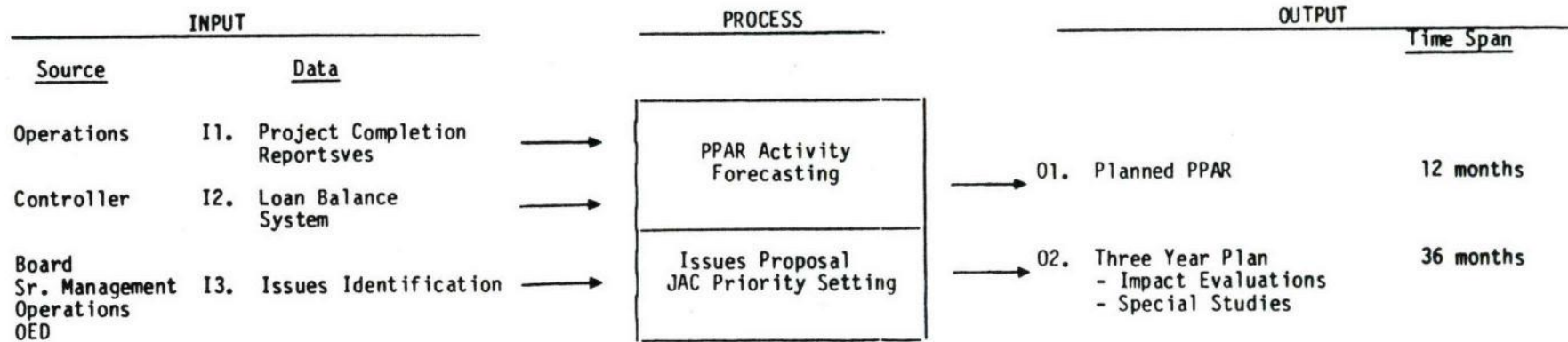
Planning of Special Study and Impact Evaluation Activity

3. Other OED activities are not directly derived from the Operations project cycle and involve a selection process. The Impact Evaluations and Special Studies of operating policies and practices or patterns in Bank projects performance require the definition of specific areas of concerns.

Based on these areas, projects can be selected and examined in depth. Impact evaluations are prepared for about six projects a year and focus on socio-economic and impacts on the country's economic development. Special studies can focus either on specific methods or approaches used by the Bank or on project types. The major input to the selection of study and impact areas to be focused upon results from the identification of issues [I3] by the Board, the President's Report, Senior Management, the Operations Complex or through OED's PPAR's. Based on these inputs, OED formulates a list of proposed studies for the next three years to the Joint Audit Committee (JAC). The JAC sets priorities upon which OED elaborates a three-year plan to be approved by the JAC. Individual studies are defined with milestones and resources within the plan.

OPD
4/2/85
1601A

OPERATIONS EVALUATION PLANNING



ATTACHMENT V

Function: OED

Please confirm and specify currently available data inputs (planning assumptions) necessary for your functional planning activities:

- Scheduled project completion reports (PCR)
- joint audit committees priority listing of:
 - ° impact evaluation reports
 - ° special studies

Please identify problems with existing data inputs, and data inputs from other parts of the Bank which you need for your planning activities but do not obtain:

FUNCTIONAL PLANNING AREAS

The following functional planning areas have been covered:

- Operations Planning
- Financial Planning
- Human Resource Planning
- Information Resource Planning
- Facilities Planning
- Organization Planning
- Compensation Planning
- External Relations Planning
- Research Planning
- Operations Policy Planning
- Cofinancing Planning
- Operations Evaluation Planning

INTRODUCTION

Purpose

1. This report contains a description of the main functional planning processes currently used in the Bank. It provides in a single document the basic information on each of twelve individual functional planning processes and supports the detailed specification of the proposed institutional planning process.

Scope

2. The type of information included in this report is descriptive. The inclusion of evaluative information is beyond the scope of this report. The analytical format adopted in this descriptive study provides however a good basis for the examination and evaluation of the quality of linkages between each of the individual processes and for the subsequent derivation of process improvements at the institutional level.

3. This report focuses principally on planning and is therefore concerned with how activities are defined to fulfill objectives and how priorities among those activities are set. Functional strategy or objectives, when available, are viewed as an input to planning. Similarly, a description of the downstream processes such as programming, budgeting, monitoring and

evaluation are beyond the scope of this study. However, in some specific cases, planning and programming are closely related and executed simultaneously. A joint description has been performed in these cases.

Procedural Aspects

4. The analysis of each functional planning process is developed in terms of major data inputs and outputs, and includes a brief examination of input/output relations. The main obstacles to the preparation of this report are the current dynamic nature of functional planning processes and the resulting difficulty to find formal documentation of these processes. Many processes have either been recently implemented (Operations Policy, Research Planning) or are at an early implementation stage (Human Resource, Information Resource, Facilities Planning). Certain aspects of some well established processes, such as Operations Planning, have also been changing recently due to the growing uncertainty of the operating environment. This significant rate of process change results in a paucity of formal current documentation on these processes and often requires reference to actual memoranda and working documents. It also places interviews as a central source of current and relevant information. Main sources of information for this study include therefore:

- interviews (29 interviews focused on process description across the Bank with a minimum of one interview per function and seven interviews for Operations planning);
- review of existing descriptive function-specific documentation;

- review of actual work documents reflecting current process characteristics;
- review of new process or process improvement proposals.

5. Twelve functional planning processes are examined in this study covering most of the current Bank planning activities. In the selection and definition of these twelve processes, emphasis was given to the specificity of the function and to the level of budgetary resources associated with each function. Another criterion was to avoid derivative support functions whose planning would be almost completely determined by the work program of a higher level function. Such criteria lead to different levels of organizational aggregation; for example, the Finance complex planning activity is described in terms of a single financial planning process while the PA complex planning activity is reflected in terms of five separate functional planning processes.

Presentation Format

6. In subsequent sections, the presentation of each functional planning process includes:

- a definition of the major data inputs and outputs;
- a brief description of input/output relations;
- a graphical representation;
- a list of references.

The graphical representation is included in a fold-out page at the end of each section and can be used as the reader goes through the text.

7. The following convention has been adopted to link the descriptive text to the graphical representation:

- [Ix] in the text refers to data input number x on the graphical representation;
- [Oy] in the text refers to output number y on the graphical representation.

OFFICE MEMORANDUM

0429
APR 11 1985

DATE April 11, 1985

TO Mr. Yukinori Watanabe, Director, OED

FROM Otto Maiss OM

EXTENSION

SUBJECT Departmental Reorganization

1. There are basically three reasons for the proposed departmental reorganization. First, an imbalance has developed over the past year or two, between the education group and the industry/DFC group in Division 2. The education group at present has three professional and one research assistant positions; the industry/DFC group has three professional positions. Yet the respective work loads of the two groups have grown widely apart, as shown by the number of projects to be evaluated:

	Project Evaluations (average per annum)	
	<u>Actual 1981/84</u>	<u>Expected 1985/88</u>
Education	18	18
Industry/DFC	19	36

This imbalance is a reflection of past trends in Bank lending; to address it in terms of staff resources it is proposed that one professional position be shifted to the industry/DFC group.

2. Second, the sector "human resources" is at present split between Division 1 (population, health, nutrition) and Division 2 (education). It is proposed that these areas of responsibility be joined in one group under the guidance of a Lead Senior Evaluation Officer. The number of operations to be handled by this group would average about 22 per year.


3. Third, over the last year or two the staffing situation in Division 1 has become less tight than in the other two Divisions. It is therefore proposed that the human resources group would be established in Division 1, which would receive two professional and one research assistant positions (plus one staff assistant) from Division 2. The work load for project evaluations would then be distributed as follows:

	<u>No. of Operations to be Evaluated</u>
Division 1: Agriculture & Human Resources	85
Division 2: Industry/DFC & Non-project Operations	50
Division 3: Transport/Public Utilities	75

Each Division would then be responsible for two major sectors, and would have two Lead SEO positions.

4. As you can appreciate, organizational decisions are not simply a numbers game. The 50 operations in Division 2, for example, include 8 SAL operations which cost about three times as much as regular evaluations. A weighted equivalent of Division Two's work load would therefore be about 66. In addition, Division 2 carries the added responsibility for major policy review studies, and for OED's Annual Review. OED's Annual Report is the responsibility of Division 3.

5. The proposed reorganization would therefore establish a better balance between the Divisions in terms of broad sector responsibilities, and redress the imbalances in their respective work loads that have developed since the last reorganization. As we have to operate under the constraint of a "zero budget" the scope for alternative solutions appears to be limited.

ROUTING SLIP		DATE:
		April 11, 1985
NAME		ROOM NO.
Mr. Kapur		
Mr. Donaldson		
Mr. Maiss		
APPROPRIATE DISPOSITION	NOTE AND RETURN	
APPROVAL	NOTE AND SEND ON	
CLEARANCE	PER OUR CONVERSATION	
COMMENT	PER YOUR REQUEST	
FOR ACTION	PREPARE REPLY	
INFORMATION	RECOMMENDATION	
INITIAL	SIGNATURE	
NOTE AND FILE	URGENT	
REMARKS:		
Re: <u>Organizational Changes in OED</u>		
<p>A meeting to further discuss the above subject has been arranged with Mr. Langseth for Tuesday, April 16, 1985, at 9:30 a.m. in my office.</p>		
FROM:  Y. Watanabe	ROOM NO.:	EXTENSION:

OFFICE MEMORANDUM

APR 11 1985

DATE: April 10, 1985

TO: Mr. Y. Watanabe, Director, OED

FROM: Petter Langseth, Management Consultant, OPD

EXT.: 69421

SUBJECT: Organizational Changes in OED

1. After reviewing your proposed changes in OED's organization, we conclude that further information is needed before OPD can endorse your proposal.
2. In our 1983 study we recommended, based on OED's work load forecast (see Attachment), that the agriculture section should become a division by itself. This was then agreed and implemented.
3. The fact that you propose to reverse that decision suggests a need to understand your thinking and current circumstances further. We, therefore, suggest that you delay your planned implementation date until at least after we have discussed these matters. I am available to do that at your convenience.

Attachment

cc: Mr. M. Collins, PMD

ALTERNATIVE DIVISIONAL WORKLOADS BASED ON NUMBER OF DISBURSED LOANS AND CREDITS IN FY84-88

OED RECOMMENDED DIVISIONS	DIVISION I				DIVISION II				DIVISION III				
	AGRICULTURE	EDUCATION, TRAINING & FAMILY PLANNING	TECHNICAL ASSISTANCE	POLICY REVIEW	STRUCTURAL ADJUSTMENT AND PROGRAM LOANS	INDUSTRY	DFC	(ENERGY)	PUBLIC UTILITIES ^{3/}	URBAN DEVELOPMENT	TOURISM	TRANSPORTATION	TOTAL PROJECTS
AVERAGE IMPLEMENTATION TIME ^{1/}	7.8	8.4	5.9		2.5	6.3	7.0	5.2	8.7 8.0	2.8	2.6	7.3	
PREDICTED NUMBER OF DISBURSED LOANS AND CREDITS PER SECTOR ^{2/}													
FY84	65	21	3		16	13	25	-	30	3	4	36	216
FY85	64	22	5		12	7	26	4	28	5	1	38	232
FY86	88	19	4		(11)	13	20	13	32	13	6	40	259
FY87	83	22	10		(8)	10	27	14	34	6	-	32	246
FY88	85	22	3		(7)	10	29	19	47	10		29	271
OPD'S RECOMMENDED SECTOR COMPOSITION	DIVISION I	DIVISION II				DIVISION III							
FY88	85	32				144							
Audit Intensity	(80%)	(60%)				(35%)							
No of Projects to be Audited	68	19				50							

^{1/} Average Processing Time (Board Approval to Project Completion) for Projects completed in period FY80-82 in years. Source: PAB, September 1, 1982.

^{2/} IBRD & IDA, Country Lending Programs through FY85, February 27, 1981.

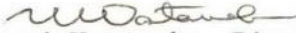
() predicted SAL

^{3/} Water Supply & Sewerage - 8.7, Power - 8.0

OFFICE MEMORANDUM

DATE: April 10, 1985

TO: Files

FROM:  Yukinori Watanabe, Director, OED

EXTENSION: 32924

SUBJECT: Organizational Changes in OED

Mr. Langseth, Management Specialist in OPD, called me late on the afternoon of Tuesday, April 9, to say that OPD is in need of OED's workload data, particularly the number of projects audited by sectors or subsectors, in order to assess the implications of the proposed organizational changes. Since the proposal, he said, appears to run counter to the thrust of the OPD recommendations of 1982, it will be necessary to review the most recent and future workload distribution amongst the divisions in OED. After completion of the review, which is expected to take about one week, he said it may be useful for the Directors and some staff of the two Departments to further discuss this matter.

I told him that our proposal is totally justified in view of the current and future workload in Divisions 1 and 2; that a substantial increase in the number of projects is taking place and will continue in the DFC/Industry sectors; that this increase combined with the increasing workload in non-project lending audit and policy reviews have overstretched the manager's span of control in Division 2; that with regard to the education sector, the number of projects (at around 18) is and will remain constant in the next few years; that the merger of education with population, health and nutrition operations in Division 1 would enable the Department to undertake more in-depth analyses in human resource implications of the Bank's operations. I also indicated to him that although I do not know much about the 1982 discussions between OPD and OED on OED's organizational restructuring, the proposed change has taken into account both the workload distribution and the compatibility of sectoral arrangements in the two divisions; and that, therefore, it goes along with the line of thought developed in the OPD report in 1982. Mr. Langseth then expressed his concern that as a result of this change Division 1, which had already been suffering from a heavy volume of projects for processing in the agricultural sector, could become overloaded. I advised him that the total number of projects estimated for processing in Divisions 1 and 2 are 100 and 130, respectively.

I also emphasized the importance of special studies in measuring the workload of OED Divisions as these now absorb about one half of the staff's time. Mr. Langseth appreciated this point, but kept to his position that OPD would like to undertake a comprehensive organizational review of all aspects of the proposed changes.

Finally, I inquired of him whether there were procedures or established practices which did not permit organizational changes such as those proposed by OED to be undertaken without OPD's agreement. He said that any intra-divisional restructuring could be implemented with the approval of the Vice President only, but that OPD's consent is mandatory in the case of inter-divisional restructuring.

YWatanabe/llk

cc: Mr. Kapur
Mr. Donaldson
Mr. Maiss

OFFICE MEMORANDUM

DATE: April 4, 1985

TO: Mr. Petter Langseth, OPD

FROM: 
Y. Watanabe, Director, OED

EXTENSION: 32924

SUBJECT: Organizational Changes in OED

Regarding our earlier conversation on the above subject, attached for your comments is the draft announcement of Organizational changes in OED. In view of the implementation date of April 15, 1985, it would be appreciated if your comments could reach us by April 9, 1985.

Attachment

cc: Mr. M. Collins, PMD

YWatanabe:vc

DRAFT

DATE: April 2, 1985

TO: All OED Staff

FROM: Yukinori Watanabe, Director, OED

EXTENSION: 32924

SUBJECT: Organizational Changes in OED

In light of our further work program and with a view to streamlining operations in Divisions 1 and 2, the following organizational changes will take place in these two Divisions effective ^{May 1} [April 15,] 1985. These changes will enable Division 2 to cope with its increasing workload in DFC/Industry project evaluation activities in the coming years and will prevent its span of control from being overly extended. For Division 1, it is expected that by combining staff expertise in the areas of education and population audits, human resource implications of the Bank's lending operations can be more deeply analyzed and evaluated.

The following will, therefore, be the effect of these changes:

- (i) the Education unit of Division 2 will be transferred to Division 1; the unit will be allotted additional assignments of evaluating population projects, and change its name to Human Resource Unit.
- (ii) The number of higher-level staff positions in the Human Resource unit will be reduced from three to two while one additional higher-level position will be added to the DFC/Industry unit in Division 2.
- (iii) In accordance with the above changes, Divisions 1, 2, and 3 will change their names, respectively to: Agriculture and Human

April 2, 1985

Resources Division; Industry and Policy Review Division; and
Infrastructure and Urban Development Division.

- (iv) Changes in office space arrangements associated with the
abovementioned transfer of function will be further discussed as
a part of the Departmental restructuring of offices, which would
reflect the staff increase in FY85.

YWatanabe/llk

To be cleared with and cc: Mr. Langseth, OPD

cc: Mr. Kapur, DGO
Mr. Collins, PMD

OFFICE MEMORANDUM

DATE: April 2, 1985

TO: Mr. Shiv S. Kapur, DGO

FROM: Y. Watanabe
Yukinori Watanabe, Director, OED

EXTENSION: 32924

SUBJECT: Organizational Changes in OED

Mr. Watanabe
I think the revised formulation
is good. By all means
consult with OPD if you
wish to.


4/3

Under your instructions, issuance of the announcement on OED's organizational changes has been held up for some time. I would now like to resubmit the draft announcement for your approval. The draft has been revised as follows:

- (a) the name of Division 3 has been changed to "Infrastructure and Urban Development;"
- (b) item (iv) on page 2, which sets out redistribution of Lead SEO positions, is deleted. This change has been made in accordance with Mr. Donaldson's advice that more discussions will be needed to identify job content for Lead SEO positions; and
- (c) the implementation date for these changes is now set for April 15, 1985.

Finally, consultation between OED and OPD may be necessary with respect to these changes. Your guidance as to whether such consultation should take place before or after your approval would be appreciated.

Attachment

YWatanabe/11k

DRAFT

DATE: April 2, 1985

TO: All OED Staff

FROM: Yukinori Watanabe, Director, OED

EXTENSION: 32924

SUBJECT: Organizational Changes in OED

In light of our further work program and with a view to streamlining operations in Divisions 1 and 2, the following organizational changes will take place in these two Divisions effective April 15, 1985. These changes will enable Division 2 to cope with its increasing workload in DFC/Industry project evaluation activities in the coming years and will prevent its span of control from being overly extended. For Division 1, it is expected that by combining staff expertise in the areas of education and population audits, human resource implications of the Bank's lending operations can be more deeply analyzed and evaluated.

The following will, therefore, be the effect of these changes:

- (i) the Education unit of Division 2 will be transferred to Division 1; the unit will be allotted additional assignments of evaluating population projects, and change its name to Human Resource Unit.
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- (iii) In accordance with the above changes, Divisions 1, 2, and 3 will change their names, respectively to: Agriculture and Human

April 2, 1985

Resources Division; Industry and Policy Review Division; and
Infrastructure and Urban Development Division.

- (iv) Changes in office space arrangements associated with the
abovementioned transfer of function will be further discussed as
a part of the Departmental restructuring of offices, which would
reflect the staff increase in FY85.

YWatanabe/llk

To be cleared with and cc: Mr. Langseth, OPD

cc: Mr. Kapur, DGO
Mr. Collins, PMD

ROUTING SLIP		DATE: March 25, 1985
NAME		ROOM NO.
Mr. Langseth		
APPROPRIATE DISPOSITION	NOTE AND RETURN	
APPROVAL	NOTE AND SEND ON	
CLEARANCE	PER OUR CONVERSATION	
COMMENT	PER YOUR REQUEST	
FOR ACTION	PREPARE REPLY	
INFORMATION	RECOMMENDATION	
INITIAL	SIGNATURE	
NOTE AND FILE	URGENT	
<p>REMARKS: Re: <u>Organizational Changes in OED</u></p> <p>For OPD review and comments. As discussed, attached please find the draft OED announcement concerning organizational changes in Divisions 1 and 2. In light of the implementation date, April 1, 1985, I would appreciate it if you could give your reply as quickly as possible.</p>		
FROM: Y. Watanabe	ROOM NO.: H-6-089	EXTENSION: 32924

Mr. Watanabe

This paper was in your out box.

Would you like to initial before I
send off. Thanks.

Velma

No, this is a draft which should be
filed in '005! The original has already been
sent to OPD weeks ago.

UW.

DRAFT

~~104~~
005

DATE: March 25, 1985

TO: All OED Staff

FROM: Yukinori Watanabe, Director, OED

EXTENSION: 32924

SUBJECT: Organizational Changes in OED

In light of our further work program and with a view to streamlining operations in Divisions 1 and 2, the following organizational changes will take place in these two Divisions effective April 1, 1985. These changes will enable Division 2 to cope with its increasing workload in DFC/Industry project evaluation activities in the coming years and will prevent its span of control from being overly extended. For Division 1, it is expected that by combining staff expertise in the areas of education and population audits, human resource implications of the Bank's lending operations can be more deeply analyzed and evaluated.

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- (ii) The number of higher-level staff positions in the Human Resource unit will be reduced from three to two while one additional higher-level position will be added to the DFC/Industry unit in Division 2.
- (iii) In accordance with the above changes, Divisions 1, 2, and 3 will change their names, respectively to: Agriculture and Human

March 25, 1985

Resources Division; Industry and Policy Review Division; and Infrastructure and Urban Development Division.

- (iv) On account of these changes, the Lead SEO positions in the Divisions will be redistributed as follows:

<u>Division</u>	<u>Unit</u>	<u>Number of Lead SEO Positions</u>	<u>Incumbent</u>
Agriculture and Human Resources	Agricultural and Rural Development Human Resource Development	2	C. Polti J. Kordik
		1	Vacant
Industry and Policy Review	Industry Policy Review	1	G. Maniatis
		1	J. Burrows
Infrastructure and Urban Development	Transportation & Urban Development	1	T. Neuner
	Public Utilities	1	P. Callejas

- (v) Changes in office space arrangements associated with the abovementioned transfer of function will be further discussed as a part of the Departmental restructuring of offices, which would reflect the staff increase in FY85.

YWatanabe/11k

To be cleared with and cc: Mr. Langseth, OPD

cc: Mr. Kapur, DGO
Mr. Collins, PMD

ROUTING SLIP		DATE: March 22, 1985
NAME		ROOM NO.
Mr. Kapur (o/r)		
<i>Mr. Watanabe</i>		
<i>I agree, please go</i>		
<i>ahead. Let me know at the</i>		
<i>appropriate time how you propose to</i>		
APPROPRIATE DISPOSITION	NOTE AND RETURN	
APPROVAL <i>file the</i>	NOTE AND SEND ON	
CLEARANCE <i>position of</i>	PER OUR CONVERSATION	
COMMENT <i>least 500</i>	PER YOUR REQUEST	
FOR ACTION <i>in the</i>	PREPARE REPLY	
INFORMATION <i>Human resources</i>	RECOMMENDATION	
INITIAL <i>Resources Unit,</i>	SIGNATURE	
NOTE AND FILE <i>in advance</i>	URGENT <i>to my note to you of March 7.</i>	
REMARKS: <i>3/25</i>		
Re: <u>Organizational Changes in OED</u>		
Attached, for your approval, is a draft announcement to the OED staff on the reorganization arrangements for Divisions 1 and 2, and other related changes, which have been previously discussed in the staff meeting.		
FROM: <i>Watanabe</i> Y. Watanabe	ROOM NO.:	EXTENSION:

DRAFT

DATE: March 22, 1985

TO: All OED Staff

FROM: Yukinori Watanabe, Director, OED

EXTENSION: 32924

SUBJECT: Organizational Changes in OED

In light of our further work program and with a view to streamlining operations in Divisions 1 and 2, the following organizational changes will take place in these two Divisions effective April 1, 1985. These changes will enable Division 2 to cope with its increasing workload in DFC/Industry project evaluation activities in the coming years and will prevent its span of control from being overly extended. For Division 1, it is expected that by combining staff expertise in the areas of education and population audits, human resource implications of the Bank's lending operations can be more deeply analyzed and evaluated.

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- (ii) The number of higher-level staff positions in the Human Resource unit will be reduced from three to two while one additional higher-level position will be added to the DFC/Industry unit in Division 2.
- (iii) In accordance with the above changes, Divisions 1, 2, and 3 will change their names, respectively to: Agriculture and Human

Should we call this Infrastructure and Urban Development Division?

Resources Division; Industry and Policy Review Division; and Transportation, ^{Urban Development} and Public Utilities Division.

(iv) On account of these changes, the Lead SEO positions in the Divisions will be redistributed as follows:

<u>Division</u>	^{areas of responsibility} <u>Unit</u>	<u>Number of Lead SEO Positions</u>	<u>Incumbent</u>
Agriculture and Human Resources	Agricultural and Rural Development Human Resource Development	2	C. Polti J. Kordik
		1	Vacant
Industry and Policy Review	Industry Policy Review	1	G. Maniatis
		1	J. Burrows
[Transport and Public Utilities]	Transport	1	T. Neuner
	Public Utilities	1	P. Callejas

(v) Changes in office space arrangements associated with the abovementioned transfer of function will be further discussed as a part of the Departmental restructuring of offices, which would reflect the staff increase in FY85.

Organizational Manual

*Mr. ~~Watanabe~~
Mr. Collins, PMD
Lampert, OPD*

YWatanabe/11k

cc: Mr. Kapur

THE WORLD BANK

Operations Evaluation System

Post Evaluation

1. [One of the basic purposes] of evaluation in any organization is to assess how far and how efficiently operational programs and activities are producing the desired results, and to feed the information back into the formation of new directions, policies, and procedures. [Tension may arise between the reporting dimension of evaluation, for purposes of accountability, and the learning dimension, (to assist management); the former requires full independence from management for greatest credibility and the latter, full integration into management for quickest absorption of useful lessons. Experience in a number of organizations has shown that the evaluation function has sometimes been too closely linked to particular levels of management, with constraints to its freedom in reporting and originality, and imagination in lesson learning. In other cases, it has sometimes been too distant from appropriate levels of management, leading to insufficient practical focus and a lack of impact where this matters most if evaluation is to improve future programs. The correct position is hard to establish and maintain.]

From this is derived two different dimensions of evaluation activities.

accountability aspect,

lesson-learning is made effective with

on its operations.

2. The World Bank, as an organization of international cooperation for development, has particular features which have to be taken into account in considering the appropriate structure of evaluation. It has major resources -- those it lends and those it spends for administrative purposes -- for which important allocative decisions have to be made. The World Bank has a complex decision structure in which decisions on policies, budgets, and lending and borrowing commitments are made by the Executive Directors; recommendations on these matters and major administrative decisions are made by the President; and day-to-day operational and administrative decisions are delegated down the whole structure of management.

3. [Moreover,] since the objective of the Bank's lending is not simply to transfer resources but to support problem solving activities in member countries, the ultimate outcome of its operational decisions depends mainly on actions by the borrower. Thus, evaluation for the World Bank has to be concerned with activities at different levels of both the Bank and its borrowers and be responsive to the concerns of each.

4. To meet the particular needs of the World Bank, a separate operations evaluation unit was first established by the President in late 1960. Since then, the President from time to time has reviewed with the Executive Directors the evolution of this function and its place in the organizational structure. After such a review, in late 1974, the Executive Directors decided to establish a new post of Director-General, Operations Evaluation. Appointees to this post would have rank equivalent to that of a Vice President, hold office for renewable terms of five years, be removable only by the Executive Directors and be ineligible for subsequent appointment or reappointment to the staff of the World Bank except in unusual circumstances. [In 1975, the Executive Directors appointed as the first

Taking these factors into account,

incumbent a senior officer of the Bank. These arrangements were designed to ensure familiarity with the problems of development and the operations of the World Bank, while providing for the constitutional independence deemed necessary for this function.

5. To further provide for the necessary independence, the Director-General Operations Evaluations (DGO) is not part of the normal management structure of the Bank; rather he is directly responsible to the Executive Directors of the Bank. More in particular the DGO is responsible for:

- (a) assessing whether the Bank's programs and activities are producing the expected results;
- (b) incorporating OED's assessments and findings into recommendations for the formulation of new directions, policies and procedures with the purpose of improving the efficiency of the Bank's programs and activities, and their effectiveness and responsiveness to member country needs; and
- (c) appraising the Bank's operations evaluation system and reporting on its adequacy for use within the Bank and by the member governments.

6. Operations evaluation in the Bank therefore has a wide ranging mandate, namely the assessment of the effectiveness and efficiency of Bank operational programs and activities. However, as a large part of the Bank's activities relate to investment in projects, it is only natural that the first emphasis in evaluation is also with these projects. Post evaluation involves both Bank operational staff as well as the Bank's evaluation officers.

Self-Evaluation

7. In order to achieve the most effective impact on future operations, the evaluation system in the Bank is based on the principle that evaluation should be carried out in the first instance by those directly involved in the activities being evaluated. Evaluation is therefore designed as a two-tier system. The first tier consists of self-evaluation by the relevant operational units; the second tier provides reviews of these self-evaluations, and of the operational experience that they cover, by an independent operations evaluation staff.

8. Most of the evaluation effort is thus decentralized and carried out by the same technical departments dealing with ex-ante project appraisal and supervision of implementation within the World Bank's six regional offices and the central projects staff. Post evaluation is normally done shortly after the last loan or credit disbursement is made. The Bank's operational staff then prepares a Project Completion Report (PCR), reviewing the extent to which the objectives and expectations of the project have been, or are likely to be, achieved. It examines the significance of any deviations from plans. It is not intended to record a detailed history of the project, but to analyze whether the project was worth doing and what lessons might be learned from it. As a general rule PCRs should normally be prepared six months after the completion of the loan/credit disbursements but this rule can be applied flexibly if there is reason to do so.

As the first step toward of such evaluation activities,

9. Increasingly, the Bank has encouraged preparation of PCRs by project management or by agencies of the borrowing governments carrying out the projects. The borrowers, after all, stand to benefit more than anyone else from the lessons of experience relating to their own projects. For this reason, almost every loan or credit agreement now signed by the World Bank contains a provision that the borrower will prepare the PCR and submit it to the Bank.

Project Completion Reports

10. The starting point for post evaluation therefore is the Project Completion Report which to a large extent represents the culmination of regular supervision by the World Bank. The PCR reviews comprehensively the extent to which the objectives and expectations, on the basis of which the Bank loan or IDA credit was approved, have been or show promise of being achieved. It examines the reasons for deviations from plans and attempts to assess their significance critically. Its purpose is not to record a comprehensive history of the project, but to consider candidly, in the light of what actually happened up to that time, whether in retrospect the project was worth doing and what lessons are to be learned from this experience. The principal questions that are normally addressed, most of which are also asked during project supervision, and related "if not, why not?" questions are the following

- (1) Project Objectives. Were the objectives of the projects appropriate and clearly defined? Were the project objectives realized in the judgment of the Bank, and as far as known, of the Borrower? In realizing or failing to realize the objectives, what were the major weak points, or strong points, of the projects?
- (2) Economic and Social Impact. Are the economic and social effects of the project likely to reach the expected level? Was the distribution of project benefits by region or income group as expected? If the PCR cannot answer these questions or offer meaningful comment on them so soon after completion, when should a re-evaluation of the project be scheduled?
- (3) Institution Building. How was the question of institutional development addressed in conjunction with the project? Was the institution building strategy adopted appropriate and effective in relation to the project and its broader sector context? Have agreed or expected reforms in policies and structures been carried out, and have such reforms been successful? Were the project management arrangements satisfactory?
- (4) Financial Performance. Have the financial objectives, including cost recovery and self-financing of investment been fulfilled?

- (5) Implementation. Were the project and its principal components fully completed, on time, and within cost estimates? Were final unit costs reasonable? What changes were made during implementation, and why? Did the Borrower and its consultants perform as expected?
- (6) Compliance. Did the Borrower and Government comply with the loan covenants and related agreements?
- (7) Efficiency. Could similar projects be prepared, appraised and implemented in future more quickly or economically without undue risk to project and sector objectives?
- (8) World Bank Contribution. How does the Borrower perceive the World Bank's involvement with this project? Were the Bank's diagnoses of the problems of the Borrower, and those related to sector and project, and the resultant definition of loan objectives and covenants appropriate in retrospect? Did the Bank influence the project design or implementation, and was this influence constructive in retrospect? Has the Bank learned the lessons of its experience, successful as well as less successful, with this project?
- (9) Other Considerations. Did the project have unintended social, economic, or environmental effects? Is the project likely to be replicated?

Particular emphasis is placed on the project's contribution to the country's development, and on the Borrower's view of the project experience and the World Bank's participation in it. Increasingly an analysis is also made of the factors that will determine if project benefits can be sustained.

11. Guidelines issued to staff require that the Project Completion Report be selective in the depth to which particular questions are pursued and avoid perfectionism of writing and presentation so that the crucial facts may be brought out and the lessons drawn at the lowest possible cost to the World Bank and the Borrower. Nevertheless, the costs are considerable. The overall cost to the Bank of the projects evaluation process for FY85 is estimated at about 54 staff years, comprising 39 staff years for PCR preparation and 15 for the OED input (these figures do not include the special studies undertaken by OED).

12. Guidelines for PCR preparation are included in OMS 3.58 but have also been published (September 1983) so as to be available to borrowers who increasingly prepare PCRs. For example some 40% of the 190 PCRs received in OED in FY85 were prepared by borrowers although only a small number were complete and nearly all required additional input by Bank staff.]

Project Performance Audits

13. To ensure an objective treatment of the project's achievements, each of the PCRs is ~~in turn~~ reviewed by the staff of the Operations Evaluation

Department (OED), which is responsible, through a Director, to the Director-General, Operations Evaluation. OED staff members are selected by and are responsible to the Director and Director-General and have unrestricted access to the staff and records of the World Bank and its affiliates. The Department presently comprises 33 professional staff members with an almost equal number of support staff. *with little impact of overheads direct costs*

14. OED reviews systematically and comprehensively, after project completion, all World Bank lending operations and their contribution to the development process in member countries. This is done by OED submitting to the Executive Directors a Project Performance Audit Report (PPAR) consisting of a memorandum testifying to the apparent validity and comprehensiveness of the PCR, with whatever qualifications or additions OED deems necessary, summarizing the project experience and highlighting lessons and issues that can be derived from this experience. The PCR is also attached to this audit memorandum and is therefore an integral part of the PPAR. [Originally, OED's mandate required it to undertake project performance audits of all completed projects. Depending on the nature of the project experience and its significance for Bank operations, the depth of the audit process varied. In a number of cases only summary reviews were deemed necessary and the PCR together with a summary of highlights submitted to the Board (abbreviated audit). In other cases full audits were undertaken by OED. In addition to studying all documents bearing on the concerned project preparation and design and the implementation experience OED staff also engaged in intensive discussions with the responsible operational staff in the Bank. Such audits were called intermediate audits, but if a visit to the country was also undertaken they became indepth audits.]

15. All audit reports are circulated in draft to the responsible Bank staff and after initial screening for factual errors or misrepresentations sent to the Borrowers for comment. Comments are taken into consideration before the report is finalized [however, OED has full responsibility for the final product and to that extent its reports are not "cleared"] and communications from the Borrowers are reproduced in full as an annex to the audit memorandum.] Only after this process is completed is the report released to the President and the Executive Directors by the Director-General Operations Evaluation. At the same time, like other Board documents, it is widely distributed in the Bank (all departments normally receive copies).

16. However, quality of PCR preparation has considerably improved over time and in April 1983 a selective auditing system was introduced. [PCRs are still prepared for all completed projects and read in OED. However, for projects which had no significant shortfall against expectations and no significant issues of general interest as well as an acceptable analysis of project experience, no further audit work is undertaken by OED and the PCR released to the Executive Directors as the post evaluation document. However, even in these cases the PCR is still first sent to the Borrower for comment.] At present a little under 50% of the PCRs are being handled as ~~such~~ "pass throughs". The remainder are being subjected to full audit by OED staff. This new system of selective auditing has been closely scrutinized by both Bank staff and Executive Directors and has been found to be working satisfactorily.

cc. without a full-scale audit.

Other OED Activities

22. Project performance auditing is an important OED function, but not the only activity carried out in OED. In addition to systematically synthesizing audit findings in the Annual Reviews and in the computerized data banks, a substantial number of other studies are being undertaken in line with OED's mandate to assess the effectiveness and efficiency of the Bank operational programs and activities. [In many cases, such studies elaborate on findings of earlier OED audit work.]

23. Projects are not finished at completion. In fact many are expected to produce benefits for a long period thereafter, be this continued education, increased agricultural production on the irrigation command area, or continued improved institutional performance. The PCR in itself is only capable to capture the investment dimension of the project. For that reason OED has decided rather early that it would be worthwhile to revisit completed projects, about four to five years after project completion to assess how that particular project continued to function. Such Impact Evaluations have been undertaken for about 20 agricultural projects or groups of agricultural projects and 5 impact evaluations each year, mostly in agriculture.

For instance,

24. [The findings in these impact evaluations have provide much more focus on the factors which are important to sustain project benefits after completion of the investment phase.] The findings of all these impact evaluations have been reviewed in a recent OED special study: Sustainability of Projects: First Review of Experience. As the title indicates OED intends to continue evaluating the factors that have an important bearing on project sustainability. Almost every audit now analyses this subject in some detail and PCRs are paying increasing attention to this subject also mostly in relation to sensitivity analysis of rate of return calculations. Further sustainability studies are planned by OED and will relate to sustainability issues in fertilizer projects, electricity projects and education projects.

A recent review of

which would focus on particular policy or sectoral issues.

25. Other special studies done by OED harvest the experience contained in certain sectors. Examples are studies of Bank experience with settlement, fisheries, monitoring and evaluation (4 studies have been completed over the years), agricultural research and extension, water management in irrigation projects, rural development in Sub-Saharan Africa, training components in Bank projects, etc. [In the meantime similar studies are underway, more in particular a study of Bank experience with structural adjustment lending.]

institutional development education in Korea, transport in East Africa, small farmer livestock

26. Yet another group of studies reviews in detail Bank operations in a certain sector in a country. Reviews have been undertaken of Bank operation in the agricultural sector in Indonesia, the Philippines, and comparatively Malawi and Burkina Fasso, of the Industries and DFC program in Turkey and the water supply and waste disposal program in Tunisia. Studies underway cover Bank experience in the transport sectors in Kenya and Tanzania, as well as with a series of import loans in Bangladesh.

27. Based on the experience with these sector reviews, OED has taken the initiative to widen the scope of attention to the whole range of interactions between the Bank and a given country. This is probably the most ambitious undertaking in operations evaluation so far. Two such country program and policy reviews are underway.

28. Another group of studies relates to reviews of specific Bank operational policies. In the past this has included studies in effectiveness ~~delays~~, delays in project preparation, use of consultants in Bank projects. This was followed by studies on the Bank's supervision role, delays in project implementation, experience with procurement, experience with covenants included in loan/~~credit~~ agreements, experience with technical assistance based on a case study of technical assistance projects, and components in Bangladesh, and the most recent study on Bank experience with institution building, based on a number of case studies in Africa. This series is being continued at present with special emphasis on Bank experience with conditionality. Two studies are presently being completed and cover reviews of cost recovery in irrigation and more broadly agricultural pricing policies. Conditionality studies in other sectors are also being planned.

29. All in all, OED's work programs cover a wide range of studies and audits, clearly a reflection of the broad mandate of OED to assess the effectiveness and efficiency of Bank operational programs and activities. It is also clear that post evaluation does not imply post-mortems. Rather, because of selectivity and the issue oriented approach OED has followed in developing its overall programs as well as individual work, it makes important contributions to what is relevant in the Bank's work today and tomorrow. ~~Because of the wide range of its attention span as well as worldwide coverage OED is also a challenging place to work.~~

17. One of the underlying reasons for selectivity was the increasing number of PCRs prepared each year. As the Bank's lending program increased, so did (with a time lag, of course) the number of PCRs. The number of PCRs submitted to OED has increased sharply over the last five years from less than 100 to close to 200, and we now expect this number to level off at around 250 for the years to come. Other reasons were the increasing quality of PCRs and the increasing ratio of follow on projects to projects new in the sector or subsector.

18. Nevertheless, the fact that PCRs are passed through does not mean that these projects are "forgotten". Their experience was after all recorded in an evaluative document (the PCR) and distributed in the Bank. Furthermore, they continue to be analyzed within the framework of other studies and work done by OED. Most importantly the annual reviews of project performance audit results continue to include findings of PCRs in addition to those in audit reports.

19. Audit work itself is also continually evolving. While the earlier audits largely concentrated on individual projects, increasingly to the extent that that is feasible, projects are grouped for purposes of audit in order to provide greater depth of analysis and to allow better understanding of the sector context in which projects are being executed. Such group audits have been undertaken for example for six agricultural projects in Tanzania, four agricultural projects in Malaysia, four transport projects in Zaire, etc.

→ to p.7 first

Dissemination of Information

20. A major purpose of the evaluation is to learn from experience. To that extent it is therefore especially important that the evaluation findings are disseminated to the "right" people. Responsibility for this function is not limited to OED, but operational staff, especially in the support departments, also share in the execution of this function. One of the more important instruments for dissemination of information is the Annual Review of Project Performance Audit Results. These contain a concise analysis of the results and findings contained in all PPARs and PCRs issued in a given year, increasingly against a wider reference point of earlier project experiences and focussing of issues of particular operational importance. Ten such Annual Reviews have been issued by OED so far, and the eleventh is presently being finalized for distribution to the Board.

21. Another major reference document prepared in OED is the Concordance (short for Concordance to Project Performance Audit Reports Issued by the Operations Evaluation Department March 1972 to June 30, 1984). This document is updated yearly and contains the cumulative findings contained in all PPARs and PCRs issued by OED. These have been summarized and classified for each PPAR or PCR and are contained in a computerized memory bank. In addition to the Concordance as a document the memory bank itself is also accessible and continuous efforts are being made to expand the memory bank and to improve the computerized storage and retrieval system and link it more closely with the Bank's bibliographic data system (~~reports desk~~) and the larger management information system now being developed in the Bank. As of June 30, 1985 a total of 1323 projects had been evaluated and their findings are contained in this database.

-- Special studies focus on specific issues (e.g. sustainability, institutional development); sector (e.g. education in Korea, transport in East Africa, small farmer livestock); or the Bank's interaction with a given country (Pakistan/ Sri Lanka).

-- Annual Reviews synthesize findings of individual project evaluations. They identify patterns and trends emerging from the totality of project evaluations, and highlight lessons of experience which are *more* widely applicable.

C. Lesson Learning and Feedback: Evaluations carried out by OED bring out ~~important~~ ^{constitute} lessons of experience and ~~contribute~~ important instruments for feedback. This is especially true for the Annual Reviews which contain special chapters on "Summary Findings and Feedback"; there, major findings from a multitude of project evaluations are highlighted and remedial action is recommended to be applied in future operations. The follow-up measures are extensively reviewed with operational staff, ~~the~~ Joint Audit Committee, and the full Board of Executive Directors.

Dissemination process also
~~Similar procedures~~ exist for special studies. Recommendations made in these studies are usually followed up by a written management response which explains the position of senior management on these issues and details the remedial actions taken or planned. The Annual Report of the ~~DCO~~ provides an additional tracking mechanism through which management's

reactions of OED recommendations are brought to the ED's attention.

D. Operating departments have also developed feedback mechanisms which serve to disseminate OED's findings and to apply the lessons to new projects and programs.

Since
-- PCR's are the responsibility of operating departments ~~and~~ ^{they} provide direct feedback to the staff involved.

-- Sector departments in OPS/EIS are responsible for wider dissemination *of OED info.* to all operating staff. The mechanisms employed differ by sector:

for example,
-- series of memoranda on Lessons Learned from PPARs *one distributed to all staff in* (agriculture, ^{POWER} transportations, ~~housing~~);

-- regular meetings of operational managers and training seminars *have been held* for staff ⁱⁿ (education, [&] urban development);

-- task force ^{are established to} dealing with special problems and ^{to} drawing on the findings of PPARs ^{same} (industry);

-- Operational guidelines ^{operate} instruct staff to consider lessons of past experience in the design of new projects. *References to the past evaluation findings are* ^{one of} the standard requirements for the preparation of President Reports for appraisal of Bank projects.

last six years — 692 out of 789 or nearly 88% — included components designed to strengthen institutional capability both at the sector and project levels. Around 85% of these efforts were considered at audit to have achieved substantial or partial results, although these figures can be deceptive in terms of longer-run institutional development. Technical assistance, staff training, legal covenants and special studies aimed at broader development were the most frequently used means to promote institutional development.

not we now briefly touch upon the outline of the most recent ^{audit} reviews which we have completed ^{this summer}

An analysis of the trends of performance in 789 completed projects reviewed in the last six years (Chapter II, Charts 1-5) shows: *several important findings*

- we have noticed first ^{as seen}*
(i) a resumption of increase in cost overruns in projects evaluated last year after a steady decline in those reviewed in 1981-83. Domestic and international price inflation in 1979-82, when most of those projects were implemented, remains the main reason for cost overruns. However, the 1984 results may represent a deviation *and aberrant* and the trend of the three previous years may re-establish itself subsequently;

- (ii) average completion delays for the past six annual groups have remained within a range of 60-80%, with completion delays in the 1984 group at the upper level of that range, at 71%. The reasons include difficult economic and financial circumstances in borrower countries, deficient institutional and management capability in the face of increased project innovation and complexity, and chronically unrealistic completion forecasts at appraisal;

- (iii) the proportion of projects changed during implementation continues to decline, confirming the abatement in the rising trend noticed in last year's review. Having peaked at 80% of projects changed during implementation in the 1982 group, this proportion declined to 61% in 1983 and 1984. In recent years, the reasons for change during implementation have ranged from inadequate initial project design to unforeseeable changes in borrower priorities and project environment and the larger proportion of agricultural projects reviewed and changed. While the reasons for the recent improvement are difficult to identify, they could foreshadow improved and simpler project design which would be less prone to subsequent changes;

- we have also observed*
(iv) a continuing decline in the weighted average rate of return estimated at audit for all projects reviewed in 1979-84, ~~from 20% in 1979 to 16% in 1984;~~ *was also been observed*

- we have also observed*
(v) *proportion unsuccessful or uncertain* an increase in the number of failed projects and those whose outcome at the time of audit was uncertain, from 12% of those reviewed in 1979 to 26% in 1984. The overall failure rate for the six years, 1979-84, was 18%;

- (vi) a continuing concentration of failures in agriculture: 25% of the total failures in 1979-83 and 37% of those in 1984; and
- (vii) using 25% failure rate as the baseline, the emergence of a pattern of failures in certain sectors and Regions. Thus, 56% of agricultural projects reviewed in 1979-84 failed in Eastern and Southern Africa, 29% in Western Africa and 32% in the Latin America and Caribbean region. Western Africa also had a failure rate of 50% in industry and development finance company projects in the same period and 30% in education. Whether this represents a variation on the last review's "vulnerable equation" of agriculture in sub-Saharan Africa, is difficult to say.

Last year's review examined in some detail the reasons for the recent overall decline in performance. Those reasons remain valid for the period now covered, with some of them present in a more acute form in the later years of economic and financial distress in several borrowing countries. In general, the larger aspiration of the projects carried within it a higher risk of failure. This aspiration was reflected in the bolder directions of Bank lending, the deliberate quest for growth with equity, the extension into new and more difficult areas of operations, and the search for broader policy and institutional objectives. In hindsight, one could argue that the risks could have been contained by tempering aspiration with greater prudence, by relating project design more closely to institutional capabilities and sociocultural factors in borrower countries, and by testing technology and borrower and beneficiary receptivity to change through pilot projects before embarking on full-scale operations. Hindsight, however, is also a great simplifier. In defense of its record, it is necessary to recall the driving need in the Bank of the mid-1970s to respond to the needs of its borrowers. It is also well to remember that it takes time before a series of project level decisions produce their results, and those results fall into an instructive pattern. It is not that the Bank did not learn from its mistakes; only that its full response has been slow in coming. This response is presented in some detail in the feedback sections of Chapter III.

An analysis of the factors underlying unsatisfactory or uncertain performance in agriculture in the 1979-84 review group assigns the main responsibility to project design problems, including institutional arrangements. A strong connection between institutional design and performance on the one hand and project failure on the other was observed in 89% of failed agricultural projects in 1979-84. Even in the more recent 1984 group, most of the projects having unsatisfactory performance were apparently designed with inappropriate institutional arrangements, and for 33% of the projects this was considered to have been the single most important factor contributing to their failure. The other contributing design factor - inappropriate project content - affected 62% of the 1984 group and included cases of overly complex design and unsuitable technology.

a large number

Difficult economic, financial and policy environments were the other major factors and variously affected the results in the Latin America and Caribbean region in addition to the two Africa regions. The adverse effect of government policies surfaced as a significant factor in the relatively small 1984 group of agricultural projects but was interestingly found to have been less significant over the 1979-83 period. Another interesting even if tentative conclusion of this review is that agricultural projects in small economies may tend to be more vulnerable. Given the less intense Bank presence in these economies, there has been a tendency to undertake complex projects with a multiplicity of objectives. This has often created a predisposition to failure, aggravated by the relatively infrequent contact between the Bank and borrowers.

many projects

*concluding
sent
→ 29.
p.8*

This review provides two supplementary notes in Chapter IV. The note on conditionality as it affects agricultural price policies and irrigation water charges is based on two ongoing studies and offers some tentative conclusions. Two conclusions are shared by both studies. One, that there remains a continuing need for a clear statement of Bank policies on both subjects and, two, having arrived at such policies their implementation should be more firmly pursued than it has been in the past.

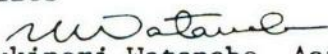
The other supplementary note reverts to the issue of sustainability of projects and their benefits which was broached for the first time in last year's review. The present note, also based on a study nearing completion, reviews the post-completion experience of 14 fertilizer plants supported by Bank lending in seven different countries. In general, it finds that experience encouraging as well as instructive. Issues that have been examined range from capacity utilization, to project management, technology transfer and adaptation, the availability of raw materials and spare parts, demand and supply balances, as well as other policies and institutional environments within which these projects have their lives.

In a broader sense, the note offers a fascinating insight into the balance between risk taking and risk aversion which project designers and decision makers must strike in almost all important aspects of the development process. There are examples in this study of the balance having been tilted too far in one direction or the other, with significant implications for project performance and shifts in the costs and benefits that can result. To complicate matters further, it can be argued - as was apparently done by the Government of India, with mixed results, in respect of some of these fertilizer projects - that indirect benefits must also enter the equation when choices are made on the route to developing domestic expertise or construction and equipment supply capability. In all this the Bank, according to the study, played a constructive and careful role, providing expert and objective advice when needed and helping to resolve problems when they surfaced. In the choice of technology and process design, again, the Bank was moderate in its counsel, without setting its face against efficient even if more innovative approaches.

OFFICE MEMORANDUM

DATE November 15, 1984

TO Files

FROM 
Yukinori Watanabe, Acting Director-General, OE

EXTENSION 32924

SUBJECT OED Operations

Mr. Rakhonen, Assistant Secretary, Board Operations, called me this afternoon, informing me that as a part of the ongoing EDs' Information Program, a meeting was scheduled for 2:30 p.m., December 3, in Room E-1224 on OED operations.

He said reference should be made to the meeting held on January 21, 1983 which is similar to this one. OED is expected to prepare, soon after the Thanksgiving holidays, a note summarizing its operations for submission to the Board members. This note should reach the EDs two weeks before the meeting.

cc: Mr. Kapur
Division Chiefs

Brief Note on Operations Evaluation:
Some Facts

1. Organization

The organization is headed by a Director-General, Operations Evaluation, appointed by the Executive Directors. Appointees of this position have rank equivalent to that of a Vice President, normally hold office for renewable terms of five years, are removable only by the Executive Directors and are ineligible for subsequent appointment or reappointment to the staff of the World Bank except in unusual circumstances. The first incumbent, a senior officer of the Bank, was appointed by the Executive Directors in September 1975. These arrangements are designed to ensure familiarity with the problems of development and the operations of the World Bank, while providing for the constitutional independence deemed necessary for this function (see attached Organization Chart No. 1).

2. Functions

The Director-General is responsible for appraising the World Bank's operations evaluation system and reporting on its adequacy, and for conducting independent reviews, on a selective basis, of operational activities and programs to determine whether the objectives of these programs are being realized and how they might be made more effective, efficient, and responsive to the needs and concerns of the member governments. He discharges these responsibilities with the assistance of the Operations Evaluation Department (Organization Chart No. 2).

3. Costs

The following table summarizes the staff costs of the Operations Evaluation Department and the Office of the Director-General.

Costs and Output

	<u>Actual</u>					<u>FY85</u>
	<u>FY80</u>	<u>FY81</u>	<u>FY82</u>	<u>FY83</u>	<u>FY84</u>	<u>Program</u>
<u>Program Positions</u>						
Higher Level	24	27	29	29	31	33
Assistant	3	5	5	5	5	5
Secretarial/Clerical	18	19	20	20	20	20
Total	45	51	54	54	56	58
<u>Output</u>						
No. of Project Performance Audit Reports	109	94	122	91	111	125
No. of Project Completion Reports reviewed but not audited	-	-	-	78	84	125
No. of Projects Reviewed	109	94	122	169	195	250
No. of Special Studies Completed	10	12	15	14	14	14
<u>Program Costs</u>						
\$m	3.0	4.1	4.6	5.3	5.8	6.6
FY84 \$m	4.5	5.0	5.2	5.9	5.8	6.5
% Share of Total Administrative Expenses	1	1	1	1	1	1

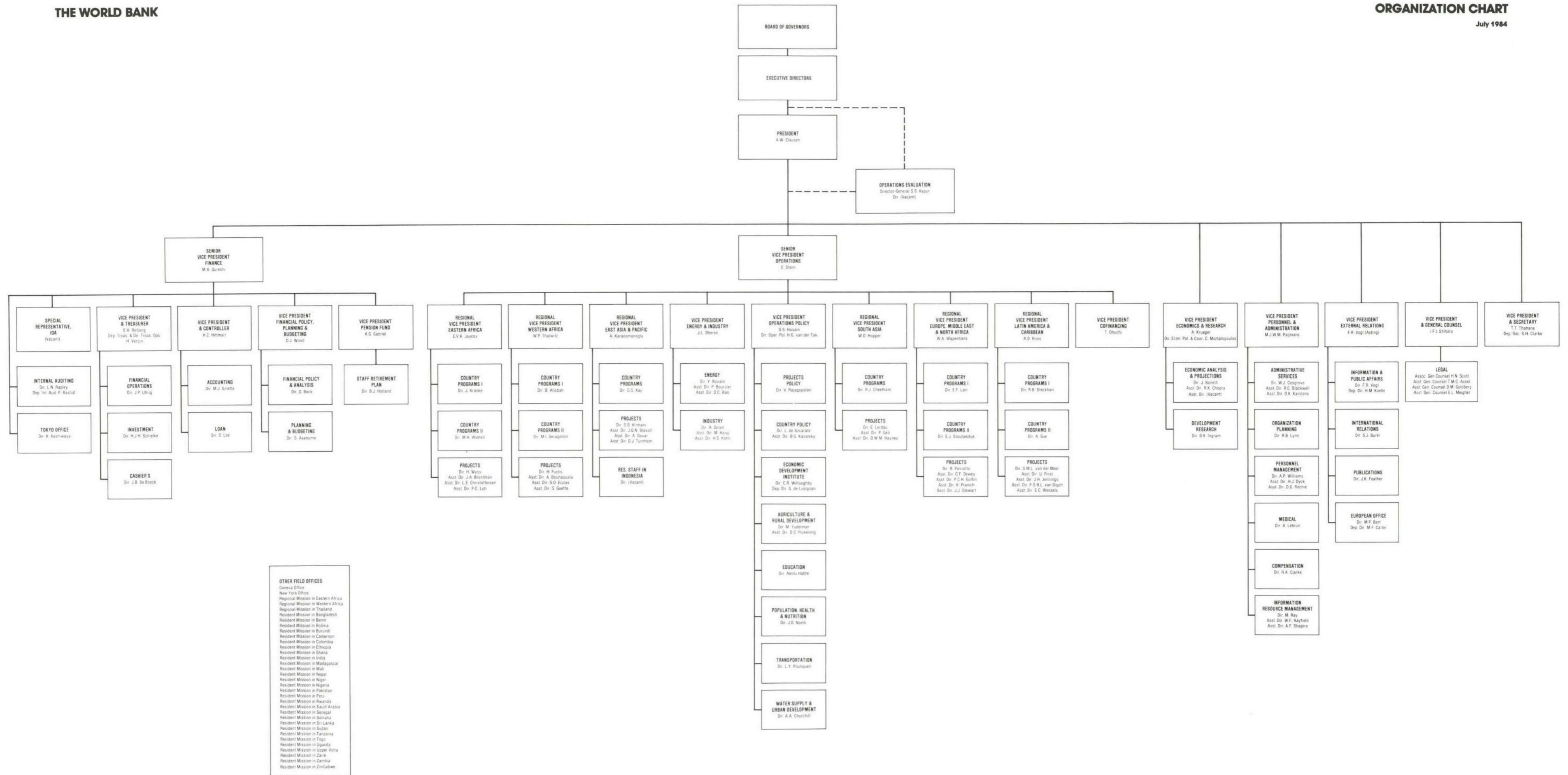
4. Staffing

The staff of the Operations Evaluation Department is as a rule drawn from the senior operating staff of the World Bank. They are normally reassigned back to the operating complex after a service of around four years in the Operations Evaluation Department. This arrangement has the advantage of the Operations Evaluation Department being staffed with experienced professionals with direct and immediate knowledge of the Bank's operations and, in turn, of providing such staff with the

wider perspective which the operations evaluation function offers in preparation for their return to the operating complex.

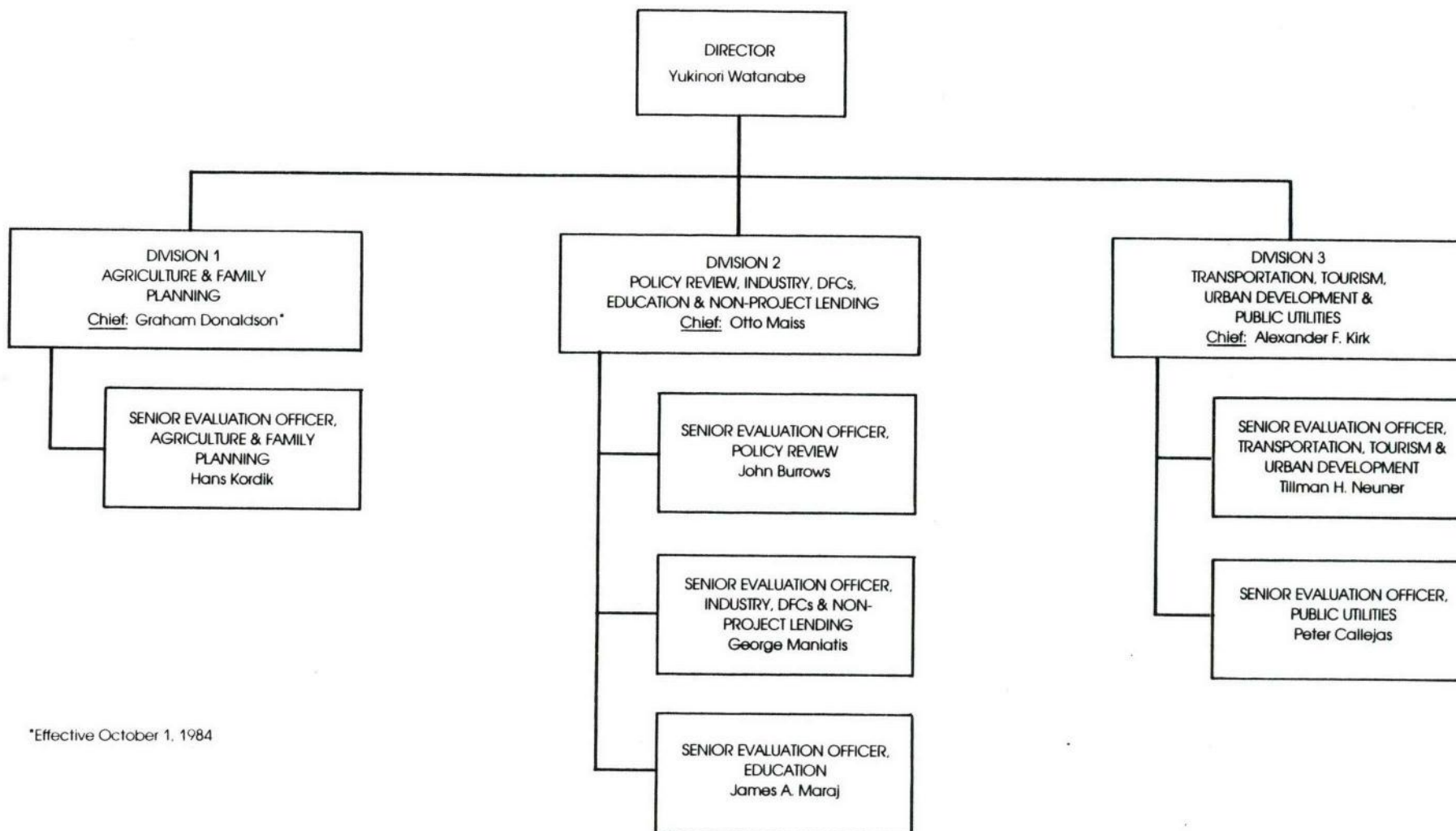
Attachments

December 3, 1984



- OTHER FIELD OFFICES**
 Geneva Office
 New York Office
 Regional Mission in Eastern Africa
 Regional Mission in Western Africa
 Regional Mission in Thailand
 Resident Mission in Bangladesh
 Resident Mission in Benin
 Resident Mission in Bolivia
 Resident Mission in Burundi
 Resident Mission in Cameroon
 Resident Mission in Colombia
 Resident Mission in Ethiopia
 Resident Mission in Ghana
 Resident Mission in India
 Resident Mission in Madagascar
 Resident Mission in Mali
 Resident Mission in Nepal
 Resident Mission in Niger
 Resident Mission in Nigeria
 Resident Mission in Pakistan
 Resident Mission in Peru
 Resident Mission in Rwanda
 Resident Mission in Saudi Arabia
 Resident Mission in Senegal
 Resident Mission in Somalia
 Resident Mission in Sri Lanka
 Resident Mission in Sudan
 Resident Mission in Tanzania
 Resident Mission in Togo
 Resident Mission in Uganda
 Resident Mission in Upper Volta
 Resident Mission in Zaire
 Resident Mission in Zambia
 Resident Mission in Zimbabwe

OPERATIONS EVALUATION DEPARTMENT Organization Chart



*Effective October 1, 1984

FORM NO. 75
(9-78)

THE WORLD BANK

ROUTING SLIP		DATE:	
		06/20/83	
NAME		ROOM NO.	
Messrs. Malone			
Maiss			
Kirk			
APPROPRIATE DISPOSITION		NOTE AND RETURN	
APPROVAL		NOTE AND SEND ON	
CLEARANCE		PER OUR CONVERSATION	
COMMENT		PER YOUR REQUEST	
FOR ACTION		PREPARE REPLY	
<input checked="" type="checkbox"/> INFORMATION		RECOMMENDATION	
INITIAL		SIGNATURE	
NOTE AND FILE		URGENT	
REMARKS:			
Re: The Operations Evaluation Department: Objectives and Unit Plan			
For your information for the moment. This should provide the basis for the development of similar divisional objectives and performance plans for FY84. We should discuss.			
FROM:		ROOM NO.:	EXTENSION:
Shiv S. Kapur		H-6089	32924

THE OPERATIONS EVALUATION DEPARTMENT:

OBJECTIVES AND UNIT PLAN

The Bank's essential purpose is to help its developing member countries build up their productive resources and improve the living conditions of their people. To achieve this purpose, the Bank undertakes extensive economic and sector work, develops and implements country lending programs, and provides formal and informal technical assistance to borrowers at various stages of the operations that it supports. In close interaction with these countries, the Bank seeks to improve their development policies and institutions. It also seeks to encourage capital flows to the developing countries from other sources.

The organization, policies and procedures which support these purposes are kept under constant review. Alternating action and reflection is built into all aspects of the Bank's work. This reflective process is most visible in, although not limited to, the activities of the Operations Evaluation Department (OED). It keeps under continuing review the outcomes of the Bank's operational activities, policies and procedures, reports its findings to the Bank's Executive Directors, management and staff, and interacts with evaluation activities in other parts of the Bank.

Objectives

Operations evaluation as it is centered in OED has five main objectives:

- (i) to critically review experience with all Bank operations and related policies and procedures to draw lessons that will help improve the Bank's efficiency and effectiveness;
- (ii) to develop empirical evidence about operational experience relevant to the Bank's present concerns which would help to validate or improve current operational policies;
- (iii) to help borrowing countries improve their policy and institutional environment for development by offering feedback on experience with Bank-supported operations; and
- (iv) to help meet the requirements of the Bank's accountability to its members by reporting the results of the above activities on a continuing basis, through the Director-General, to the Executive Directors and the President.

The Department also seeks to assist borrowing countries in developing their own evaluation functions, and interacts closely with evaluation in other multilateral and bilateral aid agencies. These

activities are intended to help strengthen evaluation generally and thereby promote more effective use of development assistance and of resources in developing countries.

Activities and Outcomes

OED pursues the above objectives through a variety of activities.

It:

- (i) undertakes ex-post evaluations of Bank-supported operations and related policy dialogue and technical assistance in all sectors and member countries. It does this through a process of intensive collaboration with the Bank's operating staff, and with borrowers and their agencies and officials at all levels;
- (ii) synthesizes the results of individual project performance evaluations in an annual review to formulate an overview of operational outcomes, and identify recurring patterns of successes and failures and the lessons they may hold for current operations;
- (iii) for projects in selected subsectors, undertakes in-depth impact evaluations to provide a longer perspective on the direct and indirect economic, social and institutional results of Bank-supported operations and, through groupings of such cases, commentary on the longer term effectiveness of the Bank's development efforts;
- (iv) undertakes reviews of experience with major Bank operational policies and practices;
- (v) undertakes reviews of non-project lending, and of the Bank's economic and sector policy dialogue with borrowing countries, to assess the effectiveness of Bank policy advice and its instrumentation;
- (vi) undertakes programmatic reviews of past and ongoing operations in sectors of major Bank involvement in individual or groups of countries, to provide commentary on strategic planning and decision processes in the Bank and its borrowers;
- (vii) plans to carry out country reviews of the Bank's policy dialogue and operations programs in selected countries -- their objectives, analytical bases, efficiency and effectiveness.

OED's work program is so structured as to be sensitive to the interrelations among these activities. It is time-phased to provide comprehensive coverage of the Bank's operations and operational policies. Its essential context is relevance to the Bank's current operational concerns.

OED findings are relayed to the operating complex through comprehensive informal and formal feedback arrangements. Collaborative efforts are undertaken with borrowers and co-financiers with similar objectives.

Constituencies

The primary constituency for OED's work is the Bank as represented by its Executive Directors, senior management and operating staff. Its wider constituency includes its donor members on the one hand, which have a legitimate interest in the effectiveness of Bank-supported operations, and policy makers and managers in its developing members who must make the most efficient use of the scarce resources at their disposal. OED also interacts with the development community at large and, in so doing, projects the image of the Bank in terms of the effectiveness of some of its fundamental purposes.

Priorities

The following three would constitute the priority areas for the Operations Evaluation Department in the next two years:

- (a) It has been a special challenge for OED to strike the proper balance between its institutional independence and the need for interaction with other departments in the Bank to maximize benefits from OED's work. It is now proposed to strengthen the linkages between OED and the other departments so as to sharpen the feedback of lessons to the operating complex. To illustrate:
 - (i) OED's rolling program of special studies has been developed in coordination with the Operations Policy Staff and the Research complex. The basis for collaboration between OED and the Country Policy Department on a series of country studies has been established. It is now proposed to mutually agree on the terms of reference for these studies, to apportion the countries for study by the two departments, and to make available to each other the material emerging from these studies to achieve the maximum complementarity and cost effectiveness in carrying out the country reviews.
 - (ii) The Director-General, Operations Evaluation, is discussing with the Vice President, Operations Policy Staff, and the Vice President, Economics and Research Staff, how interaction between OED and the OPS and Research complexes can be strengthened. The VPERS is considering how the DGO can support the newly proposed research policy group in an appropriately informal manner. OED reports will begin to identify issues of policy relevance for possible in-depth investigation by the Research staff.

- (iii) OED staff will be encouraged to serve informally on advisory groups for activities in the operating complex. Thus, a senior OED staff member is bringing to OPS and a Regional group the fruits of his reviews of experience with the design and implementation of technical assistance projects. Another OED staff member will support a Regional group on a five-year technical assistance and training program for the preparation and design of agricultural projects in Costa Rica.
- (iv) Joint studies and seminars based on OED's work will be encouraged. A report on the sociological lessons of agricultural and rural development projects has been jointly sponsored by OED and the Agriculture and Rural Development Department of OPS. A seminar on Bank experience in rural development in Nigeria and Niger was recently sponsored jointly by OED, AGR and West Africa Region; the discussion focussed on issues arising out of OED's work in these two countries.

It is proposed to intensify on a systematic basis such joint efforts so as to enlarge and deepen the impact of OED's work and improve its usefulness to the Bank.

- (b) Substantially greater effort will be devoted to the evaluation of non-project lending (structural adjustment loans and program loans of various types). About eight to ten structural adjustment loans alone are coming up for performance audit in FY84. The dominant concern of OED's work so far has been project lending. In order to adequately cope with the new directions of work represented by reviews of country programs and non-project lending, OED's capability to deal with macro-economic policy issues will have to be considerably strengthened. A panel of top-level outside consultants is being put together to supplement OED's in-house capability in these areas. OED's staffing pattern will also have to change.
- (c) The participation of the Bank's borrowers and co-financiers in evaluation function will be strengthened further. It is proposed:
 - (i) to encourage borrowers to collaborate more fully in OED's audits, impact evaluations and special studies. This collaboration has been intensifying over the last couple of years. It has now reached a point where it can be built more systematically into OED's work, especially on the sector policy and institutional issues to which OED will be giving more attention in the coming years. The benefits of such collaboration for borrowers should be substantial;

- (ii) OED and the Regions have been collaborating to help develop project completion reporting and evaluation capabilities in the borrowing countries. The results, which have been modest to date, are reported regularly in the Annual Report on Operations Evaluation. It is now intended to sharpen the focus on selected countries wishing to develop their own evaluation function; and

- (iii) two impact evaluations have recently been undertaken jointly with the Caisse Centrale of France and the Ministry of Economic Cooperation in the Federal Republic of Germany. Based on the results of these pilot efforts, joint evaluations will be undertaken with selected co-financiers in the next two years. The purpose will be to carry forward the collaborative nature of co-financing and expand the base of OED's work.

June 13, 1983

The World Bank Organizational Manual Statement

THE OPERATIONS EVALUATION ORGANIZATION

Introduction

1. The Operations Evaluation organization is responsible for the assessment of the effectiveness and efficiency of Bank^{1/} operational programs and activities. These evaluations help in the formulation of new directions, policies and procedures for the Bank's work. The Director-General, Operations Evaluation oversees the evaluation work. He discharges these responsibilities through the Operations Evaluation Department (OED) which is headed by the Director.

The Director-General

2. The Director-General, Operations Evaluation, is directly responsible to the Executive Directors of the Bank for:

- (a) Assessing whether the Bank's programs and activities are producing the expected results;
- (b) Incorporating OED's assessments and findings into recommendations for the formulation of new directions, policies and procedures with the purpose of improving the programs' and activities' efficiency, effectiveness and responsiveness to the member countries' needs and concerns; and
- (c) Appraising the Bank's operations evaluation system and reporting on its adequacy for use within the Bank and by the member governments.

3. The Director-General is appointed by the Board of Executive Directors for renewable terms of five years with a rank equivalent to that of Vice President. The Director-General can only be removed by the Executive Directors and is ineligible for subsequent appointment or reappointment to the staff of the Bank except in unusual circumstances.

^{1/} The term "Bank" whenever used in this statement includes the International Bank for Reconstruction and Development, the International Development Association and the International Finance Corporation, unless otherwise specified.

Organizational Manual Statement

The World Bank

4. The Director-General is not concerned with the functions of the Internal Auditing Department, although he maintains continuing contact with its Director on matters affecting the internal effectiveness and efficiency of the Bank. Nor is he directly concerned with the functions of the External Auditor who is appointed by the Executive Directors to examine and report on the annual financial statements of the World Bank and its affiliates. However, as with the Director, Internal Auditing, he maintains continuing contact on matters of mutual concern.

Operations Evaluation Department (OED)

5. The Operations Evaluation Department consists of the office of the Director and three divisions. The three divisions are:

- Division 1 - Agriculture and Population
- Division 2 - Policy Review, Industry, DFCs, Education and Non-Project Lending
- Division 3 - Transportation, Tourism, Urban Development and Public Utilities

6. The Director, OED, is responsible for the overall management of the Department and, through his division chiefs and their staffs, for performing the following principal functions:

- (a) To carry out performance audits on completed loans and credits financed by the Bank, and to conduct evaluation studies and operational policy reviews on subjects which the Director-General and/or the Executive Directors determine to warrant examination, with a view to identifying areas for improvement in the Bank's policies and procedures and their applications. These subjects may include analyses of deficiencies as perceived by member countries and clients in Bank operations with a view to determining how their recurrence in future operations may be prevented.
- (b) To audit periodically actions taken by the Bank in connection with the findings of studies by the Operations Evaluation Department, and report thereon to the Executive Directors and the President.
- (c) To help the Bank encourage and assist member countries to develop an operations evaluation function, in particular by carrying out evaluations of Bank-assisted programs jointly with staff of the member countries.

The World Bank Organizational Manual Statement

- (d) To help disseminate evaluation findings regarding World Bank operations and the lessons emerging therefrom both within the Bank and to the wider development community.
- (e) To make periodic assessments of the adequacy and effectiveness of the Bank's operations in the light of its objectives and programs.

7. To discharge these functions, the Operations Evaluation Department has unrestricted access to the staff and records of the Bank. Without compromising its independence, OED staff endeavors at all times to maintain close and continuing contact with Bank staff so that staff views are adequately considered in OED reports, and the analyses and findings of these reports are understood. While the Department does not issue instructions and is not involved in implementing particular practices and procedures, its work is aimed at reaching specific conclusions and pointing to necessary directions of change, and subsequently reporting to the Executive Directors and the President the Bank's responses to its findings.

Organization of Work

8. Work programs of the Operations Evaluation Department have three major components:

- (a) Project and Program Performance Audits
- (b) Evaluation Studies
- (c) Operational Policy Reviews

9. Project and Program Performance Audits comprise the largest volume of work of the Department and provide a broad base for work in the other categories. The Department prepares Performance Audit Reports on Bank-assisted projects and program loans about one year after completion of disbursements, using basic data from loan Completion Reports prepared by the Bank operating departments within six months of completion of disbursements. The Project/Program Performance Audit Report assesses the effectiveness of the project or program loan, and of the Bank's participation in it, against the project or program objectives envisaged at the time of loan/credit/investment approval. Annually, the Department prepares a Review of Project/Program Performance Audit Results, which is a synthesis and composite analysis of the preceding year's audits.

Organizational Manual Statement

The World Bank

10. Evaluation Studies examine past experience in groups of projects selected around a common theme, such as Bank/IDA lending and other development assistance in a specific sector. Evaluation Reports generally contain recommendations for improving the effectiveness and efficiency of operations in the area involved. Annual Reports on Operations Evaluation review the Bank's action on the recommendations.

11. Operational Policy Reviews analyze a particular aspect of Bank operational policy or procedure, and study its application in a number of cases to determine its operational impact and benefit, and if and how it needs to be revised. Operational Policy Reviews are more highly focused than Evaluation Studies, in which all aspects of a group of projects are examined. Operational Policy Reviews include follow-up by the Operations Evaluation Department on Bank action taken on recommendations emanating from its reviews.

ROUTING SLIP		DATE: 10/22/81
NAME		ROOM NO.
Miss Mertes		B-111
<input type="checkbox"/>	APPROPRIATE DISPOSITION	NOTE AND RETURN
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<input type="checkbox"/>	NOTE AND FILE	URGENT
<p>MARKS:</p> <p style="text-align: center;">Re: <u>OED Organization</u></p> <p>Attached please find copy of a memorandum I addressed to Mr. Evans, PMD, for action by your unit in connection with the second para. thereof.</p>		
FROM:	ROOM NO.:	EXTENSION:
Shiv S. Kapur	M-805	48169

Mr. Gerald C. Evans, Personnel Officer, PMD

October 5, 1981

Shiv S. Kapur, Director, OED

OED Organization

I am attaching a memorandum indicating very much enlarged delegation of responsibility to the Chief Evaluation Officers and the restructuring of their functions. The responsibilities and functions of the Senior Evaluation Officers remain unchanged; the intention of the memorandum is to define clearly the greater role and responsibilities of Chief Evaluation Officers in their supervisory function.

Following the reassignment of responsibilities, I shall appreciate your arranging the names and titles in the Bank telephone directory to be shown as follows:

Chief Evaluation Officer, Infrastructure,
Urban Development and Administration . . . Alexander F. Kirk

Chief Evaluation Officer, Policy Review,
Industry and Non-Project Lending Otto Maiss

Chief Evaluation Officer, Agriculture,
Education, Training and Family
Planning John M. Malone, Jr.

Senior Evaluation Officer, Public
Utilities ~~Robin W. Bates~~

Senior Evaluation Officer, Industry,
DFCs, Structural Adjustment and
Program Loans and Technical Assistance . . George C. Maniatis

Senior Evaluation Officer, Agriculture . . Hans Kordik

Senior Evaluation Officer, Transport,
Tourism and Urban Development Tillman H. Neuner

Senior Evaluation Officer, Education,
Training and Family Planning ~~Stephen L. Rowland~~

Senior Evaluation Officer, Policy
Review John Burrows

Attachment

SSKapur:rmd

*Modified
copy given to
Wayne Prilliman
m 4/22/82*

OFFICE MEMORANDUM

DATE: October 2, 1981

TO: All OED Staff

FROM: Shiv S. Kapur

SUBJECT: Departmental Organization; Chief Evaluation Officers

With effect from October 1, Mr. Otto Maiss has taken over as Chief Evaluation Officer from Mr. Bohr. For the present, Mr. Bohr will, however, remain in the Department and work mainly on the performance audits of urban development projects.

Effective the same date, the responsibilities and functions of Chief Evaluation Officers will be revised as shown below and in the attached organization chart. The proposed changes reflect: (i) the experience of the last year or so; (ii) further enlargement and diversification of the Department's work; and (iii) greater delegation of responsibility to the Chief Evaluation Officers.

A. Chief Evaluation Officer, Agriculture, Education, Training and Family Planning

He will carry responsibility for the first draft of all PPARs and impact evaluation studies relating to the above sectors to the point where these would be acceptable without further review for being sent out to the Regions and Central Operating Departments for comments before being dispatched to the countries, where necessary. The procedure to be adopted is further discussed below.

The impact evaluation studies, sector and sub-sector reviews and other special studies will be planned and designed in close consultation between the Senior Evaluation Officers and the Chief Evaluation Officer. The Chief Evaluation Officer will be responsible for their timely execution, for monitoring their progress from time to time, and for the first complete draft of the requisite quality before it is put up to me.

The Chief Evaluation Officer will be assisted by the Senior Evaluation Officer, Education, Training and Family Planning and the Senior Evaluation Officer, Agriculture. The Senior Evaluation Officers will continue to be primarily responsible for the planning, programming and implementation of the work in their respective sectors, including discussions with their counterparts in the operating complex, whenever necessary.

Mr. John Malone will be the Chief Evaluation Officer for Agriculture, Education, Training and Family Planning.

B. Chief Evaluation Officer, Policy Review, Industry, DFCs and Non-Project Lending

The Policy Review Section, which has so far reported to me direct, will now be placed under the above Chief Evaluation Officer. In consultation with the Senior Evaluation Officer, Policy Review, the Chief Evaluation Officer will be responsible for planning, designing, monitoring and implementing all policy reviews and cross-sector studies. His role in developing appropriate methodology for the special studies and reviews and in monitoring their progress will be especially important. He will also be responsible for the first complete draft of the Annual Review based upon sector contributions and following the pattern agreed upon jointly with me, the other Chief Evaluation Officers and the Senior Evaluation Officers. He will be expected, in consultation with me, to determine and develop topics for special comment.

In addition to the above, he will be responsible for the supervision and review of project performance audit reports in industry, DFCs, program loans, structural adjustment loans, and technical assistance. In this area, he may need to take a personal role in auditing structural adjustment loans.

The respective responsibilities of the Chief Evaluation Officer and the Senior Evaluation Officer, Industry, DFCs, Program Loans, Structural Adjustment Loans and Technical Assistance, will be similar to those mentioned in the description of the role of the Chief Evaluation Officer, Agriculture.

Finally, he will be in overall charge of the assignment of research assistants to various tasks and their rotation between different sections in accordance with needs and priorities. He will carry out this responsibility in consultation with the other two Chief Evaluation Officers and, in the event of disagreement, with me.

Mr. Otto Maiss will be the Chief Evaluation Officer, Policy Review, Industry and Non-Project Lending.

C. Chief Evaluation Officer, Infrastructure and Administration

He will carry responsibilities and perform functions similar to those of the other two Chief Evaluation Officers in respect of the Public Utilities and Transport and Tourism sectors, both regarding PPARs and special or sector/sub-sector studies. He would also be responsible for the new urban development PPARs for which the primary responsibility will be shared between the Public Utilities and Transport Sections, depending upon the mix of individual projects.

He will continue to be responsible for the first complete draft of the Annual Report on Operations Evaluation for which he will have the assistance of a research assistant.

In regard to administrative responsibilities, he will be the budget officer for the Department, responsible, in consultation with me and other senior staff, for putting together the annual OED work program and budget, coordinating with PAB, and monitoring expenditures in relation to the budgetary provision from month to month. He will have the authority to ask for review of requests for consultants and temporary support staff. He will also be responsible, with the assistance of the administrative secretaries and senior staff assistant, for administrative matters relating to all secretarial staff, including recruitment and selection. The professional staff concerned will be associated with the selection process.

Mr. Alexander F. Kirk will be the Chief Evaluation Officer, Infrastructure and Administration.

In addition to the above responsibilities, the three Chief Evaluation Officers, on the recommendation of the Senior Evaluation Officer concerned, will be responsible for authorizing annual leave other than home leave to all staff under their control. Home leave applications will continue to come to me as hitherto. In addition, the Chief Evaluation Officers will carry out any other responsibilities and functions which may be assigned to them from time to time.

It is proposed that the first drafts of project performance audit reports should in future be initialed by the Chief Evaluation Officer concerned and sent across for preliminary comment to the Projects/Programs division chiefs concerned. Since this move has various implications, however, for the evaluation function, for OED and for the Regions, it will be brought into force only after the new system has settled down and other implications have been discussed internally in the Department.

Attachment

cc: Mr. Weiner
Mr. Evans, PMD

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OPERATIONS EVALUATION DEPARTMENT

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DIRECTOR

Shiv S. Kapur

CHIEF EVALUATION OFFICER, AGRICULTURE,
EDUCATION, TRAINING AND FAMILY
PLANNING

John M. Malone, Jr.

Senior Evaluation Officer,
Agriculture

Hans Kordik

Senior Evaluation Officer,
Education, Training and Family
Planning

Ralph Romain

CHIEF EVALUATION OFFICER, POLICY
REVIEW, INDUSTRY AND NON-PROJECT
LENDING

Otto Maiss

Senior Evaluation Officer,
Policy Review

John Burrows

Senior Evaluation Officer, Industry,
DFCs, Structural Adjustment and
Program Loans & Technical Assistance

George C. Maniatis

Research Assistants

Elizabeth Gross
Poonsook Mahatanankoon
Kathryn McPhail
Kathryn Shrivastava
Pouran Soltani

CHIEF EVALUATION OFFICER, INFRA-
STRUCTURE, URBAN DEVELOPMENT AND
ADMINISTRATION

Alexander F. Kirk

Senior Evaluation Officer,
Public Utilities

Robin W. Bates

Senior Evaluation Officer,
Transport, Tourism and Urban
Development

Tillman H. Neuner

OFFICE MEMORANDUM

TO: Mrs. Paula T. Valad

DATE: May 1, 1981

FROM: Shiv S. Kapur

SUBJECT: Secretarial Training: OED

1. I have discussed the issue raised by you with my secretary and agreed on the outline of an approach to the induction of a new secretary into the Department.
2. Briefly, the process of induction will go through three stages. At the first stage, systematic training and guidance will be provided by Mrs. Uyehara. This will be based on a checklist of duties and points of information which should be of concern to all secretaries in the Department. Thus, the newcomer will be familiarized with the organizational structure and clearance procedures at the professional level in the Department, with the central filing system, the material that is available in the library and the uses to which it can be put and, finally, with the working of the Vydec system. For the last named she will spend some time in the Vydec room and receive basic instruction from Mrs. Tillman.
3. At the second stage, the newcomer will be instructed by the senior secretary in the section concerned with the workings of the section, the filing system, the preparation of various drafts and how they are to be handled and other matters of specific concern to that section.
4. During the above two stages, which will last for about three days, the newcomer will not be expected to become operational and existing arrangements will continue. If a secretary, temporary or otherwise, is already in place, the last half of the third day will be spent as an understudy to her. This would entail the newcomer being given specific tasks by the existing incumbent to be carried out under the latter's supervision. If there is no existing incumbent, this stage will be supervised by the senior secretary in the section.
5. In the third stage, the newcomer will meet separately and together with the two professional staff members for whom she will be working. The staff members will be expected to have prepared in advance draft job requirements for her in terms of what their expectations would be. These expectations will be discussed with the secretary who will be encouraged to suggest modifications in line with her own perception of her strengths and weaknesses while taking into account what the job itself may require. The finally agreed performance expectations will be put down in writing and will constitute a joint understanding between the secretary and the professional staff concerned.
6. The newcomer will thereafter become fully operational but will naturally be entitled to sympathy and guidance not only from the senior secretary in the section but also from the professional staff members.

cc: All OED staff

OFFICE MEMORANDUM

TO: All OED Staff

FROM: Shiv S. Kapur

SUBJECT: OED: Organization chart, responsibilities
and functions of staff

DATE: March 30, 1979

Please refer to my memorandum of September 7, 1978 on the above subject. In addition to defining the regular responsibilities and certain special assignments for staff at different levels, the above memorandum also laid down the delegation of some of my administrative responsibilities and functions to the three Chief Evaluation Officers.

The arrangement has not worked as well as I had hoped. With immediate effect therefore the following changes will become effective in the responsibilities delegated to Mr. Kirk:

In modification of paras. 7(c) and (d), Mr. Kirk will no longer act as the administrative officer for Evaluation Officers in the Department either in regard to their training within the Bank or as liaison with the Personnel Department. As in respect of other functions concerning Evaluation Officers, these two functions will also be handled through the normal chain of command by Senior Evaluation Officers and Chief Evaluation Officers for the respective sections under their charge. Liaison with the Personnel Department will be done by me, on the basis of recommendations received from the Senior/Chief Evaluation Officers concerned. Recommendations for training, both for secretarial staff and for Evaluation Officers whether within the Bank or outside, will also be made by the Senior/Chief Evaluation Officers concerned. These recommendations will be forwarded to the Training Coordinator who will obtain my approval before sending them out.

I propose to review the above document as a whole in July, at the beginning of the next fiscal year, in consultation with Senior/Chief Evaluation Officers; any suggestions should be passed on to them before then.

OFFICE MEMORANDUM

TO: All OED Staff
FROM: Shiv S. Kapur
SUBJECT: OED: Organization chart, responsibilities and functions of staff

DATE September 7, 1978

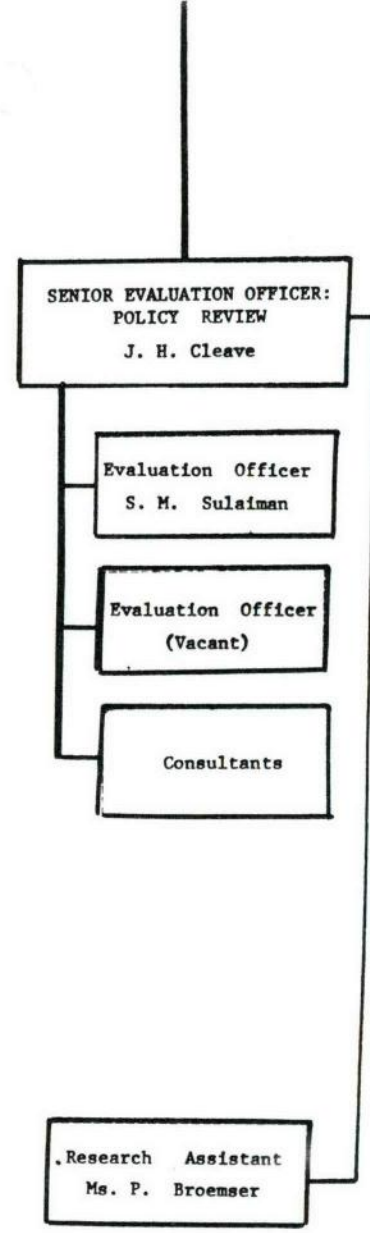
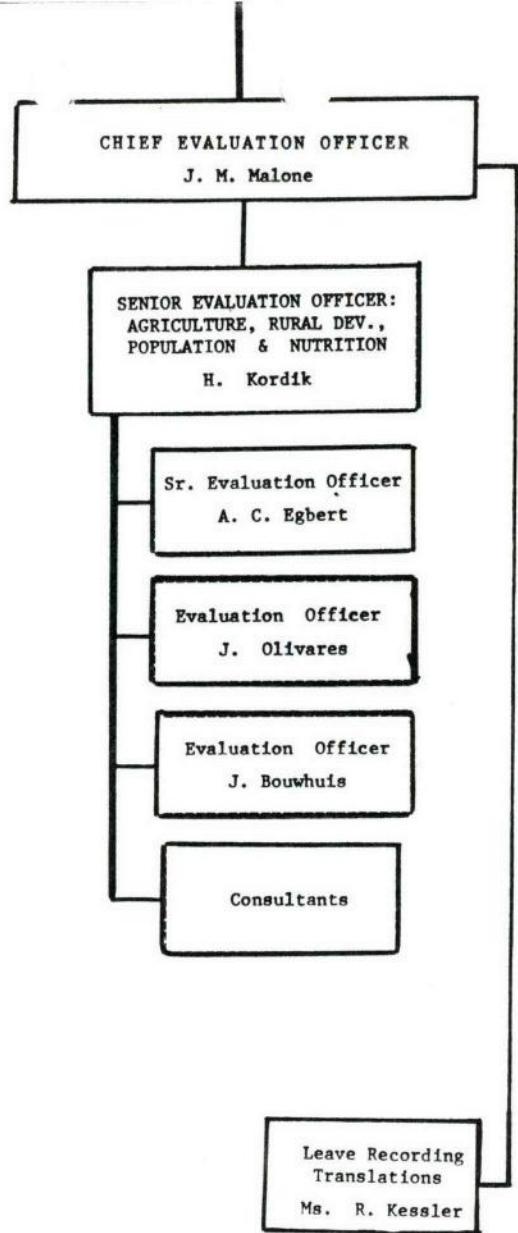
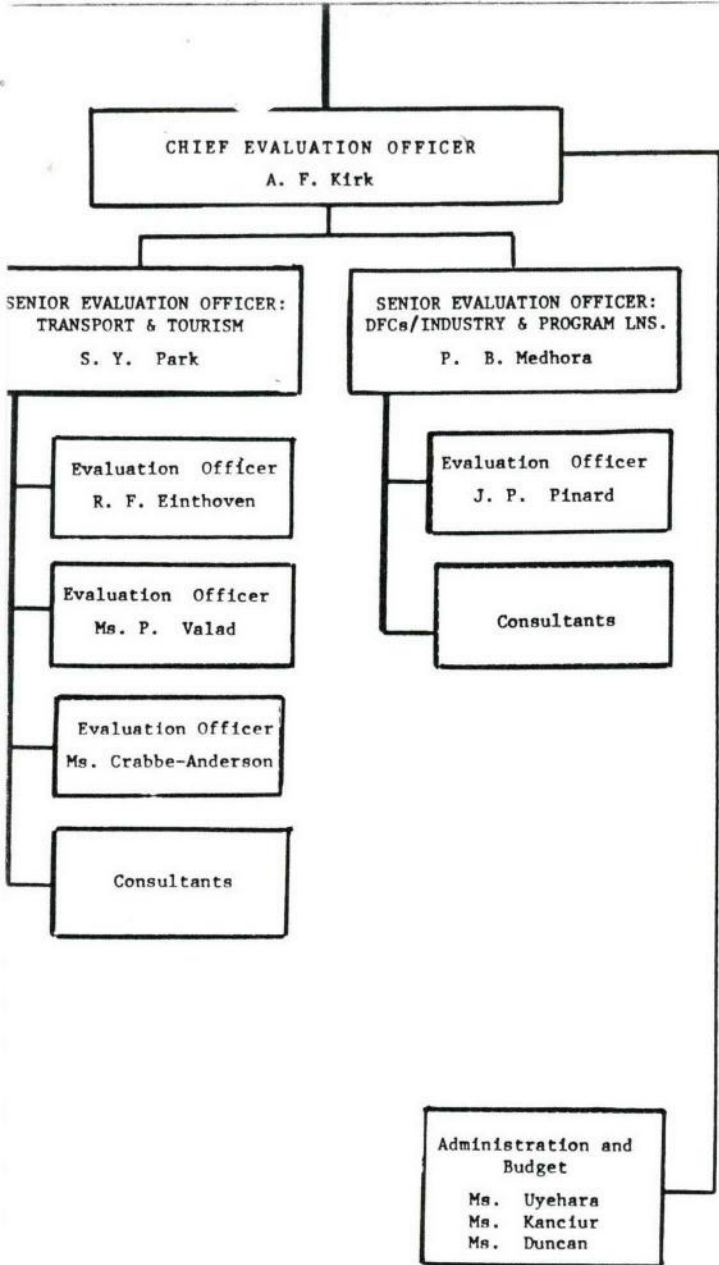
Following my discussions with senior staff and my comments at the staff meeting on August 30, attached please find:

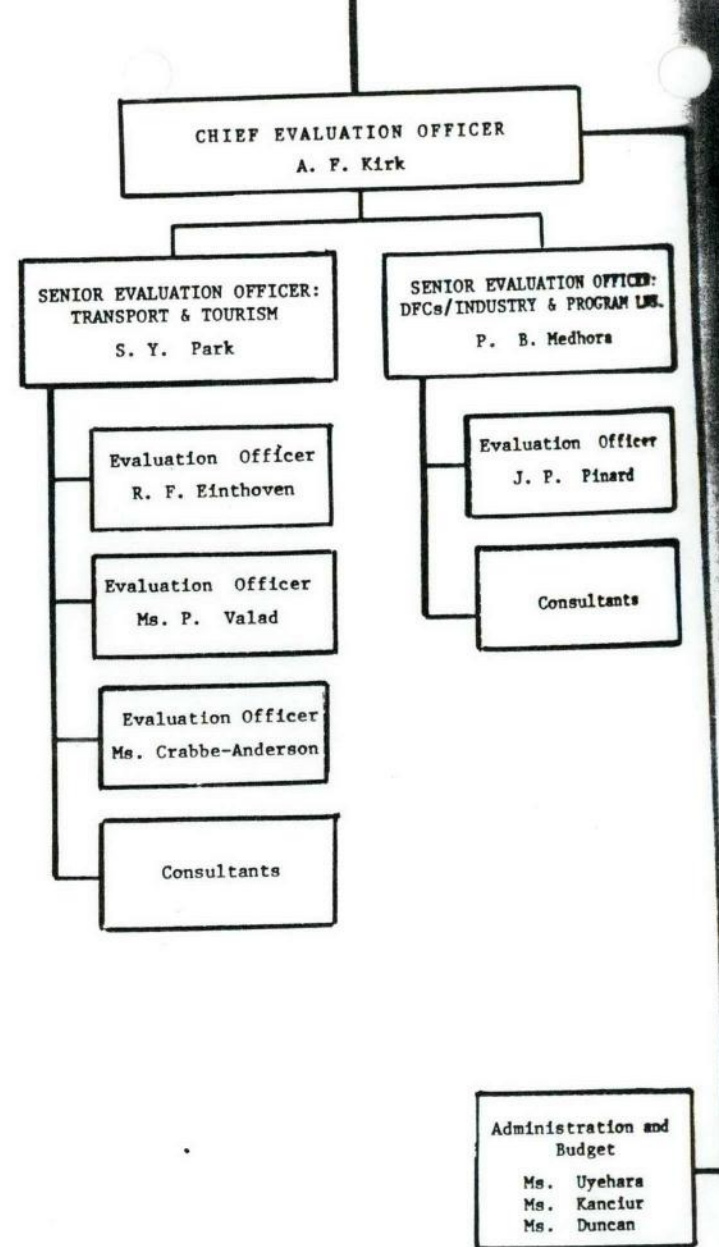
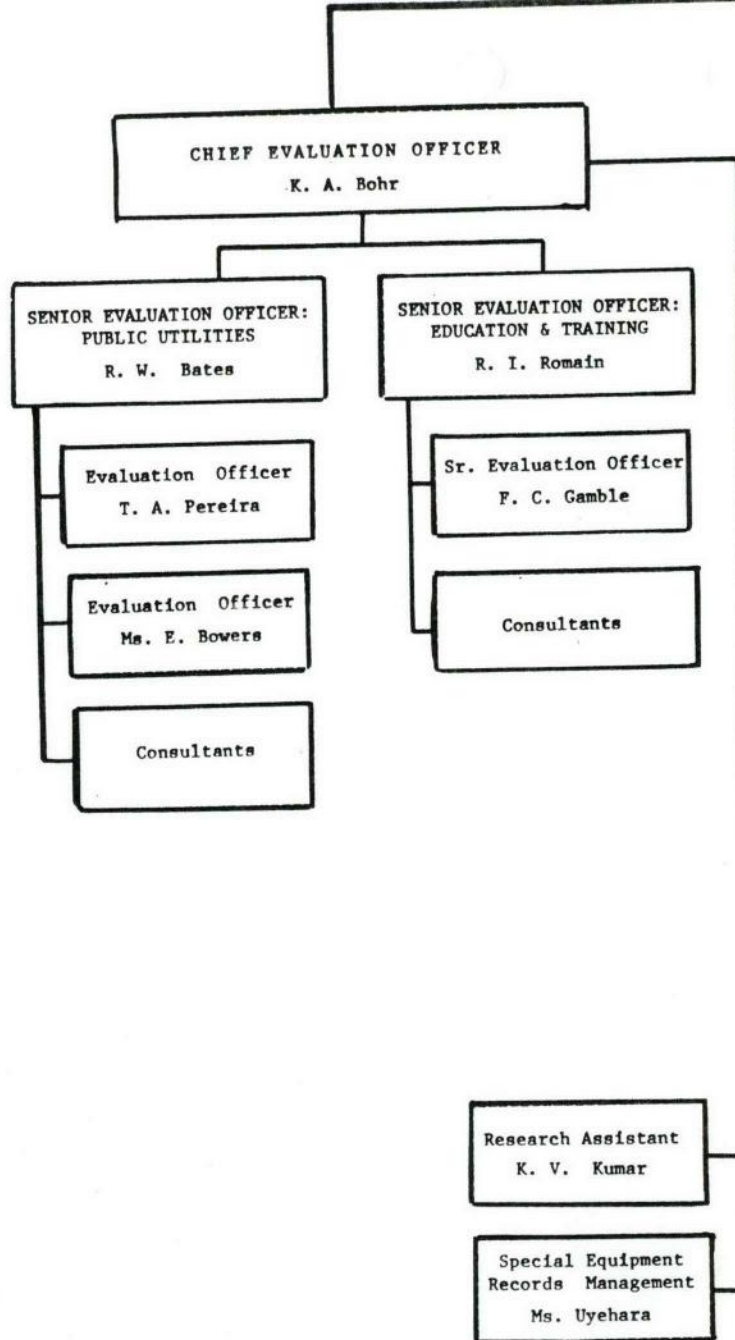
- (i) an organization chart of the Department;
- (ii) brief description of responsibilities at different levels, both general and specific;
- (iii) the delegation of certain functions included in the responsibilities assigned above;
- (iv) a description of some major assignments for FY79; and
- (v) copies of job descriptions for Chief Evaluation Officers and Senior Evaluation Officers.

My intention in circulating these papers is twofold. First, they are intended to clarify as far as possible what is expected of staff members at different levels. Second, they announce the delegation of certain functions. The intention is to improve efficiency in the Department and maintain a high quality of output while coping with our work program.

As you will see from the attached papers, I have tried to be as comprehensive as possible. There are however bound to be some gaps and a number of studies and reviews included in our work program have not yet been assigned. Nor is it possible at this moment to visualize how the arrangements will work and whether some people in the Department will be overloaded while others may have relatively light responsibilities to carry. The extent of the deficiencies and distortions in the proposed system will become apparent in the next six months or so when I expect to review the entire situation. In the meantime, if you have any suggestions please do not hesitate to communicate with one of the Chief Evaluation Officers or with me.

Attachments





1/ Please see Attachment for brief description of responsibilities and functions.

OPERATIONS EVALUATION DEPARTMENT

Brief Description of Responsibilities and Functions of Staff

I. Chief Evaluation Officers: General

1. Their overall functions and duties will be in accordance with the attached job description (Attachment III).
2. As a group, the Chief Evaluation Officers will act as the OED management team under the Director. They will participate in the formulation of the departmental work program and, collectively and individually in accordance with the responsibilities assigned to them from time to time, will be responsible for the efficient and timely execution of the approved program.
3. They will be assigned specific responsibilities in respect of operational policy reviews and special studies; these responsibilities will be determined for each such study in the work program for the fiscal year concerned. Such responsibilities will include, under the direction of the Director and in association with the Senior Evaluation Officer concerned, the determination of the scope of the study or review, the approach to be followed, and laying out of a broad plan of work. A coordinating or principal author - usually a Senior Evaluation Officer, but not excluding the Chief Evaluation Officer if necessary - will be nominated for each policy review or special study and will be primarily responsible for its conduct from the formulation of the approach paper onwards. At least two of these Chief Evaluation Officers (to be specifically nominated in each case) will function as external readers, along with the Director, for draft reports of operational policy reviews and special studies, and offer their comments for consideration in finalizing the reports.
4. As indicated below, Chief Evaluation Officers will be responsible for reviewing individual draft PPARs for the sectors assigned to them. They will receive the drafts from the Senior Evaluation Officers and will have the responsibility to ensure that the draft PPARs conform to the levels of quality, objectivity and presentation as determined by the Director for the Department as a whole.
5. They will perform such other functions as will be delegated to them from time to time by the Director and will act for him in his absence as nominated.

II. Chief Evaluation Officers: Specific

6. Sector responsibilities for review of PPARs for FY79 will be as follows:

Mr. Bohr:

Public Utilities
Education

Mr. Kirk:

Industry, DFCs, Program Loans
Transportation and Tourism

Mr. Malone:

Agriculture, Rural Development
and Nutrition
Population

7. The following special responsibilities have been delegated to Messrs. Bohr, Kirk and Malone:

Mr. Bohr:

- (a) preparation of guidelines for preparing PPARs of all three types, viz: abbreviated audit memoranda, intermediate length memoranda, and in-depth audit memoranda. In preparing the guidelines, Mr. Bohr will bear in mind (i) general and sector specific guidelines for the preparation of PCRs; (ii) Operations Evaluation, World Bank Standards and Procedures; (iii) comments of the sub-committees of the Joint Audit Committee on PPARs in their recent reports, JAC78-23 of July 13, 1978 and JAC78-24 also of July 13, 1978; and (iv) manpower allocation as stated in paras. 12 and 13 of the "Operations Evaluation Department: Status of Current Work and Proposed FY79 Work Program and Manpower Budget" (R78-88 of April 20, 1978 with the Corrigendum R78-88-1 of April 21, 1978). The draft guidelines will be completed by December 31, 1978 for issue by January 31, 1979;
- (b) will be in charge of all visits to this Department of operations evaluation staff from borrowing countries and other agencies and to arrange their program internally and, if necessary, in consultation with operating departments;

- (c) will represent me on the recruitment and reassignment panels for economists and educators. He will keep me informed and will consult with me and obtain my approval for decisions relating to recruitment of new staff and to rotation in and out of the Department;
- (d) will be in overall charge of departmental record keeping and the acquisition and use of special equipment, including the computer terminal, readers/printers, microfiche, and word processing machines; and
- (e) he will authorize leave, other than home leave, to the Evaluation Officers in the sectors under his charge, at the recommendation of the Senior Evaluation Officer concerned.

Mr. Kirk:

- (a) will help me in the preparation of the annual budget for the Department and in its administration throughout the year;
- (b) will be in charge of administration for all secretarial staff in the Department, specifically: conducting interviews and recruitment against vacancies in OED and maintaining liaison with the Personnel Department on the one hand and with the senior evaluation officers on the other; approving training within the Bank of secretarial staff related to their work in the Department; lateral transfers within the Department in consultation with Senior Evaluation Officers and authorizing leave and overtime and engaging temporaries from time to time as necessary. In all this, he will have the assistance of Mrs. Uyehara and Mrs. Kancieur who will act as administrative secretaries for the Department under the overall supervision of Miss Duncan. APRs for secretarial staff will however continue to be written by professional staff members to whom they are attached, with additional comment being provided by Senior Evaluation Officers. Supplementary comment will be provided jointly by Mrs. Uyehara and Mrs. Kancieur after which the APRs will be sent to me;
- (c) will also act as the administrative officer for all Evaluation Officers in the Department in regard to their training within the Bank and as liaison with the Personnel Department. He will authorize leave, other than home leave, to the Evaluation Officers in the sectors under his charge, at the recommendation of the Senior Evaluation Officers concerned;

- (d) will represent me on recruitment and reassignment panels in respect of staff in the sectors under his charge. This will be subject to the same remarks as in the case of Mr. Bohr; and
- (e) recommendations concerning training outside the Bank of secretarial staff and of Evaluation Officers will be made to me, and I will also authorize home leave for these categories of staff.

Mr. Malone:

- (a) will represent me on the recruitment and reassignment panels for agricultural economists and agriculturalists, subject to the same comments as in the case of Messrs. Bohr and Kirk;
- (b) will authorize leave, other than home leave, for Evaluation Officers in the Agricultural Section at the recommendation of Mr. Kordik;
- (c) will prepare job specifications for Evaluation Officers on the lines of the existing ones for Senior Evaluation Officers. Draft job specifications should be prepared and put up to me by October 31 so that they can be made available to staff as quickly as possible;
- (d) Mrs. Kessler, in addition to working as secretary to Mr. Malone, will handle translation of PPARs and documents as assigned to her from time to time and within the time available and will continue to act as leave recording secretary. She will also prepare the periodic forecast of translations on behalf of this Department in consultation with the Senior Evaluation Officers.

III. Senior Evaluation Officers - Managerial

- 8. They will be responsible for the planning of work in their sectors (see organization chart), allocating responsibilities for PPARs to individual Evaluation Officers, preparing monthly work schedules, and insuring that high quality work is turned out by their sections in accordance with the approved work program. They will determine the need for consultants to carry out their work programs, to engage them with my approval, and to supervise their work. They will conduct their work in accordance with the attached job specifications (Attachment IV).

9. They will review draft PPARs, insure that they are prepared in accordance with the guidelines mentioned above, that they are in acceptable format, and that they adequately cover significant project experience and are so presented as to be acceptable by the Chief Evaluation Officer concerned and by me without undue modification. In order to achieve this, they will provide continuing guidance and training to the staff under them.
10. The Senior Evaluation Officers (managerial) will be assigned primary responsibility from time to time to conduct special studies and reviews in their sectors. In such cases, they will be responsible, in line with the procedure mentioned above, for the planning and execution of the special studies, for acting as principal authors, and for producing complete draft reports of acceptable quality. As and when nominated, they will also contribute to operational policy reviews and other general studies as members of task forces to be especially set up for this purpose.
11. Senior Evaluation Officers (managerial) will be the primary level supervisors for professional and secretarial staff under their charge, will undertake administrative responsibilities, and will ensure harmonious and productive work relationships. They will also prepare APRs for Senior Evaluation Officers non-managerial and Evaluation Officers in their charge and provide an assessment of the work of secretarial staff assigned to them directly and additional comment on secretarial staff assigned to Evaluation Officers.
12. Senior Evaluation Officers (managerial) will be the major points of contact between this Department and other parts of the Bank, especially operating staff. They must maintain constant exchange with the operating departments on issues arising from this Department's work in their sectors, and be knowledgeable about developments in their sectors and of research, whether ongoing or proposed, and of other literature being put out from time to time.
13. They will contribute to the Annual Review of PPARs for their respective sectors in a format to be agreed with Mr. Bohr and me. They will also be responsible for ensuring that highlights for PPARs are classified for immediate input into the computerized memory system. Any new classifications proposed must be scrutinized and approved by them.

IV. Senior Evaluation Officers - Non-managerial and Evaluation Officers

14. The job specifications for Senior Evaluation Officers non-managerial are attached (Attachment V). Generally, they will be expected to perform at a high level of professional competence, assist the Senior Evaluation Officer (managerial) in the planning and execution of the work of the section, and act for him in his absence. Although designated as non-managerial, they will be expected to display qualities of leadership to prepare them for managerial positions as and when an opportunity arises.
15. Like Senior Evaluation Officers (managerial), Senior Evaluation Officers (non-managerial) are also expected to maintain intensive contact with operational staff in other parts of the Bank and to stay in touch with the results of research, literature relating to their sectors and other policy developments.
16. The job specifications of Evaluation Officers are under preparation and will be issued shortly. They are required to work on individual PPARs assigned to them with minimal supervision. Guidelines for preparing different types of audit memoranda are under preparation and will be issued soon. In the meantime, they will prepare abbreviated, intermediate length, or in-depth audit memoranda as assigned to them by the Senior Evaluation Officer in charge of the section. It will be their primary responsibility to coordinate with operational staff and to utilize all sources of information so as to produce reports and memoranda of high quality. In assessing their work, the amount of supervision required and the number of revisions that their drafts have to undergo will be taken into account. In their professional work they will report to the Senior Evaluation Officer in charge of the section or, in his absence, to the designated supervisor.
17. They will at all times be expected to stay in touch with developments in their sectors in the Bank's operations and to be knowledgeable about Bank research and other literature concerning their sectors.
18. From time to time Senior Evaluation Officers (non-managerial) and Evaluation Officers will also function as members of task forces for policy reviews and special studies and will prepare reports and case studies in accordance with the directions given to them on such occasions for this purpose.

WORK PROGRAM FOR FY79

Special Assignment of Responsibilities

I. Mr. Bohr

1. Will be responsible for drafting the Annual Review of PPARs for 1979. He will discuss the format with me by the end of the year, after which Senior Evaluation Officers will be required to submit their sector contributions by the end of February, at the latest. The first complete draft of the Annual Review should be ready by the end of April 1979. The contributing Senior Evaluation Officers will function as external readers for the complete draft Review. Under Mr. Bohr's direction, Mr. Kumar will prepare all the tables for the Fifth Annual Review so as to have them ready for circulation to the Senior Evaluation Officers by the end of January.
2. Mr. Bohr is also assigned responsibility as the principal author for the study of Delays in Project Implementation. This responsibility has been transferred to Mr. Bohr in view of the departure of Mr. Peter Jacob, Mr. Cleave's leave, and the difficulty of Mr. Cleave working simultaneously on the two studies of project supervision and delays in project implementation. Mr. Bohr will work on the Implementation Study in close consultation with me and will make available to me individual case studies as soon as they are submitted to him. Selected case studies will be sent for country comment in early November and the complete draft report prepared by early February. Messrs. Kirk and Malone will function as external readers for the draft report concurrently with me.
3. Along with Messrs. Kirk, Malone and Cleave (see below) he will work with me on the planning of the study of the Bank's efforts at institutional improvement.

II. Mr. Kirk

4. He will be in charge of producing the Fourth Annual Report and will obtain necessary contributions from other Departments in the Bank. The draft report should be ready and submitted to me at the end of May 1979.
5. Mr. Kirk will function as external reader for the reports on Delays in Project Implementation and on Project Supervision (see below).

III. Mr. Malone

6. Along with Mr. Kordik, he will be responsible, under my direction, for designing and planning the Second Review of the Bank's Agricultural Operations in a country to be selected, for the allocation and appointment of manpower for the study, and for its execution. Initial planning for the study will start immediately, other plans to be made firm after Mr. Weiner's approval to the study being undertaken. The primary responsibility for this study thereafter will rest with Mr. Kordik (see below).
7. As mentioned above, he will function as external reader for the draft report of Delays in Project Implementation and of Project Supervision.

IV. Mr. Cleave

8. He will carry through with the review of project supervision. The first complete draft should be ready in time for us to meet the deadline agreed with the Joint Audit Committee.
9. As already agreed, he will also act as the principal author of the study of the Bank's efforts at institutional improvement and will aim to produce an approach paper around January/February 1979.

V. Mr. Medhora

10. He will continue preparatory work on the study of the Bank's operations in the DFCs and industry sector in Turkey. A firm schedule will be developed after the Annual Meetings and the study undertaken for completion within the current fiscal year. He will carry primary responsibility for the deployment of staff and consultants under my direction. External readers for the draft study will be nominated later.

VI. Mr. Kordik

11. He will be responsible for and be the principal author of the second study of the Bank's operations in the agricultural sector in a country to be selected (see comments under Mr. Malone above).
12. He will plan to have at least three reports produced in the current fiscal year in the "second look" series, the first of which is already under way.

VII. Mr. Romain

13. He will complete the work on the Education Study as rapidly as possible.
14. On completion of the above, he will immediately start work on the study of training in Bank-financed projects. Preliminary discussions on the approach to this study have already been held and further discussions to define its scope, design and time will take place in the next few months. An approach paper will be prepared for review by the Joint Audit Committee in December 1978. In parallel to my own reading, Messrs. Bohr and Kirk will be external readers for this draft study.
15. He will also plan and insure completion of three reports in the "second look" series in education during the current fiscal year.

THE WORLD BANK
POSITION DESCRIPTION FORM

NOTE: The information contained in this form will be used for classification which is aimed at the systematic and objective comparison of different jobs. The aim is to identify the factors specific to this position which are critical to establishing its classification level. When completed, please forward this form to the Personnel Officer concerned.

POSITION TITLE: Chief Evaluation Officer	PRESENT CLASSIFICATION LEVEL: N	NAME OF PRESENT INCUMBENT:
DIVISION:	DEPARTMENT: OED	
REPORTS TO: (JOB TITLE) Director OED	NAME OF PRESENT SUPERVISOR:	
PART I: POSITION DESCRIPTION		
<p>1. PURPOSE OF POSITION: (Describe principal reason why job exists, summarizing duties and responsibilities section below.)</p> <p>To provide general supervision for the operations of the evolving PPA/PCR system of project evaluation; to supervise special evaluation studies and operation policy reviews and to assist in the management of the department.</p>		

2. DUTIES AND RESPONSIBILITIES: (list in order of importance as you see it and combine into eight to ten major groups.)

Percentage of Time:
(Do not use 5% or less.)

- | | |
|---|----|
| <p>1. Supervise the operation of the PPA/PCR system including general supervision of the work on particular sectors as assigned by Director. This also includes maintaining contact with regions and CPS on matters concerning PCRs and PPAs.</p> | 35 |
| <p>2. Participate in the management of the Department and act for the Director in his absence.</p> | 10 |
| <p>3. Participate in the evolution of policy covering evaluation methods within the Bank.</p> | 5 |
| <p>4. Supervise and/or participate in the preparation of major reports of the Department including:</p> <p style="margin-left: 40px;">Annual Review of Project Performance Audit Reports;
Director General's Annual Report on the Bank's Evaluation System;
Annual Work Program
Operation Policy Reviews
Evaluation Studies</p> | 40 |
| <p>5. Supervise training of staff in the production of satisfactory audit reports and studies including the training of persons deputed from their governments for this purpose.</p> | 10 |

TOTAL: 100%

CLASSIFICATION FACTORS

ITY:

provide recent, actual examples of the variety and complexity of these duties and responsibilities.

The complexity of the work arises from its very broad scope (all sectors and all aspects of project lending), the delicate nature of the judgment required to derive useful lessons from the experience reviewed, and the discrimination required to state findings in a way that avoids harming Bank-Borrower relations while reporting fully on the project experience.

REQUIRED SKILLS:

4. What is the minimum level and type of formal education necessary to acquire the basic knowledge needed to undertake the work in this position? What additional (vocational) knowledge and/or formal training is required?

Advanced university education highly desirable including formal training in economics and/or other fields related to particular sectors and processes involved in evaluation work.

5. What is the minimum length of full-time work experience essential to acquire the skills in applying the education, knowledge and training to the tasks involved?

Fifteen years

6. What other special skills — if any — are required for this position, e.g., languages?

Skill in dealing with people.

ACTIVITY:

What is the demand for innovative thinking/new ideas inherent in the job? What is the nature of this creative effort: its level and scope and its real impact on the Bank's current or future work? Please provide examples.

Innovation is an important element in performance of the job. The position carries responsibility for assisting in the establishment of a comprehensive yet economical system of project performance evaluation. Methods for discriminating in the treatment of cases while maintaining comprehensive coverage are still to be developed. The design of reports to draw lessons from the results of performance audits and studies to illuminate specific aspects of project operations are other important functions requiring a creative response.

DECISION MAKING:

8. What decisions need to be made in the performance of this job? What is their impact on the work of the Unit/Department/Bank? Please provide examples.

The allocation of staff and consultant resources among audits and studies; the development of an annual work program and the determination of resources required to carry it out; the design of studies.

9. What is the impact (extent of damage) on the organization of errors made by the incumbent of this position? Please provide examples.

OED reports are distributed to the Executive Directors and to borrowing countries. Consequently any errors contained in them could subject the Bank's staff to criticism from Board members or member governments.

10. What are the safeguards within the Unit/Bank against errors? How is the work checked: What is checked, by what means and at what periodicity? To what extent is the work self-checking?

Draft OED reports are discussed within the Bank and sent to the borrower and government concerned. Final reports are reviewed by the senior staff in the Department and by the Bank's management. This work is not self-checking.

SUPERVISION EXERCISED:

What kind of supervision is exercised by the incumbent of this position? Is it direct or indirect, close or general? Please provide examples. What number of (i) J-Q and (ii) A-I staff are supervised?

General supervision of task forces dealing with special studies and of sections dealing with audits. Occasional supervision of the Department in the absence of the Director.

12. What percentage of time is spent on supervision? 70 %.

SUPERVISION RECEIVED:

13. Does the incumbent of this position receive close or only limited supervision? Does the supervision relate to concepts, methods, facts or their analysis and presentation?

Limited supervision by the Director and through him the Director-General largely restricted to matters of exposition and important policy matters.

14. How is quantity and quality of work monitored? By what means and at what periodicity?

Quantity of work is monitored by monthly system of progress reporting; quality by review of the Director.

WORK RELATIONSHIPS:

15. To what extent must the incumbent of this position establish contacts outside the Bank? At what level are these contacts made? Please provide examples.

In connection with field missions the staff member must make contact with representatives of borrowers and member governments. In view of the nature of audit work and the importance of obtaining the considered views and reactions of borrowers and member governments these contacts must necessarily be at the senior level, for example, Managing Director of a borrowing agency or Secretary of a government department.

This position also will have contact with members of the Bank's Board of Executive Directors.

16. What is the purpose of these contacts and their degree of difficulty? (e.g., information exchange, negotiation, etc.) Please provide examples.

To obtain information and opinions from borrowers and member governments on Bank projects and on various aspects of Bank operations affecting the borrowing country. This may sometimes concern issues of a sensitive nature.

What would be the effect (a) on the unit (b) on the Bank of failure in such external contacts? Please provide examples.

External contacts are a key element in the audit process and a failure in this element could vitiate the whole audit and compromise the Bank's relations with the country.

18. To what extent must the incumbent of this position establish contacts inside the Bank? What is the purpose and their degree of difficulty? What would be the effect (a) on the unit (b) on the Bank of failure? Please provide examples.

The audit process involves intimate contact of OED staff with Bank staff who worked on a particular loan or credit under consideration. It is essential that good relations be established with Bank staff in order that the execution of the audit process be carried out effectively. The incumbent of this position will have frequent contacts with the staff of Regions and CPS and will frequently be called upon to deal with matters of sensitivity involving findings of audits and/or studies.

CONFIDENTIAL INFORMATION:

19. Does the position involve access to particularly sensitive, personal or confidential information? Please provide examples and state degree of access e.g., free access, need to know, or limited access under close supervision.

All OED staff must have access to the same information concerning projects which is available to the operational staff.

20. What would be the consequences of indiscretion inside the Bank/outside the Bank? Please provide examples.

Similar to those of indiscretion by operational staff.

THE WORLD BANK
POSITION DESCRIPTION FORM

NOTE: The information contained in this form will be used for classification which is aimed at the systematic and objective comparison of different jobs. The aim is to identify the factors specific to this position which are critical to establishing its classification level. When completed, please forward this form to the Personnel Officer concerned.

POSITION TITLE: Senior Eval. Officer, Management	PRESENT CLASSIFICATION LEVEL: M	NAME OF PRESENT INCUMBENT:
DIVISION:	DEPARTMENT: OED	
REPORTS TO: (JOB TITLE) Director OED	NAME OF PRESENT SUPERVISOR:	
PART I: POSITION DESCRIPTION		
<p>1. PURPOSE OF POSITION: (Describe principal reason why job exists, summarizing duties and responsibilities section below.)</p> <p>To take responsibility for planning, organizing and executing, to agreed budget and schedule, all OED work in a major sector of Bank activity and for maintaining contacts between OED and the Bank staff working in the sector.</p>		

2. DUTIES AND RESPONSIBILITIES: (list in order of importance as you see it and combine into eight to ten major groups.)

Percentage of Time:
(Do not use 5% or less.)

- | | |
|---|----|
| 1. To plan the evaluation and project performance audit work in one particular sector within the constraints of the small staff available and such consultant assistance as may be required and provided for in the budget. | 10 |
| 2. To motivate and manage the small staff (2 or 3 professional staff members) assigned principally to the sector, to be responsible for their training, and to facilitate their contribution to, and participation in, other work of the Department; | 20 |
| 3. To personally carry out an appropriate part of the audit work, especially that dealing with the most difficult audits; | 25 |
| 4. To assure the quality and objectivity of all OED work relating to the sector in question, in particular through consideration, with further research as necessary, of comments on draft reports from borrowers and Bank staff and adequate discussion of such comments in final reports; | 20 |
| 5. To maintain contact with relevant CPS Departments and Regional Office Project Department Divisions on plans and terms of reference for Project Completion Reports, on dissemination of audit and evaluation results relevant to the sector of responsibility and on issues currently under follow-up as the result of earlier OED reports, and to be known as the chief OED officer for this sector; | 10 |
| 6. To contribute, on behalf of his sector, to more general activities of the OED, such as assessment of the adequacy of Bank internal evaluation systems, synthesis of PCR/PPA results, support to the evaluation function in developing countries. | 15 |

TOTAL: 100%

CLASSIFICATION FACTORS

COMPLEXITY:

provide recent, actual examples of the variety and complexity of these duties and responsibilities.

The analysis of the outcome of attempts to strengthen and/or create institutions in various fields, particularly complex when the outcome is not successful and the reasons not obvious; the analysis of the distribution of economic benefits of port improvement projects between the host country and other port users; the analysis of problems concerning the effect of internal interest rate policies on resource mobilization and capital market development in connection with lending objectives for loans to DFCs; the analysis of the impact of a program of agricultural lending in a single country.

REQUIRED SKILLS:

4. What is the minimum level and type of formal education necessary to acquire the basic knowledge needed to undertake the work in this position? What additional (vocational) knowledge and/or formal training is required?

Advanced university education highly desirable, familiarity and experience with details of Bank operational procedures essential, and broad based interest in, and exposure to, economic and technical aspects of the investment sectors important.

5. What is the minimum length of full-time work experience essential to acquire the skills in applying the education, knowledge and training to the tasks involved?

Ten years experience in the field including, preferably, varied Bank operational experience for at least five years.

6. What other special skills – if any – are required for this position, e.g., languages?

An objective, independent outlook; an ability to develop ideas logically and fully; and an analytical mind are first requirements. Also requires tact and a developed sense of diplomacy. A good grasp of English and an ability to write clearly on complex topics are essential. Working knowledge of French and/or Spanish very useful.

CREATIVITY:

What is the demand for innovative thinking/new ideas inherent in the job? What is the nature of this creative effort: its kind, level and scope and its real impact on the Bank's current or future work? Please provide examples.

All OED work is relatively new and requires an innovative approach, including the ability to discern significant and sometimes subtle relations between the various aspects of the project, the Bank's policies and procedures and conditions in the country.

DECISION MAKING:

8. What decisions need to be made in the performance of this job? What is their impact on the work of the Unit/Department/Bank? Please provide examples.

Decisions have to be made on the amount of staff input to be allocated to particular audits, including whether or not to mount a field mission, to employ an outside consultant, etc. These decisions are made by the section chief.

The section chief is also responsible for deciding when the PPAs prepared by his staff are ready for distribution outside the department and for deciding how comments from Bank staff and borrowers will be handled.

9. What is the impact (extent of damage) on the organization of errors made by the incumbent of this position? Please provide examples.

OED reports are distributed to the Executive Directors and to borrowing countries. Consequently any errors contained in them could subject the Bank's staff to criticism from Board members or member governments.

10. What are the safeguards within the Unit/Bank against errors? How is the work checked: What is checked, by what means and at what periodicity? To what extent is the work self-checking?

Draft OED reports are discussed within the Bank and sent to the borrower and government concerned. Final reports are reviewed by the senior staff in the department and by the Bank's management. However, the responsibility for much of the detail remains with the section chief. This work is not self-checking.

VISION EXERCISED:

What kind of supervision is exercised by the incumbent of this position? Is it direct or indirect, close or general? Please provide examples. What number of (i) J-Q and (ii) A-I staff are supervised?

The section chief is responsible for the supervision of staff, consultants, research assistants and other staff allocated to specific audits and/or studies.

12. What percentage of time is spent on supervision? 40 %. (Very approximate estimate)

SUPERVISION RECEIVED:

13. Does the incumbent of this position receive close or only limited supervision? Does the supervision relate to concepts, methods, facts or their analysis and presentation?

The section chief receives only limited supervision, largely restricted to matters of exposition, style and important policy matters.

14. How is quantity and quality of work monitored? By what means and at what periodicity?

Section chief's work is reflected in the quantity and quality of the audits for which he is responsible. Quantity monitored by monthly progress schedules; quality by supervisor's review of drafts.

WORK RELATIONSHIPS:

15. To what extent must the incumbent of this position establish contacts outside the Bank? At what level are these contacts made? Please provide examples.

In connection with field missions the section chief must make contact with representatives of borrowers and member governments. In view of the nature of audit work and the importance of obtaining the considered views and reactions of borrowers and member governments these contacts must necessarily be at the senior level, for example, Managing Director of a borrowing agency or Secretary of a government department.

16. What is the purpose of these contacts and their degree of difficulty? (e.g., information exchange, negotiation, etc.) Please provide examples.

To obtain information and opinions from borrowers and member governments on Bank projects. This could sometimes concern issues of a sensitive nature.

What would be the effect (a) on the unit (b) on the Bank of failure in such external contacts? Please provide examples.

External contacts are a key element in the audit process and a failure in this element could vitiate the whole audit and compromise the Bank's relations with the country.

18. To what extent must the incumbent of this position establish contacts inside the Bank? What is the purpose and their degree of difficulty? What would be the effect (a) on the unit (b) on the Bank of failure? Please provide examples.

Preparation of an audit involves contact with all Bank staff who worked on the particular loan or credit under consideration. Without the establishment of good relations with Bank staff the execution of the audit process could not be carried out at all. The long run effectiveness of the OED work depends upon a positive relation with the operational staff.

CONFIDENTIAL INFORMATION:

19. Does the position involve access to particularly sensitive, personal or confidential information? Please provide examples and state degree of access e.g., free access, need to know, or limited access under close supervision.

All OED staff must have access to the same information concerning projects which is available to the operational staff.

20. What would be the consequences of indiscretion inside the Bank/outside the Bank? Please provide examples.

Similar to those of indiscretion by operational staff.

THE WORLD BANK
POSITION DESCRIPTION FORM

NOTE: The information contained in this form will be used for classification which is aimed at the systematic and objective comparison of different jobs. The aim is to identify the factors specific to this position which are critical to establishing its classification level. When completed, please forward this form to the Personnel Officer concerned.

POSITION TITLE: Senior Eval. Officer Management Operational Policy	PRESENT CLASSIFICATION LEVEL: M	NAME OF PRESENT INCUMBENT:
DIVISION:	DEPARTMENT:	
REPORTS TO: (JOB TITLE) Director, OED	NAME OF PRESENT SUPERVISOR:	
PART I: POSITION DESCRIPTION		
1. PURPOSE OF POSITION: <i>(Describe principal reason why job exists, summarizing duties and responsibilities section below.)</i>		
<p>To design, organize, and execute studies and evaluations of the Bank's operational policies, and to prepare reports and statements which provide accurate and balanced accounts of the working of such policies with particular attention to aspects which might be improved.</p>		

2. DUTIES AND RESPONSIBILITIES: *(list in order of importance as you see it and combine into eight to ten major groups.)*

Percentage of Time:
(Do not use 5% or less.)

- | | |
|--|------|
| <p>(a) To plan, budget, and design studies and evaluations of the Bank's operational policies and their implementation, including recruitment of necessary consultant assistance. (Studies involve association with all levels of the Bank's technical, operational and advisory staff, covering all sectors of lending and all vice-Presidential units; necessitate discussions and exchanges with Part I and Part II Governments at both political and senior civil service levels, and with project implementing agencies; and direct responses to Executive Directors and their staffs.)</p> | 20 |
| <p>(b) To motivate and manage the professional and research staff, and temporary assistance, assigned to the section for policy review work; to be responsible for their guidance and training.</p> | 15 |
| <p>(c) To oversee, set terms of reference for, provide guidelines for execution, and participate in the carrying out of studies, including country visits and analysis of data and reports.</p> | 20 |
| <p>(d) To organize and ensure the clarity, objectivity, accuracy and timeliness of all reporting on policy review work; and to formulate and articulate balanced judgements on possible policy improvements arising from and supported by the studies.</p> | 25 |
| <p>(e) To maintain contact with, and, without prejudice to the independence of Departmental operations, ensure good working relations with all policy, advisory, and operational staff of the Bank; provide them with necessary information on the section's activities; and disseminate findings.</p> | 10 |
| <p>(f) To contribute on policy matters to the project evaluation work of OED; to participate in consideration and implementation of improvements in the effective operation of the Department; and contribute to its day-to-day running.</p> | 10 |
| TOTAL: | 100% |

CLASSIFICATION FACTORS :

EXITY:

Use provide recent, actual examples of the variety and complexity of these duties and responsibilities.

A recent study of the role and use of technical assistance focussed on 35 selected cases in six sectors. This involved interviews in all regions covering most major specializations among Bank staff as well as discussions with the governments and implementing agencies directly involved. The management of the study involved the organization of field visits and/or document research by seven professional and five assistant staff and the ability to review reports against a background of understanding of Bank procedures and practices.

REQUIRED SKILLS:

4. What is the minimum level and type of formal education necessary to acquire the basic knowledge needed to undertake the work in this position? What additional (vocational) knowledge and/or formal training is required?

Advanced university education highly desirable, familiarity and experience with details of Bank operational procedures essential, and broad-based interest in, and exposure to, economic and technical aspects of the investment sectors important.

5. What is the minimum length of full-time work experience essential to acquire the skills in applying the education, knowledge and training to the tasks involved?

Ten years experience in the field including, preferably, varied Bank operational experience for at least five years.

6. What other special skills – if any – are required for this position, e.g., languages?

An objective, independent outlook; an ability to develop ideas logically and fully; and an analytical mind are first requirements. Also requires tact and a developed sense of diplomacy. A good grasp of English and an ability to write clearly on complex topics are essential. Working knowledge of French and/or Spanish very useful.

ACTIVITY:

What is the demand for innovative thinking/new ideas inherent in the job? What is the nature of this creative effort: its kind, level and scope and its real impact on the Bank's current or future work? Please provide examples.

Innovative thinking and the development of new ideas is basic to the job, and likely to have lasting impact on the Bank's future operations.

DECISION MAKING:

8. What decisions need to be made in the performance of this job? What is their impact on the work of the Unit/Department/Bank? Please provide examples.

Routine management decisions, and professional and technical judgements on varied and complex activities are required. The last have potentially far-reaching impact on the Bank.

9. What is the impact (extent of damage) on the organization of errors made by the incumbent of this position? Please provide examples.

Potential for damage from error of judgement or lack of diplomacy arises mainly from frequency of contact with member governments and outside bodies. However, the nature of work also requires a knowledgeable and tactful approach to colleagues so as to avoid frictions which could develop within the Bank as a direct result of the section's work.

10. What are the safeguards within the Unit/Bank against errors? How is the work checked: What is checked, by what means and at what periodicity? To what extent is the work self-checking?

Operational arrangements and final reporting are checked for consistency and protocol considerations by the Director and/or Chief Evaluation Officers as the need arises. The work is not self-checking.

ON EXERCISED:

and of supervision is exercised by the incumbent of this position? Is it direct or indirect, close or general? Please give examples. What number of (i) J-Q and (ii) A-I staff are supervised?

The section chief is responsible for the supervision of staff, consultants, research assistants and other staff allocated to specific audits and/or studies.

What percentage of time is spent on supervision? 15 %.

SUPERVISION RECEIVED:

13. Does the incumbent of this position receive close or only limited supervision? Does the supervision relate to concepts, methods, facts or their analysis and presentation?

Limited supervision, mainly on concepts and presentation.

14. How is quantity and quality of work monitored? By what means and at what periodicity?

Monitoring is generally only by routine supervision (para. 10). Work is typically against deadlines agreed by, and administered by, incumbent.

WORK RELATIONSHIPS:

br

15. To what extent must the incumbent of this position establish contacts outside the Bank? At what level are these contacts made? Please provide examples.

Continuously, at all levels of Government, implementing agencies, multilateral agencies, and general public. (See para. 2(a), 3 above)

rd

16. What is the purpose of these contacts and their degree of difficulty? (e.g., information exchange, negotiation, etc.) Please provide examples.

Obtaining information and views on Bank operations or factors affecting it.

What would be the effect (a) on the unit (b) on the Bank of failure in such external contacts? Please provide examples.

See para. 9 above.

18. To what extent must the incumbent of this position establish contacts inside the Bank? What is the purpose and their degree of difficulty? What would be the effect (a) on the unit (b) on the Bank of failure? Please provide examples.

Continuously, at all levels, across all vice-presidential units and sectors. As para. 16.

CONFIDENTIAL INFORMATION:

19. Does the position involve access to particularly sensitive, personal or confidential information? Please provide examples and state degree of access e.g., free access, need to know, or limited access under close supervision.

Access to personal and sensitive information is periodically involved, and would be given on need-to-know basis. Access to information is a principle of OED operations.

20. What would be the consequences of indiscretion inside the Bank/outside the Bank? Please provide examples.

Similar to those of indiscretion by operational staff.

THE WORLD BANK
POSITION DESCRIPTION FORM

NOTE: The information contained in this form will be used for classification which is aimed at the systematic and objective comparison of different jobs. The aim is to identify the factors specific to this position which are critical to establishing its classification level. When completed, please forward this form to the Personnel Officer concerned.

POSITION TITLE: Senior Evaluation Officer	PRESENT CLASSIFICATION LEVEL: M	NAME OF PRESENT INCUMBENT:
DIVISION:	DEPARTMENT:	
REPORTS TO: (JOB TITLE) Section Chief	NAME OF PRESENT SUPERVISOR:	

PART I: POSITION DESCRIPTION

1. PURPOSE OF POSITION: (Describe principal reason why job exists, summarizing duties and responsibilities section below.)

To lead task forces for special studies, to act as alternate for Senior Evaluation Officers responsible for reviewing major sectors, or for other aspects of Bank activity, and to carry out the more difficult and sensitive performance audits requiring special experience, competence and judgment.

2. DUTIES AND RESPONSIBILITIES: (list in order of importance as you see it and combine into eight to ten major groups.)

Percentage of Time:
(Do not use 5% or less.)

- | | |
|---|----|
| (a) Design and/or plan, with the aid of their superior, individual evaluation and Policy Review studies and carry out such studies with the aid of assigned portions of the time of more junior departmental staff members and consultants; | 20 |
| (b) Take full responsibility for the performance auditing work on an assigned group of projects (generally the more difficult ones) including the review of projects and Bank procedures with borrower and country representatives; | 60 |
| (c) Assure the quality and objectivity of OED work relating to the audits in question, giving thorough consideration to comments on draft reports from borrowers and Bank staff and providing adequate discussion of such comments in final reports; | 10 |
| (d) Act as the main link between OED and the rest of the Bank for sectors of past Bank activity other than those in the hands of specific sectoral section chiefs or to be the alternate link for such major sectors, and to be appropriately so known outside OED. | 10 |

TOTAL: 100%

CLASSIFICATION FACTORS

EXITY:

provide recent, actual examples of the variety and complexity of these duties and responsibilities.

The analysis of the outcome of attempts to strengthen and/or create institutions in various fields, particularly complex when the outcome is not successful and the reasons not obvious; the analysis of the distribution of economic benefits of port improvement projects between the host country and other port users; the analysis of problems concerning the effect of internal interest rate policies on resource mobilization and capital market development in connection with lending objectives for loans to DFCs; the analysis of the impact of a program of agricultural lending in a single country.

REQUIRED SKILLS:

4. What is the minimum level and type of formal education necessary to acquire the basic knowledge needed to undertake the work in this position? What additional (vocational) knowledge and/or formal training is required?

Advanced university education highly desirable, familiarity and experience with details of Bank operational procedures essential, and broad-based interest in, and exposure to, economic and technical aspects of the investment sectors important.

5. What is the minimum length of full-time work experience essential to acquire the skills in applying the education, knowledge and training to the tasks involved?

Seven years experience in the field including, preferably, varied Bank operational experience for at least three years.

6. What other special skills – if any – are required for this position, e.g., languages?

An objective, independent outlook; an ability to develop ideas logically and fully; and an analytical mind are first requirements. Also requires tact and a developed sense of diplomacy. A good grasp of English and an ability to write clearly on complex topics are essential. Working knowledge of French and/or Spanish very useful.

CREATIVITY:

7. What is the demand for innovative thinking/new ideas inherent in the job? What is the nature of this creative effort: its kind, level and scope and its real impact on the Bank's current or future work? Please provide examples.

All OED work is relatively new and requires an innovative approach, including the ability to discern significant and sometimes subtle relations between the various aspects of the project, the Bank's policies and procedures and conditions in the country.

DECISION MAKING:

8. What decisions need to be made in the performance of this job? What is their impact on the work of the Unit/Department/Bank? Please provide examples.

Decisions have to be made on the amount of staff input to be allocated to particular audits, including whether or not to mount a field mission, to employ an outside consultant, etc. These decisions are based largely on recommendations by the staff member.

The staff member is also responsible for deciding which are the significant aspects of the project to which attention must be directed and for drawing the conclusions from the audit.

9. What is the impact (extent of damage) on the organization of errors made by the incumbent of this position? Please provide examples.

OED reports are distributed to the Executive Directors and to borrowing countries. Consequently any errors contained in them could subject the Bank's staff to criticism from Board members or member governments.

10. What are the safeguards within the Unit/Bank against errors? How is the work checked: What is checked, by what means and at what periodicity? To what extent is the work self-checking?

Draft OED reports are discussed within the Bank and sent to the borrower and government concerned. Final reports are reviewed by the senior staff in the department and by the Bank's management. However, the responsibility for much of the detail remains with the staff member. This work is not self-checking.

SUPERVISION EXERCISED:

What kind of supervision is exercised by the incumbent of this position? Is it direct or indirect, close or general? Please provide examples. What number of (i) J-Q and (ii) A-I staff are supervised?

The staff member is responsible from time to time for the supervision of consultants, research assistants and other staff allocated to specific audits and/or studies.

12. What percentage of time is spent on supervision? 15 %. (Very approximate estimate)

SUPERVISION RECEIVED:

13. Does the incumbent of this position receive close or only limited supervision? Does the supervision relate to concepts, methods, facts or their analysis and presentation?

The staff member receives only limited supervision, largely restricted to matters of exposition, style and important policy matters.

14. How is quantity and quality of work monitored? By what means and at what periodicity?

Staff member's work is reflected in the quantity and quality of the audits for which he is responsible. Quantity monitored by monthly progress schedules; quality by supervisor's review of drafts.

WORK RELATIONSHIPS:

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15. To what extent must the incumbent of this position establish contacts outside the Bank? At what level are these contacts made? Please provide examples.

In connection with field missions the staff member must make contact with representatives of borrowers and member governments. In view of the nature of audit work and the importance of obtaining the considered views and reactions of borrowers and member governments these contacts must necessarily be at the senior level, for example, Managing Director of a borrowing agency or Secretary of a government department.

id

16. What is the purpose of these contacts and their degree of difficulty? (e.g., information exchange, negotiation, etc.) Please provide examples.

To obtain information and opinions from borrowers and member governments on Bank projects. This could sometimes concern issues of a sensitive nature.

17. What would be the effect (a) on the unit (b) on the Bank of failure in such external contacts? Please provide examples.

External contacts are a key element in the audit process and a failure in this element could vitiate the whole audit and compromise the Bank's relations with the country.

18. To what extent must the incumbent of this position establish contacts inside the Bank? What is the purpose and their degree of difficulty? What would be the effect (a) on the unit (b) on the Bank of failure? Please provide examples.

Preparation of an audit involves contact with all Bank staff who worked on the particular loan or credit under consideration. Without the establishment of good relations with Bank staff the execution of the audit process could not be carried out at all. The long run effectiveness of the OED work depends upon a positive relation with the operational staff.

CONFIDENTIAL INFORMATION:

19. Does the position involve access to particularly sensitive, personal or confidential information? Please provide examples and state degree of access e.g., free access, need to know, or limited access under close supervision.

All OED staff must have access to the same information concerning projects which is available to the operational staff.

20. What would be the consequences of indiscretion inside the Bank/outside the Bank? Please provide examples.

Similar to those of indiscretion by operational staff.

December 23, 1977

Mr. Weiner,

Re: Working Luncheon on Operations Evaluation;
January 3, 1978: OED Staffing

Reference my note of December 22, the following supplementary information is provided on our staffing situation.

As of December 31, 1977 we shall have four vacancies in the Department. These include two vacancies in the Agricultural Section, one in the Public Utilities Section and one in the Education Section.

Of the two vacancies in the Agricultural Section, one is the additional "N" level position authorized for FY78. As you know I have been trying to get a fix on Takahashi's plans since I am very keen that he should take up this position and he himself has expressed interest. However, he is deeply involved in the Indonesia transmigration project and does not expect to be available until June next year. I spoke to him last on December 21 and requested that he should consult with Sadove and the Region and give me a firm date. I told him that I would be willing to wait until June 1 but not later. Putting the best complexion on this particular situation, if Takahashi moves in on June 1, the position will have remained vacant for 11 months.

The second agricultural vacancy arises from Schul's departure yesterday. I have already selected a replacement (Mr. Egbert from CPS) and all concerned have agreed that he will move to OED at the end of February 1978. This position also will thus remain vacant for just over two months.

The worst case of course concerns the position of the Chief of the Public Utilities Section. This has now been vacant for 18 months. In October, after reviewing a large number of possibilities, I finally selected Mr. Bates from the East Africa Region. He is due reassignment and is keen to move to OED. However, despite my speaking to Jim Jennings and to Jose Bronfman in the Region, I cannot get a firm date on his likely move. I was last informed that the Region will be interviewing a candidate for recruitment from outside in January. The position therefore remains highly uncertain and the work continues to suffer.

The vacancy in the Education Section arose from the inability of Martha Grosse to function competently in that job. She came to this Department on trial and, so far as we are concerned, the trial period stands terminated as of October 31. We have already identified Mr. Skeikh Noor from the PCPS Education Department as a possible candidate to fill this vacancy. Noor is on the reassignment panel; the

Reassignment Committee cleared his transfer to OED but his own inclinations have not yet been consulted and we are not aware when the actual transfer might come about.

Four vacant positions out of a total authorized strength of 20 professional staff is a large proportion. The Department continues to function under tremendous strain, and while we are all doing our best I am not certain how long we can carry on in this fashion.

The Personnel Department have recently instituted a procedure which, I hope, will alleviate such situations in the future. For every sector, recruitment and reassignment panels have been constituted; these meet at regular intervals to agree on the reassignment to specific departments of those listed for this purpose, and to interview outside candidates according to various departments' needs. We are represented on the panel and, on the basis of the short time this procedure has been in operation, I think it will help us identify candidates for vacant positions more systematically and in good time. The basic flaw in the reassignment system is that reassignment finally depends on the concerned staff member's own choice, and, given the nature of the jobs in this Department, there are not too many people whom I would consider acceptable and who are also willing to move. While the interest of the Bank is stated to be one of the considerations to determine reassignment, I am not aware of this factor having been given overriding weight. Whatever the system, therefore, we are at the mercy of the individual staff member's desire to move to this Department and his present department's willingness to release him. While the new panels are therefore an improvement, their efficacy in the face of these underlying problems is still to be tested.

Shiv S. Kapur

cc: Mr. Bohr

SSKapur: rmd


December 22, 1977

Mr. Weiner,

Re: Working Luncheon on Operations Evaluation;
January 3, 1978: Some talking points.

1. PCRs/PPARs. Basic assumption of OED work program in coming years, beginning FY79, is OED unit cost of half man-week per audit for 50% of projects. Essential therefore to ensure that PCRs be of good quality, objective and adequate in their treatment of important issues. While there has been overall improvement in this respect, some PCRs recently have tended to be self-serving. Audits based on such PCRs have drawn adverse comment even from CPS for lack of objectivity. Question: Does CPS at present exercise quality control function on PCRs on the lines of appraisal reports. If not, this should be seriously considered.
2. Longer term evolution of PCR/PPAR system for comprehensive audit assumes increasing proportion (60% by 1982) of audits being done on the above minimum unit cost basis to keep OED within reasonable size. The above quality control function therefore becomes doubly important. Question: How does Mr. Baum see the CPS role in this evolution wherein the PCR could become the sole project evaluation document.
3. Borrower participation in PCR/PPAR preparation. Progress has recently been made to involve Thailand, Malaysia, the Philippines and Nepal in possible preparation of PCRs/PPARs. Contacts have been made by operating departments as well as by OED staff and agreement in principle reached for such cooperation. In Thailand, country collaboration is being used for preparation of a PCR. In other countries, you have encouraged the Regions to send advance information to the country concerning forthcoming PCRs. Countries selected in the first instance are those with heaviest concentration of project completions in next 24 months. Most recent case is Brazil where Programs Division has alerted the country in regard to the PCR preparation schedule to explore the possibility of collaboration. You may wish to add the latest position concerning the proposed regional-meeting in Abidjan.
4. OED's preliminary work program and budget for FY79 have been seen by Mr. McNamara and have also been supported by JAC at its first review. The JAC commended the fact that 40% of the proposed OED manpower in FY79 will be devoted to special studies.
5. The present status of some of the ongoing special studies is as follows:

- (i) Study of the Use of Consultants: Issued on December 8 and up for discussion with JAC on January 12;
- (ii) Study of Bank Procurement Procedures: Draft in preparation;
- (iii) Education Study: Desk work being completed in preparation for field studies which will be undertaken in January-February. Present plans call for first complete draft by early May. This draft will be made available to the External Panel. OED study being closely coordinated with work of External Panel;
- (iv) Supervision Study: Desk work well advanced, Status Report planned before end-January, followed by field studies. Basic focus of study will be cost effectiveness, for the Bank and the borrower, of the present supervision process and ways in which this cost effectiveness might be improved;
- (v) Project Implementation Study: Early stage of planning. Approach Paper will be ready by end-January.


Shiv S. Kapur

cc: Mr. Bohr


file OED Organization
1.1

Room G-1050

OFFICE MEMORANDUM

TO: Vice Presidents and Department Directors

DATE: May 18, 1976

FROM: B. Chadenet, Vice President, AOP 

SUBJECT: Specialized Departments -- Designation of Non-operational Departments

1. Several Vice Presidents and Directors have expressed dissatisfaction to me with the term "support departments" to describe those departments not in the operations complex. Accordingly, I propose we use the term Specialized Departments to describe the non-operational departments outside the Regional Offices and CPS.
2. The term Specialized Departments has no negative connotations and is in fact an accurate description of the departments in DPS, External Relations, Finance, Administration, Organization Planning and Personnel Management, etc. All of these departments have quite specialized functions in support of the Bank's overall objective and for the most part are staffed with experts unique to that department. I appreciate that there are also some specialized departments in CPS such as industry and population. However, these are exceptions and in any case are well recognized components of the operations complex. As a result little confusion should arise.
3. We have begun to use the term Specialized Departments in some of the staff development papers including the draft on reassignment. I suggest that henceforth this term be used in all documents when referring to non-operational departments.

cc: Division Chiefs, P & B
 Division Chiefs, Information & Public Affairs
 Division Chiefs, Administrative Services
 Division Chiefs, Personnel
 Mr. Ruth, Organization Planning

HJDyck/vk

MAY 20 1976

in SEJ Organization

International Bank for Reconstruction and Development

International Finance Corporation

International Development Association

ADMINISTRATIVE CIRCULAR

April 20, 1976

STAFF ANNOUNCEMENT

With the Bank Group becoming more deeply involved in the problems of urban poverty, it has become necessary to divide the responsibilities now devolving on the Director, Transportation & Urban Projects Department in order that appropriate attention may be given to the needs of both of these important sectors. Effective June 1, 1976 this department will therefore become two departments - Transportation Department and Urban Projects Department - each under the leadership of a director. Details of the redistribution of functions and responsibilities of the new departments will be circulated shortly.

I am pleased to announce that Mr. E. V. K. Jaycox, who now heads the combined department, will become Director, Urban Projects Department and that Mr. C. R. Willoughby, Director, Operations Evaluation Department, will become Director, Transportation Department.

Mr. Jaycox has been Director of the Transportation & Urban Projects Department since 1973 and is Chairman of the Urban Poverty Task Group which was formed to implement the Bank's attack on urban poverty.

Mr. Willoughby has been identified with the operations evaluation function of the Bank since its inception and has been the principal contributor to its development and its substantial achievements during the past five years.

I am also pleased to announce that Mr. S. S. Kapur, Chief, Mexico Division, Country Programs Department I, Latin America and the Caribbean, has been recommended by the Director-General, Operations Evaluation to succeed Mr. Willoughby as Director, Operations Evaluation Department and will do so effective June 1, 1976.

Mr. Kapur, an Indian national, came to the Bank in 1969 after a long public service career in India, his last post there being Senior Joint Director for Planning and System Modernization, Ministry of Railways. He had also served on a number of special task forces of the Indian Planning Commission, and written and lectured extensively on the application of modern management techniques in public sector undertakings. Mr. Kapur joined us as a loan officer in the Western Hemisphere Department and since 1971 has been Division Chief, responsible for Bank operations in, successively, Ecuador and Peru, the Caribbean and Venezuela, and Mexico.



Robert S. McNamara

OFFICE MEMORANDUM

pu

TO: Mr. Mervyn L. Weiner

DATE: November 4, 1975

FROM: J. M. Kearns, Dir., OPD

SUBJECT: Organization of Operations Evaluation Department

In the light of our recent discussion, I think it would be best to postpone further review of the organization of OED until you and Chris Willoughby have decided on the direction operations evaluation activities will take, the work program and other questions of more fundamental importance. We should then be in a better position to assess organizational and staffing implications and determine whether any intensive fact finding and study is necessary. Please let us know when you are ready to take this up again.

cc: Mr. R. A. Clarke, Dir., Personnel
Mr. C. R. Willoughby, Dir., OED ✓

TNRuth:alg

3087
NOV 5 1975

→ OED file

OED Files

October 8, 1975

C. R. Willoughby

Recent Discussion with Dr. Sen, Indian Executive Director

In delivering the 'advance copy' of the PPA Report on Indian Industrial Imports Credits to Dr. Sen on Wednesday October 1, I had a wide-ranging discussion with him about various current aspects of Operations Evaluation, particularly follow-up and the effect of the work on Bank operations, which gave rise to the following principal points:

1. The study on Effectiveness Delays and what the Bank was really going to do about the suggestions would, he thought, be one major focus of the October 28 Board discussion on Operations Evaluation.
2. Present discussions of PPA reports between Operations Evaluation and operating staff seemed to be much too largely confined to questions of fact or historical judgment, instead of going on to deal with what the operating departments were now doing about the lessons identified.
3. In illustration of his point at the recent JAC Meeting about the need for Management Policy Review really to cover substantive policy questions, not merely procedural issues, he added to the stress of various JAC members on the need for review of Bank's procedures on consultant appointment: he felt there were real questions to be asked not only about the Bank imposing its procedures on borrowers (the points touched on in the Loan Effectiveness Delays report) but also about the validity of the Bank's preferred procedures themselves, with the small place they give to price competition. He cited a recent case which had particularly concerned him, and led to a management consultant contract of over \$8 million, compared with about \$5 million originally estimated and \$11 million initially asked by preferred firm.
4. He was worried that Board discussion and emphasis on the Loan Effectiveness Delays report without the other parts of the trilogy (Project Preparation and Implementation) might lead to Bank reducing such delays only at the cost of building up delays in the period before loan signature; it was the whole cycle which needed to be compressed.
5. Project Appraisal Reports or President's Reports should include Project Start-up Schedules.

cc: Messrs. Shoaib
Weiner ✓

CRW/aga

Im. W. Green

→ OED files

OED Files

October 1, 1975

C. R. Willoughby

Meeting with Mr. W.A.E. Green, New Zealand ED, September 30, 1975

Following Mr. Green's remarks, at the Joint Audit Committee meeting last week, about his 622 recommendations and effective way of following them up, I went yesterday morning to discuss matters with him and his assistant, Mr. Douglas, to see if I could learn anything of use to ourselves.

The following points of interest emerged from trying to compare his experiences in the New Zealand Government with our situation:

1. Try more to give even a hortatory recommendation a specific reference: e.g. require that it be included in the appraisal check-list for the next one year;
2. Conceive a mechanism with built-in checks and balances for reporting on extent of fulfilment of recommendations, to relieve burden on OED: difficult within Bank, but perhaps possible via committees of Country Programs people, to represent the "countries", plus Projects people to represent "the Bank".
3. Consider preparing periodic follow-up reports, perhaps every three months, in a very simple form, so that Bank management could ride herd on Vice Presidents whose offices were not acting on some particular point.
4. Consider using Joint Audit Committee as an outside Senior Advisory Council to seriously review recommendations and receive periodic follow-up reports. I pointed out this would be a major extension of present terms of reference; they reminded me Director General would be reporting to Board.
5. Send formal Bank management response to some sets of recommendations (e.g. Loan Effectiveness Delays) to Board, so that countries would receive and could raise issues directly with operational staff, if they did not think they were receiving treatment consistent with Bank latest policy.

Mr. Green did add that Mr. Shoaib's memorandum, just received, did answer some of his questions; he had not realized before about the Closing Report system, but he hoped their system of follow-up, relying extensively on joint working parties and Ministry-Agency-Private Sector Councils, could have some bits of relevance.

They also mentioned a couple of other ideas. First, would it not be a good idea to bring staff of country Evaluation Units for employment or on-the-job training assignments with OED. Second, there was a great need for

October 1, 1975

guidelines and manuals from the Bank; it was extremely difficult to get Bank help even on the simplest of things, like writing of consultant terms of reference, unless the particular projects officer assigned happened to have experience. I pointed out the latter point corresponded closely to a finding of ours in the study of Project Preparation underway.

cc: Messrs. Shoaib
Weiner

CRW/aga

OFFICE MEMORANDUM

→ OED files

TO: Mr. Gerald Alter

FROM: Douglas Gustafson

SUBJECT: OED Evaluation

DATE: October 1, 1975

1. For the record, I would like to record some personal confusion concerning statements made on page 4 of R75-194 of 9/29/75 "Operation and Impact of Bank's Evaluation System". This, I promise, will be my last statement on the subject.
2. Your memorandum of April 16, 1975 to Mr. Shoaib, contained DFCD's final views on the 26 recommendations of the OED report. On ten of the 26 (Nos. 1, 5, 6, 13, 14, 15, 20, 21, 23, 24) I would say DFCD's response essentially said that these recommendations related to matters which were already part of accepted policy/practice, or issues on which work was already being done independent of the OED Study's conclusions; i.e. they were, in a sense, non-issues. Five of the recommendations were either rejected or highly qualified in DFCD's response (Nos. 7, 12, 16, 19 and 25). This leaves 11 "new" issues which DFCD more or less agreed were important for the Bank to pay more heed to. Consequently the statement in R75-194 that DFCD agreed "... with a few minor modifications, with almost all recommendations made" is, I think, a distorted recount.
3. The paper then says the Bank has agreed on the need for DFC strategies, but it has not been responsive regarding OED's emphasis on promotion. I had thought the whole value of strategy formulation was to lay a more articulated framework for "promotional" activity. Page 107 of the OED DFC Report states the same thing. "Promotional activity would follow directly from the strategies, as outlined". Consequently, while I am sure we have much to learn about improving strategies and promotion, I am confused by the paper's view that implies that while accepting the need for strategies, the Bank does not yet appear to accept the need for promotion.
4. Finally, I am confused by the paper's reference to a lack of acceptance of "certain financial techniques". On amortization (No. 19) DFCD rejected the suggestion in the sense that this was not a DFC issue but was related to general Bank practice on amortization. On use of Bank loans for equity, studies or local currency, and exchange risk coverage (Nos. 20, 21 and 24) DFCD said the "techniques" were already available, and in relevant cases used. Are there other "technique" issues outstanding?
5. All of this reflects a flaw in the process that can result in a confused staff; i.e. there has been no final adjudication on some issues where disagreement exists between operators and evaluators. The Board has always been confused on how this works, as the discussion on the DFC policy paper indicated. The staff is probably confused on what has been "agreed". I didn't think I was confused but after reading R75-194 I too am slightly confused.

DGustafson:af

Distribution:

cc: Messrs. Knapp
Shoalb
Baum
Weiner ✓
Gordon
Willoughby
El Darwish/Sekse
Glaessner/Renger
Piciotto/Spall
Vergin/Powell
Mathew

OFFICE MEMORANDUM

→ OED file

TO: Mr. Mervyn Weiner

DATE: August 25, 1975

FROM: Fred King

F MK

SUBJECT: Operations Evaluation Department

1. As per our conversation of last week, I am attaching a copy of a note I sent to Chris Willoughby when I ended my term as a Young Professional.
2. OED was my first assignment in the Bank and I found it difficult to evaluate procedures and projects without any experience in carrying them out. While I appreciate the need for fresh insights and outside viewpoints, I feel that they should come from people with experience in the development field, if not Bank procedures.
3. In my opinion the major problem faced by OED is the suspicion and even hostility it encounters from the other parts of the Bank. Innumerable times I have heard projects people say, "OED could do very useful work, but now. . ." If OED is to make a useful contribution to the Bank, I feel it must work more closely with the other Bank Departments and have more inter-change of personnel with them. Of course no one really likes to be criticized and OED must ask some hard questions, such as 'what was this project to do?, did it achieve its goals? and if not, why not?' If the findings of OED are to be useful, extreme care must be used and great expertise available or projects people will dismiss the results, saying "these people can't understand what the project was all about."
4. If I understand the new procedures that the Bank is to institute, I think they will make your job even harder. I don't think OED should be playing the role of the GAO and removing it from Bank management is a step in the wrong direction - it should integrate more into Bank work. I think it is important for the Bank to build in monitoring systems in its projects so that progress can be measured and problems (other than disbursement which is all that the current supervision missions usually can check on) can be spotted and overcome during project execution. OED could help in designing these monitoring systems.
5. I understand that the current procedure is for OED to do an audit on each project as it is finished. While this is a useful task, I hope it will not stop the Department from studying major areas such as agricultural credit and drawing some general lessons for the Bank.
6. Having spent only eight months in OED and two years in the Bank, I can only offer these thoughts from the impressions found in a relatively short time, but I hope you find them useful.

Encl.

cc: Mr. C. Willoughby

FKing/ire

Career development problems for some
young staff coming out of OED

October 11, 1974

Dear Chris,

My time in the Young Professional Program is almost over and I have decided to remain in the Bangladesh Division for my permanent assignment. While I enjoyed and found very valuable my stay in OED, I have decided to stay on the operations side. However, I would like to give you some impressions I have received lately.

I think the work done by OED is important and of great value to the Bank. However, I feel that OED's work does not have the effect it should have because of the hostility it encounters from people on the operations side. I think the major need of OED right now is to build up its credibility among the people it is evaluating. To do this I feel it is imperative to recruit and staff the Department with people thoroughly familiar with Bank operations. It is too easy for the operations people to rationalize their ignoring OED work by claiming that its staff is made up of outsiders and newcomers to the Bank who don't really understand how it works. I think the first priority of your department is to arrange to recruit or borrow for two to three years people who have 5-10 years experience in the Bank and who can serve as a bridge to the operations staff. Over time as people move into OED from other parts of the Bank and vice-versa, I think the present hostility and distrust will disappear. Until that time I think the Department must take pains to be aware of the sensitivities of the other departments of the Bank. Conversely, as long as this hostility exists, it will not only hinder the acceptance and usefulness of the OED work, but also will hinder the career development of the OED staff. I have already had some trouble with East Asia- Pacific because of the Philippine study.

I feel my time in OED was well spent, and I enjoyed working with you and Ted. All the best wishes for the future.

Sincerely yours,

Fred

ADMINISTRATIVE CIRCULAR

July 31, 1975

STAFF ANNOUNCEMENT

I am pleased to announce that the Executive Directors have approved the appointment of Mr. Mervyn L. Weiner as the first Director-General, Operations Evaluation. This appointment, which carries the rank of Vice President, will take effect October 1, 1975. At that date Mr. Shoaib will relinquish the responsibility he has so far held for the Operations Evaluation Department, until his retirement at the end of this year.

I regard the responsibilities which will devolve on Mr. Weiner in this new assignment as of the highest importance. As Director-General he will, through evaluation of our past experience, also be in a position to advise and guide us in the future. He is well qualified by his wide experience in the Bank to do this. A Canadian national, he joined the Bank in 1951 and has worked as an economist, an area department division chief, a chief economist, and as Director, Public Utilities Projects Department; at the 1972 reorganization he became Director, Projects Department, Asia Region, and in July 1974 he was promoted Regional Vice President, South Asia.

Mr. Weiner's successor in South Asia Region will be announced shortly.



Robert S. McNamara

Mr. R. A. Clarke, Director, Personnel

August 13, 1973

C. R. Willoughby, Director, Operations Evaluation

Senior Positions of Operations Evaluation Department

Mr. Shoaib sent me a copy of your memorandum of August 8 to him regarding Senior Positions in the departments under his responsibility. I was concerned at the portion of the memorandum referring to ourselves until Mr. Shoaib reminded me that the arrangement indicated was only a transitional, formal one, on which he had not wanted to take any position (except with regard to the grade of my own position) prior to familiarizing himself with our work following our transfer to him on July 1, 1973.

I attach a copy of my memo of June 25 to Mr. Kearns, outlining a proposed organization for the new Operations Evaluation Department (OED). In a memo of June 27 he gave his approval of the basic structure proposed. Mr. Shoaib also agrees with this structure and with the grade levels to be assigned:

Chief Evaluation Officer (A grade)
Senior Evaluation Officer (B grade)
Senior Evaluation Officer (B grade)

I consider that it is essential to have this heavier management rather than simply the two B-level positions indicated in your memo of August 8, because of the large number of studies we have to do in many different countries, the large number of research assistants we have in addition to professional staff and the fairly sizeable consultant budget we have to operate.

It was my understanding that the A-level position would, in accordance with Bank procedure, be opened up to competition, although Mr. Israel will be a very strong contender. Mr. Nowicki would fill one of the B-level positions, remaining at his present grade. The other B-level position would for the moment remain open, although Mr. Rice, who is joining us (at C level) about August 20 expressly to be a major project leader, should prove himself capable of filling that position in 6-12 months time.

Cleared with and cc: Mr. M. Shoaib

OFFICE MEMORANDUM

TO: Mr. M. Shoaib

DATE: August 8, 1973

FROM: R. A. Clarke *R. A. Clarke*SUBJECT: Classification Audit - Senior PositionsDECLASSIFIED
AUG 29 2002
CONFIDENTIAL
WBG ARCHIVES

The review of the levels of responsibility of all senior and supervisory positions in your departments has now been completed. Following several discussions with you and on the basis of your recommendations, Mr. Chadenet and I submitted classification proposals on all positions at level B and above to Mr. McNamara for his consideration and approval. Mr. Knapp participated in the consideration of the proposals relating to the Operating Staff.

2. In his review of these proposals, Mr. McNamara was concerned that the classification pattern not result in a structure which would be top-heavy but which would at the same time adequately recognize the relative levels of responsibility of each position. The main factors considered in determining the grading of the positions involved were:-

- (a) the intellectual demands of the functions (e.g. the degree of innovation, imagination and judgment required, the difficulties of operating in new fields, etc.);
- (b) the volume and complexity of the duties, including actual activities and programs as well as numbers and diversity of staff to be managed and motivated;
- (c) the degree and nature of supervision available (e.g. is immediate supervisor of the same discipline or experienced in the same field?);
- (d) inter-departmental consistency and equity to ensure that positions with broadly similar functions and where, in the light of the three preceding factors, their overall responsibility and impact may be equated be graded alike. Thus, for example, with but two exceptions, all Program Department Division Chiefs were classified in the same grade.

3. All senior and supervisory positions have now been classified in one of the four following grades:-

<u>Grade</u>	<u>Salary Range</u>
	\$
Department Director	25,230 - 37,560
Other Senior Staff	25,230 - 33,880
A	23,000 - 30,850
B	20,000 - 27,320

All Department Directors have been placed in the Department Director grade--the classification of the other senior positions in your departments, as approved by Mr. McNamara, will be as outlined in the annexed tables (Annex 1 showing the overall positions and Annex 2 showing the position for individual departments). Where appropriate, further details relating to the departments under your supervision are given in the attachment to this memorandum.

4. In the case of senior professional positions (e.g., Senior Economist, Senior Engineer, Senior Loan Officer, etc.) which have been classified at level B, we shall, in discussion with you and your Directors within the coming weeks, determine the total number of such positions for each department required to carry out the department's approved work program. Where the number of such positions exceeds the number of staff already at level B, promotions will normally be considered during the forthcoming Annual Personnel Review.

5. The staff members presently occupying senior and supervisory positions in each of your departments are listed in Annex 3. You will note that the approved classification pattern results in a number of positions being classified above or below the level of the present incumbents.

6. Staff members holding positions which have been classified above the grades they presently hold are listed in Annex 4. The performance of these staff members will be discussed with you or the Director concerned to ascertain whether the incumbent is carrying the full responsibilities of this post in an entirely satisfactory manner. If so, he will be promoted accordingly. Otherwise, he may be reassigned to a position more appropriate to his level and abilities. All promotions will be effective on or after January 1, 1973, depending on the date the staff member assumed the responsibilities of the post. Staff members whose salary is below the minimum of the salary range to which they are promoted will receive salary increases to the minimum of the new grade with a minimum of \$500. Those whose salary is already above the minimum of the higher grade will be granted an increase of \$500 on promotion provided, of course, that this does not take their salary above the maximum of the higher grade. The salary of each staff member to be promoted will be reviewed and adjusted as appropriate in full consultation with you or the appropriate Director.

7. A few positions have been classified at a lower level than the grade presently held by the incumbent. The arrangements set out at the time of the reorganization will continue to apply except that all staff members so affected (see Annex 5) will retain their present grade and prospects for salary progression within this grade on a personal basis rather than merely retain their current salary. These positions will, of course, be filled in the future at their approved level. Meanwhile, every effort will be made to assign these staff members to positions more appropriate to their personal grade.

/...

8. The principle has been accepted that, in special circumstances, the incumbents of advisory positions may be of a grade one level above or below the established grade of the post. This recognizes that, in positions of this type, the actual duties and responsibilities may vary fairly widely depending upon the experience and qualifications of the individual. This concept applies exclusively to lateral transfers into such advisory positions, made either at the time of the reorganization or in the future. Staff members can in no circumstances be promoted above the approved grade of the position. This provision is designed to promote maximum flexibility and mobility in the assignment of staff members between line and staff positions among the Regional Offices, Central Projects Staff, Development Policy Staff and other departments.

9. After you and your Department Directors have had an opportunity to review this matter, Messrs. Denton and Dyck will meet with you to discuss and initiate appropriate personnel actions arising from this classification structure.

cc: Mr. Knapp

LEVEL	Operations Evaluation & Internal Audit
VP	Vice President
DIR	Internal Auditor
DIR	Director, Operations Eval. Office
B	Deputy Internal Auditor
B	Chief Evaluation Officer
B	Senior Evaluation Officer
B	Senior Auditor

DEPARTMENTAL CLASSIFICATION LISTS

Senior and Supervisory Positions

Department: Operations Evaluation

Position	Level	Remarks
Director	DIR	
Chief Evaluation Officer	B	
Senior Evaluation Officer	B	

STAFFING LIST - SENIOR POSITIONSDepartment: Operations Evaluation

Position	Approved Level	Incumbent	Present Level	Remarks
Director	DIR	Willoughby, Christopher	X	
Chief, Eval. Off.	B	Israel, Arturo	B	
Sen. Eval. Officer	B	Nowicki, Alexander	B	

ADMINISTRATIVE CIRCULAR


July 17, 1973

REORGANIZATION OF INTERNAL AUDIT AND EVALUATION ACTIVITIES

Effective July 1, 1973, I have transferred responsibilities for the direction and management of the Bank Group's evaluation and internal audit programs to Mr. Mohamed Shoaib, Vice President. Our evaluation activities have, from the beginning, been carried out with full professional independence and I believe that this independence of audit and evaluation work from other operational work should be formally recognized in the organizational structure of the Bank.

The Internal Auditing Department and a new Operations Evaluation Department will report to Mr. Shoaib. The functions and staff of the Operations Evaluation Division of the Programming and Budgeting Department are transferred to the new Department.

I am pleased to announce the appointment of Mr. Christopher Willoughby as Director of the Operations Evaluation Department. Mr. Willoughby, a British national, is 35 years old and has been with the Bank since 1963 when he joined the Young Professionals Program. Most recently he has been Chief, Operations Evaluation Division in the Programming and Budgeting Department. Prior to that he served as Senior Programming Officer, P & B Department, and as an Economist in the former Office of the Director, Projects.



Robert S. McNamara

ADMINISTRATIVE CIRCULAR

July 17, 1973

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Robert S. McNamara

OFFICE MEMORANDUM

*File
Organization*

TO: Mr. Willoughby, Chief, Operations Evaluation, P&B DATE: June 27, 1973

FROM: James M. Kearns, *JK* Director, OPDSUBJECT: Organization of Operations Evaluation Department

1. With reference to your memorandum of June 25, 1973, I approve the organization that you proposed and agree with your reasons for it. The position of Chief, Evaluation Officer is appropriate in your situation where a divisional structure is not necessary or desirable, but where senior level positions are required, in lieu of division chiefs, to direct major tasks -- in your case the Project Performance Audits.
2. We have discussed your proposals with Mr. Dyck and Mr. Singh of the Personnel Department, and have agreed with them that you should proceed to organize the Operations Evaluation Department as proposed.
3. Unless you can devise some other qualifying descriptions for the two Senior Evaluation Officers, I suggest that they not be included in the organizational listing of the telephone directory because their sectoral attributions would imply that only projects in Agriculture and Industry will be evaluated. I understand that you will concentrate in those sectors during the coming year, but that you will also evaluate projects in other sectors.
4. Best wishes for the success of your new Department.

cc: Messrs. Dyck/Singh, Personnel
Shoaib
J. Adler, Director, P&B

TNRuth:lo

I now propose to create the following positions:

(i) Chief Evaluation Officer, at the A level, with primary responsibility for planning and implementing the program of Project Performance Audits and for developing the system linking these with Project Completion Reports; this work accounts for about half of the resources available for FY1974.

(ii) Two positions of Senior Evaluation Officer, at the B level, to head major studies, taking full responsibility for their planning and implementation and for follow-up to recommendations emerging; each major study envisaged for FY1974 accounts for 15-25% of resources available for the year.

I feel that this rather flexible top structure to the Department is much more suitable than any divisional organization, since I plan that all staff-members should work to some extent on both project audits and major evaluation studies.

I attach terms of reference for the positions of Chief Evaluation Officer and Senior Evaluation Officer.

These officers should be listed in the front pages of the Bank's telephone directory upon its next issuance, as Chief Evaluation Officer, Senior Evaluation Officer - Agriculture, and Senior Evaluation Officer - Industry.

I would like your early approval of these proposals, so that the situation of our staff may be clarified.

cc: Mr. J. Adler
Mr. J. Singh

OPERATIONS EVALUATION DEPARTMENT

Chief Evaluation Officer: Major Functions

1. To take primary responsibility for introduction and development of Project Performance Auditing system, advising Regional Offices on the preparation of Project Completion Reports and periodically checking on their production.
2. To take primary responsibility for planning and organizing the execution by staff and consultants of Project Performance Audits and for ensuring satisfactory quality.
3. To take full responsibility of managing the Department in the absence of the Department Director.

OPERATIONS EVALUATION DEPARTMENT

Senior Evaluation Officer: Major Functions

1. To design, manage and implement major evaluation studies, involving supervision of work done by Evaluation Officers, consultants and research assistants and responsibility for all organizational arrangements involved in such studies.

2. To take primary responsibility for follow-up on recommendations emerging from major studies for which they have been responsible.

OFFICE MEMORANDUM

File -
OEJ - Organization

TO: Mr. John H. Adler

FROM: H. W. Messenger *Hwm*

SUBJECT: Operations Evaluation Division

DATE: May 22, 1972

1. Mr. Willoughby has sent me terms of reference for the major functions of the proposed Deputy Division Chief and senior Evaluation Officers in the Operations Evaluation Division. Copies are attached to this memorandum. These answer satisfactorily the questions I mentioned in my May 12 memorandum to you, and I am happy now to approve the organization of the Division you proposed to me May 9.
2. You should now get in touch with the Personnel Department to discuss filling the position of Deputy Division Chief and the grade levels of the Evaluation Officers.

TMR:jk

Attachments

cc: Messrs. Twining/de Silva
Mr. Blaxall
Mr. Singh
Mr. Willoughby ✓ o/R

Mr. Willoughby's Copy O/R

Mr. Jasdip Singh

May 26, 1972

John H. Adler

Senior Industrial Economist for Operations Evaluation Division

1. We are making a major effort to add some experience to the staff of our Operations Evaluation Division which is being asked to undertake an increasingly diversified work-load in evaluation and audit of past Bank operations with a view to preparing brief papers for the Executive Directors summarizing conclusions and putting up for consideration suggestions regarding practical improvements in Bank policies, practices and procedures. Due to the importance of Development Finance Companies in past and present Bank lending, Mr. McNamara's strong desire that we should give particular attention to this form of lending, and the relevance of industrial issues in several other parts of our work (e.g. country and sector evaluation studies, procurement questions, reviews of policy advice, and evaluations of industrial/mining projects) we badly need an industrial economist with broad experience, interest in policy questions and imagination.
2. As you know, the Organization and Procedures Division of the Administration Department has approved the creation of two Senior Evaluation Officer positions, at "B" level, in our Operations Evaluation Division for men who would take the lead in planning, organizing and executing major and minor evaluation studies, with the aid of junior staff and consultants. We would like to appoint an industrial economist, with the requisite qualities, to one of these positions.
3. Mr. Alec Nowicki, presently in the South America Department and prior to that in the Economics Department, has come to our attention as a man admirably suited to filling this position, which would broaden his experience in Bank work and might well be of interest to him, in view of the considerable responsibility involved and the concern with policy matters.
4. I would be very grateful if this opportunity could be drawn to the attention of Mr. Nowicki at the earliest moment so that he might consider it and discuss it with us.

CRWilloughby:va

OFFICE MEMORANDUM

TO: Mr. Jasdip Singh

DATE: May 23, 1972

FROM: John H. Adler

SUBJECT: Additional Senior Transport Economist for
Operations Evaluation Division

As you know, we have been looking around for some time for an experienced transport economist capable of taking an imaginative lead in planning, organizing and executing both major and minor evaluative studies of past Bank transport projects, with the aid of consultants and junior staff. We have the approval of the Organization and Procedures Division of the Administration Department to create a Senior Evaluation Officer position at "B" level for such a man. We are most anxious to fill the position with a man with several years' experience in the Projects Departments, in order to make our work more directly and fully relevant to the day-to-day problems encountered there in application of Bank policies, procedures and practices. Such experience would materially help to improve the recommendations and suggestions part of our products, on which Mr. McNamara has recently been placing great stress.

We have sought to meet our requirements from among people presently inside and outside the Bank, and we have reviewed a great number of files. We have come to the conclusion that Mr. Brian Shields, presently an economist in one of the Highways Divisions of the Transportation Projects Department would suit our needs admirably, and we feel that he might well be interested in the job we have to offer. He has considerable experience in analysis of projects in different modes of transport, having worked for a long time in Nigeria and for a two-three year period with an engineering consultant in Brazil. He has been with the Bank some three years, performed most satisfactorily and, according to his file, several times evinced interest in getting into broader aspects of Bank work, including analysis of country and sector lending programs, policy development and work on projects outside the transport field (such as he seems to have had experience of in Nigeria). In our Operations Evaluation Division he would have considerable opportunity to apply these interests and, even as a Senior Evaluation Officer specializing in transport, he would still have the chance (and, for us, the need, since the division remains very small) to take a lead from time to time in analyzing projects outside the transport field.

I am convinced that Mr. Shields would fulfill very excellently the job of a Senior Evaluation Officer and I think this experience would be in the interests of broadening his career in Bank work. I would be grateful if this opportunity could be brought to the attention of Mr. Shields and if arrangement could be made for us to discuss the matter directly with him. The earlier this could be done the better since our requirement for help is urgent.

CWilloughby/lmh



Record Removal Notice



File Title Operation Evaluation Department [OED] - General		Barcode No. 1307938		
Document Date 14 July, 1972	Document Type Memorandum			
Correspondents / Participants To: Jasdip Singh From John Adler				
Subject / Title Deputy Chief, Operations Evaluations Division, Programming and Budgeting Department				
Exception(s) Personal Information				
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 Vlada Alekankina</td><td>Date August 27, 2012</td></tr></table>	Withdrawn by Vlada Alekankina	Date August 27, 2012
Withdrawn by Vlada Alekankina	Date August 27, 2012			

OFFICE MEMORANDUM

TO: Mr. Jasdip Singh

DATE: May 31, 1972

FROM: John H. Adler

SUBJECT: Operations Evaluation Division

As you know, Mr. Messenger has responded favorably to Mr. Willoughby's request to approve the Terms of Reference for a Deputy Chief of the Operations Evaluation Division and of Senior Evaluation Officers. (See Mr. Messenger's memorandum of May 22 entitled Operations Evaluation Division and attachments.)

In view of this I am anxious to proceed with having three positions in the Operations Evaluation Division upgraded to B level and to fill the positions.

I am looking forward to receiving your proposals for candidates.

JHA/mwm



OFFICE MEMORANDUM

OED - Organization

TO: Mr. John H. Adler

DATE: May 12, 1972

FROM: H. W. Messenger *HW*SUBJECT: Operations Evaluation Division

1. Please refer to your memorandum of May 9, 1972, requesting approval of a Deputy Division Chief position and two B-level positions in the Operations Evaluation Division of the Programming and Budgeting Department.
2. I have asked Mr. Willoughby to send me draft terms of reference for the Deputy Division Chief and the Evaluation Officers. If these clarify some questions I have about the proposed organization of the Division and provide assurance that there will be no unnecessary overlaps of responsibilities in supervisory positions nor unnecessary tiers in the Division's chain of command, then I shall be happy to approve your request.
3. The questions of who should be the Deputy Division Chief and the grade level of the Evaluation Officers should be taken up with the Personnel Department. Terms of reference for the positions will also be helpful to Personnel in considering these matters.
4. My tentative affirmative response to the request is based upon my understanding of the following points concerning the Operations Evaluation Division:
 - (a) The work of the Division is still rather new and uncharted. Evaluation methodology is being developed and refined. The Division Chief is heavily involved in leading this development and supervising evaluation studies. He feels he needs someone with recognized experience to take the lead in some sectors and to back him up in the administration of the Division as well.
 - (b) The Division will expand to about 12 professionals taking into account three or four consultant man-years in your FY-73 budget request. There will also be eight Special Services staff. The anticipated size of the Division is additional justification for a Deputy.
 - (c) The work program for the forthcoming year is rather fragmented with three major studies, 12 smaller studies and followup on completed evaluation reports. Therefore, the request for two positions with responsibilities for leading projects appears justified.
5. I shall give you a firm response after reviewing the additional material to be supplied by Mr. Willoughby.

TNR:jk

cc: Mr. Twining/de Silva
Mr. Blaxall
Mr. Singh
Mr. Willoughby ✓

OFFICE MEMORANDUM

TO: Mr. John H. Adler

DATE: May 12, 1972

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TNR:jk

cc: Mr. Twining/de Silva
Mr. Blaxall
Mr. Singh
Mr. Willoughby

Mr. Willoughby

The additional transport engineer-economist in the OED will be expected to undertake, largely independently, evaluation studies of past Bank projects in all fields of transport. These studies could be relatively short and simple reappraisals, aimed at establishing whether the original objectives of the projects were attained; more complete evaluations of large projects comprising, for example, an analysis of the development impact of highway investments; or complete transport sector studies including several projects, for instance in railways, ports and highways. Candidates should have a solid background in engineering, with some economics in addition and several years' experience in project appraisal or planning in the field of transport; they should also be familiar with the latest techniques used in the field.

CRW

PROGRAMMING AND BUDGETING DEPARTMENT

OPERATIONS EVALUATION DIVISION

Deputy Division Chief: Major Functions

1. To direct all evaluation work in the fields of transport and public utilities. This function will entail the design of the work program, the supervision and administration of evaluation studies carried out by Senior Evaluation Officers and Evaluation Officers, and the supervision of the follow-up activities emerging from the studies.
2. To be responsible for the administration of the Division as regards research assistants and general services staff.
3. To take full responsibility of managing the Division in the absence of the Division Chief.
4. To assist the Division Chief in planning for the Division.

May 12, 1972

PROGRAMMING AND BUDGETING DEPARTMENT

OPERATIONS EVALUATION DIVISION

Senior Evaluation Officer: Major Functions

1. To design, manage and implement major evaluation studies. In the course of their work, they should supervise work done by Evaluation Officers, consultants and research assistants.
2. To supervise and advise on audit studies of individual projects or series of projects done by Evaluation Officers or consultants.
3. To take full responsibility for follow-up on recommendations emerging from major evaluation studies and audit studies done under their auspices.

May 12, 1972

CRW

PROGRAMMING AND BUDGETING DEPARTMENT

OPERATIONS EVALUATION DIVISION

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May 12, 1972

PROGRAMMING AND BUDGETING DEPARTMENT

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May 12, 1972

ADMINISTRATIVE CIRCULAR

September 2, 1970

ESTABLISHMENT OF AN OPERATIONS EVALUATION UNIT

Effective audit and control procedures have always been matters of major concern to the World Bank Group. Two of the most important innovations introduced by the World Bank in its early years were the procedures developed for supervision of loan disbursements and of the execution of the projects (end-use supervision). Over the years these procedures have been continuously strengthened and adjusted in the light of changing circumstances.

This process continues. In addition, in the last two years, budgetary controls have been strengthened by the creation of the Programming and Budgeting Department. Financial controls have been improved by the establishment of the Audit Committee of the Executive Directors and by the strengthening of the Office of the Internal Auditor.

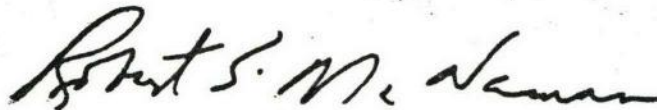
I feel that, with the growth of the Bank Group, the time has come to carry our systematic auditing procedures a stage further - to cover the contribution of our operations to development. Some review of our operations from this point of view has of course always been carried out in the course of Economic and Sector Missions, but these have other overriding responsibilities. As regards projects which we have helped to finance, end-use supervision generally stops with the completion of construction, but the results of many of them have been reviewed by the Projects Departments in the course of appraising further loans or credits to the same entity or sector. Here again, however, the review of past operations is only a subsidiary issue and time seldom suffices to carry it very far. A number of thorough reviews have been carried out by the Sector and Projects Division of the Economics Department in connection with their responsibility for helping to improve the methodology of project appraisal, but the number of projects covered in depth is small and the focus is generally more on methodological improvements than on re-evaluation of costs and benefits as such. Evaluation of the impact on development of our operations is thus at present limited. I believe that the growth in the funds that we are responsible for channelling into development and in the number of countries with which we are actively involved makes it important for us to develop a more systematic approach.

I have therefore decided to establish, in the Programming and Budgeting Department, a unit whose sole responsibility will be to evaluate the contribution of our operations to the development of member countries. The principal task of the unit will be to review past lending operations with the central objective of establishing whether the actual benefits of the completed projects are in accordance with those expected at the time of appraisal and, in case

of divergence, the reasons. Our methods of project appraisal have developed and improved over the years. Our quantification is sounder now than in the past, our view of development more comprehensive and our analyses of projects and sectors deeper. Naturally, our current techniques and methods will be used in evaluation of past operations, but in comparing results achieved with original forecasts due attention will be paid to the cost and benefit concepts prevailing at the time these operations were appraised.

Since this type of work has not been carried out to any extent before in the Bank I envisage the new unit starting with a modest staff complement of three and a workload of some five projects in several different sectors. Especially in the beginning, the staff of the unit will need to draw heavily on the advice and knowledge of those in other Departments of the Bank Group who have been concerned with the projects selected.

I believe that this initiative will have two principal benefits. It will contribute to the formulation of policy and procedures by enabling us to learn more from our past experience. And it will give us a degree of conviction about the impact of what we are doing which we could obtain in no other way.



Robert S. McNamara
President