The Policy and Evaluation Committee met on 15 September to consider Management’s proposal for a Development Effectiveness Framework (DEF), as set out in document GN-2489.

Through the DEF, Management intends to increase the effectiveness of all the Bank’s products. In order to achieve this objective, Management is setting clear standards and metrics for the evaluation of all development interventions and providing clear guidance to staff about analytical requirements for meeting the standards. Management is also aligning governance structures to comply with good practice standards and incorporating, in the Corporate Performance Framework, a results framework to monitor progress in key indicators. Finally, Management is developing an action plan for the successful implementation of this framework.

The DEF architecture proposed in the document includes all three categories considered in the standards: governance, metrics, and reporting. These standards would provide the basis for guiding staff in the related analytical requirements and for subsequent evaluation, including self-evaluation by Vice-presidencies and progressively more independent evaluation by SPD and OVE.

The proposed new system is comprehensive in nature, encompassing all Bank products: both sovereign and non-sovereign guaranteed operations, country strategies, and non-financial products. The document discusses governance issues, alignment of the Bank’s evaluation instruments with the standards described, and reporting mechanisms for tracking progress. Appendices present specific metrics and reporting instruments to be used to evaluate and monitor the development results of each product. Instruments could be subject to adjustments and improvements by Management over time.

When asked to comment, OVE commended Management on its comprehensive new approach to development effectiveness as well as its candid self-criticism, willingness to learn from past mistakes, and embrace of standards and recommendations issued by the MDBs’ Evaluation Cooperation Group (ECG). This approach represents a great improvement from the past. OVE also raised a number of concerns, however, starting with the major organizational effort that would be required to effectively implement the ambitious new framework. In particular, noting the Bank’s inability to effectively apply such development effectiveness standards in the past—and Management’s current approach of pushing quality control and accountability downward in the organization, to project teams--OVE suggested better defined mechanisms, or “gatekeepers”, to enforce the standards in practice.
OVE also noted the absence of metrics commonly accepted by the international development community as a basis for ranking and choosing among alternative projects. On that point, OVE is scheduled to bring to the Committee a document on project economic analysis discussing various analytical methods, such as the calculation of internal rates of return that might be used to fill this gap. Finally, OVE suggested that the institutional value of expanding its validation of project completion reports (PCRs) to cover the entire universe of those reports, as proposed by Management in the document, would entail a very high and unnecessary cost. Furthermore, it would not be consistent with ECG standards. OVE suggested, and the Committee agreed, that decisions as to the percentage of PCRs to undergo validation should be made during consideration of OVE’s work program.

Welcoming the proposed framework, Directors shared OVE’s concerns regarding implementation as a key element for the success of this framework and expressed interest in receiving a more detailed road map and timetable for the various steps required to incorporate it into Bank practice. Some Chairs suggested a need for close Board involvement in the implementation process.

Areas mentioned as requiring particular attention included: i) training and incentives for staff to promote a change toward a culture of accountability and lesson learning; ii) data management and information technology systems to ensure consistent application of the framework and better knowledge of Bank disbursements, outputs, and outcomes; iii) the importance of this proposal for further lending discussions; iv) the timely preparation of PCRs to permit a proper assessment of development effectiveness; and v) application of the Development Effectiveness Matrix to the Bank’s Knowledge and Capacity Building Products.

A widely discussed issue was how this proposal relates to the Country Strategy Guidelines (CSG). It was agreed that inconsistencies between the two should be resolved in the short run. The issues of country ownership and country focus were also discussed.

Management agrees with OVE and Directors about the ambitious character of the proposal, but pointed out that in the past, partial approaches were not successful. Management suggested taking an empirical approach to answering questions about how long it will take to implement the proposal, tracking indicators designed to measure progress toward stated goals. Management also agrees on the need for incentives to promote cultural change, acknowledging the lack of such clear incentives in the past. Work underway in this connection with the Bank’s IT team was also described. Finally, in the discussion about Bank vs. Country focus, Management recognizes that this is an internal view indeed, but relevancy is also based in the ability of the Bank to serve the countries.

On these and other implementation issues covered in the minutes of this meeting, the Committee will be looking to Management for more detailed information in the months ahead. Overall, the Committee was unanimous in considering the framework, as outlined thus far, as a definite step in the right direction. Accordingly, as Chairman of the Policy
and Evaluation Committee, I would like to thank Management for its hard work on this proposal and to recommend that the Board approve it as set out in document GN-2489.