

Review of the Evaluation Capacities of Multilateral Organisations



Australian Agency for International Development



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Evaluation No: 11 - May 1998

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Glossary

ADB	Asian Development Bank
ADF	Asian Development Fund
APEP	Annual Performance Evaluation Program
ARDE	Annual Review of Development Effectiveness (OED)
ARPP	Annual Report on Portfolio Performance
AusAID	Australian Agency for International Development
BCM	Beneficiary Contact Monitoring
BME	Benefit Monitoring and Evaluation
CAPs	Country Assistance Plans
CEDAB	Central Evaluation Database
CEO	Central Evaluation Office
CIS	Commonwealth of the Independent States
COSAMRs	Country Office Semiannual Management Reports
COARs	Country Office Annual Reports
CODE	Committee on Development Effectiveness
COPR	Country Office Progress Report
CORPLAN	Corporate Planning, Budget and Effectiveness Review
CPA	Comprehensive Plan of Action
CPPRM	Country Portfolio Performance Review Mission
DAC	Development Assistance Committee
DBS	Development Banks
DMC	Developing Member Country
EBRD	European Bank for Reconstruction and Development
ECG	Evaluation Cooperation Group
ECOSOC	Economic and Social Council
EIRR	Economic Internal Rate of Return
EMOP	Emergency Operations
EMSYST	Evaluation Memory System

EO	Evaluation Office (UNDP)
EPTA	(UN) Expanded Programme of Technical Assistance
EXCOM	Executive Committee of UNHCR
FAO	Food and Agriculture Organisation
FIRR	Financial Internal Rate of Return
GEF	Global Environment Facility
HUR	Humanitarian Relief
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IEFR	International Emergency Food Reserve
IES	Inspection and Evaluation Service (UNHCR)
IFC	International Finance Corporation
ICSID	International Centre for Settlement of Investment Disputes
LDCs	Least Developed Countries
LLDB	Lessons Learned Data Base
M&E	Monitoring and Evaluation
MCH	Mother and Child Health
MDBs	Multilateral Development Banks
MIGA	Multilateral Investment Guarantee Agency
MIS	Management Information System
MOU	Memorandum of Understanding
OCR	Ordinary Capital Resources
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OECF	Overseas Economic Cooperation Fund
OED	Operations Evaluation Department (World Bank)
OEDE	Director of the Office of Evaluation (World Food Programme)
OEDI	Office of Inspection and Investigation

OEG	Operations Evaluation Group (IFC)
OMS	Operation Management System
PAC	Project Administration Committee
PEIS	Postevaluation Information System
PEO	Post-Evaluation Office (ADB)
PIP	Portfolio Improvement Program
PIR	Project Implementation Report
PMOC	Project Management Oversight Committee
PMR	Project Monitoring Report
PPAR	Project Performance Audit Report
PPER	Programme Performance Evaluation Report
PPMS	Project Performance Management System
PPR	Project Performance Report
PRC	Program Review Committee
PRO	Protracted Relief Operations
QAG	Quality Assurance Group
QPR	Quarterly Progress Report
RAG	Review Advisory Group
RRPs	Reports and Recommendations of the President
SHD	Sustainable Human Development
SO	Special Operations
SPMR	Subproject Monitoring Report
TCR	Technical Assistance Completion Report
TOR	Terms of Reference
TPAR	Technical Assistance Performance Audit Report
TPR	Tripartite Review
TRR	Triennial Review Report
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme

UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children Emergency Fund
UNIFEM	United Nations Development Fund for Women
UNIP	United Nations and International Programs
WB	World Bank
WFP	World Food Programme
WHO	World Health Organisation

Executive summary and recommendations

Background

This Review report describes and compares the evaluation and monitoring capacities of five multilateral organisations supported by the Australian Aid Program: the World Bank (WB), the Asian Development Bank (ADB), the United Nations Development Programme (UNDP), the United Nations High Commissioner for Refugees (UNHCR), and the World Food Programme (WFP). It indicates the degree to which AusAID can rely upon the organisations' self-assessments of performance to account for the effective use of Australian aid funds. It also recommends improvements in monitoring and evaluation activities, which Australia may pursue through its representatives on the governing bodies of the organisations.

AusAID's evaluation and monitoring systems were under review during this study, after the Simons Review. They were compared with those of the five multilateral organisations. Measures are recommended, for AusAID to consider, which would improve its evaluation policies and approaches.

Method

An independent consultant, with extensive experience in evaluation at a senior level in multilateral agencies, prepared the report. A desk study of relevant publications of the organisations preceded interviews with relevant personnel in the organisations, and extensive discussion within AusAID. The preliminary findings of the consultant were provided to the organisations and their comments incorporated in the Review report. The views expressed are those of the consultant and not necessarily Australian Government policy.

Conclusions

The Review concluded that the two Banks, and the UNDP, conduct effective evaluations and report accurately on their own performance, the latter primarily at the central level. However, field-based operations of UNDP, UNHCR and WFP have not been subjected to rigorous, in-depth evaluations to assess their developmental impact and sustainability. Australia may need to more closely monitor and/or evaluate the programs and projects of UNHCR and WFP to assess program performance.

Comparative assessment

To reach these conclusions the Review compared the independence, evaluation framework, design and implementation of evaluations, output quality, evaluation feedback and the monitoring systems of the five organisations.

The evaluation units of the two Banks are more independent than those of the UN agencies. The WB's Operations Evaluation Department (OED) reports to the Board of Executive Directors and the ADB's Post-Evaluation Office (PEO) to the President. The organisational framework is similar among the evaluation units of the three UN agencies, as a director who reports to the concerned Chief Executive heads each.

Resources allocated to evaluation vary markedly among the organisations¹. In absolute terms, expenditure by the WB on evaluation activities (about \$16 million per annum) far exceeds that of the ADB and UNDP (about \$4 to \$4.5 million pa.), WFP (\$2 million pa.) and UNHCR (\$500,000 pa.). Staff resources allocated to the evaluation unit of the WB (50 managerial and professional staff), and the ADB (20), exceed those allocated by the UN agencies: UNDP (5), WFP (7) and UNHCR (2).

In the design and implementation of evaluations, the approaches adopted by the five organisations are similar. However, the types of evaluation instruments vary among organisations, with the differences between the Banks and the three UN agencies being more marked. The Banks undertake ex-post evaluations of projects/programs, thematic and strategic studies and impact evaluations on a regular basis, while the three UN agencies carry out

1 Differences in structure and roles of the units mean that these figures are indicative only.

more interim and terminal evaluations² and a few thematic, strategic and sectoral studies.

The Banks use a more extensive range of evaluation instruments than is used by the UN agencies, with the WB, in particular, developing new tools to give a comprehensive assessment of its development effectiveness and the performance of its portfolio. In recent years it has also expanded the provision of ‘real-time feedback’ through the implementation of Quality Assurance activities. The QAGroup assesses the quality at entry of selected operations, identifies high risk projects and monitors them for possible restructuring, closing or upgrading, and reviews the Bank’s performance in decision making in selected lending and non-lending operations. The assessments carried out by this Group, with the assistance of customised panels, provide timely feedback to redress or rectify shortcomings observed in the on-going portfolio of the Bank.

The quality of evaluation reports of each organisation depended on: the competence of evaluation staff, availability of appropriate evaluation guidelines, transparency and consistency of criteria adopted in making judgments of performance, effectiveness of quality control mechanisms, transparency in the process of design and implementation of evaluations, and the independence of the head of the evaluation unit. Using these criteria, the two Banks showed a high standard, followed by UNDP. Some of the reports prepared by UNHCR and WFP also were of high quality.

Monitoring

The five organisations have had limited success with monitoring, with the extent varying with the type of activities supported. Shortcomings in the monitoring systems may be attributable to lack of beneficiary participation, lack of ownership of the systems by the concerned countries and the beneficiaries, inadequate appreciation of the concepts, tools and practices of monitoring, and/or lack of indicators to measure performance. All organisations are currently identifying constraints and developing new instruments to improve their performance. The World Bank is in an advanced stage of preparation, with sector-specific performance monitoring indicators developed for 17 sectors. ADB is testing a new Project Performance Management System. UNDP has recently published its updated Results-Oriented Monitoring and Evaluation handbook, while

2 Interim and terminal evaluations have the advantage over ex-post evaluations of providing immediate feedback.

UNHCR and WFP are reviewing and revising their monitoring and reporting systems.

Feedback

An effective feedback mechanism is indispensable if the maximum use is to be made of evaluation effort. The mechanisms used to disseminate evaluation findings follow a similar pattern among the five agencies, although there are differences in the way the mechanisms are structured. The common approach included: discussion with, and distribution of reports to, the concerned operational departments, divisions, implementing agencies and recipient governments; participation in briefing sessions; conduct of seminars/workshops and presentation; and discussion of major reports at senior management committee meetings and/or at Board sessions. However, the two Banks have *formal arrangements* for the presentation of findings of evaluation to senior management, the follow-up of the implementation of evaluation recommendations and the incorporation of lessons learned in the preparation of new projects and programs. Such formal arrangements are less evident in the other agencies.

Methods for dissemination of findings to the wider public include the publication of highlights of evaluation findings and lessons in regular (eg. quarterly or annual) issues, as well as publication and distribution of abstracts and syntheses of findings covering a sector, country or region.

In the three UN agencies, as well as in the two Banks, databases are used to store and disseminate evaluation findings. The database in UNDP is extensive but requires further refinement, while those in UNHCR and WFP are rudimentary and will require further inputs to become effective instruments of feedback. The databases in the World Bank and ADB contain a wealth of data but have not been widely accessed by users.

Recommendations for AusAID representatives on governing bodies

It is recommended that Australian representatives on the governing bodies of the five organisations monitor and support the continuing improvements that are occurring in the organisations' monitoring and evaluation systems. In particular, it is recommended that they:

- ④ promote the allocation of increased resources to upgrade monitoring and evaluation capacities in the UN agencies, in UNHCR in particular;
- ④ promote an increase across agencies of self-evaluation and other mechanisms which provide ‘real-time feedback’ to project and program managers;
- ④ as part of the evaluation effort of all three UN agencies, encourage more country-focused evaluations to enhance performance of country-based operations;
- ④ support collaboration and harmonisation of such tools as ‘rating systems’ across all agencies³;
- ④ encourage development of formal feedback mechanisms in the UN agencies to ensure that the implementation of evaluation recommendations is tracked and reported to senior management and governing bodies;
- ④ support efforts of all agencies to develop monitoring and evaluation capacities in developing countries, in a coordinated fashion based on country specific assessments, and to encourage the ownership and appreciation of the benefits of monitoring development activities;
- ④ encourage activities which develop an ‘evaluative culture’ throughout each organisation;
- ④ consider opportunities for AusAID to participate in evaluations of WFP and UNHCR (and to a lesser extent UNDP) activities in countries/programs of high priority to Australia; and
- ④ support the development of new evaluation approaches, indicators and methods for in-depth assessment of impacts and benefits.

Recommendations for AusAID’s evaluation activities

To improve its monitoring and evaluation systems, it is recommended that AusAID:

- ④ develop a simplified, more independent approval and clearance mechanism for Terms of Reference and reports, with most evaluation documents to be published and disseminated;

3 For example, the rating systems of the World Bank and the ADB are being harmonised through the Evaluation Cooperation Group of the Multilateral Development Banks.

- ④ redistribute its evaluation effort more equitably across ex-post evaluations, program reviews, thematic studies and interim/terminal evaluations. Interim/terminal evaluations will provide ‘real-time’ feedback and performance information;
- ④ implement a mechanism similar to the QAG of the World Bank to provide early feedback and improvement of new operations;
- ④ use a (four point) rating system to indicate program/project performance as determined by evaluation;
- ④ establish a formal feedback system similar to that of the Banks, including a mechanism to verify that agreed recommendations have been implemented; and
- ④ strengthen the linkage between performance monitoring and evaluation. (AusAID could benefit from a review of the sectoral notes and performance monitoring indicators prepared by the World Bank.)

Chapter 1

Introduction

Background

Multilateral development institutions perform developmental and coordination functions that are directly relevant to Australia's aid program. Australia supports these organisations on the premise that they can influence the effectiveness of bilateral and regional activities, especially in areas such as governance, economic policy, human rights, environment and gender issues and social development. Such engagement also provides the opportunity to influence international debate on development issues. Australia has contributed to the work programs and played a role in the activities of major institutions such as the World Bank and the United Nations Development Programme, since their inception. Resource constraints and donor concern have elevated the importance of greater effectiveness, efficiency, transparency and accountability in financial management and responsiveness of these organisations to donors and recipients.

This review serves several purposes:

- ④ to determine whether the Australian Agency for International Development (AusAID) can benefit from these organisations' in-house assessments of their operational effectiveness and the feedback of lessons learned. This would remove the need for AusAID to undertake separate reviews of these organisations, which are costly and time consuming, and instead utilise key reports of the organisations to account for the expenditure of Australian funds;
- ④ to identify lessons to inform AusAID's own evaluation arrangements, and
- ④ to contribute to discussions about Australia's level of support for these organisations and enable AusAID representatives to each organisation to advocate appropriate changes in monitoring, evaluation and feedback processes and policies.

Objectives and scope of the review

The objectives of the review were:

- ④ to compare evaluation capacities, methods and performance, and the effectiveness and use of feedback mechanisms in five multilateral organisations: the World Bank (IBRD/IDA/IFC)¹, the Asian Development Bank (ADB), the United Nations Development Programme (UNDP), United Nations High Commissioner for Refugees (UNHCR) and the World Food Programme (WFP);
- ④ to briefly compare the monitoring procedures of the organisations; and
- ④ to identify lessons and make recommendations for AusAID's own evaluation arrangements

The scope of the review was the assessment of salient features in each organisation relating to:

- ④ the evaluation framework;
- ④ the processes associated with the planning and implementation of evaluation;
- ④ the qualitative aspects pertaining to evaluation outputs;
- ④ the overall effectiveness of the reporting and feedback mechanisms; and
- ④ recipient country cooperation and participation in the evaluation program.

The framework and the procedures for the implementation of monitoring were also examined briefly to compare processes and assess the linkage of monitoring with evaluation.

Review method

The review was implemented by a contractor who:

- ④ reviewed relevant literature pertaining to the five organisations;
- ④ consulted within AusAID with concerned staff and desk officers;
- ④ prepared and dispatched questionnaires to the five organisations requesting their cooperation in providing necessary background information, and advising them of the issues which he wished to discuss during a subsequent visit to them;

1 Usually abbreviated as the WB.

- ④ dispatched questionnaires to a representative sample of 6 country recipients of development assistance: Bangladesh, Fiji, Indonesia, Papua New Guinea, Philippines and Sri Lanka. This was to elicit recipient country views on approaches, methods and outcomes of evaluation activities carried out by the different organisations;
- ④ analysed questionnaire responses received from the organisations and the selected countries before the field visit; and
- ④ travelled to New York, Washington, Geneva, Rome and Manila during September/October 1997 to meet with the concerned staff of UNDP, the World Bank (IBRD/IDA/IFC), UNHCR, WFP and ADB to discuss issues relevant to the review. Discussions were held with staff of the concerned evaluation departments/offices and with the users of evaluation findings including program/project officers of operational departments and other key divisions.

A Review Advisory Group (RAG) advised the review. Its members were drawn from AusAID Sections: United Nations and International Programs (UNIP); Development Banks (DBS); Corporate Planning, Budget and Effectiveness Review (CORPLAN); Humanitarian Relief (HUR) and Evaluation (EVAL)². The RAG reviewed and approved the Terms of Reference (TOR) for the review, the design and work plan, the progress of work prior to the commencement of fieldwork, and the draft and revised draft report.

The revised draft report was sent to the participating institutions and relevant staff in other government departments for comment prior to its completion.

Structure of the report

This chapter introduces the review. It is followed by a discussion of the evaluation framework (Chapter 2) which defines evaluation and monitoring and discusses the purposes and basic principles of evaluation and monitoring. The chapter includes a comparative assessment of the genesis and development of the organisational structure for evaluation in the five organisations as well as the policies and practices relating to evaluation programming, including identification of priorities, selection of projects and themes, and discussion of their strengths and weaknesses.

2 All of these sections changed name in the reorganisation of AusAID in January 1998.

Chapter 3 concentrates on activity design and implementation aspects. The approaches to the planning and implementation of evaluations, as well as the processes associated with the preparation, finalisation and publication of evaluation reports are analysed and best practices or shortcomings are identified. The issues relating to quality control, independence, integrity and transparency of the entire process are also discussed.

Chapter 4 reviews the mechanisms for disseminating evaluation results and feedback and assesses their effectiveness for improving on-going and future project/program performance. This is followed by a discussion of the monitoring framework and its linkage with evaluation (Chapter 5).

Chapter 6 draws on the findings of the earlier chapters and compares performance in the five organisations.

Chapter 7 deals with conclusions and recommendations and assesses the implications of the review findings for AusAID.

Appendix 4 gives an overview of the five participating organisations. Appendix 6 contains comments from the target organisations, on views expressed in the report with which they disagree, and AusAID's response to the report's recommendations to improve its monitoring and evaluation systems.

Chapter 2

Evaluation framework

Definition of evaluation and monitoring

The concepts of evaluation and monitoring have received significant attention during post-World War II development. The complexities of the development process, combined with the need for prudence in the management of official development assistance (ODA), led donors to highlight the relevance of these concepts for effective project/program management. However, interpretations of the concepts varied among development organisations although there was agreement on their fundamental elements. For example, each multilateral organisation accepted the concepts in broad terms but adapted them to suit its specific mandate and developmental role. Among the five organisations selected for this review, both the World Bank and the Asian Development Bank share common interpretations, but there are some differences among the three UN agencies and between the UN agencies and the Banks. However, these are no impediment to a comparison of the organisations' evaluation capacities.

Evaluation

For this review, the following definition of “evaluation”, which has been adopted by the Development Assistance Committee (DAC) of the OECD, is considered appropriate:-

“An evaluation is an assessment, as systematic and objective as possible, of an ongoing or completed project, program or policy, its design, implementation and results. The aim is to determine the relevance and fulfilment of objectives, developmental efficiency, effectiveness, impact and sustainability. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process of both recipients and donors.”

The definition includes evaluations of both ongoing and completed operations, and thereby goes beyond *ex-post* activities. Evaluation is an important, ongoing activity which not only provides learning at

project/program level, but also provides insights into the issues and concerns at policy, strategy and program levels. The parameters which are vital for evaluating operations include:

- ④ the relevance of objectives and goals in relation to approved development strategies of a sector/country;
- ④ the efficacy of operations;
- ④ the efficiency or cost-effectiveness of operations;
- ④ the intended and unintended impacts and outcomes; and
- ④ the sustainability of benefits of the projects/programs.

The findings of evaluation should be useful and geared to current operational concerns. Evaluations should be objective, rigorous, impartial and free from bias, and should be carried out independently and in a transparent manner.

Monitoring

The term “monitoring” has been variously defined and there is no definition adopted by all donors. In broad terms, monitoring “is a continuous assessment, both of the functioning of the project activities in the context of implementation schedules, and of the use of project inputs by targeted populations in the context of design expectations. It is an internal project activity, an essential part of good management practice, and therefore, an integral part of day-to-day management”³. Essentially, monitoring is a management tool, which provides the basis for corrective actions to improve project/program design, its implementation and the quality of results. Monitoring helps organisations assess:

- ④ the relevance of project/program objectives and goals on a continuing basis;
- ④ efficiency in the delivery of inputs; and

3 Dennis J. Casley and Krishna Kumar, *Project Monitoring and Evaluation in Agriculture*, A World Bank publication, 1987.

OED of the World Bank defines monitoring as “the continuous assessment of project implementation in relation to agreed schedules and of the use of project outputs, including infrastructure and services, by project beneficiaries”. The UNDP handbook: “Results-oriented Monitoring and Evaluation”, 1997, defines monitoring as “a continuing function that aims primarily to provide project management and the main stakeholders of an ongoing programme or project with early indications of progress or lack thereof in the achievement of programme or project objectives”.

- effectiveness in the production of planned outputs and in fulfilling the immediate objectives of projects or programs.

Although there are differences in their application, monitoring and evaluation are mutually supportive. Monitoring data are valuable inputs for evaluation: both quantitative and qualitative data obtained through the use of indicators can serve as inputs for evaluation. Similarly, evaluation outputs serve as inputs for fine-tuning methods or for developing indicators for monitoring. A management information system (MIS) serves as a conduit for reporting progress, assessing outputs and determining project/program performance.

Purpose of evaluation

The main purposes of evaluation are:

- to provide an objective basis for assessing the performance of projects, programs, policies and processes: a results assessment purpose;
- to improve projects and programs through feedback of lessons learned: the learning purpose of evaluation; and
- to provide accountability, including the provision of information to the public: the institutional accountability purpose of evaluation.

Evaluation measures achievements in relation to objectives set at inception of a project, program or policy. The performance standards and criteria, including transparent indicators employed in carrying out evaluations, vary from sector to sector and from one stage of the project cycle to another.

The learning purpose of evaluation is important, as the lessons learned from experience, from both ongoing and completed operations, should be used to continuously improve the quality of project design and portfolio management. Evaluation is a means to ensure the continued relevance of operations to emerging problems and potential solutions.

The accountability purpose relates to the reporting or assessment of results and the impact of development assistance. It is distinct from accountability for the use of public funds in an accounting and legal sense: responsibility for the latter usually being assigned to an audit institution. Information about the results of development assistance should be provided to donors and recipients, including the general public, where appropriate.

By maintaining a strong and useful evaluation function, an organisation demonstrate its commitment to learning from experience. Evaluation also promotes dialogue and improves cooperation between the participants in the development process through mutual sharing of experience at all levels.

Principles for the evaluation of development assistance

The DAC Working Party on Aid Evaluation (formerly the DAC Expert Group on Aid Evaluation), has established guiding principles for aid evaluation by members. These include:

- ④ aid agencies should have an evaluation policy with clearly established guidelines and methods. This would include the establishment of an appropriate institutional framework to ensure clear demarcation of responsibilities;
- ④ the evaluation process should be impartial and independent of operational departments concerned with policy-making and management of development assistance;
- ④ there should be transparency in disseminating evaluation findings and lessons of experience;
- ④ feedback to policy makers and operational staff, and follow-up of progress regarding implementation of evaluation recommendations, is essential if evaluations are to be useful;
- ④ partnership with recipients and donor cooperation in aid evaluation are an important aspect of institution building among recipient countries to improve capabilities; and
- ④ aid evaluation must be an integral part of aid planning from the start. This helps to identify goals and objectives against which outputs and outcomes could be measured.

This review compares the evaluation capacities of the five organisations within the broad context of these principles, and highlights best practices that are relevant to ongoing and future evaluation operations of AusAID.

Self-evaluation and independent evaluation

Self-evaluation refers to the evaluation of projects, programs or policies by the staff responsible for their implementation, both while they are under implementation and later, after loan closing or completion. The instruments of self-evaluation vary among

organisations, and include supervision reports, mid-term reviews of projects, project completion reports, country portfolio performance reviews, and annual reports on completed projects.

Independent evaluation often refers to ex-post evaluations of individual operations, but may be interim, terminal or any other evaluation. It includes evaluations that examine impact some years after completion, evaluation studies addressing specific themes or issues, process reviews, sector/country strategy reviews covering long periods, and syntheses of ex-post evaluation studies. Independent evaluations also include annual reviews of post-evaluation results and in-depth reviews of non-lending services, both completed and ongoing. These evaluations are undertaken on a selective basis, usually by central evaluation offices/units divorced from the implementing agencies, because the depth of analysis required for such studies demand substantial investment of time and resources.

Organisational structure for evaluation

The need to establish independent organisational structures for evaluation was recognised in the early 1970s. In 1970, the World Bank established an evaluation unit that reported to the President. In 1975, the unit began to report to the Board of Directors. The ADB established its evaluation Office in 1978. Evaluation units were established in UNDP and UNHCR in the early 1980s. The evaluation function was established in WFP in 1964. The Evaluation Unit was attached to the Office of the Executive Director between 1974 and 1986 and from 1992 onwards. While each organisation went through organisational changes over the years, the need for continuity of the evaluation function and its independent character was usually recognised. The organisational structure for evaluation is largely conditioned by the level of importance attached to the evaluation function by the governing or executive boards of organisations.

All five organisations have a central evaluation department/office/service located in their headquarters, organisationally separate from the operational units. The autonomy of these units varies, and they are not responsible for ensuring the actual use of evaluation findings in operations. The responsibility for the latter falls on the management. The Operations Evaluation Department (OED) of the World Bank is the only central unit,

among the five organisations, which reports directly to the Board of Executive Directors. The Board appoints its Director-General.

The Post-Evaluation Office (PEO) of ADB reports to the Bank President who, in turn, reports to the Board of Executive Directors as its Chairman. The annual work plan of PEO is reviewed and generally monitored by the Audit Committee of the Board.

The directors of the central evaluation units of UNDP, UNHCR and WFP are appointed by the respective heads of the institutions and report directly to them. The director of the Evaluation Office (EO) in UNDP reports to the Administrator, while the director of the Inspection and Evaluation Service (IES) of UNHCR reports to the High Commissioner. The director of the Office of Evaluation (OEDE) in WFP technically reports directly to the Executive Director (although substantial interactions takes place at the level of the Deputy Executive Director).

The organisational charts (Appendix 2) indicate the organisational links among the evaluation units, operational departments and management. The charts suggest that the direct reporting arrangements distance evaluation units from the operational departments. However, the degree of autonomy and independence exercised by these units varies and is discussed in Chapter 3.

The staffing structures in the various evaluation units differ markedly (Table 1). OED of the World Bank, largely because of the nature of its global operations, has the largest number of managerial and professional staff totalling 50. Consultants and research assistants, whose number varies depending on the exigencies of the work situation, complement the professional staff. The annual services provided by these additional resources approximates 15 staff-years. The number of support staff is about 28.

The Post-Evaluation Office of ADB is headed by a Chief, and has 2 managers, 17 professional staff, 7 technical assistants, and 9 secretarial staff. The annual services provided by consultants are in the region of 2.5 staff-years.

The staffing structure in the three UN agencies is less than optimal, considering the important functions carried out by them. While the EO of UNDP is staffed with 3 professional staff, 2 long-term consultants, and 4 general service staff, in addition to the director and deputy director, the IES of UNHCR has only 2 professional staff dedicated to evaluation⁴, and 1 support staff. Consultants are engaged for fieldwork as, and when, required. OEDE of WFP has 6

professional and 5 support staff, plus the director. As in other organisations, consultants are used as, and when, needed.

The qualifications, experience and professional expertise of the key staff varied, with the two multilateral development Banks having a desirable skill mix, which, by virtue of the limitations on staff numbers, was absent in the three UN agencies. Independent and impartial evaluations require mature and experienced staff who have the necessary skill mix, which would include sector-specific expertise and sound technical knowledge in the disciplines appropriate for the type of projects/ programs evaluated. Although all three UN agencies had experienced and good quality staff, their number was small, particularly in UNHCR and WFP.

A commonly accepted position among donors is that evaluation should receive about 1% of the total administrative budget of multilateral organisations, if evaluation is to be accorded its rightful place. The review findings indicate that budgetary resources allocated for evaluation, as a percentage of the administrative/total budget of the organisations, ranged from less than 0.05% to 2.3% (see Table 1). While the World Bank and ADB expended not less than 1% and about 2.3% respectively of the total administrative budget, the UNDP allocated around 0.25%, and the UNHCR and WFP less than 0.05% respectively of their total budgets. In absolute terms, expenditures are around \$500,000 per annum for UNHCR, \$2 million p.a. for WFP, about \$4 to \$4.5 million p.a. for UNDP and ADB, and about \$16 million p.a. for the World Bank. These proportions, however, do not reflect the total effort invested in evaluation, as the self-evaluation component is not always included. If self-evaluation is included, the proportion for the World Bank increases to about 4%⁵, while that of ADB rises to about 3.5%. In the case of UNDP, the proportion of 0.25% represents allocations to both central office and country evaluations, and includes self-evaluations (interim and terminal evaluations) carried out in the field by country offices. UNHCR and WFP do not carry out significant levels of self-evaluation activities.

4 This number does not include the Director of the IES.

5 However, the proportion is 0.04% of the outstanding loan portfolio!

Table 1: Staffing and Budgetary Resources

	Managerial and professional staff	Consultants, in staff years	Support staff	Budget as percentage of administrative ^a or total budget ^b
World Bank	50	15	28	1.2 ^a
ADB	20	2.5	16	2.3 ^a
UNDP	5	2	4	0.25 ^b
UNHCR	2	AR	1	<0.05 ^b
WFP	7	AR	5	<0.05 ^b

AR - as required. a/b The percentage for each of the two banks represents the share of the Bank's administrative budget and does not include its lending operations. For each of the three UN agencies the percentage is the percentage of the total agency budget, including core and support budgets.

Evaluation programming

All five organisations prepare annual work plans outlining the activities to be undertaken in the ensuing year. In some instances, work plans extend to two or three years, depending on the kind of activities proposed. By September 1997, OED had prepared a work program and budget for the financial year 1998 and an indicative plan for the financial years 1999 and 2000. Similarly, OEDE prepares its work plan on a biennial basis. PEO of ADB prepares its work plan on an annual basis.

Staff of the respective evaluation units normally develop evaluation programs, after consultation with operational departments and management. Members of governing bodies also may propose topics for evaluation. OED consults staff, management and the Board and then submits the final work plan to the Committee on Development Effectiveness (CODE) for its consideration, and thereafter to the Board for approval. PEO adopts a similar process of consultations, and then submits the final work plan to the President for approval and thereafter to the Audit Committee of the Board for information.

Both the World Bank and the ADB undertake performance audits of completed projects, which are mandatory. ADB currently audits 30% of completed operations, and prepares Project Performance Audit Reports (PPARs), while the World Bank audits 25% of completed projects and prepares PPARs. ADB also carries out self-

evaluation of 100% of completed projects. In addition, both organisations undertake special studies⁶, including thematic studies, and impact evaluations covering a single or a group of projects in one sector or on a cross-sectoral basis. An annual review of evaluation operations is prepared by both institutions and this document constitutes one of the key instruments through which the operational departments and management are kept informed of the performance of lending operations and their development impact.

The World Bank carries out a number of evaluations that are unique, including the evaluation of non-lending services, such as economic and sector work, development training, policies, research and technical assistance.

The annual work plans of UNDP, UNHCR and WFP are prepared in close consultation with the operational departments, the executive directors and members of the respective governing bodies. In recent years, consequent to the emphasis given to the UN reform process, requests for specific evaluations have originated from members of governing bodies. The reorganisation process has also resulted in greater interaction between the evaluation units and operational departments. In all three organisations importance is attached to thematic and policy evaluations. In UNDP and UNHCR strategic evaluations are also becoming important. In UNHCR and WFP evaluations of emergency operations are receiving greater attention than prior to 1994.

The types of evaluation instruments undertaken by the five organisations are listed in Table 2.

The selection of themes and topics by each organisation is based on their perceived relevance for the ongoing portfolio of operations, and is influenced by the pressure to improve performance and development impact on the ground. Awareness is broadening of the potential of evaluation to enhance decision-making and improve organisational directions.

6 eg The ADB Special Study on Evaluation of Bank Assistance to DMCs for BME and the Special Study on Issues Pertaining to the Engagement of Consultants in Bank Loans and Their Effect on Project Performance.

Table 2: Evaluation Instruments

WB	ADB	UNDP	UNHCR	WFP
<ul style="list-style-type: none"> • ICRs • PPARs • Impact Evaluations • Sector Impact Evaluations • CARs • Special Studies (sector, process, and themes) • Annual Review • Annual Report • Non-lending services, including economic and sector work, TAs, policy, research, etc. • Review of ARPP 	<ul style="list-style-type: none"> • APEP • CAR (Sri Lanka) • PCRs • PPARs • TCRs • TPARs • Impact Evaluation Studies • Re-evaluation Studies • Annual Review • Special Studies (themes, syntheses etc.) 	<ul style="list-style-type: none"> • Interim/mid-Term • Terminal • Thematic • Policy/ Strategy • Program • Sectoral • Annual Report • Bi-annual review of project performance 	<ul style="list-style-type: none"> • Interim • Terminal • Thematic • Policy • Strategy • Sector 	<ul style="list-style-type: none"> • Interim • Terminal • Thematic • Policy • Sectoral

APEP	Annual Performance Evaluation Program
ARPP	Annual Report on Portfolio Performance
CARs	Country Assistance Reviews
ICRs	Implementation Completion Reports
PCRs	Project Completion Reports
PPARs	Project Performance Audit Reports
TCRs	Technical Assistance Completion Reports
TPARs	Technical Assistance Performance Audit Reports

Chapter 3

Design and implementation of evaluations

Planning of evaluations

The planning of evaluation activities involves extensive preparatory work. After approval of their work plans, staff in each of the five organisations prepare detailed action plans outlining the approaches, methods and timing of evaluation activities. The key features in planning evaluation activities in all organisations are:

- ④ the preparation of an approach/position or concept paper or TOR for the proposed activity. The paper outlines the objectives, scope, intended outputs, need for consultant support, budgetary implications and a time frame for the various activities, including finalisation of the report. The paper, in fact, serves as the work plan;
- ④ the review and discussion of the approach/position or concept paper or TOR with colleagues in the respective evaluation units and with concerned operational departments. The concept/approach/position paper is forwarded to the concerned operational departments and their comments are considered, as appropriate, by the UN agencies before it is finalised. In the World Bank and ADB the paper is generally not sent to the operational departments, as the scope of the activity would have been discussed and cleared earlier with key stakeholders;
- ④ the revision of the paper and its submission for approval to the respective head of the Evaluation Unit. The approved paper, with any modifications suggested by the head of the unit, forms the basis for monitoring the progress of the approved evaluation activity;

- ④ the concerned countries/executing agencies are contacted and their cooperation sought for implementation, including timing of the field visits, if the activity is not a desk-based one;
- ④ on receipt of approval of the countries/executing agencies for the proposed field visits, consultants are recruited, if the work plan calls for it. Simultaneously, a desk review of project/program related documents and files is undertaken and data is collected on the design and implementation of the activity, including problems encountered; and
- ④ questionnaires or requests for advance information are sent to the concerned executing agencies or the central planning agencies, and a time is given for dispatch/receipt of responses. Not all agencies send questionnaires in advance. While the World Bank uses its country offices for preparatory work, including obtaining responses to questionnaires or submission of field data, the ADB usually obtains information in advance through questionnaires. UNDP, UNHCR, and WFP obtain the assistance of their respective country/regional offices to obtain preliminary information.

Implementation of evaluations

The responses received to questionnaires, and relevant project information, are analysed and field visits are arranged in consultation and cooperation with executing agencies and/or other cooperating organisations. Depending on the nature of the evaluation activity, discussions are held during field visits with officials of the executing agency, cooperating government departments and offices, and with concerned project staff and direct beneficiaries of the project/program.

The approach to interviewing officials and beneficiaries vary among the organisations. While the World Bank, ADB and UNDP administer structured questionnaires in complex impact evaluations and/or thematic studies, as well as holding informal discussions and interviews, UNHCR and WFP take a more informal approach to obtain data through interviews, discussions and desk analysis.

Often UNDP, UNHCR and WFP have detailed discussions with direct beneficiaries and cooperating agencies regarding inputs, outputs, and achievements of a program or project, due to the direct participation of beneficiaries in their projects/programs. In recent years both Banks have had considerable beneficiary participation in

evaluation exercises, to assist the in depth assessment of the impact and outcomes of lending operations.

At the conclusion of the field visits, a wrap-up meeting is held with the concerned executing agency or cooperating organisation. The preliminary findings and conclusions of the PPAR, impact or thematic study or policy/strategy review are presented by the evaluation team, and discussed. This practice presents the findings and conclusions and clarifies outputs and outcomes. It is intended to provide transparency to the process of evaluation, as the concerned agencies are given an opportunity to present their views and contest, if necessary, the findings and conclusions.

The Banks generally circulate an Aide Memoire or a memorandum of understanding (MOU) to the concerned agencies in advance, and finalise it after the wrap-up meeting. The agreed Aide Memoire or MOU sets out the main findings and issues, which form the basis for the evaluation report. The UN agencies, usually present the findings and conclusions orally at a wrap-up meeting, and may not leave behind any written documents.

All organisations begin draft evaluation reports in the field and finalise the drafts on return to the respective central offices. Draft reports are circulated within the evaluation units, to the concerned operational departments, and to the appropriate executing agencies (and/or other interested government bodies eg. Ministry of Finance)) in the country/countries, to obtain their views. While every effort is made to accommodate the views of the concerned departments and agencies, where they are consistent with the tenor of the report, any dissenting views that cannot be accommodated are reflected separately either in an appendix or in a footnote. The World Bank includes the views of the borrower in full, as a separate attachment to Project Performance Audit Reports or to other evaluation instruments that directly concern borrowers. The ADB either incorporates the views in the main report or reflects them in footnotes. The UN agencies rarely follow this procedure. As the evaluation exercises in the field are joint undertakings, issues and concerns are resolved in the field itself.

Quality, review process and independence

The quality of reports is affected by measures to ensure the credibility of evaluation findings and recommendations; the scope, transparency, and consistency of the criteria adopted in judging performance; and the relevance of the specific issues addressed in

evaluations to the practical needs of planning, management, and decision making. In addition, the openness of the evaluation process itself (such as the collection of data through questionnaires, close interaction with beneficiaries and officials, and presentation of findings and conclusions in advance at a wrap-up meeting) affects the quality and utility of an evaluation's findings and recommendations.

The professional skills, experience and impartiality of evaluation staff are also important, as they help to secure peer group respect. Other factors include the independence of the head of the unit and the availability of clear guidelines for assessment of performance, including adoption of standard methods such as the logical framework, impact indicators, and socioeconomic surveys to determine performance against original objectives.

The quality of evaluation reports will ultimately be measured by the manner in which judgments or conclusions are derived regarding performance or results of the activity evaluated. Investment projects are judged against performance criteria such as expected financial and economic rates of return, effects on the environment, prospects for long-term sustainability, and likely impact on poverty alleviation, human development, and institutional capacities. While quantitative measurement of performance is feasible in some sectors, it is complex and difficult if evaluations relate to social sectors and areas such as food aid, poverty reduction, gender development, capacity building, and human development. It is in these areas that the development of performance indicators is crucial.

It is not unusual for qualitative judgments to be made on projects in the social sector. These can be based on a critical assessment of project objectives, outputs and effects as well as long-term trends, measured against the situation that prevailed before the projects' interventions. "With" and "without" project assessments can also be used. Although such judgments on performance are not perfect, they do indicate performance trends. ADB, World Bank, and UNDP use rating mechanisms to rate projects and guidelines are necessary for evaluators in this regard (See Chapter 6 for a comparative assessment of rating systems).

Evaluation reports in all five organisations go through an internal review before they are cleared for publication. The peer review process routinely implemented in the Banks helps to eliminate internal inconsistencies in reports before they are distributed interdepartmentally and externally to concerned government and

non-government agencies for comments. In the UNDP, although the system is not formalised, the peer review process was reported to effectively refine the quality of reports. This process does not appear to be well established within UNHCR and WFP.

The quality control mechanisms adopted by the five agencies to review, edit, and clear evaluation reports for publication depended on the nature of the reports, and the extent of independence exercised by the central evaluation units. The authority for granting final clearance for publication rested with the heads of the respective evaluation units⁷. The quality of the published reports depends on the quality of staff available in the organisations, the rigour applied in the evaluation process, and the clarity of findings and recommendations. A review of a sample of evaluation reports prepared by the five organisations suggested that the quality of reports prepared by the two Banks and the CEO of UNDP were of consistently high quality (This conclusion did not necessarily apply to reports prepared by UNDP field offices). The reports prepared by UNHCR and WFP were a mix of good and lesser quality reports (See also Chapter 6).

In the World Bank and ADB there is considerable independence in the manner in which evaluation reports are prepared, approved, and published. It was not clear whether the degree of independence available to the central evaluation units of UNDP, UNHCR, and WFP provide adequate leverage to implement evaluations without interference from higher management. Although there is every reason to believe that there is no direct interference in these activities, traditions and unwritten rules sometimes determine the approach to presentation of evaluation outputs. The checks and balances available to both Banks to secure their independence are not available to the three UN agencies, and to that extent their level of independence could be of a lower order. On the other hand, both Banks are administratively linked to the management and obtain their budgetary resources from the general administrative budgets.

Between the two Banks, the World Bank has a stronger independent role for three reasons:

- OED reports directly to the Board and stays clear of management influence, except in the allocation of budgetary resources. A statutory committee of the Board oversees

⁷ In ADB formal approval by the President is required.

development effectiveness and helps to ensure that budgetary resources allotted to the OED are adequate;

- ④ the Director-General of OED is appointed by the Board and reports to the Board. This arrangement influences management to improve the quality of the Bank's self-evaluation instruments; and
- ④ OED prepares a comprehensive *Annual Report on Operations Evaluation*, which assesses the adequacy of evaluation systems and practices across the World Bank Group. The *Annual Review of Development Effectiveness* also includes an assessment of advances made in learning how to measure and evaluate the effectiveness of the Bank's interventions.

Generally, OED maintains a critical distance from management because of these reasons. A positive feature observed in ADB with regard to independence of PEO is the absence of management interference in the approval of completed evaluation reports. Although the UN agencies do not have the same degree of independence, the overall oversight function, including inspection and investigation, has been assigned considerable importance in the last few years. However, in the case of UNHCR, the independence of the evaluation function may be jeopardised by combining it with inspection. UNDP and WFP do not have this problem.

The disclosure policies of the organisations may have indirect impact on the independence and integrity of evaluation. In the World Bank, not all evaluation reports are public documents⁸. In ADB, except for private sector evaluations, all other reports are available for distribution within and outside the Bank. Reports prepared by the country offices of the three UN agencies remain as restricted documents. However, evaluation reports prepared by the central evaluation office of UNDP have been distributed widely. In UNHCR only the summary reports are made available freely, which suggests that the full reports have a restricted circulation. In WFP the evaluation summaries have a restricted circulation (they should only be distributed to the governing body) while the full evaluation reports can be distributed to any interested party.

8 All OED documents are disclosed with the exception of project level evaluation documents, which are not disclosed to avoid discouraging confidential sources, and process evaluations, which are not disclosed to protect the integrity of internal decision making.

Chapter 4

Evaluation feedback

The quality and timeliness of feedback determine the utility of evaluation findings and lessons. Viewed across the five organisations, the feedback process is divided into two categories: institutionalised feedback mechanisms with a composite group of instruments to disseminate information, ‘follow-up’ the implementation of evaluation recommendations, and ensure that findings are fed into future program and project development; and ‘informal’ feedback mechanisms, with a limited number of instruments and less rigour in follow-up. The two Banks are in the first category and the three UN agencies in the second, with UNDP in the vanguard of this second group.

Feedback instruments

The feedback instruments used by both Banks comprise:

- ④ distribution of Project Performance Audit Reports, impact evaluations, thematic and sectoral studies and annual reviews within the Bank and externally, as appropriate;
- ④ dissemination of abstracts, summaries, highlights and/or syntheses of major findings and lessons, which may be organised by sector or country;
- ④ seminars and workshops held in cooperation with staff of operational departments and/or developing member countries;
- ④ dissemination of information which is relevant and useful for project preparation and implementation, through a computerised database; and
- ④ commentary on operational documents such as appraisal documents and project briefs. This instrument is to be discontinued in the World Bank shortly.

ADB has instituted a management review, which considers the major post-evaluation findings and recommendations, and follows up on actions taken by operational management on evaluation recommendations.⁹ In addition, there is staff interest in participating

⁹ The President of the Bank chairs the Management Committee on Postevaluation Findings (MCPF) to give the feedback process added status and image.

in the processing of new projects by attending Management Review Meetings and Staff Review Committee Meetings and presenting relevant past experience/lessons that have implications for project performance.

A major evaluation feedback instrument in the World Bank is the *Management Response Ledger*. Bank directives require management to respond formally to every OED study, indicating the actions it proposes to take. To monitor these responses OED and management jointly prepare an annual progress report that incorporates the evaluation recommendations, management's formal responses and actions undertaken during the previous year to respond to the recommendations. This progress report is discussed by the Committee on Development Effectiveness.

Also in the World Bank, steps have been taken in the last two years to shorten the feedback loop. The emphasis now is on "real-time" feedback. The Annual Report on Portfolio Performance (ARPP), prepared by the operational departments¹⁰, is closely monitored and evaluated by OED to provide real-time feedback. A similar arrangement exists in ADB where a comprehensive Annual Performance Evaluation Program (APEP) is prepared to bring together the activities of various departments and offices as they relate to project performance.

An innovative mechanism set up in 1996 in the World Bank, the Quality Assurance Group (QAG), provides line managers with independent assessments of the quality of ongoing work and identifies, and helps them address, critical problem areas in the current portfolio. This Group uses OED's expertise to refine methods for assessing the quality of lending and non-lending services. The quality of supervision, appraisal and portfolio management in sectors and countries at risk are evaluated by tapping Bankwide expertise and drawing on OED's store of evaluation knowledge. This is a mechanism that needs to be emulated by other organisations. This has also considerable potential for improving project quality in AusAID (see Chapter 7).

In the three UN agencies, the feedback arrangements are not as systematically organised. The evaluation reports prepared by the central EO of UNDP, which consist of thematic, policy, and strategy-based studies, are widely distributed within UNDP and circulated to other UN agencies and governments. The

10 The 1997 Report was attributed to the Quality Assurance Group.

Administrator, Project Management Oversight Committee (PMOC) and other senior staff are briefed on the findings and outcomes of evaluation reports. Workshops are organised, as appropriate, to disseminate the findings, and the lessons learned are incorporated in an annual publication, which is widely distributed. The annual report of the Administrator also provides a summary of the highlights of major findings and lessons for the benefit of the Executive Board members. The Central Evaluation Database (CEDAB) is another instrument through which summaries of evaluation findings and lessons are disseminated.

Evaluations carried out in the field through country offices include a debriefing of Government, project staff, the executing agency and UNDP. However, final reports are not made available freely to the public because of the reluctance of some governments to share evaluation reports.

The UNDP Executive Board discussions have consistently raised the need for transparency, and more effective strategies of feedback and follow up, on recommendations highlighted in the evaluation reports. The need to assess impact and provide real-time feedback has also been stressed. The findings of the UNDP Feedback Strategy Study (1993) drew attention to the ad hoc nature of the feedback systems and the importance of establishing a structured approach for dissemination of lessons. A brief quarterly publication, to supplement the current annual publication, could be launched to disseminate lessons of operational relevance on a timely basis. At the same time, CEDAB needs to be more user-friendly and its application broadened.

Within UNHCR, evaluation reports are widely circulated and summaries of reports are made available to the Executive Committee members. Reports are shared with concerned governments of the aid recipient countries but not made public. The Senior Management Committee (SMC), chaired by the High Commissioner, discusses completed evaluations and one or more senior managers is assigned to follow-up. Evaluation staff, and often the SMC itself, subsequently monitor the follow-up process. In addition, findings of evaluation studies are discussed formally with operational departments and in occasional workshops and seminars. However, it was not possible to gauge the success achieved in utilising the lessons of experience. An inspection and evaluation database has been started, but it is unlikely to become operational for another year or so.

All evaluation reports prepared by WFP are shared and discussed within WFP, recipient governments, cooperating UN organisations and NGOs, where applicable. The Executive Board receives only the summaries of evaluation reports. The director of OEDE participates at various interdepartmental policy level meetings where findings of evaluation studies are addressed. The Program Review Committee, which reviews new projects, is kept informed of lessons learned. All summaries for expansion of projects which have been subject to an evaluation include a paragraph on major conclusions and recommendations of that mission. However, the extent to which these lessons help shape new policies and programs could not be ascertained with any degree of accuracy by the Reviewer. OEDE has also launched a database, Evaluation Memory System (EMSYST), for storing summaries of reports, but there is as yet no provision to store crucial information such as factors affecting project/program performance, indicators of success and lessons learned.

Effectiveness of feedback mechanisms

The effectiveness of feedback mechanisms varies considerably among the five organisations. The institutionalised strategies of the two Banks ensure that lessons learned are fed back into the identification, design, and implementation of new projects/programs. In the Banks, it is a requirement that all new appraisal documents should reflect previous evaluation findings in the same country/sector and should include a section on “lessons learned” in the main project report.

The lack of an institutionalised mechanism in the three UN agencies make it difficult to assess the impact of their feedback on the preparation of new projects/programs. Among the three UN agencies, the process of feedback is possibly better structured in UNDP than in the other two agencies. The nature of UNHCR and WFP operations, namely emergency relief operations, protection, and delivery of food aid, warrant immediate feedback and, though not documented, it could be surmised that lessons of the past have been fed to policy makers and these in turn have had some impact on policy formulation. Efforts should be made by these organisations to institutionalise feedback, distil lessons learned from the past, document them and circulate them widely within and outside their organisations. Considerable scope also exists to make their databases effective instruments for disseminating information among operational departments¹¹.

Donors require these organisations to improve the success rate of projects/programs by obtaining real-time feedback on performance through more rigorous monitoring of ongoing activities. QAG initiatives in the World Bank will address some of these issues, but continuing efforts are needed by OED to provide feedback on many of the areas not rigorously covered by QAG. For example, timely feedback is needed on the effectiveness of country strategies, as more and more reliance is based on country-based operations and supervision. The same arguments apply to ADB as well. A user-survey undertaken within ADB recently, to ascertain responses of operational departments to the existing feedback system, had mixed results. It underscored the need for more timely feedback, increased participation of PEO in project-based operations, such as in mid-term reviews to provide real-time feedback, and improved dissemination of findings. In essence, there is a demand to shorten the feedback loop in both Banks.

The UN organisations undertake more interim and terminal evaluations than the Banks, and therefore have access to lessons at an early stage. Nevertheless, the lack of appropriate institutionalised strategies to provide feedback rapidly, as well as the absence of development indicators to assess impacts, elicits considerable criticism from donor countries, as evident from governing body discussions. There is a uniform demand from donors that the impact of developmental interventions should be assessed, at least on a selective basis, during project implementation and not long after project completion.

The databases in the two Banks are a repository of valuable information. Mixed reactions emerged from operational departments when questions were asked about their usefulness. Responses received in the World Bank were less favourable than those received in ADB. The weaknesses in both systems are the lack of information on performance indicators, outcomes of country assistance strategies, policy results, capacity building results, or development outcomes. These data are not yet readily available and would take considerable time before such a comprehensive storage and retrieval system can be established. It is, however, evident that available information is not put to maximum use. The ADB database is more user-friendly, with facilities for generating information on several variables at the same time. Among other

11 Evaluation effort may need to increase to generate the lessons to be included in the improved feedback process.

things, information on project/program objectives and scope, project/program performance, rates of return, lessons learned, and overall assessment could be generated from the system. The overall effectiveness of the systems in both Banks will, in the end, depend on the extent to which users acknowledge their worth and usefulness.

Chapter 5

Monitoring framework and its linkage with evaluation

Monitoring is an integral component of project/program management in all organisations. Member governments, borrowers, implementing agencies, and the concerned operational divisions/departments of the organisations share monitoring tasks. The mechanisms for monitoring vary among the five organisations, but the central elements are one or more of the following:

- a constituent part of a reporting system, often a component of a broad-based management information system, which provides progress reports on the organisation's activities on a monthly, quarterly, or annual basis;
- project/program supervision instruments such as supervision notes, or project administration notes, as in the two Banks;
- country portfolio performance reviews undertaken on a periodic basis by staff of the organisations;
- specialised systems implemented through projects/programs such as the beneficiary contact monitoring (BCM) system of WFP, monitoring and evaluation (M&E) system of the World Bank or benefit monitoring and evaluation (BME) system of ADB; and
- a built-in component of the logical framework, adopted as a tool for the planning, monitoring and evaluation of projects.

A brief overview of the monitoring systems currently in place in each of the five organisations is provided below (See also Appendix 4).

World Bank

The monitoring system in the World Bank has two main elements. At the central level, each operational department takes responsibility for Bank supervision and monitoring of development projects/programs. Supervision missions from the headquarters periodically visit countries and review progress. Resident Missions in countries also carry out reviews, where appropriate. The Bank's supervision covers all ongoing operations and most of it is carried out during the investment or project execution stage. Generally, supervision missions rely on information from the M&E systems that are incorporated in most projects and programs. The Bank uses a fifth of its operational staff time to supervise its \$111 billion portfolio of operations in progress around the world.

At the country level, the responsibility for monitoring rests with the project management and the borrower. In most projects, a M&E system is incorporated into the design and included in appraisal documents. Detailed instructions are provided to project management, and guidelines are available on the mechanics of implementation. Unlike ADB, where a general BME system was applied to most projects (specifically in the agriculture and rural development sectors), the M&E system devised by the World Bank has been largely project specific.

The experience in implementing M&E has not been satisfactory. A review undertaken by OED in 1988 indicated that, of the 104 World Bank projects with built-in monitoring and evaluation systems, "only 15 percent showed good M&E results, 39 percent had seriously deficient systems, and in 46 percent, the M&E system was either not implemented or the performance was unsatisfactory". Another World Bank study (1994), which assessed 20 years of Bank projects, found that Bank guidelines and directives on M&E had not been followed adequately, either during project preparation or during implementation.

The Portfolio Management Task Force Report, also known as the Wapenhans Report¹², concluded that too much emphasis was placed on the mechanics of physical implementation of projects, while the risks and factors that most influence project outcomes were poorly identified. The lesson was that there was limited ownership of monitoring and evaluation systems by the countries, as there was

12 World Bank (1992) Effective Implementation: Key to Development Impact - The Portfolio Management Task Force Report (Wapenhans Report).

inadequate appreciation of their usefulness for tracking development impact. Also, there was often a lack of congruence between the M&E design of projects and local capacity available for implementation.

The task force findings and OED reports concluded that performance indicators should be integrated with M&E procedures used by the Bank and its borrowers. It was also felt that the Bank's project rating method and supervision reporting system should be adapted to use project performance monitoring indicators derived from a project development objectives and implementation plan. "Performance monitoring involves periodically measuring a project's progress toward explicit short and long-term objectives and giving feedback on the results to decision makers who can use the information in various ways to improve performance". Performance indicators should, therefore, be based on the unique objectives of individual projects. But performance indicators should also be based on an underlying logical framework that links project objectives with project components and their respective inputs, activities, and outputs at different implementation stages.

A logical framework can improve the identification, preparation, and performance appraisal process by clarifying a project's design and making it transparent to the borrower, the lender, beneficiaries and other stakeholders. It brings together several project management perspectives such as verifiable and monitorable objectives, deliverables or outputs, assumptions and risks, effects and impact of outputs, as well as the concept of cause and effect. The logical framework is advocated for ensuring greater supervision and control over project outputs and outcomes. Emphasis has been given to the development of performance monitoring indicators. Currently, sectoral notes have been prepared for 17 sectors discussing the use of indicators in relation to the major objectives or categories of problems normally addressed in Bank-financed projects. The indicators have been based on the experience of Bank-financed projects, which represent current best practice in the use of performance monitoring indicators.

Asian Development Bank

ADB uses two systems to manage and monitor the performance of its lending activities. A project administration system is used by the project departments, in conjunction with project review missions and the project administration committee (PAC) notes, to review and

report on the physical and financial progress of project implementation. The PAC notes monitor project performance in terms of adherence to the original implementation schedule and cost estimates and compliance with loan covenants. A BME system is implemented by executing agencies, using consultants financed under Bank loans, to monitor project performance and benefits. The responsibility for the system lies with the executing agencies of the borrower.

BME comprises three activities that provide managers and planners with information to enhance the efficiency and effectiveness of development investments:

- ⊗ the preparation and analysis of benchmark information;
- ⊗ benefit monitoring; and
- ⊗ studies which evaluate the benefits of a project.

Benchmark information is used to ensure that interventions respond to the needs of beneficiaries, and to assess impact. Benefit monitoring assesses the delivery, use and immediate effects of development services provided. Studies are undertaken to assess the benefits of completed projects, to provide information that will improve the design and implementation of future projects, and to assist post-project evaluations to verify and document benefits and impact.

Although the BME system has been implemented for over twelve years, its overall effectiveness has been limited. The system has worked to collect benchmark information, but benefit monitoring became difficult, as appropriate indicators were not developed to monitor operations. In addition, there was inadequate capacity within developing member countries (DMCs) to carry out regular monitoring of activities, despite efforts by the Bank to build capacities. A 1996 impact study on the “Evaluation of Bank assistance to DMCs for BME” concluded that BME was perceived as a requirement of the Bank, that it lacked ownership by the borrowers and that activities came to a halt with the termination of the project management office.

Review Missions, as well as Resident Missions where such missions exist, carry out periodic reviews to monitor implementation progress. These missions generally look at physical accomplishments and financial disbursements rather than development impacts or achievements against objectives. The supervision reports submitted by these missions, combined with progress reports received from

project management, serve as instruments to monitor project implementation performance.

The deficiencies in the existing monitoring framework, both at the level of DMCs and the Bank, led to the preparation of a plan to phase out the PAC notes and BME and implement a Project Performance Management System (PPMS) and Project Performance Reports (PPR) in the Bank and DMCs. The plan was formulated in consultation with a few DMCs and a cross-section of the Banks operational staff. The PPMS is intended to capture project outputs, effects, and impacts in a more systematic and integrated manner. The project performance report (PPR) form has been developed as a monitoring device. It covers all of the information in the PAC notes, includes key assumptions and risks on which the project's viability rests, and discusses the continued validity of assumptions regarding developmental impact. The new products are being introduced on a pilot basis. They will be further refined for broader implementation, based on experience.

United Nations Development Programme

Monitoring of UNDP-supported operations has generally been undertaken at the country level. Although the primary responsibility for this was assigned to the governments, the country offices used often to assume this role because of inadequate reporting by the government implementing agencies. Country offices were required to submit to headquarters a number of monitoring reports covering different aspects of their operations on a monthly, quarterly, half-yearly, and annual basis. Mid-term reviews were also undertaken of a few projects and country programs, but these reviews usually came in the category of interim evaluations.

As a result of changes introduced in recent years to devolve more authority to country offices, promote decentralisation, increase emphasis on national execution and the adoption of a program approach, the role of monitoring has taken on a new dimension. The primary onus of managing monitoring at the country level is with the national authorities. To assist the governments to acquire the capacity to monitor and evaluate their own programs, in September 1997 UNDP published and released a handbook on "*Results Oriented Monitoring and Evaluation*", which incorporates recent changes in methods and approaches to monitoring and evaluation. The handbook was distributed to all users within

UNDP, including the country offices, and externally to other UN agencies, development partners, governments and NGOs.

Under new arrangements, the country offices will have the authority to implement the corporate mandate and objectives to support sustainable human development (SHD) initiatives of program countries. A regular two-way flow of quality information will be required. Although, in the past, numerous reports were sought from country offices, little effort was made at the headquarters to analyse them and provide feedback and guidance to field staff. Therefore, a number of redundant reports will be discontinued. Under the new arrangement, country offices will prepare country office semiannual management reports (COSAMRs), country office annual reports (COARs), and triennial review reports (TRRs), all of which are compulsory. The focus of the new reporting system will be on the entire country program rather than on individual projects. In addition to these reports, the work plan and field visits by staff will maintain close supervision of anticipated achievement targets, and assess shortcomings for follow-up purposes.

COSAMRs are expected to provide information on management indicators, which relate to delivery processes, management of resources and external relations. The indicators will apply to program management, financial and assets management, human resources management, and support to UN system and external relations. The country offices will maintain appropriate information and records necessary to complete this report. The COARs will build on the monthly financial submissions and semiannual reports and present a consolidated picture of the country office's achievements during the year in all areas of operation. These achievements will be assessed against the country office's planning objectives and their contribution to UNDP's overall mission objectives, in three parts: changes in the programming context; management of the program; and management of the office; with a number of variables under each category analysed. The TRR will consolidate the information provided in the two previous years and report on the changes in the third year.

The move to reduce the number of reports, and introduce performance monitoring indicators, follows similar efforts in other multilateral organisations to streamline monitoring systems and obtain more results-oriented information to assess impact on-the-ground. The extent to which the new reporting system will meet

the demands of a results-oriented management, will depend on how well the staff in country offices are trained to fulfil their obligations.

United Nations High Commissioner for Refugees

UNHCR's monitoring system calls for the submission of periodic progress reports, fielding of review missions, and conduct of mid-term reviews, where warranted. Monitoring begins from the inception of an emergency or assistance program and continues throughout implementation. Monitoring is required for all projects and includes both financial monitoring and performance monitoring. Monitoring activities are carried out at the level of the subproject by implementing partners, by UNHCR field offices, and by the Headquarters.

Two reports, the Project Monitoring Report (PMR) and the Subproject Monitoring Report (SPMR) are required at six monthly and quarterly intervals respectively. Besides these reports, the work plan also serves as a tool for identifying critical activities and following up progress and achievements. The PMR and SPMR emphasise financial monitoring and performance monitoring. Compliance at the field level with regard to the submission of these reports varies significantly depending on the capacity and willingness of implementing partners to provide detailed project-specific information. It is not clear whether the level of rigorous scrutiny that is necessary for appropriate follow-up action is always forthcoming from the operational divisions in the headquarters.

While emphasis is given to quantitative aspects of physical progress, financial control and supervision, limited attention is paid to qualitative aspects of project/program activities. This shortcoming has been recognised and there are efforts under Project Delphi to upgrade reporting, including the management information system, to provide more effective feedback on the achievements of projects/programs. The dearth of information on benefits and impact has been discussed at several Board meetings. The final monitoring report (the second PMR report) prepared at the conclusion of an activity is expected to include a self-evaluation component, but in practice this has not been done. In future, all field offices and implementing partners will be required to undertake self-evaluation of projects/programs, on completion.

World Food Programme

Monitoring and reporting of WFP projects at the field level, is primarily the responsibility of partner governments. WFP's role is to design activities and help in their implementation. In 1990, a consulting firm was commissioned to make recommendations to improve monitoring, reporting, and evaluation.¹³ The recommendations of the consultants were adopted by WFP. The system "emphasised the generation and reporting of minimal data; called for more standardisation and enforced universal project monitoring at an inputs and outputs level; to some degree, it encouraged regular reporting on beneficiary response to project activities". The system was called beneficiary contact monitoring (BCM). BCM is a systematic investigation of beneficiary response to project activities. Questions such as the relevance and usefulness of project activities are discussed with beneficiaries and their responses noted for follow-up action. BCM indicates to managers the progress towards objectives. The system has had mixed results. While it is reported to be working satisfactorily in Asia, several problems have been encountered in the African region. In view of the resource intensive nature of the system, rapid rural appraisal methods are often adopted to elicit beneficiary response.

In addition to project level monitoring, WFP also requires a number of reports to be prepared at the country offices. The Country Office Progress Report (COPR) is the primary reporting document. A rating system is used to judge project effectiveness in areas such as project management, government contributions, monitoring, delivery of WFP inputs and beneficiary perception. Other reports include the Quarterly Progress Report (QPR), Project Implementation Report (PIR), and Project Annual Report, produced by the implementing agencies, and field visits reports written by WFP staff. Management reviews conducted by the operational departments also provide useful information for follow-up actions to be taken.

As the capacities of recipient governments to monitor activities are often limited, country offices assume greater responsibilities. A common shortcoming identified in many of the evaluation reports prepared by WFP is the inadequacies in the monitoring process at the country level. Reporting requirements are considered to be too

13 WFP/ITAD, "*Monitoring, Reporting and Evaluation: Proposals for Change*", Final Report, May 1991.

frequent, cumbersome, and unwieldy, with excessive data collection. Voluminous quantitative data on commodities delivered and expenses incurred are collected, but no qualitative analysis is provided on the effects and impact of food distribution on beneficiaries. A recent thematic evaluation on “lessons learned from food aid contributions to mother and child health (MCH): how to address the critical needs of women and children” highlighted the current state of the monitoring system. It reported that “half of the evaluation or management review missions reports indicated that data provided through existing M&E systems did not allow for documenting and evaluating progress towards objectives. Only in one project (Viet Nam) did an evaluation mission find an operating M&E system useful in assessing the project’s achievements”. Several other evaluations have echoed the same sentiments. The quality of monitoring and reporting requires considerable improvement and this matter is now receiving the attention of the senior management.

Effectiveness of monitoring systems

The performance of the monitoring system in the five organisations, in varying degrees, falls short of expectations. In all organisations there have been problems in securing beneficiary or borrower participation to improve systems, due to lack of ownership or due to inadequate appreciation of the concepts, tools, and practices, and their significance for enhancing project performance. Also common was the lack of appropriate performance monitoring indicators to assess not only physical and financial accomplishments, but also benefits and impact. Both Banks are revitalising their monitoring systems through the use of more effective instruments. UNDP has just published its updated M&E handbook and is restructuring its monitoring system. UNHCR is expected to revise and update its system under Project Delphi. WFP management has instituted action to review the entire monitoring structure to make it more responsive to its needs.

Link between monitoring and evaluation

The link between monitoring and evaluation is tenuous in all organisations, largely because of the inadequacies in the existing monitoring systems. However, some of the new instruments used in the Banks to assess annual portfolio performance, country portfolio performance, and country assistance strategies do provide a link between monitoring and evaluation, as these assessments could constitute source documents for in-depth evaluations at a

subsequent stage. At least in some instances, data collected under M&E in the World Bank and BME in ADB, have been useful for post-project evaluations, although the quality of data has varied from project to project. The adoption of the logical framework approach for planning, implementation, monitoring and evaluation of projects in both Banks will be relevant for evaluation purposes in the future. Information from supervision mission reports has also been useful as long as the reports have dealt with issues relating to benefit measurement. The new PPMS may improve the link between monitoring and evaluation in the ADB.

In UNDP the tripartite review reports have provided information on performance trends. These reports are frequently consulted during terminal evaluations. To date, the monitoring reports of UNHCR and WFP have been of limited value for evaluation purposes.

Chapter 6

A comparative assessment of evaluation capacities

Introduction

This Chapter draws on discussions in the previous five chapters. It compares the five organisations' organisational frameworks for evaluation, approaches and methods for evaluation, quality and diversity of evaluation work, including rating systems for assessing development effectiveness, and the strengths and weaknesses of feedback mechanisms. This comparison is followed by a brief assessment of recipient country observations, a comparison of the monitoring systems and an assessment of the extent to which an evaluation culture, if any, has developed within these organisations. To avoid repetition of issues discussed in the previous chapters, only the salient comparable features will be highlighted.

Within the five organisations, the World Bank and ADB constitute one group, because of the range of similar evaluation activities they carry out, and due to the comparability of their evaluation approaches and methods and their organisational and institutional framework for evaluation. UNDP comes next, due to its superior capacity for evaluation and quality of reporting and feedback compared with UNHCR and WFP. UNHCR and WFP constitute the third group because of the similarities in their evaluation products, reporting and feedback processes and quality of outputs, although some variations exist in their organisational framework and evaluation approaches.

Organisational framework

As discussed earlier, the organisational framework for evaluation in the World Bank is different from that of the ADB and all other UN agencies because the Director General of OED is appointed by the Board of Executive Directors and reports directly to it. For this reason, and others discussed in Chapter 3, OED has a stronger and

more independent role than evaluation groups in the other organisations.

The Chief of PEO in ADB is appointed by the president and reports directly to him. Despite this difference, in practical terms the independence exercised by the evaluation unit is not compromised in the preparation and approval of the work plan, in the finalisation and distribution of evaluation reports and in the follow-up feedback activities. The oversight function exercised by the Audit Committee of the Board of Executive Directors of ADB serves to strengthen the independent nature of PEO's evaluation functions.

It has to be recognised, however, that evaluation groups in both ADB and the World Bank are linked administratively to the management for budgetary reasons. The staffing and budgetary resources of both institutions are in proportion to the level of services provided by them, although PEO shares a higher budget as a percentage of the total administrative budget of ADB. The staff in the two institutions are comparable with regard to skill mix and productivity. PEO has a mix of young and experienced staff, while OED has relatively more experienced and mature staff who have spent long years in OED and in operational departments. PEO could benefit from this experience, although ADB claims that the younger staff bring new insights and additional dimensions to its evaluation work.

Among the three UN organisations, the organisational framework for evaluation is similar. The director of the EO in the UNDP reports directly to the Administrator, while the director of IES reports directly to the High Commissioner. The director of OEDE in WFP technically reports directly to the Executive Director, but substantial interactions take place at the level of the Deputy Executive Director and the reporting process is blurred. In all three instances there are no external checks and balances to reinforce the independence of the evaluation units. Consequently, the independence exercised by the evaluation units is lower than in the Banks. However, in UNDP there is a separate budget line for evaluation which helps to assure the independence of the Evaluation Office. The EO's resource base has been set at 0.3% of core program resources.

The staffing resources are limited in all three organisations but independent consultants are used extensively to supplement regular staff. Staff resources in UNHCR, and to a lesser extent UNDP, need to be increased. In WFP, the qualifications and training of staff

should be upgraded due to the complexity of evaluations undertaken. Budgetary resources for evaluation do not appear to pose problems in any of the three units. However, compared to other UN agencies, such as the United Nations Children’s Emergency Fund (UNICEF), and United Nations Environment Programme (UNEP), which have high evaluation expenditure ratios, evaluation of relief operations carried out by UNHCR and WFP receive low funding.

The role of IES, which combines evaluation with inspection functions, raises concern about the priority accorded to evaluation. Staff of IES adopt similar methods and approaches to carry out evaluations and inspections. “Evaluation of refugee activities is generally not viewed as a scientific research activity; but rather as an aid to decision making and management”. It was reported that inspections are comprehensive assessments of country operations and their management and may be a prompt on-the-spot assessment of activities. In all other organisations inspection plays a limited role, wherein the claims of affected parties are examined or mismanagement of funds or frauds investigated. It is significant that, in a recent report prepared by the Office of Internal Oversight Services, it was stated that “an entity that combines evaluation with inspection is more likely to view evaluation as a periodic but ad hoc procedure, while the philosophy underlying the integration of monitoring and evaluation stresses the continuity of the evaluation process”. There is a danger that the role of evaluation in UNHCR may be relegated to a second place after inspection. The important aspects of accountability and learning lessons, as well as the assessment of benefits and impacts of key programs, may be less emphasised if the current focus on inspection continues. While inspection in UNHCR activities is important, the function should ideally be combined with investigation and a separate unit established, as in WFP.

Approaches and methods

In the design and implementation of evaluations, the approaches adopted by all agencies are similar, although there are minor variations, as discussed in Chapter 3. The process of evaluation begins with the preparation of an approach, position paper or TOR and ends after the output, the evaluation report, is published. The various processes associated with data collection, recruitment of consultants, field visits, discussions with stakeholders, discussion of evaluation findings and conclusions at a wrap-up meeting, and

preparation and finalisation of a draft report in consultation with appropriate agencies, are common to all organisations. The difference is that, in the case of UNHCR and WFP, largely due to the nature of their operations, intensive consultations with central governments may not be practical or feasible in the case of complex emergencies. However, the views of government representatives in the respective areas are reflected, as appropriate, in the evaluation reports.

The traditional focus on ex-post evaluations continues in the two Banks, but a series of other instruments are now being developed, more in the case of the World Bank, which bring the Banks closer to the emerging demands and challenges of development. In addition to carrying out project-based PPARs and impact evaluations, OED carries out sector impact assessments; special studies covering policy, thematic, and process issues; country assistance reviews; portfolio performance assessments and, more importantly, evaluation of non-lending services such as economic and sector work, research, development training, and technical assistance. PEO, on the other hand, is increasing its focus on impact and re-evaluation studies, thematic and process studies, and portfolio review, besides PPARs and TPARs. OED reviews all ICRs, makes its own assessments and incorporates results of its findings in its annual review, thereby covering 100% of all completed operations. PEO reviews the PCRs in draft stage. PCRs are now required to give ratings and these ratings, as well as major findings from PCRs, are included in the Postevaluation Information System (PEIS). As only 30% of projects for which PCRs are available are post-evaluated, a suitable strategy should be devised to cover all projects, either through a strengthening of the self-evaluation process, in coordination with the operational departments, or by independent assessment using PEO resources. As resources are limited, it is prudent to reduce the percentage of projects post-evaluated from 30% to 25% and use the resources released for a more broad-based assessment of PCRs and for other new evaluation undertakings such as country assistance reviews¹⁴.

Unlike the Banks, none of the three UN agencies diverts its resources for ex-post evaluations, except when special circumstances warrant it. The three organisations carry out thematic, policy, and sector-based evaluations, in addition to interim and terminal

14 Such as the evaluation of ADB's country assistance plan in Sri Lanka which was planned at the time of writing.

evaluations of projects. Donors have expressed concerns that the assessment of development impact by these organisations is weak, and that efforts have not been made to develop indicators for benefit measurement and impact assessment, except in a few areas such as nutrition, environment, and public health. The kind of interventions that these organisations undertake justify closer impact analysis, because of the intensity with which operations are mounted under emergency situations.

Quality control

The quality and diversity of evaluation instruments were discussed in Chapters 2 and 3. A perusal of reports prepared by all five organisations led to the conclusion that quality depended on:

- ④ transparency and consistency of the criteria used to judge performance;
- ④ professional skills, experience and impartiality of evaluation staff;
- ④ transparency of the process of design and implementation of evaluations (including the extent of consultations with various stakeholders);
- ④ use of guidelines, indicators and rating mechanisms to gauge performance and impact;
- ④ effectiveness of quality control mechanisms; and
- ④ the independence of the head of the evaluation unit.

When these criteria are applied the two Banks rate highly, followed by UNDP. Quality controls exercised by the Banks are of a high order due to the impact such evaluation reports have, inter alia on the ongoing programs and projects of the operational departments as well as on donor approaches to development aid. All evaluation reports are carefully scrutinised for accuracy, consistency and clarity of presentation before publication. In recent times, UNDP has made special efforts to produce high quality reports¹⁵. The following two reports are good examples; “Global Interregional and Regional Programmes: An Evaluation of Impact,” and “Aid Coordination and Aid Management by Government: A Role For UNDP”.

15 While a number of high quality reports have been published in the past the Reviewer considers that the overall standard has risen in recent years.

Although some of the reports prepared by UNHCR and WFP are of high quality, it is not possible to categorise all of them as high quality. The report on the “Cross-Mandate Approach in Ethiopia” prepared by IES, and the thematic evaluation “Lessons Learned from Food Aid Contributions to Mother and Child Health” prepared by OEDE, are examples of good quality reports. The lack of proper guidelines has been a major factor in the quality of reports.

The guidelines both Banks use for the preparation of evaluation reports, including PPARs, need to be updated to incorporate new approaches to capture the impact of changes in the development environment. This need has been recognised, but little has been done yet to address the problem¹⁶. Early action is required to ensure that evaluations, particularly the innovative instruments introduced in recent times, have a sound analytical base. Best practices available to improve quality reporting should be introduced, to ensure that reports address the major issues and lessons in clear, concise and readable form.

Rating systems

Rating systems are adopted by organisations to ensure objectivity in assessments, and to record actual impacts and achievements of projects/programs against objectives set at the appraisal or design stage. A rating system provides a structure for judging performance of development interventions by using a standardised set of criteria. Rating systems are used for supervision, completion reporting and evaluation. Of the five organisations examined the World Bank, ADB, and UNDP use rating systems.

The systems used are not comparable. While ADB uses a three-point scale: generally successful, partly successful, or unsuccessful, the World Bank uses a four-point scale: highly satisfactory, satisfactory, unsatisfactory, and highly unsatisfactory¹⁷. The UNDP proposes to adopt a four-point scale: ‘highly satisfactory, satisfactory, unsatisfactory with some positive elements, and unsatisfactory’.

There is no uniform rating system among development institutions. Other examples include the European Bank for Reconstruction and Development (EBRD) and the Japanese Overseas Economic

16 ADB has advised that it has “initiated steps to review and prepare guidelines for various types of evaluation reports, and these guidelines are expected to be completed in 1998”.

17 The two bank’s also differ in that the World Bank rates various aspects of a project (outcome, sustainability, bank performance etc) but does not give an overall rating, whereas ADB does give an overall rating for a project.

Cooperation Fund (OECD) which adopt a four-point scale: highly successful, successful, partly successful, and unsuccessful. The Working Party on Aid Evaluation of the DAC is endeavouring to achieve harmonisation in rating systems to facilitate comparability of development effectiveness among the various aid organisations. The ADB will review its rating system, together with the revision of the guidelines, and will most likely adopt a four-point scale, in line with the recommendation of an independent consultant retained by the Evaluation Cooperation Group of the Multilateral Development Banks.

Rating systems will become increasingly important because of donor interest to assess performance and determine development impact on-the-ground. The emphasis on internal and public accountability, as well as on results-oriented development, has made it essential for international organisations to monitor success rates of projects and programs and continuously adjust policies to improve performance. Judgments made about project/program performance based on rating systems have resulted in substantial changes in the Banks' policies and lending instruments in recent years. The move away from the "approval" culture to "development focus" occurred in both Banks as a result of the revelation that one-third of their projects fail to fully achieve their objectives: a revelation which may not have occurred without the use of their respective rating systems.

Over the past decade, evaluations have served as powerful mechanisms to revitalise development assistance in all five organisations. Recent innovations in the World Bank did not arise out of a vacuum: the Wappenhans Report, subsequent follow-up reports and the QAG had their genesis in OED reports. Similarly, in ADB the Report of the Task Force on Improving Project Quality, (TFIPQ) issued in January 1994, raised concerns about project quality which are now being addressed. The concerns expressed by TFIPQ were partly the result of evaluation findings systematically conveyed through various evaluation instruments.

The entire UN system has been shaken up by the reform agenda and UNDP, UNHCR, and WFP are also undergoing a transformation and renewal process. The latter development may not be directly attributed to evaluation findings but a sense of urgency because of the lack of adequate impact on-the-ground, despite substantial investments across regions and countries. Overall, developments in the past few years have improved the quality of operations in the Banks and the UN agencies, although there is scope for further

progress, particularly in areas where developmental impact is to be critically measured.

Feedback processes

Feedback processes are well established in the Banks, as outlined in Chapter 4. Various instruments are used to disseminate information and follow up on actions taken by operational departments on evaluation recommendations. However, the requirement for real-time feedback has increased as there has been an increasing need for corrective actions to be taken in a timely manner. The traditional instruments, which feed lessons of experience long after their usefulness has been realised, are now being complemented with ongoing assessments of portfolio performance in both Banks. These activities are to be enhanced by greater involvement in country assistance reviews and economic and sector work.

As part of the ongoing renewal process in the World Bank, the QAG was created to provide real-time feedback. The QAG identifies high-risk projects and targets the attention of management on projects whose improvement can have considerable pay off. QAG also assesses the quality at entry of selected operations, before or after approval by the Board, and reviews the Bank's performance in decision making, appropriateness of skill mix, and cost-effectiveness. Findings from these assessments are fed back into the Bank's system, whether it concerns operational departments or others, with the full concurrence and approval of management, thereby giving timely and relevant feedback to promote improvements in Bank policies, programs and processes. This innovative mechanism has relevance for AusAID operations.

As discussed in Chapter 4, the feedback arrangements in the three UN agencies are not as institutionalised as in the Banks, although arrangements exist to disseminate findings and lessons from evaluations. These agencies should adopt institutionalised strategies to provide feedback and follow-up on actions taken on evaluation recommendations by the operational departments, to ensure that feedback improves procedures and processes. Unlike the Banks, which focused on ex-post evaluations until recently, the three UN agencies concentrate on thematic studies and/or interim and terminal evaluations. The findings and lessons of these studies could provide real-time feedback if the dissemination processes are more systematically organised and implemented.

In the three UN agencies as well as in the two Banks, there are efforts to use available databases to disseminate evaluation findings. The database in UNDP is extensive but requires further refinement, while those in UNHCR and WFP are rudimentary and will require further inputs to become effective instruments of feedback. The databases in the World Bank and ADB contain a wealth of data but have not been widely accessed by users. It is expected that both Banks will shortly introduce systems to access each other's databases.

Recipient country participation

To include recipient country input in this review, questionnaires were sent to six aid recipient countries to seek their views on the benefits/impact of development assistance provided by the five organisations and on assistance provided with monitoring and evaluation. The responses received from four countries stated that the World Bank and ADB, followed by UNDP, provided monitoring and evaluation support which had been beneficial. Two countries received assistance from UNHCR and WFP but not in the areas of monitoring and evaluation.

It was evident from the responses that there is a need to build capacities in M&E¹⁸. The participation in joint evaluation undertakings with donors could constitute one of the means of achieving this¹⁹. It was also indicated that M&E activities carried out by the organisations helped:

- enhance performance of projects;
- introduce improved systems and practices for delivery of services; and
- counterpart staff to acquire technical skills and knowledge.

Monitoring systems

A detailed assessment of the monitoring systems in the five organisations appears in Chapter 5. The organisations are all being reorganised to put in place new systems, because of the failure of the systems implemented over the last decade to improve decision making and enhance implementation processes. The lack of ownership of systems such as M&E, BME, and BCM among the

18 The success of such activities will require more active participation by some recipient countries.

19 For example, ADB carries out joint evaluations with DMC officials in selected countries.

recipients/beneficiaries, combined with inadequate appreciation of the benefits of such interventions, brought about disillusionment among both the users and the advocates. This was accentuated by the lack of adequate capacity-building efforts at the grass roots level. The ongoing efforts are expected to benefit from lessons of the past and to establish systems which are client oriented and needs-based. The use of performance monitoring indicators will be encouraged at all levels to ensure that benefits are measured systematically over time.

Evaluation culture

The review was asked to look at the level of awareness, and appreciation of the need to benefit from organisational learning through evaluation, in the five organisations. The need for evaluation is widely recognised and accepted, but in general there is little commitment to accept constructive criticisms relating to project successes or failures. Although there is increasing willingness to change course and pursue efforts to improve performance, the concept of an evaluation culture is slow to emerge. While the World Bank openly debates the need for an evaluation culture, it is slow to emerge in all other organisations. Cultural, behavioural and attitudinal factors thwart efforts to have a more open approach to criticism. In general, operational departments are sensitive to critical assessments by evaluation units, as such assessments tend to reflect inadequacies in project/program design and implementation, and may have a negative impact on staff appraisal reports and promotional prospects. In some organisations the reward systems for staff tend to foster the ‘approval culture’ rather than encourage openness in assessing project/program successes and failures. Consequently there is a reluctance of staff to accept mistakes and benefit from lessons. Senior managers of organisations also tend to discourage criticisms because adverse assessments of an organisation’s activities generate adverse publicity that may affect donor contributions. An evaluation culture can only be fostered when reward systems encourage openness and critical debate and facilitate the development of a more forward-looking approach to discussing and redressing factors that influence project/program success.

Overall assessment

The evaluation capacities of the five organisations varied depending on their respective organisational/institutional framework, approaches and methods for evaluation, effectiveness of mechanisms

for dissemination of results and feedback and the overall quality of evaluation outputs.

The two Banks, as well as the central evaluation office of UNDP, demonstrated that they have adequate capacities to carry out evaluations, and have shown willingness to adapt to changing needs and priorities. The two Banks, particularly, have strengthened their policies and practices to provide real time feedback and are developing new instruments to assess developmental impact more systematically.

Field-based operations of UNDP, WFP and UNHCR have not been subject to rigorous in-depth evaluations to assess their developmental impact and sustainability. A number of thematic and strategy/policy studies carried out through the respective central evaluation offices have underscored the need for more effective supervision of field based operations and have highlighted the lack of rigorous monitoring systems to assess on-the-ground effectiveness of emergency and relief operations. Development projects funded through food-for-work programs have also not been critically evaluated. The lack of measurement indicators, inadequate monitoring, and paucity of experienced staff and appropriate methods, have constrained more effective assessment of these operations. In the circumstances, Australia may need to keep its options open to undertake effectiveness reviews of these operations on a selective basis.

Chapter 7

Conclusions and implications for AusAID

Conclusions

The review confirmed that the two Banks have multiple and varied evaluation instruments to measure the effectiveness of development assistance on the ground. The World Bank, in view of its broad-based operations and global perspectives, maintains its leadership role in utilising as many instruments as are necessary to gauge the effectiveness of its lending and non-lending operations. The ADB is reducing its traditional focus on ex-post evaluations and is to provide real-time feedback to operational departments, using instruments that were alien to it five years ago.

Self-evaluation is being supported and strengthened by both Banks, as it is realised that self-evaluation should have priority amongst evaluation tasks and that independent evaluation should build on self-evaluation results. In the World Bank, OED is in the forefront of development initiatives, in conceptualising and articulating new instruments for improving performance. The entry of QAG, increased attention to performance monitoring indicators and development of new instruments for country reviews, have had OED inputs, and lie at the core of the Strategic Compact. ADB has a leadership role in its region for strengthening evaluation capacities among its DMCs and it is playing a significant role in developing new instruments to encourage DMC participation in the monitoring and evaluation of development projects.

The reform in the UN system has brought about notable changes in the way evaluation is perceived and interpreted. UNDP's capacity to undertake evaluations has improved substantially over a few years. It is aware of the changes taking place in the World Bank and elsewhere, and is developing its evaluative capacity in the field.

UNHCR has, due to its mandate to deal with emergency operations, combined its evaluation function with inspection, and is undertaking extensive inspections and a few evaluations. The role of evaluation may be undermined in the process.

WFP has undertaken several thematic studies which have operational relevance. It is grappling with the problems of developing indicators, as is UNHCR, for measuring development impact on vulnerable groups. Both UNHCR and WFP have resource limitations, although efforts are now under way to improve reporting systems and focus on strengthening field-based operations.

The review identified the following areas of common interest/concern among all organisations, which are in fact the outcome of concerted efforts made by donors to instil greater transparency and accountability in financial management among them:

- ④ increased emphasis on project quality;
- ④ development of performance/impact indicators;
- ④ a move towards country programming and country-focus;
- ④ decentralisation of functions and devolution of authority;
- ④ adoption of a program approach in preference to the traditional project approach; and
- ④ increased emphasis on self-evaluation.

Although there is interest among the three UN organisations in developing performance/impact indicators and promoting self-evaluation in the field, the progress achieved in these two directions is limited. Increased commitment and greater efforts are needed in this regard. The developmental themes commonly shared by all organisations include poverty reduction, protection of the environment, gender development, and human development.

The review findings provide some indicators for improving monitoring and evaluation capacities in organisations. Some of the important practices/principles, which are worthy of emulation by other organisations, including AusAID, are:

- ④ The function of evaluation is better carried out through a unit that has independence and flexibility to determine its own work program, implement evaluations, publish reports and disseminate findings. The head of the evaluation unit should report directly to the Chief Executive of the organisation.

- ④ An institutionalised feedback mechanism, in preference to informal mechanisms, helps findings of evaluations to be brought to the attention of policy makers and operational departments to improve ongoing operations and future programs.
- ④ To provide real time feedback to operational managers, interim/terminal evaluations should be undertaken, along with ex-post evaluations, program reviews and thematic studies.
- ④ A mechanism similar to the QAG in the World Bank provides early feedback on ongoing operations.
- ④ Rating systems can be used to gauge the effectiveness of project/program implementation as well as developmental impact. Organisations can benefit from the experience of multilateral development banks that have successfully used rating mechanisms to improve their operations.
- ④ Self-evaluation by operational departments is useful to assess ongoing and completed operations. The emphasis on self-evaluation also has improved the quality of ex-post evaluations.
- ④ The link between monitoring and evaluation has been tenuous in all organisations. There is considerable room for improving monitoring procedures and processes.

Implications of the review findings for AusAID

Australia's support for multilateral institutions is determined, in part, by their capacity to complement the capabilities of bilateral and regional aid delivery mechanisms, and in part by broader international policy interests. Multilateral aid enhances Australia's capacity to participate in and influence the international debate on major development issues, and to project its own humanitarian and democratic values. It also brings with it returns to Australia through procurements of goods and services to a financial value which can be greater than that of Australia's contributions to multilateral institutions. In this context, AusAID's contribution to multilateral development Banks and UN agencies is justified, although there is concern whether the contributions are justified on the basis of their development impact. As long as the evaluation capacities of these organisations are sound, the organisations can rigorously evaluate their projects and programs, gauge developmental impact, and feed their findings back into project and program improvement. Sound

rating systems available within organisations provide an adequate measure of the success rate of activities.

The recent Report of the Committee of Review on the Australian Overseas Aid Program (1997) made some critical observations with respect to the role, structure, and functions of the Evaluation Section within AusAID. In the Committee's view, "a change to the institutional arrangements for evaluation is required in order to establish a credible and fully objective evaluation regime for the Australian aid program." A DAC assessment of Australia's development cooperation efforts undertaken in 1996 also reported that "traditional ex-post evaluation approaches often yield results too slowly to feed in lessons when they are most needed, or to keep pace with the dynamic picture of development and cooperation in some partner countries."

The review considers the following issues to be of concern to AusAID:

- ⊗ the current organisational structure for evaluation;
- ⊗ the processes associated with the design, implementation, and publication of evaluations;
- ⊗ the current emphasis on ex-post evaluations;
- ⊗ the appropriateness of feedback mechanisms;
- ⊗ the linkage with monitoring; and
- ⊗ quality assurance.

The findings of the review can aid decisions on all of the above items. The current organisational structure for evaluation could be restructured on lines similar to UNDP or ADB. The existing preparation of TOR, peer review and implementation of evaluations are satisfactory except that the TOR could be approved at the level of the director of the evaluation unit as in the five organisations. The current report clearance and publication procedure is complex. While it is necessary to exercise caution, and restrict wider distribution of sensitive documents that are detrimental to public interest, the general policy on disclosure should be less restrictive. Generally, most evaluation documents would qualify for publication and wider dissemination. The disclosure policies adopted by the two Banks can provide guidance in this regard.

Although AusAID undertakes program reviews and thematic studies, which have relevance to ongoing operations, there is substantial

investment of time and effort in ex-post evaluations. Future emphasis should be to distribute resources more equitably among program reviews, thematic studies, ex-post evaluations (including impact evaluations), and interim/terminal evaluations. Interim evaluations of ongoing projects/programs should be undertaken of individual activities and/or on a cluster basis, as appropriate. The cluster approach to evaluation should be continued as it provides faster feedback to management.

An institutionalised feedback system similar to the two Banks is necessary if effective results from feedback are to be achieved. The results of evaluations should be widely disseminated through the distribution of reports, organisation of joint workshops with operational departments and, if feasible, through a brief quarterly or biannual publication, similar to the *Precis* of the World Bank, which highlights lessons learned. A management review process (wherein the findings and recommendations of evaluation reports are discussed, follow-up actions determined, and a review mechanism established for verifying whether recommendations agreed upon were implemented), will improve supervision, outputs and outcomes of ongoing operations. The AusAID Lessons Learned DataBase (LLDB) could be more effectively utilised. Its usage and operational relevance could be enhanced by incorporating not only lessons learned, but also factors contributing to success or failure of projects, as well as significant factors during implementation such as time and cost overruns or underruns and their impact on project outputs and outcomes. Of all the databases observed during the review, the database maintained by ADB appears to be most user-friendly and accessible.

Although activity monitoring in AusAID is reasonably well established, its link with evaluation is somewhat tenuous. The existing reporting format could be improved to obtain better assessments of beneficiary participation and flow of benefits at the early stages of project implementation. It is also necessary to develop performance monitoring indicators. AusAID may benefit from a review of the sectoral notes and performance monitoring indicators prepared by the World Bank.

There has been concern within AusAID regarding project preparation and project quality. The QAG process in the World Bank offers a noteworthy pattern for emulation. AusAID may find this a useful mechanism to ensure that quality assurance receives careful consideration at all stages of project implementation, and that

operational managers receive early warning of potential problems and risks.

The review demonstrates that the two Banks have effective evaluation systems in place. AusAID need not undertake effectiveness reviews of these organisations. In the case of UNDP, UNHCR and WFP, Australia should address any emerging issues through the respective governing bodies in which it has representation. Greater supervision of monitoring, evaluation arrangements and outputs, may become necessary in respect of UNHCR and WFP.

The findings also suggest that improvements to existing practices are feasible in some areas in the five organisations. AusAID may wish to bring these findings to the attention of the organisations through its representatives in the respective governing bodies. Using the forum of the Evaluation Cooperation Group of the Multilateral Development Banks, the two Banks can benefit from greater collaboration in:

- ⊗ development of performance monitoring/impact indicators;
- ⊗ evaluation capacity development to reduce existing areas of overlap and duplication. A programmed approach to capacity building, based on country specific assessments, is preferable to ad hoc interventions;
- ⊗ harmonisation of rating system for projects; and
- ⊗ development of new evaluation approaches and methods for in-depth assessment of impacts and benefits on-the- ground.

ADB should consider moving towards 100% evaluation of completed operations by reviewing PCRs in their final form and adopting a four-point rating scale. To offset the need for increased resources for this purpose, the percentage of projects audited could be reduced from 30% to 25%.

Self-evaluation is becoming increasingly important because of the ongoing demand for real-time feedback in all organisations. Self-evaluation instruments need to be strengthened and capacities in self-evaluation improved through training of staff.

UNDP, UNHCR and WFP should undertake more country-focused evaluations to enhance performance of country-based operations.

Appendix 1

Terms of Reference

Review objectives

The objectives of the review are to:

- compare selected multilateral organisations' evaluation capacities, methods and performance, and the effectiveness and use of feedback mechanisms;
- briefly compare the activity monitoring procedures of the organisations; and
- identify lessons for AusAID's own evaluation arrangements.

Aim

The aim is to determine the strengths and weaknesses of each system and to contrast these with AusAID's own needs and practices.

The review will also be expected to provide lessons for the determination of AusAID's future evaluation arrangements - recently the subject of comment in the Simons review of the Australian aid program.

In addition, the review will enable AusAID representatives to each organisation, where appropriate, to participate in debates on changes in monitoring, evaluation and feedback processes and policies from an informed and timely view point.

Scope

The organisations to be studied in the review are:

- **World Bank (IDA/IBRD)** - Washington
- **Asian Development Bank (ADF)** - Manila
- **UNDP** - New York
- **WFP** - Rome
- **UNHCR** - Geneva

For each organisation the Review Team will examine, assess and compare:

Evaluation framework

- ④ the purpose of evaluation and its role in the organisation;
- ④ the institutional structure for managing the evaluation process and the organisation of the evaluation group: its position in, or outside of, the organisation (including reporting requirements); work flows; resources allocated to evaluation etc.;
- ④ evaluation programming: policy; planning; categories of reviews/evaluation (eg. policy, program and project activities); priority setting; timeliness with respect to contributing to other major agency reports and satisfying AusAID reporting requirements; use of guidelines and standards for evaluation reports.

Evaluation implementation

- ④ design and implementation of evaluations: planning, TOR, issues definition, method of implementation; availability and access to expertise and other resources; and quality control;
- ④ reporting and dissemination of results, and the effectiveness of feedback mechanisms ie. the use of lessons and syntheses;
- ④ the quality of evaluation reports produced by the organisation;
- ④ the value of evaluations to the organisation and its major stakeholders;
- ④ donor and recipient country cooperation and participation in the evaluation program; and
- ④ evidence of an evaluation culture within the host organisation.

Monitoring

The review will also briefly examine, assess and compare, the framework and the procedures for the implementation of monitoring, and the feedback of findings into the modification of existing activities and the design of new ones.

Method

Preparatory work will include:

- ④ consultation within AusAID to finalise the organisations for review;

- ④ contact with other members of the DAC Expert Group on Aid Evaluation to enquire about similar studies intended or near to completion;
- ④ contact with selected organisations to seek their cooperation; and
- ④ contracting consultants.

The body of the review is expected to include consultant's input of between nine and twelve weeks:

- ④ three to four weeks preparation in Australia to:
 - finalise method and TORs for the approval of the Review Advisory Group (see below);
 - identify and become familiar with evaluation documents and systems employed by the selected organisations, especially annual evaluation summaries eg. IBRD annual evaluation reports;
 - prepare and distribute a questionnaire to the organisations to obtain background information not accessible from available documents;
- ④ four to five weeks in the field at above agencies to verify information and discuss processes with senior, and country desk officers; and
- ④ two to three weeks to finalise the report upon return to Australia.

The draft report will be submitted to the RAG for comment, the draft final report will be submitted to the RAG for endorsement and then to the Executive for final comment and agreement to publishing arrangements.

Review Team

Task Manager: Dr Philip Fradd

The Task Manager will:

- ④ prepare TOR;
- ④ select, brief and supervise the consultant and research assistant (if required);
- ④ supervise the development, by the consultant, of the review design and work plan;

- ④ facilitate preparatory work in Australia and supervise the consultant as she/he prepare the first draft of the report;
- ④ consult with interested parties outside of AusAID, including interested government departments including Departments of Finance; Treasury; Primary Industry and Energy; and Foreign Affairs and Trade; and
- ④ ensure the quality of the review's outputs, particularly the review report.

Consultant: Mr C. Narayanasuwami

The consultant will:

- ④ develop and propose to AusAID the final review design and work plan;
- ④ arrange overseas travel and appointments (with assistance from AusAID);
- ④ collect and analyse data, both in Australia and overseas, including the design, and dispatch of questionnaires and the analysis of responses;
- ④ prepare status reports as required;
- ④ write a satisfactory draft report at a time agreed with the Task Manager; and
- ④ undertake additional work as required by AusAID and finalise the review report by an agreed date.

Review Advisory Group

The Review Advisory Group will include membership from AusAID Sections: United Nations and International Programs (UNIP); Development Banks (DBS); Corporate Planning, Budget and Effectiveness Review (CORPLAN); Humanitarian Relief (HUR) and Evaluation (EVAL).

The Review Advisory Group will be responsible for approving the review design and work plan, reviewing progress prior to the commencement of field work, commenting on the draft report prepared by the consultant(s) and endorsing the completed report for submission to AusAID's Executive ie. four meetings.

Output

A brief two to three page status report should be provided to AusAID before departure overseas. The output of the review will be

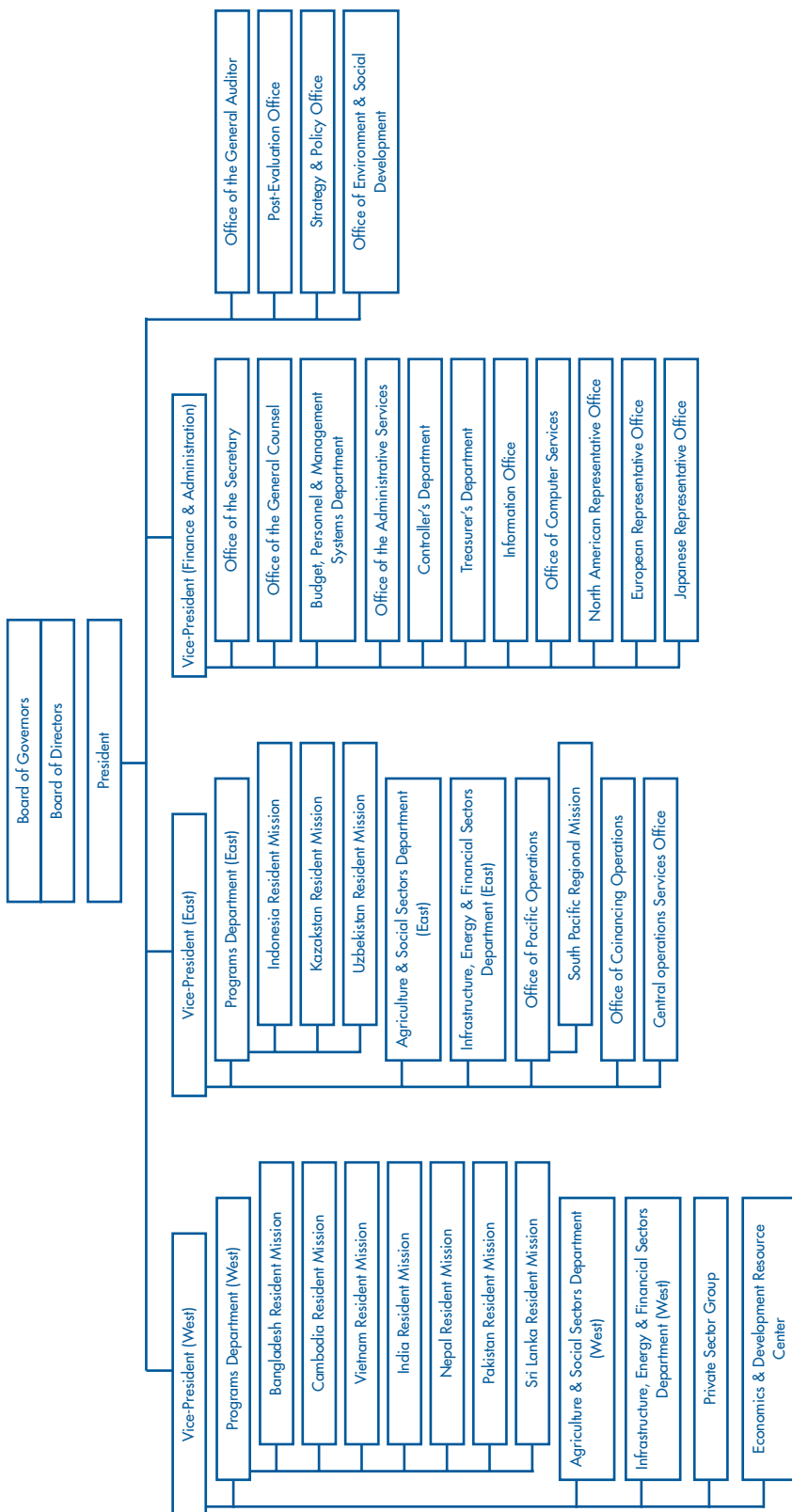
a 25 page summary report together with annexes, as appropriate, for each organisation. The report will draw out lessons to inform the discussion of the future of AusAID's monitoring and evaluation processes.

Appendix 2

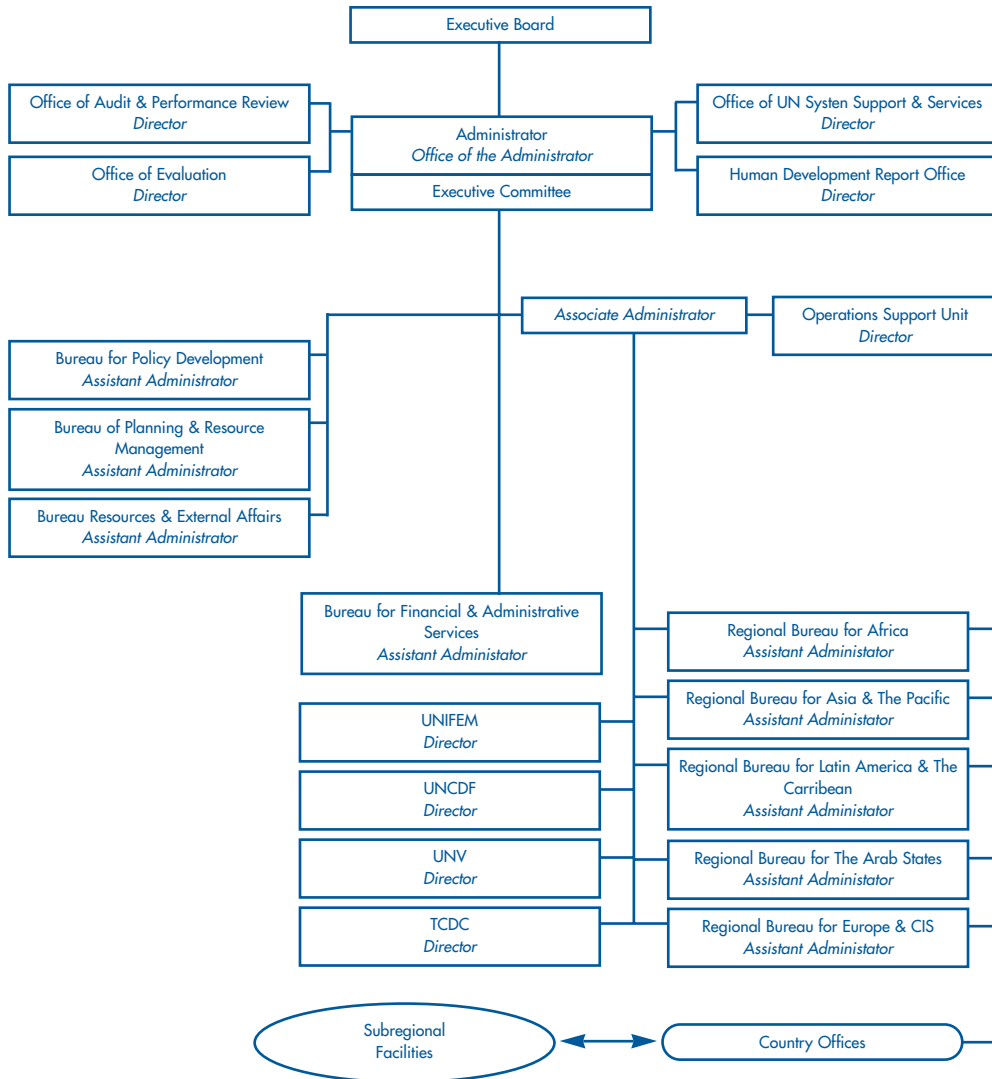
Organisational charts

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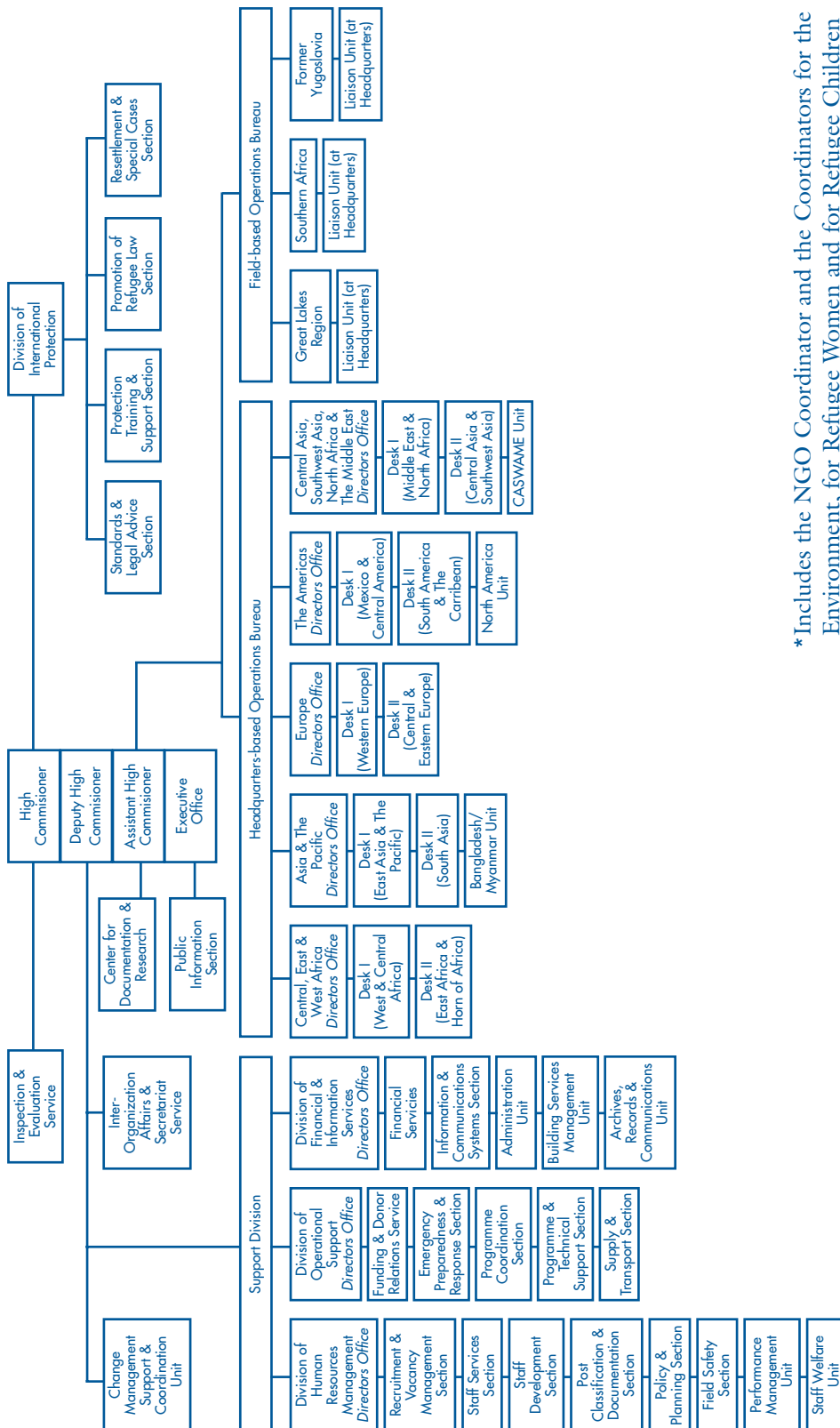
Asian Development Bank (as at 31 December, 1996)



United Nations Development Programme

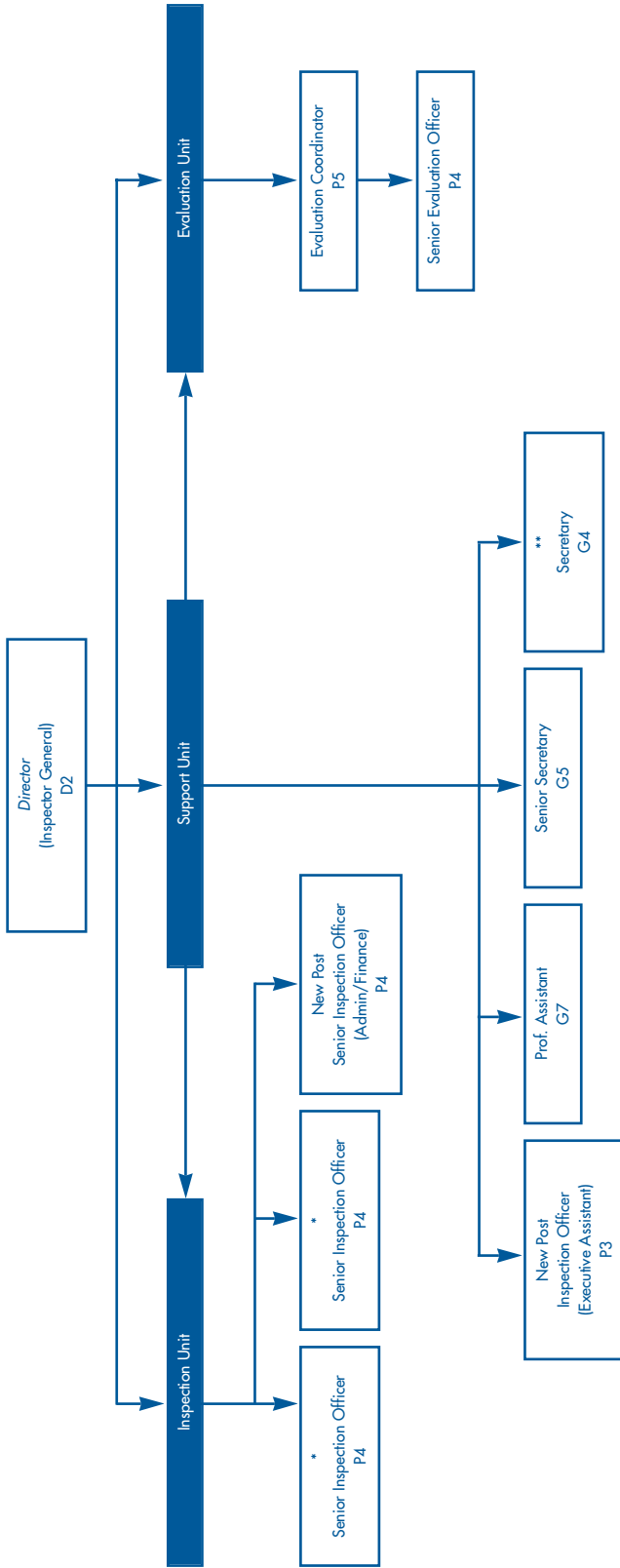


UNHCR Headquarters



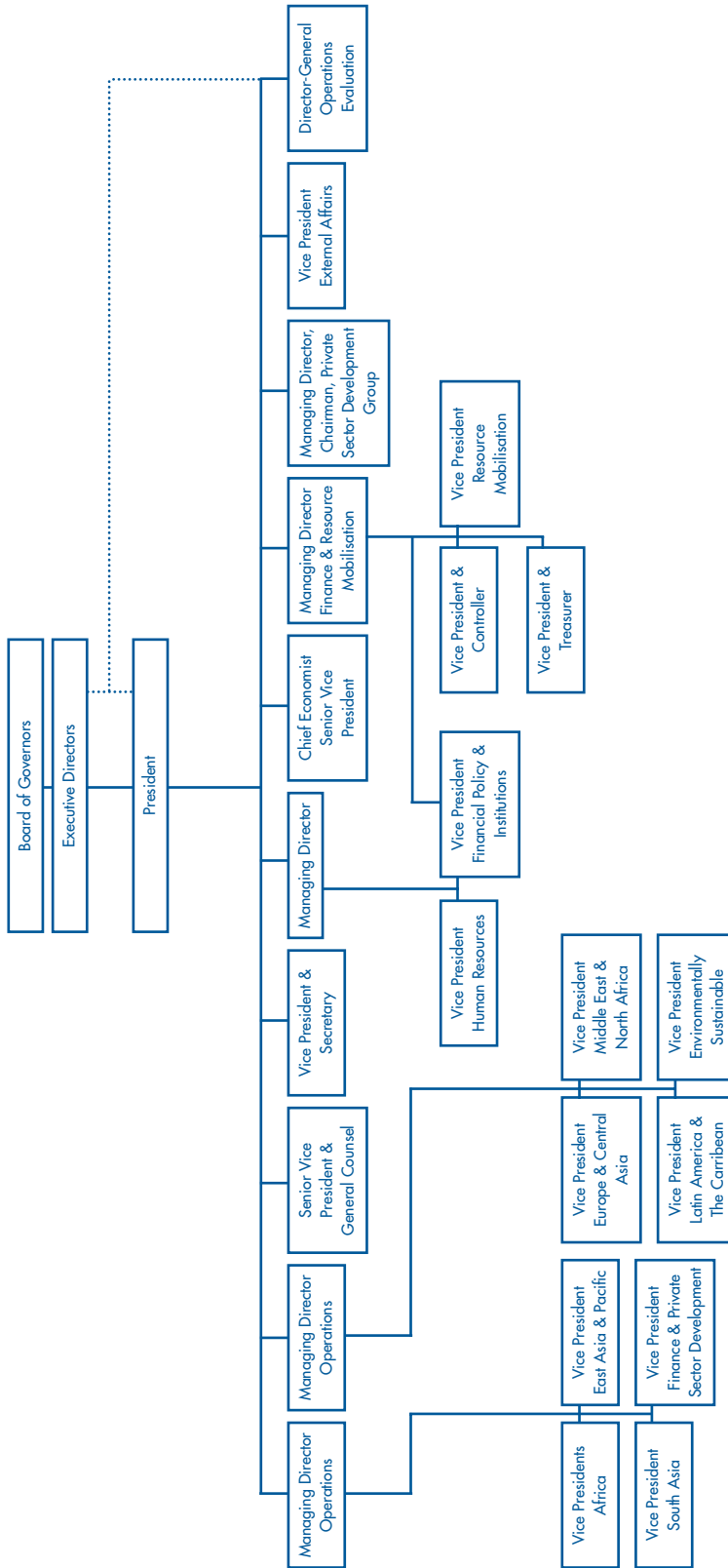
* Includes the NGO Coordinator and the Coordinators for the Environment, for Refugee Women and for Refugee Children

UNHCR Inspection and Evaluation Service



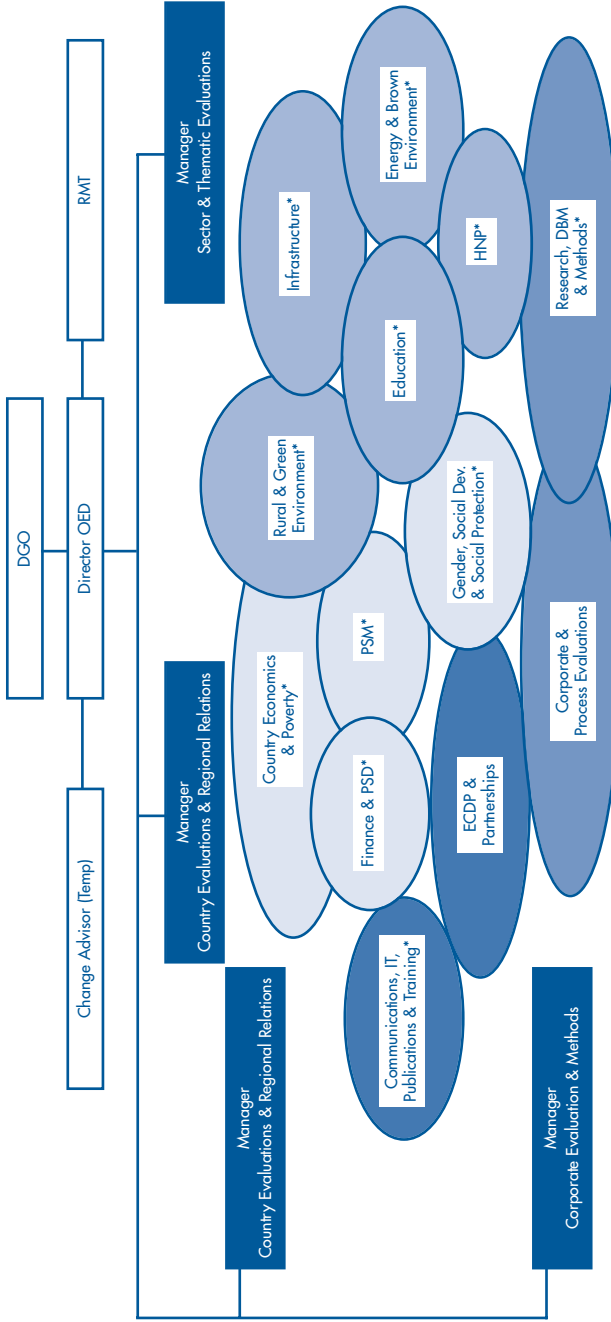
* and ** recommended for reclassification

World Bank (as at November, 1996)



This chart does not incorporate the most recent changes in structure.

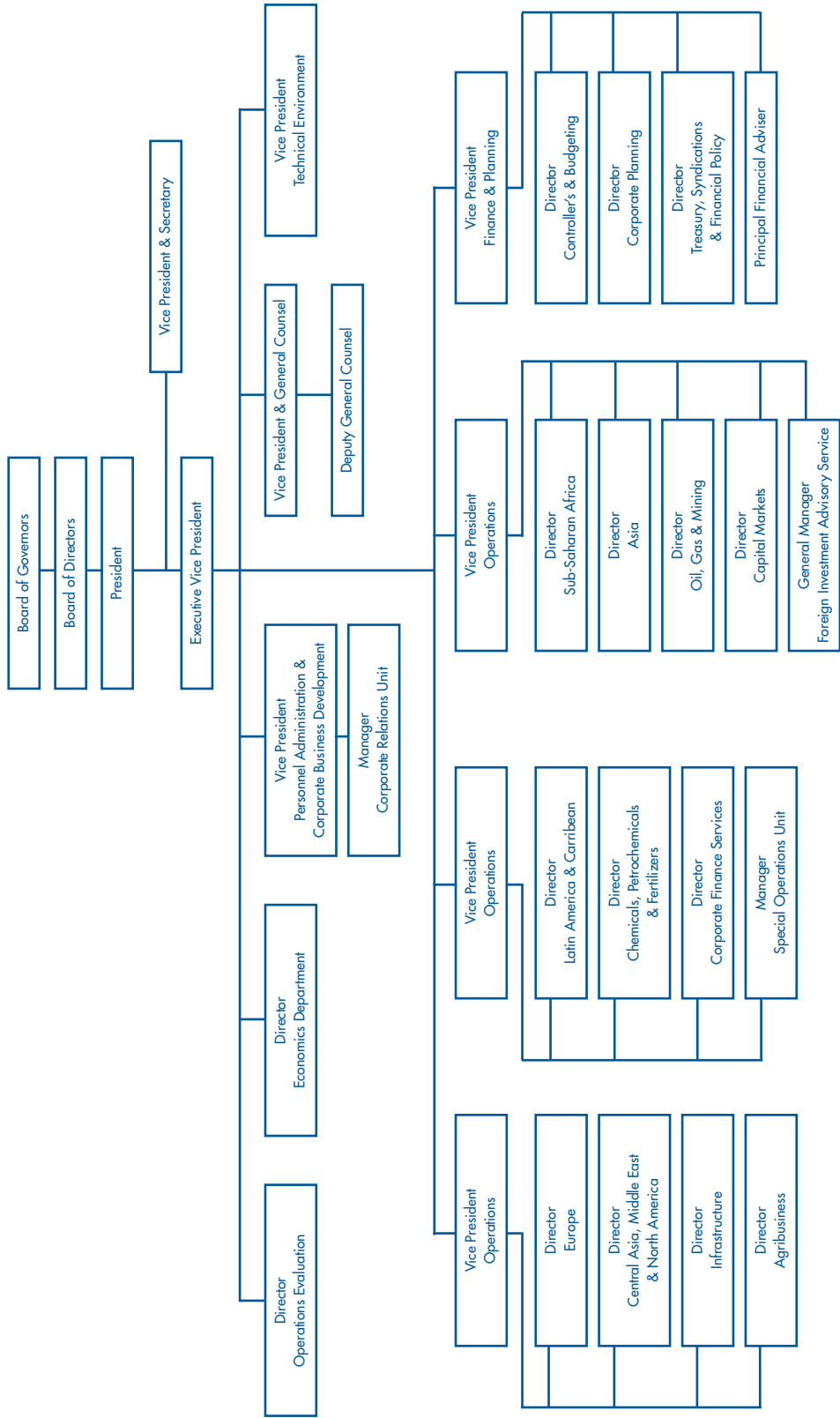
Operations Evaluation Department of the World Bank



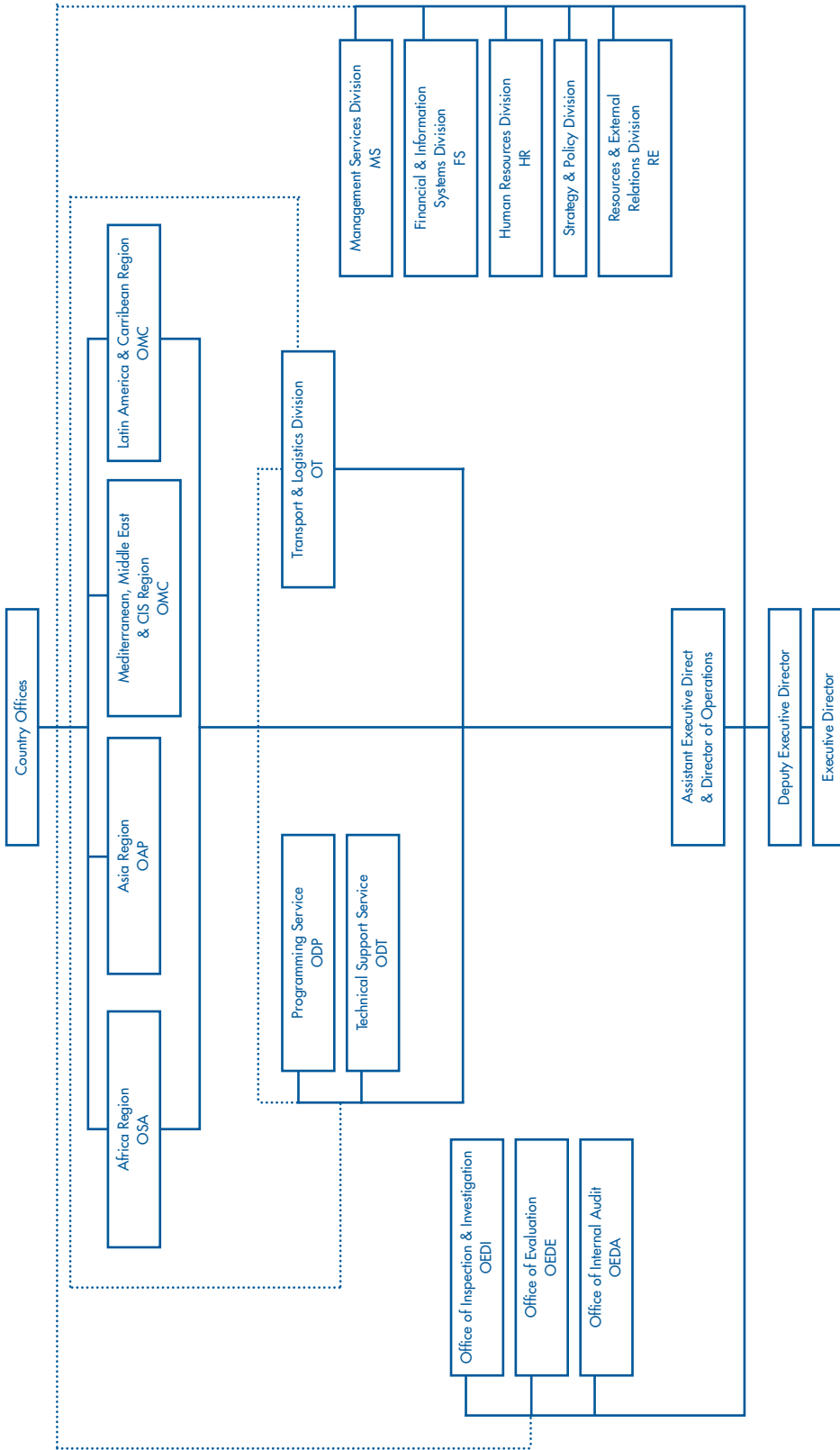
○ Clusters are Interactive and Flexible
 3-28 Staff assigned to amanagerial group and cluster

* Thematic & Regional Coordinators

International Finance Corporation (as at November, 1996)



World Food Programme



Appendix 3

Questionnaires

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Questionnaire for selected Multilateral Development Banks

A. Organisational Aspects

- 1 Could you please provide a copy of the Organisational Chart indicating the structural linkages of the Evaluation Department/Office with the management and with other departments of the Bank. Indicate briefly the milestones in the evolution of the organisational structure for evaluation.
- 2 Please indicate the number of managerial, professional and support staff (full time and part-time) assigned to the Evaluation Department /Office. Are the staff (number and quality) considered adequate for the assigned functions of the Department/Office?
- 3 What are the major and subsidiary activities of the Evaluation Department/ Office?
 - (a) List by types/categories, the approximate number of evaluations undertaken annually (eg, review of ICRs/PCRs, preparation of PPARs, impact studies, special thematic studies, cluster evaluations, re-evaluation studies, country assistance reviews, TA reviews, annual reviews etc).
 - (b) To what extent does self-evaluation by the operational departments/borrowers (ICRs/PCRs) compare with the rigorous standards expected of independent evaluations?
- 4 To what extent are non-lending operations/services subjected to evaluation? What would be the proportion of such evaluations in relation to lending operations?
- 5 When were the approved guidelines for the conduct of evaluation studies last revised?
- 6 What was the total budget allocated for Evaluation activities during 1995, 1996 and 1997?
 - (a) In relation to the *total Bank budget* what percentage/ratio was allocated for evaluation activities?
 - (b) How is the budget distributed among the various evaluation activities (eg, lending operations, non-lending operations etc.) Provide amounts by category, if available.

- 7 What organisational arrangements exist to secure the independence of the evaluation function? Are the present organisational arrangements adequate to ensure the independence of the Department /Office from operational Departments/line management? If not, what would you consider as the most appropriate arrangement to secure the degree of independence necessary for maintaining credibility among donors and recipients?
- 8 To what extent have evaluation activities been decentralised to the field offices? Would decentralisation result in improved effectiveness of evaluation operations, notwithstanding the controls that would still be exercised from the headquarters, before the reports are submitted to senior management or the Executive Board.

B. Programming and Implementation

- 9 How is the annual program of evaluation activities prepared? Who is the approving authority for the program? What criteria are applied to select topics, themes, projects and programs for evaluation?
- 10 Have you received full cooperation from the recipient countries (where relevant), when undertaking evaluation activities? What constraints, if any, are usually encountered in this regard?
- 11 Have you undertaken joint evaluations with the recipient countries or with other international/ bilateral agencies/NGOs? What benefits/ constraints were observed in the process?
- 12 What formal system exists to monitor project/program activities during implementation? Does this provide for the submission of periodic progress reports, fielding of review missions, conduct of mid-term reviews etc.? How effective is the system for measuring physical progress, exercising financial control and measuring benefits during implementation, and assessing development impact during evaluation?
- 13 What arrangements exist to link on-going monitoring activities with the evaluation process? When determining performance indicators at the appraisal/project design stage, is adequate consideration given to the need to specify development

indicators that would help assess impacts and effects during evaluation?

- 14 For what specific activities are external consultants used? What would be the proportion of evaluations for which they are used?

C. Feedback

- 15 What formal arrangements/ mechanisms exist to provide feedback of evaluation findings and lessons to the operational departments and the borrowers? What instruments/ methods are utilised to disseminate the findings and lessons?
- 16 How effective is the feedback mechanism to improve operational policies of the Bank? How is it ensured that lessons learned are applied in future programming and/or policies relevant to the various sectors? In what specific areas have feedback helped in recent years to improve the quality of project portfolio and non-lending operations?
- 17 What types/categories of data are stored in the data bank maintained by the Evaluation Department/Office? What arrangements exist to provide on-line access to computerised information, to enable retrieval of data relevant to on-going operations of the Bank? Are these data available to member countries?

D. Quality Control

- 18 What measures are taken to ensure that the quality of evaluation reports conforms to objective reporting and their format and presentation kept simple and readable? In what ways does the Executive Board contribute to improving quality? To what extent has ex-post evaluation contributed to qualitative improvements in the design and implementation of new projects/programs?
- 19 What policies are in place to ensure transparency of the evaluation process? Are all evaluation documents made available to donors and member countries or do the current disclosure policies restrict availability of some of these documents? If so, list the categories of documents that are not made available to the public.
- 20 Would you consider that an evaluation culture exists in your Organisation and that it contributes (a) to acceptance of

critical evaluation findings and (b) to achievement of high standards in evaluation reporting? If you agree, could you furnish some evidence in support?

- 21 How would you rate recent efforts to build evaluation capacities among borrowers:
(a) successful, (b) moderately successful (c) unsuccessful?
Indicate briefly the extent to which these efforts arose out of a ‘felt need’ among the recipients, or were externally induced/imposed by donors as a means to enhance capabilities for improved project execution.

E. New Initiatives

- 22 Comment on the advances made in recent years to improve evaluation practices and reporting in your Organisation. What role did recent initiatives such as the Wapenhans Report, the report of the Task Force on Multilateral Development Banks, the Development Assistance Committee (DAC) Expert Group on Aid Evaluation’s activities, OECD’s recent strategies “on shaping the 21st century” and the World Bank’s “Strategic Compact,” play in refocussing attention on establishing a more vibrant evaluation strategy for the future?
- 23 To what extent would these efforts contribute to harmonisation of evaluation strategies and policies among the international agencies? More specifically, are the rating systems applied by the different agencies for assessing the success rates of projects/ programs consistent and comparable? If not, is it proposed that this be done in the near future?
- 24 What progress has been achieved among international agencies in the development of uniform sector specific indicators and policies for evaluating emerging concerns such as gender, environment, and social dimensions including poverty, education and health?

Thank you for your cooperation and support

Questionnaire for selected United Nations Agencies.

A. Organisational Aspects

- 1 Could you please provide a copy of the Organisational Chart indicating the structural linkage of the Evaluation Office/Service with the management and with other units of your Organisation? Indicate briefly the milestones in the evolution of the organisational structure for evaluation.
- 2 Indicate the number of managerial, professional and support staff (full time and part- time) assigned to the Evaluation Office/Service. Are the staff (number and quality) considered adequate for the assigned functions of the Office/Service?
- 3 What are the major and subsidiary activities of the Evaluation Office/Service? List by types/categories, the number of activities undertaken annually eg, Project/Program evaluations, joint evaluations, evaluation of emergency food aid/ relief operations, refugee resettlement operations, in-depth impact assessments, special thematic studies, cluster evaluations, country reviews, technical assistance reviews, annual reviews etc.
- 4 Are there approved guidelines for the conduct of evaluation studies? If so, indicate the date on which the relevant documents were last revised.
- 5 Is self-evaluation of activities undertaken on a regular basis? If so, indicate how these evaluations are planned and implemented? How are they linked to independent evaluations?
- 6 What was the total budget allocated for Evaluation activities during 1995, 1996 and 1997?
 - (a) In relation to the *total Agency budget*, what percentage/ratio was allocated for evaluation activities?
 - (b) How is the budget distributed among the various evaluation activities? Provide amounts by category, if available.
- 7 What organisational arrangements exist to secure the independence of the evaluation function? Are the present organisational arrangements adequate to ensure the

independence of the Office/Service from line management? If not, what would you consider as the most appropriate arrangement to secure the degree of independence necessary for maintaining credibility among donors and recipients?

- 8 To what extent have evaluation activities been decentralised to the field offices? Would decentralisation result in improved effectiveness of evaluation operations, notwithstanding the controls that would still be exercised from the headquarters before the reports are submitted to senior management or the Executive Board?

B. Programming and Implementation

- 9 How is the annual program of evaluation activities prepared? Who is the approving authority for the program? What criteria are applied to select topics, themes, projects and programs for evaluation? In selecting topics/themes, is adequate consideration given to work undertaken in these areas by other UN Agencies? What coordination and feedback arrangements exist among your agency and other agencies within the UN system?
- 10 Have you received full cooperation from the recipient countries (where relevant), and/or institutions, when undertaking evaluation activities? What constraints, if any, are usually encountered in this regard?
- 11 Have you undertaken joint evaluations with the recipient countries or with other international/ bilateral agencies and /or NGOs? Identify the benefits/constraints observed in the process.
- 12 What formal system exists to monitor project/program activities during implementation? Does this provide for the submission of periodic progress reports, fielding of review missions, conduct of mid-term reviews etc.? How effective is the system for measuring physical progress, exercising financial control and measuring benefits during implementation, and assessing development impact during evaluation?
- 13 What arrangements exist to link on-going monitoring activities with the evaluation process? When determining performance indicators at the appraisal/project design stage, is adequate consideration given to the need to specify project/program

indicators that would help assess impacts and effects during evaluation?

- 14 Are evaluation reports published under the name/names of the staff who prepare them or published as Evaluation Office/Service series? For what proportion of evaluations are external consultants used? For what specific activities are they needed ?

C. Feedback

- 15 What formal arrangements exist to provide feedback of lessons learned to the operational units and the recipients? When formulating new projects/programs, are operational units required to obtain feedback on past lessons of relevance from the Evaluation Office/Service? What instruments/ methods are utilised to disseminate the lessons learned among operational units and among recipients?
- 16 How effective is the feedback mechanism to improve operational policies of your Organisation? In what specific areas have feedback helped to improve the quality of operations in recent years?
- 17 Does your Organisation maintain a computerised data bank for storage of information useful for operational units and recipients of development assistance? What types/categories of data are stored in the data bank? Are these data available to recipient countries? What arrangements exist to provide on-line access to operational units to enable retrieval of data relevant to on-going operations?

D. Quality Control

- 18 What measures are taken to ensure that the quality of evaluation reports conforms to objective reporting and their format and presentation kept simple and readable? In addition to the supervisory controls exercised by the evaluation management, are reports submitted in draft form to senior management and/ or senior advisory committees for review and comment? In what ways does the senior management /Executive Board contribute to improving quality? To what extent has ex-post evaluation contributed to qualitative improvements in the design and implementation of new projects/programs?

- 19 What policies are in place to ensure transparency of the evaluation process? Are all evaluation documents made available to donors and member countries or do the current disclosure policies restrict availability of some of these documents? If so, list the categories of documents that are not made available to the public.
- 20 Would you consider that an evaluation culture exists in your Organisation and that it contributes (a) to acceptance of critical evaluation findings and (b) to achievement of high standards in evaluation reporting? If you agree, could you furnish some evidence in support?
- 21 What criteria are applied to determine the success or failure of development assistance operations? Does your Organisation rate projects or operations on the basis of any approved set of parameters or are operations judged on the extent to which they achieved their original objectives?

E. New Initiatives

- 22 Comment on efforts made in recent years to improve evaluation practices and reporting in your Organisation? What role did recent initiatives such as the Development Assistance Committee (DAC) Evaluation Cooperation Group activities, OECD's recent strategies "on shaping the 21st century" and the World Bank's "Strategic Compact" play in refocussing attention on establishing a more vibrant evaluation strategy for the future?
- 23 To what extent would these efforts contribute to harmonisation of evaluation strategies, policies and practices among the international agencies?
- 24 What progress has been achieved among international agencies in the development of *uniform* sector specific indicators and policies for evaluating emerging concerns such as gender, environment, and social dimensions including poverty, education and health?

Thank you for your cooperation and support

Questionnaire for selected recipient countries

1. Identify the multilateral development Banks and United Nations Agencies (from the list provided below) which have provided development and/or relief assistance, including food aid or emergency food aid/relief and refugee assistance to your country. Please tick against their names:
 - Asian Development Bank (ADB)
 - World Bank (IBRD/IFC)
 - United Nations Development Programme(UNDP)
 - United Nations High Commissioner for Refugees(UNHCR)
 - World Food Programme(WFP)
2. Which of the following types of assistance were received in the past and are being received now? Please tick:
 - Project/Program loans
 - Technical assistance for project preparation, implementation and institutional and/or capacity development
 - Emergency food aid/relief
 - Project/program food aid
 - refugee and internally displaced persons protection/ rehabilitation, and /or refugee resettlement/ voluntary repatriation
3. Which of the Organisations listed above provide *monitoring and evaluation support* in connection with projects /programs funded by them?
4. Are monitoring and evaluation activities carried out with the cooperation and participation of Government agencies or done independently?
 - with government cooperation
 - independently
5. To what extent have these activities been found useful for (a) improving performance of on-going projects and (b) for designing new projects and programs?

(a) very useful useful somewhat useful not useful

- (b) very useful useful somewhat useful not useful
6. Do these Organisations conduct training programs to improve the capacities of local staff to implement monitoring and evaluation activities?
- yes, occasionally
- no
7. Briefly describe the Government's institutional framework for monitoring and evaluation and indicate whether monitoring and evaluation activities are carried out centrally through a central planning and evaluation office or through cells/units in line ministries.
8. Is there a separately constituted office/unit or entity which undertakes post- project evaluations to assess impacts and outcomes as well as the long term sustainability of development assistance received from donors?
- yes (give status and location)
- no
9. Which of the following Organisations have carried out the most number of evaluations of development assistance: ADB, WORLD BANK, UNDP, UNHCR and WFP? Please list in order of priority and comment on the methods adopted by these Organisations to carry out evaluations.
10. Identify from the following list of *categories/types of evaluation*, the types of evaluation studies undertaken and the names of the Organisations who carried them out. The categories of evaluation are:
- (a) implementation completion or project completion reports(ICRs/PCRs),
- (b) project/program performance evaluation reports (PPARs),
- (c) impact evaluations,
- (d) re-evaluations
- (e) thematic studies such as those concerned with a particular theme, eg, institutional capacities of departments or ministries,
- (f) technical assistance evaluations,

- (g) country assistance strategy studies,
 - (h) country reviews,
 - (i) sector studies, and
 - (j) cluster evaluations.
11. Have your ministries/ departments or semi-government agencies participated in joint evaluations with any of these Organisations? If so, identify the benefits of such participation?
 12. What, if any, were the outcomes and benefits of monitoring and evaluation activities carried out by these Organisations? Please identify and list them in order of priority, eg, benefits to staff through acquisition of technical skills and knowledge; introduction of improved systems and practices for delivery of services; enhanced performance of projects etc.
 13. How will you assess the work of these Organisations in the fields of monitoring and evaluation? Please tick against the appropriate description.

ADB:

very useful useful somewhat useful not useful

World Bank:

very useful useful somewhat useful not useful

UNDP:

very useful useful somewhat useful not useful

UNHCR:

very useful useful somewhat useful not useful

WFP:

very useful useful somewhat useful not useful

14. Identify (a) in what respects the Organisations could improve in-country evaluation methodologies and practices, and (b) specific areas in which you would require technical support and assistance to enhance monitoring and evaluation capabilities.

Thank you for your cooperation and support

Appendix 4

Overview of organisations

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The World Bank Group

Introduction

The World Bank consists of the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID). Australia is a member of the first three organisations. Of the five institutions, IBRD, established in 1945, is the oldest and the largest. IBRD, which has its headquarters in Washington D.C., USA, opened its doors for business in 1946. It is owned by the governments of 180 countries that have subscribed to its capital. Under its Articles of Agreement, only countries that are members of the International Monetary Fund (IMF) can be considered for membership in the IBRD. The amount of shares each member is allocated reflects its quota in the IMF, which in turn reflects the country's relative economic strength in the world economy. IDA was established in 1960 to provide assistance to poorer developing countries that cannot meet IBRD's lending terms. IDA provides loans mainly to those poor developing countries with an annual per capita gross national product of \$1785 or less (in 1996). Membership in IDA is open to all members of the IBRD and 159 countries have joined.

The IFC, established in 1956, promotes private sector growth in developing countries and helps mobilise domestic and foreign capital for this purpose. It has 172 members. Although IFC and the World Bank are separate entities, IFC draws upon the World Bank for administrative and other services. MIGA was established in 1988 to promote the flow of foreign direct investment in member countries. It does this by providing guarantees to private investors against major political risks and offering investment marketing services to host governments to help them attract foreign investment. MIGA is an independent, self-supporting agency of the World Bank Group and has 141 members. ICSID was established in 1966 to promote international investment. It does this by providing facilities for the settlement, by conciliation and arbitration, of disputes between foreign investors and their host countries. ICSID, which has 127 members, undertakes research, advisory services, and publishing in the fields of arbitration and investment law.

1 All dollars in this Appendix are US dollars unless otherwise stated.

Objectives and Scope of the World Bank

The terms 'World Bank' or simply the 'Bank' will be used interchangeably in this Review to mean both IBRD and IDA. The World Bank makes loans to borrower governments to help reduce poverty and improve living standards through sustainable growth and investment in people. While IBRD lends only to credit-worthy borrowers and only for projects that promise high real rates of economic return to the country, IDA provides credits to the poorest countries.

There is an ongoing process of renewal at the World Bank. Six guiding principles are at the core of the renewal process. Firstly, there is greater selectivity identifying, at the country level, the strategic actions through which the Bank Group can catalyse the maximum potential of its partners as well as maximise its own impact. Secondly, the Bank seeks out partnerships with other players in the development field: multilateral, bilateral, governmental, non-governmental, and private sector, and establishes durable compacts for speeding up the delivery processes to reduce poverty and increase development impact. Thirdly, there is increased client orientation, with the Bank responding first to clients' real needs and facilitating their participation in the design and implementation of Bank-supported programs. Fourthly, there is a results orientation, which looks beyond lending commitments and concentrates on development impact, higher quality service, increased efficiency, and more accountability for performance. Fifthly, cost-effectiveness is emphasised, so that scarce resources are spent wisely and efficiently, bureaucratic processes and paperwork are streamlined and coordination is improved. Lastly, there is a commitment to financial integrity by the maintenance of a high standing in the financial markets. Overall, there is a commitment to change rapidly to meet the emerging challenges. The 'Strategic Compact', approved in March 1997, is a plan for fundamental reform to make the Bank more effective in delivering its regional program and in achieving its basic mission of reducing poverty.

The Bank's financial commitments has declined slightly over the last three years. The amount approved for the fiscal year 1997 was \$19,146.6 million (\$14,529.9 million for IBRD and \$4,621.7 million for IDA). This was a decrease of \$2,370 million over fiscal year 1996's total (\$21,516.6 million), and \$3,375.1 million over fiscal year 1995 total (\$22,521.7 million). A total of 241 projects were approved in the fiscal year 1997, 141 by the IBRD and 100 by

IDA. Assistance to the poorest countries totalled over \$7.4 billion (both IBRD and IDA) and this represented some 29% of total Bank investment lending during the year.

Co-financing and trust funds are important mechanisms through which the Bank pursues partnerships. Despite a decline in Bank lending, the proportion of co-financing to Bank lending remained stable at 38%, amounting to \$7.2 billion. Trust funds activities grew in 1997 with disbursements increasing from \$1.2 billion in fiscal year 1996 to \$1.3 billion in 1997. Trust funds are channelled by donors through the Bank to finance debt relief, technical assistance for training, project preparation, research and studies and Bank activities related to lending and program development.

Governance Arrangements

The Board of Executive Directors, consisting of 24 members, is responsible for the conduct of the general operations of the Bank and performs its duties under powers delegated to it by the Board of Governors. Five of the 24 executive directors are appointed by the five member governments having the largest number of shares, as provided in the Articles of Agreement. The rest of the Board is elected by the other member governments, who form constituencies in the election process, every two years. The executive directors consider and decide on the IBRD loan and IDA credit proposals, made by the President, and they decide policy issues that guide the general operations of the Bank and its direction. The executive directors are also responsible for presenting to the Board of Governors, at the Annual Meetings, an audit of accounts, an administrative budget, and an annual report on the operations and policies of the Bank.

In addition to participating as a full Board in formal Board meetings, most of the executive directors serve on one or more of five standing committees: Audit Committee; Committee on Development Effectiveness; Budget Committee; Personnel Committee; and Committee on Executive Directors' Administrative Matters. The Executive Directors' Steering Committee, an informal advisory body, also meets regularly. The executive directors exercise an important role in shaping Bank policy and its evolution as they work for changes in direction, emphasis or improvement in Bank results. These policy initiatives normally reflect needs perceived by shareholders and involve a process of consensus building, both among executive directors and with Bank management.

The ongoing renewal program in the World Bank has resulted in substantial organisational changes. There is a concerted effort to decentralise and devolve authority to the regions and countries. The entire organisational structure is being modified at the time this Report is being written. It is, therefore, not feasible to provide an accurate picture of the current restructuring initiatives. The operational activities are proposed to be distributed among six regions and a number of vice presidents will be in charge of these regions and other core activities related to resource mobilisation, human resources, policy and institutional aspects, treasury and control functions. There are likely to be four² Managing Directors, reporting directly to the President, two of them handling operations and one each handling human resources and finance and resource mobilisation., and private sector. The Director-General of Operations Evaluation Department (OED) will report directly to the Board of Directors as in the past, with an administrative link with the President. An innovative feature of the ongoing restructuring process is that five networks have been established with the objective of linking staff who work in related sectors across the Bank, so that they may interact more effectively across the organisation and with partners outside the Bank and play a major role in strategic thinking. The five networks cover: human development; environmentally and socially sustainable development; finance, private sector and infrastructure; poverty reduction and economic management; and a core operational services network. OED has been restructured with four groups under a manager each as follows: Partnership and Knowledge Programs; Country Evaluations and Regional Relations; Sector and Thematic Evaluations; and Corporate Evaluations and Methods. The regular staff (ie. not including consultants and temporary staff) assigned to each division ranges from 3 to 28.

Overall Bank staffing levels are expected to decrease significantly from the current total strength of around 10,000 professional and support staff in coming years.

Australia's Involvement in the Organisation

Australia has been a member of the World Bank Group since its inception. Australia's share in IBRD has declined gradually over the past decade, partly reflecting the addition of new members. The contribution to the concessional lending arm of the World Bank, IDA, has been substantial with the amount provided in 1997-98

2 Reduced from the five in place at the time this report was first drafted.

totalling A\$121.5 million. Co-financing has also been an important instrument through which Australia's engagement with development assistance is pursued. Currently, AusAID supports about 44 co-financed projects with the World Bank.

Assessment of Development Activities

The development efforts spearheaded by the World Bank has had considerable positive impact on many countries which have now graduated and are no longer recipients of development aid. The leverage exercised by the Bank in stimulating development in the so-called Tiger economies cannot be underestimated. At the request of developing countries, the Bank has convened and chaired aid consultative groups, thereby reinforcing its coordinating role as a change agent.

The world has changed significantly since Bretton Woods. Average global life expectancy has increased by about 50%; the proportion of children attending school has risen from less than half to more than three quarters; and since 1960 average income per person has more than doubled. Many developing countries have succeeded in reducing poverty and social development has been remarkable. Notwithstanding these achievements, economic progress, including reduction of poverty, has been uneven across regions and countries. About 1.3 billion people in Sub-Saharan Africa and South Asia continue to subsist on less than a dollar a day. Urbanisation is rapidly increasing and environmental degradation is proceeding at unprecedented rates. Sustainable development still remains elusive and poses a challenge to the Bank and to those governments concerned with uplifting the rural poor. It is in this light that a concerted effort is being made to push through a reform agenda that would help fight poverty. The Strategic Compact has outlined four major themes which specifically focus on: decentralisation of decision making; improving the quality and appropriateness of the Bank's knowledge base; refocussing the development agenda on the social dimensions of sustainable development; and revamping institutional capabilities to realign the Bank's information systems, human resource strategy, and financial management, to support a client-oriented work environment. It is expected that the Compact will enable the Bank to be more effective in getting results on the ground. The Compact between the Bank and the shareholders is aimed at investing in an improved institution that will respond continuously to achieving its main mission of reducing poverty. It is

an ambitious vision that is likely to take a few years to realise, but the need for a collaborative effort to achieve results is clear.

The rationale for a focused reform agenda arose from evaluation findings that suggested that one third of Bank-supported projects have unsatisfactory outcomes, that the developing countries were becoming impatient about the Bank's slowness and standardised approaches, and that the strategies and products used to enhance development were not producing the desired impact. A revitalised approach could make the delivery of development aid faster and more effectively only if the mechanisms for monitoring and evaluating external interventions are efficient in identifying problem areas that require prompt responses. The reform agenda appears to have taken this into consideration in restructuring the monitoring and evaluation framework in the Bank.

Monitoring and Evaluation

Monitoring

Monitoring in the World Bank constitutes an integral component of project/program management. The monitoring tasks are shared by the participating borrowers, implementing agencies, and the Bank, based on strategies outlined in appraisal and other related project documents. Unlike independent evaluation, which is centralised under OED, each operational department takes responsibility for Bank supervision and monitoring of development projects and programs. The Bank uses a fifth of its operational staff time to supervise its \$111 billion portfolio of operations in progress around the world. The Bank's supervision system covers all ongoing operations. Most supervision is carried out during the investment or project execution stage. The Bank reviews all progress reports by the borrower, and Bank staff visit project sites and facilities to review progress, provide advice and obtain information. Mid-term reviews are mounted when projects face implementation bottlenecks. These reviews go beyond the scope of normal supervision missions to provide an opportunity for the Bank and the borrower to discuss progress toward project or program objectives. At present guidelines for monitoring and rating the performance of ongoing operations have been enhanced to deal with not only financial aspects, but also with issues of equity, sustainability of benefits, and participation of beneficiaries in decision making. Generally, supervision relies on information from the monitoring and evaluation systems that are incorporated in most projects and programs.

Until recently, the supervision missions of the Bank closely monitored physical progress and financial disbursements but paid little or limited emphasis on project outputs and impact. The Portfolio Management Task Force (also known as the Wapenhans Report, 1992) highlighted the lack of emphasis on a critical analysis of the risks, and factors that most influence project outcomes, and the relative absence of indicators to verify project/programs accomplishments. Although the logical framework approach was adopted by some departments/divisions to help design tools for project implementation and evaluation, there was no uniformity in the processes adopted to benefit from the conceptual framework.

A logical framework can improve the identification, preparation and performance appraisal process by clarifying a project's design and making it transparent to the borrower, the lender, and beneficiaries and other stakeholders. The framework assumes that projects are instruments of change and that they are selected from among alternatives as the most cost-effective way of achieving a desired outcome. It brings together several project management perspectives such as a set of verifiable and monitorable objectives, a set of deliverables or outputs, assumptions and risks, effects and impact of outputs as well as the concept of cause and effect. The better the cause and effect linkages between objectives, the better the project design. The logical framework approach is now advocated for ensuring greater supervision and control over project outputs and outcomes. Emphasis has also been given, in the light of past experience, to develop performance monitoring indicators.

The World Bank is now developing sectoral notes that discuss the use of indicators in relation to the major objectives or categories of problems normally addressed in Bank-financed projects. It is expected that 18 sectoral notes will be prepared, of which 17 have already been issued covering major sectors such as agriculture; education; environment; housing; oil and gas; population, health and nutrition; financial sectors; poverty reduction; power; transport; urban development, etc. These notes are reference materials covering overarching concerns such as poverty reduction, macroeconomic adjustment, and environmental issues. These are meant to guide task managers and borrowers in applying performance monitoring indicators.

Evaluation

Evaluation in the World Bank has two major dimensions:

- ⊗ self-evaluation by the units responsible for particular programs and activities; and
- ⊗ independent evaluation by OED.

Although the Bank's first operations evaluation unit was established in 1970, the evaluation function took on its present independent character in 1975, when the post of director-general, operations evaluation (DGO) was established. The DGO is appointed by the Board of Executive Directors for renewable terms of five years and reports to the Board through the Committee on Development Effectiveness (CODE). The DGO's responsibilities are discharged for the World Bank, through OED and, for the IFC, through functional oversight of the IFC Operations Evaluation Unit (OEG). CODE was established in 1994 as a standing committee of the Board of Executive Directors to oversee the operations evaluation system of the Bank and of IFC. The eight-member committee reviews the work program and reports produced by OED and OEG, and examines selected issues concerning operations evaluation and development effectiveness, for review and decision making by the Board. CODE deliberates on issues that have a bearing on the relevance, efficiency and effectiveness of the Bank's operations.

OED has 6 managerial and 44 professional staff. The professional staff are complemented by consultants and research assistants whose number varies depending on the exigencies of the work situation. It was reported that in staff years, it would work out at 15 per annum. OED's budget accounts for about 1.2% of the Bank's total administrative budget or about \$16.1 million in the fiscal year 1997.

The Quality Assurance Group (QAG), established in February 1996, provides line managers with independent assessments of the quality of ongoing work and identifies and helps them address critical problem areas in the current portfolio. It thus differs from OED in that it is a tool for quality assurance during project implementation. QAG reviews operational products on a sample basis, including reviews of supervision, checks on the quality of proposed new projects, and trouble-shooting for problem projects, and assesses the quality of advisory services and of country portfolio performance reviews. These assessments are normally carried out by customised panels involving senior Bank staff and experienced non-Bank staff from aid agencies, non-governmental organisations or private consultancies. Findings from these assessments improve the Bank's understanding of the factors determining operational quality that are used to bring about changes in the Bank's policies and programs.

OED is not involved in operational decision making, to protect its independence. The DGO is not involved with the functions of the external auditor, who is appointed by the Board of Executive Directors to examine and report on the annual financial statements of the World Bank and its affiliates. The DGO, however, does keep in contact with the Internal Auditing Department's activities, to keep abreast of internal controls that assess the economy and efficiency with which resources are employed in the Bank. The DGO also provides advice, as needed, to the independent Inspection Panel, which investigates claims by affected parties that the Bank may have failed to adhere to its operational policies and procedures in the design, appraisal, or implementation of ongoing or new operations. Inspections by the Panel, which consists of three highly qualified individuals appointed by the Executive Directors, are not a regular feature of the Bank's work. They provide a safety net for use in exceptional circumstances.

The Bank's self-evaluation instruments comprise the following:

- ④ supervision reports prepared regularly for ongoing operations;
- ④ implementation completion reports (ICRs) prepared soon after loan closing;
- ④ country portfolio performance reviews and individual country assistance program reviews; and
- ④ Annual Report on Portfolio Performance (ARPP) prepared by the Operations Policy Department, which informs the Board and Management of the strengths, weaknesses, and trends in the whole portfolio of current projects.

The Bank is gradually shifting the emphasis of its evaluation from individual projects to country programs and to its overall development effectiveness. In response to this shift, the Bank is establishing a comprehensive system for the self-evaluation of its many non-lending services. This includes evaluation of the Bank's economic and sector work. The Bank's regional offices, with advice from technical experts in the Bank, assess, the strategic relevance and timeliness of such work to the country's development issues, to the clients' priorities and interests, to the Bank's operational requirements, quality in terms of realistic, measurable objectives, quality of presentation, the extent of achievement of objectives, and cost-effectiveness. Policy work, development training, research and technical assistance aspects are also subjected to self-evaluation processes. Best practices and lessons of experience are incorporated

in policy papers prepared by the Bank's headquarters staff. In general, self-evaluation of the Bank's operational policies follows a long-term agenda agreed on by the Board and management.

Independent evaluations are carried out by OED whose mandate covers the Bank's lending policies and programs and its non-lending services. To assess the development effectiveness of completed operations, OED examines their technical, financial, economic, social, and environmental aspects and provides ratings of their outcomes, sustainability and effect on institutional development. OED also evaluates the performance of the Bank, the borrower, and implementing agencies.

The independent evaluation instruments of OED comprise the following:

- ④ review of all ICRs to assess and report on their quality, extract findings and recommendations useful for new operations, and select operations to be audited;
- ④ preparation of performance audit reports. About 25% of the Bank's lending operations are audited;
- ④ impact evaluations: these evaluations assess the performance of projects at full development, which usually occurs five to ten years after project completion. Impact evaluations assess projects against the original goals and also against a broader set of criteria that relate to social dynamics, income distribution, effects on women and families, institutional development, and the environment;
- ④ sector impact evaluations, which are relatively new, examine the relevance of the Bank's objectives in a specific sector and country/region. They assess the Bank's effectiveness by looking at past as well as ongoing projects and related non-lending services;
- ④ country assistance reviews, which assess country-wide impact and development effectiveness of the Bank's whole program of assistance to a particular country. These reviews provide an opportunity to assess lending and non-lending services in the context of the overall country assistance strategy and the Bank's impact on country policies;
- ④ evaluation studies, including sector studies and process studies, are special studies aimed at assessing the effectiveness of Bank's policies, processes, and practices from the perspective of

operational experience. These studies could address issues in a country or a set of countries or regions, and specific sectors as well as the Bank's business processes;

- annual review of evaluation activities, which synthesises the findings of OED's work in a given year, is discussed by the Bank Board and is published. The review draws on the evaluation experience gained from completion reports, audit reports and studies done in the prior calendar year to ascertain trends in the Bank's operational performance and to review experience gained in special topic areas;
- annual report on evaluation activities, which provides an overview of major activities of OED and of IFC's operations during the past fiscal year, is aimed at briefing the Executive Directors and the President on the effectiveness of evaluation, dissemination, and feedback processes for lending and non-lending services. This report is not widely disseminated; and
- OED reviews the preparation of the ARPP by operational staff. It provides a commentary on the methods, approach, and the treatment of the issues covered in the report to the executive directors and management.

Feedback

The findings of performance audits and evaluation studies begin to be disseminated well before the reports are completed. All operational units responsible for work that is being evaluated have the opportunity to comment on OED's reports in draft. The department holds seminars and workshops for Bank staff to exchange views on ongoing and completed evaluation studies. Implementing agencies and their authorities in borrowing countries receive all completed evaluation reports on operations involving them.

OED ensures that all senior Bank managers receive copies of all evaluation reports and that they are made available to Bank staff in their respective divisions. Dissemination of evaluation results is done through:

- seminars and workshops;
- conferences specifically organised to bring together policy makers, academicians, evaluators and development professionals;

- OED precis, which highlights findings and recommendations from evaluation studies and audits. These are distributed both within and outside the Bank;
- Lessons and Practices. This is a reference handbook which synthesises lessons and recommendations arising from the Bank's development experience. These are also distributed to governments, NGOs, and aid agencies worldwide;
- The Worldwide Web. Evaluation materials are available through OED's website on the Internet. Summaries of studies and the full text of the Precises, Lessons and Practices, and the Annual Review of Evaluation Results can be read on the Internet;
- Annual Review of Evaluation Results which is widely distributed; and
- OED publications, which are also sold through the Bank's bookshop, as well as through the Bank's network of distributors around the world.

OED also maintains a database, which provides information on the operational performance of all individual, completed Bank operations. The data, derived from more than 4,000 completion reports and performance audit reports, include ratings of overall outcomes, institutional development, and sustainability, as well as other variables such as economic rates of return, project costs, delays, and loan cancellations. This database is available to all Bank staff.

The Bank also helps borrower countries to strengthen their own evaluation capacities. Where countries indicate interest, the Bank's support encompasses assistance:

- in the design and implementation of an action program in coordination with the countries concerned and the Bank's Economic Development Institute (EDI);
- in providing evaluation materials including information on evaluation methodology;
- in organising seminars and workshops to raise awareness; and
- in the provision of on-the-job training. OED gives technical assistance on evaluation, within the context of public sector management projects and programs that are managed by the Bank's regional offices.

The principles underlying operations evaluation in IFC are essentially the same as in the World Bank, except with regard to their application, because of the market-based character of IFC operations. IFC's Operations Evaluations Group's functions and staff are organisationally independent from operations and policy departments. OEG maintains close relations with OED and transmits its reports to the Board through DGO, after review by IFC Management. All IFC's operations are subject to a market test. IFC's normal supervision systems strengthen accountability and involve regular feedback regarding the financial health of the portfolio. To supplement these systems, IFC staff prepare investment assessment reports (IARs) on 30% of IFC's investments. These IARs are prepared after a project has reached early operational maturity which can range between 2 to 5 years. Thirty percent of the projects were evaluated for the first time in 1996. OEG's budget for evaluation is in the region of \$1.2 million. OEG has 6 professional staff, and 7 research analysts and secretaries. In addition to IARs, OEG also carries out special evaluation studies on business sectors, instruments or business processes. The studies provide input into the design of policies and strategies and help IFC select, appraise, structure, and supervise its investments and other activities. OEG's dissemination program is more limited than OED's because evaluation efforts can affect the interests of IFC's private clients.

Asian Development Bank



Introduction

The Asian Development Bank (ADB) was established in December 1966 with its Headquarters in Manila, Philippines, to promote the social and economic progress of its developing member countries (DMCs) in the Asia Pacific region. The Bank has 56 members of which 40, including Australia, are regional members, while 16 are non-regional members. The Bank has 23 departments and offices at its Headquarters, including a Private Sector Group and an Office of Co-financing Operations. In addition, the Bank has ten Resident Missions: one each in Dhaka (Bangladesh); Phnom Penh (Cambodia); New Delhi (India); Jakarta (Indonesia); Kathmandu (Nepal); Islamabad (Pakistan); Hanoi (Viet Nam); Kazakstan; Uzbekistan; and Sri Lanka. It also has a South Pacific Regional Mission in Port Vila (Vanuatu); and three Representative Offices, one each in Tokyo (Japan); Frankfurt (Germany) for Europe; and Washington, D.C. (United States) for North America. As of 31 December 1996, the Bank had a total staff of 1,939, comprising 653 professional and 1,286 supporting staff.

The financial resources of the Bank consist of ordinary capital resources (OCR), comprising subscribed capital, reserves, and funds raised through borrowing; and special funds, comprising contributions made by member countries, accumulated net income, and amounts previously set aside from the paid-in capital. Special Funds Resources comprise funds from the Asian Development Fund (ADF), and Technical Assistance Special Fund. Loans from OCR on non-concessional terms account for 70% of cumulative Bank lending. These loans are generally made to member countries that have attained a 'reasonable' level of economic development. Loans from ADF are made on highly concessional terms and almost exclusively to the poorest borrowing countries.

Objectives and Scope of the Asian Development Bank

The Bank's principal objectives are:

-  to make loans and equity investments for the economic and social advancement of its DMCs;
-  to provide technical assistance for the preparation and execution of development projects and programs and advisory services;

- ④ to promote investment of public and private capital for development;
- ④ to respond to requests for assistance in coordinating development policies and plans of member countries; and
- ④ to assist regional and subregional schemes of economic development and to promote regional economic cooperation.

The Bank's operations cover a wide spectrum of social and economic development. It pays special attention to the needs of the smaller or less-developed countries and, as a regional development Bank, mobilises additional resources within the region and attracts investments from outside. Its medium-term strategy has formally adopted the objectives of economic growth, poverty reduction, improving the status of women, supporting human development, including population planning, and environment protection. These objectives are supported by specific thematic priorities, such as encouragement of the private sector, strengthening of public sector management capacity, human development, and natural resources management.

Cumulative Bank lending from the Bank's inception to the end of 1996 amounted to \$62,172.4 million for 1,374 projects in 35 DMCs. The total volume of Bank lending and equity investments during 1996 amounted to \$5,652.4 million for 89 projects, a slight nominal increase from \$5,614.8 million in 1995. Technical assistance grants amounted to \$175 million for 286 projects. The People's Republic of China (PRC) was the top borrower with \$1,102 million in approvals followed by Indonesia with \$952 million, India with \$788 million, Pakistan with \$615 million, Viet Nam with \$333 million, Thailand with \$330 million, and the Philippines with \$318 million.

Governance Arrangements

The Bank's highest policy-making body is its Board of Governors, which meets annually. The Board of Governors comprises one Governor from each of the Bank's member countries. The direction of the Bank's general operations is the responsibility of the Board of Directors to which the Board of Governors delegate most of its powers, except on certain matters such as admission of new members, change in the authorised capital stock of the Bank, election of Directors and the President, and amendments to the Bank Charter. The President of the Bank is elected by the Board of Governors for a term of five years, and may be re-elected. The

President is Chairperson of the Board of Directors and, under the Board's guidelines, conducts the business of the Bank.

The Board of Directors is composed of 12 members (each with an Alternate): 8 represent regional countries, and 4 represent non-regional countries. The Directors are resident in Manila and make decisions concerning loans, guarantees, and other investments by the Bank; borrowing programs; technical assistance; and other operations. The Board of Directors also approves the administrative budget and submits accounts relating to each financial year for approval by the Board of Governors. The Board of Directors normally meets twice a week to conduct Bank business. The Board, within the framework of the Bank's Charter, lays down policies, which are in the nature of guidelines to enable the Bank to respond with flexibility to the needs of its DMCs.

Australia's Involvement in the Organisation

Australia is an active member of the Bank, being the fourth largest regional shareholder and the fifth largest overall. As of 31 December 1996, Australia's share of the total capital subscribed to the Bank represented 5.95%. The Australian constituency includes Cambodia, the Federated States of Micronesia, Hong Kong, Kiribati, Nauru, the Solomon Islands, and Tuvalu. Owing to its relative size in the constituency, Australia holds both the Executive Director and Alternate Director positions.

Assessment of Development Activities

The Asia and Pacific region was one of the poorest regions in the world when ADB started operations in 1966. Thirty years later, the region has become the world's fastest-growing, enjoying a remarkable degree of self-sufficiency in food, although the current turmoil in the currency markets suggests the need for a reappraisal of macroeconomic policies for stabilising growth. The Bank has been one of the key players in transforming the region. The Bank's interventions have been aimed at reducing poverty and enhancing the quality of life. Poverty rates have gone down with increased income opportunities on farms and factories. People now enjoy generally better nutrition and health, and, as a consequence, life expectancy has increased.

Despite the region's impressive record of economic and social development, over 700 million, or about half of the poorest in the world, still live in the region. Unequal distribution of the benefits of

growth, degradation of the physical environment, high infant and child mortality rates, gender disparities in school enrolments, accelerated population growth in urban areas, and high unemployment and underemployment pose major challenges to improving the quality of life of the region's inhabitants. These are crucial areas that are receiving the attention of ADB now. The ADB's response to the challenge of poverty in the Asian region is to fund projects that create employment and generate income; and expand the access of the poor to health, family planning, education and other services. The Bank monitors the quality of its projects, and is very conscious of the need to improve its operational efficiency. The Post-Evaluation Office (PEO) of the Bank serves as one of the instruments to make it an accountable agent of change. Also, through the adoption of an information disclosure policy and the introduction of an inspection function, it has become more transparent in recent times.

The ADB has highly structured processes to identify, design, appraise, implement, and evaluate projects and programs. In appraising projects, the Bank pays special attention to the economic viability, technical feasibility, and financial soundness of projects; their effect on development activity in the country concerned; their contribution to the removal of economic bottlenecks; the expansion of job opportunities and the integration of environmental and social considerations into Bank projects. The social dimensions of Bank lending cover poverty reduction, women in development, human development, and the effects of economic development on vulnerable groups. Allowing for differences that may be inherent in the nature of the projects financed, the criteria adopted in evaluating projects for financing from Special Funds are similar to those used for lending from OCR. Generally, projects selected for concessional loans must have a distinct and justifiable priority in the socioeconomic development plans of the country concerned.

In recent years, the Bank has taken a hard and reflective look at its role and the need for it to be more effective as a regional development institution. A Task Force on Improving Project Quality (TFIPQ), established in April 1993, critically reviewed the Bank's portfolio of projects and recommended ways to enhance project quality. The major emphasis of the Bank on achieving annual levels of lending, and creating an "approval culture", which in turn can result in inadequate project design and insufficient consideration of local needs, demands and absorptive capacities, was considered inappropriate. Various other issues relating to "ownership" of

projects by DMCs, institutional capacity to support development in DMCs, project supervision, monitoring and evaluation to ensure accountability for the quality of projects within the Bank, were also considered by this Task Force. It made major recommendations to improve the Bank's effectiveness. These recommendations are being implemented and emphasis is now given to achieving development impact rather than achieving annual lending targets.

The oversight functions in the Bank are also pursued by other units such as the Internal Audit Office, which conducts periodic, independent and objective appraisals of Bank activities to ascertain the adequacy and effectiveness of controls; and to identify means of improving economy and efficiency in the use of resources. The internal audit function reports directly to the President. Its activities are reviewed by the Audit Committee of the Bank.

To increase the Bank's accountability to member governments and the general public, the Bank established an inspection function in 1995. The policy on inspection function sets formal procedures for any community organisation, or other group affected by a Bank public sector project, to assert that the formulation or implementation of the project was inconsistent with Bank policies, to the material detriment of that group. An applicant must first raise the grievance with Management and, if not satisfied with the response, a request can be submitted for inspection to a six-member committee of the Board of Directors, the Board Inspection Committee. This Committee will decide whether to recommend an inspection to the Board of Directors. The Board of Directors will consider the recommendation and, if necessary, authorise an inspection to be carried out by a panel of at least three individuals from a standing roster of independent experts. The Board of Directors will consider the report of the panel, and Management's response to it.

Monitoring and Evaluation

Monitoring

At the time of writing of this report the Bank was changing the major systems it uses to manage and assess the performance of its ongoing projects. Until recently, the project administration system has been used by the Projects Departments, in conjunction with project review missions and the Project Administration Committee (PAC) notes, to review and report on the physical and financial progress of project implementation. The benefit monitoring and

evaluation (BME) system has been normally undertaken by executing agencies, using consultants financed under Bank loans, to monitor project benefits. In addition, the Program Departments also annually led the country portfolio performance review mission (CPPRM), which reviewed and reported on the status of the Bank's portfolio of projects and technical assistance in a specific country. While each system had been developed to address specific needs and objectives, the overall effectiveness of Bank support for project management and implementation was limited, as these diverse systems were not integrally linked. An impact study on the "Evaluation of Bank Assistance to DMCs for BME" carried out in 1996 highlights:

- ⊗ the continuing problem of BME being a requirement imposed by the funding agency rather than as a management tool;
- ⊗ lack of ownership by the borrower; and
- ⊗ non-sustainability of BME as "it is institutionally associated with a coterminous project office".

The deficiencies in the existing monitoring framework, both at the level of the DMCs and the Bank, led to a plan to support the implementation of the new project performance management system (PPMS) in the Bank and DMCs. The plan was formulated in coordination with a few DMCs and a cross-section of the Bank's operational staff. The PPMS captures project outputs, effects, and impacts in a systematic and integrated manner. A project performance report (PPR) form has been developed³ as a monitoring device to capture not only the physical and financial progress of a project, but its development impact and effects as well. In addition, at various levels, the PPR includes the key assumptions and risks on which the project viability rests. A number of projects have been selected to test the PPMS on a trial basis. PPMS will be refined for broader implementation, based on the experience of the pilot projects.

Evaluation

The Bank undertakes, through PEO, evaluation of completed projects to:

- ⊗ provide accountability to its shareholders; and

³ The PPR was implemented on an experimental basis shortly after the Field Mission for this Review (October 1997)

- distil lessons of experience to improve the quality of future projects and enhance the development impact of its lending to DMCs.

PEO was established in 1978, although evaluation activities commenced as far back as 1972. PEO reports directly to the President of the Bank to ensure that it has independence of judgment, freedom of reporting its findings, and direct access to top management. The Audit Committee of the Board monitors closely the post-evaluation process and periodically reviews selected post-evaluation reports with operational and PEO staff.

A Chief who is assisted by two Managers (East and West) heads PEO. Currently, PEO has a staff complement of 17 full-time professionals, 7 technical assistants, and 9 support staff. PEO uses technical assistance resources as well as the staff consultant budget to supplement resources required for evaluation activities. Professional staff often recruit consultants to assist in evaluation undertakings, which have become complex during the past few years. The budget allocated for PEO activities represented about 2.3% of the total Bank administrative budget, and has been between \$4 and \$4.7 million during the last three years.

The Bank adopts a two-step evaluation system. The first step is the self-evaluation process, which consists of the preparation of a project completion report (PCR) for all completed operations by the operational divisions responsible for their processing and implementation. Other self-evaluation instruments include periodic supervision reports, mid-term reviews, and country portfolio performance reviews. To ensure an independent evaluation, the second step consists of the preparation of a Project Performance Audit Report (PPAR) by PEO. The PPAR evaluates the effectiveness and sustainability of a project in achieving its objectives, and audits the PCR for adequacy and integrity, focusing on specific issues meriting closer attention. PEO also undertakes other broad-based evaluation studies, which are aimed at more intensive analysis of particular issues or subjects of broader relevance to the Bank's operations, policies, and procedures. These studies comprise impact evaluation, re-evaluation, and special studies. Impact evaluation provides insights into the extent to which the benefits of Bank lending in a particular sector are spread and sustained. Re-evaluation studies focus on project impact and sustainability about five years after the post-evaluation stage. Special studies cover particular themes or subjects of broader relevance. These studies could be in

the nature of reviews covering a specific sector or a country or cut across sectors and countries. The Bank also evaluates its technical assistance operations. The technical assistance performance audit reports (TPARs) assess the need, adequacy, and effectiveness of the technical assistance, including the impact on technical, operational, institutional, and socioeconomic aspects.

One of the recommendations of the Task Force on Improving Project Quality (TFIPQ) was that the Bank should prepare each year a comprehensive Annual Performance Evaluation Program (APEP), to bring together the activities of various departments and offices as they relate to project performance. The first APEP covered activities undertaken in 1995 and subsumed the entire project cycle. The objective of this exercise is to facilitate a greater sharing of responsibility for the development impact of projects, and to create a greater awareness of the importance of generating performance information to improve the quality of the Bank's project portfolio. The APEP thus encourages more effective feedback for improving project quality overall, and facilitates a coordinated self-evaluation and an independent ex-post evaluation of Bank's activities. The APEP is prepared by PEO in a collaborative manner with staff designated as focal points for the APEP in the various departments and offices in the Bank. It is discussed at the Management Committee on Post-evaluation Findings (MCPF) before being circulated to the Board of Directors for information. As APEP covers the entire project cycle, it broadly reviews aspects relating to strategy formulation, country programming, project preparation, project implementation, and post-evaluation.

PEO carries out an annual review of post-evaluation activities which synthesises the major findings and lessons and draws conclusions on the issues that require Management interventions to enhance project performance. This is an important undertaking as the results and findings are circulated to the Board of Directors and made available freely to the departments and divisions within the Bank, DMCs, and donors. The 1996 Annual Review, released in June 1997, reported that of 471 projects post-evaluated up to the end of 1996, around 60% were generally successful in achieving their objectives, while 29% were partly successful and 11% were unsuccessful.⁴ The actual success rate may not be clear as the projects selected for post-

4 The Bank currently adopts a three-point scale of rating, viz., generally successful, partly successful, and unsuccessful. This rating system is under review and is likely to be modified to a four-point scale, as is the practice in other major multilateral development banks.

evaluation in the past few years covered only 30% of completed projects. There is a need to fine-tune the methodology for assessment of development effectiveness. All completed projects must be subjected to a review process, by improving the current mechanisms for self-evaluation by the operational departments and independent evaluation by PEO. The PCRs should be reviewed in their final form (not in draft stage as done now) by PEO and an assessment made of their quality and appropriateness of rating provided by the operational departments. If material differences exist in the assessments made by PEO, it should give its own rating and record it for future reference. The operational departments and the management should be kept informed of PEO's findings. These assessments should be combined with the PPAR results for a given year and a comprehensive picture drawn of project results and outcomes in the annual review of that year.

In addition to the aforementioned undertakings, PEO also participates directly in strengthening post-evaluation capacities in DMCs, improving monitoring systems, more particularly the Bank wide adoption of the PPMS, and promoting inter-agency cooperation between multilateral and bilateral organisations. Technical assistance (TA) has been provided to seven countries since 1990 to strengthen monitoring and evaluation capacities with varying degrees of success. TA typically provided for training of staff, provision of microcomputers and ancillary equipment, development of a database for storage and retrieval of evaluation findings, and assistance on restructuring required to institutionalise evaluation within central agencies and line ministries. PEO has been actively involved in recent years in the activities of the multilateral development banks (MDBs) Evaluation Cooperation Group (ECG), and has worked towards harmonisation of evaluation strategies, processes, and policies.

Feedback

Feedback refers to the process of presenting and disseminating evaluation information, as well as ensuring its application into new or existing projects and development activities. The usefulness of post-evaluation is, therefore, essentially dependent upon the effectiveness of the application of the findings and lessons of experience to improve new or existing projects and development activities. Lessons of experience can be applied at different stages of the project cycle, for example, to select a suitable project at the identification stage, to improve the design of new projects at

preparation, to minimise or avoid problems during implementation of ongoing projects, and to enhance performance of completed projects during the operational stage. By providing an accessible track record of performance of completed projects, evaluation feedback also enhances the organisation's accountability and transparency.

The key dissemination mechanisms used by PEO include:

- ⊗ the circulation of post-evaluation reports to the Board of Directors, departments, and offices concerned within the Bank, the executing agencies, and concerned government agencies;
- ⊗ the preparation of the Annual Review of Post-evaluation Reports;
- ⊗ the preparation of the Abstracts of Post-evaluation Findings, which contain information from the highlights of post-evaluation reports, and are compiled on a project-by-project basis for individual countries and sectors;
- ⊗ the maintenance of a computerised post-evaluation information system (PEIS) for the storage and retrieval of all post-evaluation information which can be made accessible on-line to all Bank staff;
- ⊗ the organisation of feedback workshops to discuss and exchange views with operational staff on important issues arising from post-evaluation findings;
- ⊗ the preparation of brief, issue-oriented country and sector syntheses of post-evaluation findings;
- ⊗ the preparation and review of the annual performance evaluation program which brings together the activities of different departments and offices related to project performance; and
- ⊗ the development of PPMS, which improves the present BME system.

The Bank has adopted mechanisms to strengthen the feedback process by encouraging the application of evaluation results. These are:

- ⊗ issuance of management's instructions requiring post-evaluation findings to be taken into account in the formulation of country operational strategies and programs, and in the design of new projects. Currently, Reports and

Recommendations of the President (RRPs) and Country Assistance Plans (CAPs) include a section on lessons learned;

- PEO's provision of commentary on operational documents such as Project Briefs, RRP, CAPs and technical assistance papers, as well as participation in project processing meetings;
- establishment of a high-level MCPF which meets twice a year to discuss issues arising from the Annual Review of Post-evaluation Reports that warrant specific attention and guidance by senior management of the Bank; and
- publication on a bi-monthly basis of the major highlights of findings of PPARs and other evaluation reports in the Bank's ADB Review.

The PEIS is a repository of data on completed projects and post-evaluation activities. The system provides data contained in PCRs, Technical Assistance Completion Reports (TCRs), PPARs, TPARs, impact evaluation studies, re-evaluation studies, special studies, and country and sector syntheses. The data include:

- lessons learned;
- project/technical assistance data (appraisal vs. actual);
- project objectives and descriptions, changes in scope, and implementation arrangements;
- financial and economic rates of returns (FIRR/EIRR);
- overall assessment of project performance;
- reasons for implementation delays;
- reasons for cost overruns/underruns;
- reasons for FIRR/EIRR divergence; and
- status of recommendations for follow-up actions.

United Nations Development Programme

Introduction

The United Nations Development Programme (UNDP) was established in 1965 through a merger of the United Nations Expanded Programme of Technical Assistance (EPTA) and the United Nations Special Fund. UNDP is the world's largest multilateral source of grant funding for development cooperation. It serves as the central planning, funding, and coordinating agency for technical cooperation for the entire UN system. It assists developing countries to accelerate their economic and social development by providing planning, policy and programming advice.

UNDP works with people and governments in over 170 countries and territories in Asia and the Pacific, Africa, Latin America and the Caribbean, the Arab States, Eastern Europe, and the Commonwealth of the Independent States (CIS), through a network of 134 offices. Over 8,000 personnel, comprising professional and general service officers, staff UNDP headquarters office and field offices.

Objectives and Scope of the United Nations Development Programme

UNDP has three goals:

- to help the United Nations become a powerful and cohesive force for sustainable human development (SHD);
- to concentrate its own resources on a series of objectives central to SHD, focusing on poverty elimination, job creation, protection and regeneration of the environment and advancement of women; and
- to strengthen international cooperation for sustainable human development and serve as a major substantive resource on how to achieve it.

In particular, UNDP aims to assist developing countries to build self-reliance and capacities for SHD by providing technical assistance.

UNDP supports programs that are designed to help countries attract the development capital, train people and apply modern technology needed for their economic and social development. It helps to develop the human and natural resources required to meet basic human needs and promote and sustain economic growth. UNDP's

‘program approach’, which was approved almost concurrently with the beginning of the fifth cycle (1992-1996) in 1992, assists a country to realise a carefully thought-out and articulated program rather than a series of ad hoc projects. Assistance is concentrated in the areas of poverty reduction, employment creation, advancement of women, protection of environment and governance. UNDP draws on the support and expertise of the developing countries themselves, 40 UN specialised agencies and other bodies, including research institutes, and builds partnerships for SHD with private contributions and non-governmental organisations. UNDP’s global and interregional programs support research in such fields as major food crop production, biological pest control, prevention and cure of tropical diseases, new and renewable energy resources, HIV and AIDS and safe motherhood.

The financial resources of UNDP come from voluntary contributions of countries that are members of the United Nations. Voluntary contributions from participating countries are announced each year at a pledging conference called for by the Secretary-General of the United Nations. Contributions and pledges to UNDP for 1996 amounted to \$927 million. Contributions to UNDP-administered funds and co-financing arrangements for 1996 amounted to \$983 million. By its decision of 16 June 1995, the UNDP Executive Board endorsed new programming and financing arrangements, including a three-year rolling plan and Country Cooperation Frameworks developed by recipient governments in consultation with UNDP. Under these arrangements, UNDP core resources for programs and projects are earmarked under separate TRACs (Targets for Resource Assignment from Core) including resources assigned directly to individual countries, resources assigned regionally for subsequent country application, resources assigned for development in countries in special situations and resources assigned to regional and global programs and projects.

Governance Arrangements

The Governing Council of UNDP, which originally consisted of 37 members, was increased to 48 members in December 1971. In 1994 a 36 member Executive Board replaced the Governing Council. All major regions and both contributor and program countries are represented on the Board. An Administrator appointed by the UN Secretary-General and confirmed by the UN General Assembly is responsible for managing the affairs of the institution. The Administrator reports to the Executive Board, which in turn reports

to the General Assembly through the Economic and Social Council (ECOSOC). The Executive Board sets policy guidelines and approves all major programs. Five regional bureaus at UNDP headquarters cover Africa, Asia and the Pacific, Latin America and the Caribbean, Arab States and Europe, and the Commonwealth of Independent States.

Australia's Involvement in the Organisation

Australia has been occupying a seat on UNDP's Executive Board on a rotational basis. Currently, Australia is a member of the Executive Board. ECOSOC elected Australia for a new three-year term beginning 1 January 1997, at its organisational session in May 1996. Australia's contribution to the UNDP, which ranged between A\$15 million and A\$20 million from 1987 to 1995, was A\$6.5 million in 1997. Australia has collaborated with UNDP in a range of activities in Papua New Guinea, Pacific Island countries, and in Laos, Viet Nam, and Nepal.

Monitoring and Evaluation

In the context of changes introduced in recent years to devolve more authority to country offices and promote decentralisation, as well as to increase emphasis on national execution and adopt a program approach, the role of monitoring and evaluation has taken a new dimension. The primary onus of managing monitoring and evaluation at the country level is with the national authorities now. With the national execution modality, there is a need to ensure that governments have the capacity to monitor and evaluate their own programs, and UNDP must be able to provide assistance in this regard. To meet this exigency, a handbook on "*Results Oriented Monitoring and Evaluation*", incorporating recent changes in methods and approaches to monitoring and evaluation, has been published in September 1997, and released to all users within UNDP, including the country offices, and externally to other UN agencies, development partners, governments, and NGOs.

Monitoring

The monitoring arrangements currently located at the program or project level, include the preparation of an annual work plan and preparation and submission of periodic reports which may include monthly, six-monthly, or annual reports. The tripartite review structure, which involves the participation of the program country government, a UN executing agency and UNDP, served as the

mechanism for monitoring projects since 1973. In addition, country offices were called upon to submit numerous reports covering different aspects of their operations to the headquarters. The processing of these reports has been erratic and they were rarely analysed in a meaningful manner to provide feedback and guidance to field-based operations. Under the change management process initiated under the reform program, an improved partnership between headquarters and the country offices is envisaged and a new reporting mechanism is being proposed. This would comprise the preparation of country office semi-annual management reports (COSAMRs), country office annual reports (COARs), and triennial review reports (TRRs), all of which are required to be prepared on a compulsory basis. The focus of the new monitoring arrangements will be on the entire country-program rather than on individual projects.

Evaluation

Evaluation received some impetus in UNDP only in 1983 when the Central Evaluation Office (CEO) was established. Since then, the scope and functions have evolved to meet the emerging developmental needs. In 1994, CEO was transformed into the Office of Evaluation and Strategic Planning (OESP) to enhance the structure of evaluation and planning, to contribute to the growth of a learning culture within the organisation and to support the accountability of the Administrator. Starting in September 1997, the evaluation function has been brought under a separate Evaluation Office (EO) reporting directly to the Administrator. The EO currently has 3 regular professional staff, 2 long-term consultants, and 4 general service staff, in addition to the Director and the Deputy Director. The number of professional staff had been five until recently, but changes in staffing structure to be implemented later this year, will bring the professional staff strength of EO to the 1993 level. The administrative budget for evaluations undertaken at the central and country office levels amounted to about \$4.2 million in 1997, which constituted about 0.25% of the total UNDP budget. The Executive Board had increased budgetary allocations in recent times because of the importance attached to the evaluation function.

During 1996, a total of 117 individual UNDP-funded project evaluations, comprising 74 mid-term, 40 terminal, and 3 ex-post, were undertaken. In addition, two country program evaluations (Malawi and Uganda) were also carried out. The criteria for

selection of projects for evaluation at the country level comprised the following:

- ⊗ the project is innovative, critical, complex or has other special features;
- ⊗ the UNDP budget for the project (including cost-sharing) exceeds \$1 million;
- ⊗ a contemplated revision to the project will involve an addition to the UNDP contribution of \$700,000 or more or an extension of two years or more; or
- ⊗ the project has serious difficulties.

Evaluations of projects that fell under any of the above four categories were mandatory and the EO regularly reviews compliance with the above rules and reports results to the Executive Board through the Administrator. The lack of clear information on the status of mandatory evaluation remains an issue. However, regular oversight of the system has helped to introduce better discipline. The Annual Report of the Administrator for 1996 and Related Matters reported that “the \$1 million threshold thus appears to be a very cost-effective cut-off point in terms of accountability since 15 % of the total number of projects eligible for mandatory evaluation represent 66% of the financial resources allocated to all projects.” Since other types of evaluations (discussed below) that capture additional projects and programs are also carried out, the financial coverage is potentially higher than the 66%.

At the central level, six main evaluations were carried out in 1996. These included thematic, policy and strategic evaluations. UNDP is relying increasingly on thematic and strategic evaluations, as they facilitate distilling of lessons from a larger sample of projects and programs in contrast to individual project evaluations. These activities, at both the country and central levels, are considered independent evaluations undertaken with the assistance of external consultants. Evaluations for which local consultants are used at the country level are not categorised as independent. Self-evaluations generally comprised the project or program performance evaluation report (PPER), which is usually prepared by project or program management once a year, three months before a tripartite review, and the Tripartite Review (TPR), a formal monitoring mechanism which is undertaken at least once a year.

The evaluation focus has generally been confined to mid-term, interim or terminal evaluations and only occasionally included ex-

post evaluations. The more comprehensive thematic and strategic evaluations, which commenced in 1993, help identify lessons for feedback and improvement of policies and procedures. There have been efforts to undertake joint evaluations with other UN organisations and carry out participatory evaluations. In 1996, OESP and OED of the World Bank established a framework for cooperation in evaluation. A handbook on participatory evaluation has been published in 1997 to introduce participatory evaluations into UNDP programming and provide UNDP staff with a better guide to the process of evaluation. While continuing efforts are being made to enhance evaluation outputs, the success achieved in measuring impact and outcomes, in evaluation capacity development, and in organisational learning, remains limited.

Feedback

The feedback mechanisms currently in place at both the country and central levels are not institutionalised, but are implemented on an informal basis. At the country level, dissemination of evaluation reports and briefing meetings with the project management, government, and UNDP constitute primary mechanisms for feedback. At the central level, the mechanisms for dissemination of evaluation findings for feedback purposes include:

- publication of policy, thematic, and strategic evaluations;
- an annual publication of main findings and lessons learned which was introduced in 1994;
- the annual report of the Administrator to the Executive Board;
- the Central Evaluation Database (CEDAB);
- presentation of evaluation findings to the members of the Programme Management Oversight Committee (PMOC);
- submission of evaluation reports to the Administrator, all heads of bureaus and divisions, field management and program personnel; and
- debriefing by evaluation teams with senior managers from relevant regional bureaus and headquarters technical units.

The central evaluation database consists of about 1,800 report entries and maintains information on project design, management evaluation findings, and conclusions and lessons learned. The database is being distributed to all field offices. UNDP is on the Internet and is developing an INTRANET for UNDP users. A Web

page is also under preparation. Although recent revisions to the format of CEDAB have been helpful, reactions from field offices are yet to be obtained. On a relative basis, compared with the databases maintained by the World Bank and the Asian Development Bank, considerable attention may need to be paid to make it user-friendlier. Information covering several variables on a cross-sectoral basis cannot be accessed readily, as it is set up at present.

The absence of an institutionalised, formal mechanism for feedback is a drawback that needs to be rectified. The findings of the Feedback Strategy Study undertaken in 1993 which, among other things, suggested that the “feedback systems were managed and implemented in a relatively ad hoc and uneven manner at headquarters and in the field; that they (the systems) operate without clear long-term goals and objectives or commonly agreed criteria for success; and that they receive insufficient resources (financial and human) and support from senior management”, are still mostly valid. A more structured approach to the dissemination of lessons learned, such as the publication of a quarterly or biannual review of major evaluation findings, and a formalised management review process will help improve the application of lessons learned on new projects/programs. The current emphasis on national execution and the adoption of a program approach warrant more in-depth evaluations at the field level assessing impact, benefits and sustainability of outcomes, and a well-informed management information system that would help generate feedback on a regular basis. The proposed executive management information system (EMIS) should constitute an integral component of this process.

The current information disclosure policies of UNDP do not permit wider dissemination of findings and lessons of country evaluation reports, which are classified as restricted documents. It may be useful to identify lessons of significance across countries and sectors on a cluster basis and provide real-time feedback to field staff and senior management in the headquarters so that appropriate measures could be taken to incorporate lessons of experience in the formulation of new projects and programs.

United Nations High Commissioner for Refugees

Introduction

The General Assembly established the United Nations High Commissioner for Refugees (UNHCR) in 1951, consequent to the adoption of the Statute of UNHCR on 14 December 1950. The founding Statute entrusts UNHCR with two closely related functions, which are:

- ④ to provide international protection to refugees; and
- ④ to seek durable solutions to their problems.

The key to UNHCR's protection activities is the 1951 Convention and the 1967 Protocol relating to the status of refugees. By October 1996, 132 countries had become signatories to the Convention which defines a refugee as a person who "owing to well founded fear of being persecuted for reasons of race, religion, nationality or political opinion, is outside the country of his nationality and is unable or, owing to such fear or for reasons other than personal convenience, is unwilling to avail himself of the protection of that country; or who, not having a nationality and being outside the country of his former habitual residence, is unable or, owing to such fear or for reasons other than personal convenience, is unwilling to return to it".

The United Nations General Assembly elects the High Commissioner for Refugees on the nomination of the Secretary-General. Since inception there have been eight High Commissioners. The current incumbent (Mrs. Sadako Ogata from Japan) took up office in January 1991. The work of the High Commissioner is entirely non-political, and humanitarian and social in character. UNHCR headquarters are based in Geneva and its worldwide operations are carried out with the assistance of 295 offices in 121 countries. UNHCR employs 5200 persons of whom 85% work in field offices. It works in co-ordination with a number of other UN agencies and has extensive links with many governments and several hundred non-government organisations, which act as implementing partners or support its other manifold activities.

Objectives and Scope of Work

The major objectives of UNHCR are to:

- ④ provide international protection to refugees and in this regard encourage governments to subscribe to international and regional conventions and arrangements concerning refugees;
- ④ seek durable solutions by facilitating voluntary repatriation or, if this is not feasible, to promote local integration in countries of first refuge or resettlement in third countries;
- ④ in recent years, these two inter-linked functions have further expanded to include:
 - preventive initiatives in countries which currently produce refugees or may do so in the future, and
 - humanitarian action on behalf of internally displaced people (eg. Bosnia and Herzegovina, Somalia, West Africa and the Caucasus).

When UNHCR was first established its activities were largely concerned with the resettlement of refugees in the aftermath of World War II. Refugees needs were mainly met by the countries directly involved and by non-governmental organisations. However, as the world's more recent refugee flows have occurred in less developed countries, UNHCR has had to co-ordinate material assistance for refugees, returnees and, in many instances, displaced persons. Although not provided for under the Organisation's Statute, this has become one of UNHCR's principal functions, along with protection and the promotion of durable solutions. The scope of work has thus increased substantially, consequent to political upheavals in both the developed and developing world during the 1990s. The magnitude and complexity of assistance programs differ significantly from those introduced in the early years of its existence. It was reported that, as of January 1996, there were over 4.6 million internally displaced persons, including 1.35 million in Africa, 1.7 million in Asia, 1.6 million in Europe and 8,000 in Latin America. To find political solutions to internecine conflicts is difficult, with the result that extended care and assistance remain the only alternatives. However, UNHCR has adapted and evolved to meet its increasing commitments.

Governance Arrangements

UNHCR is one of a number of subsidiary organisations established by the United Nations to foster the purposes of its Charter. Its link to both the General Assembly, the UN's main deliberative body, and to the Economic and Social Council (ECOSOC), the principal UN

body which co-ordinates the economic and social work of the United Nations and the specialised agencies and institutions, is maintained through the High Commissioner's annual report. The annual report provides an insight into the High Commissioner's activities in the fields of protection, assistance and other related concerns affecting the work of the organisation. ECOSOC adopts a brief decision-taking note of the report and transmits it to the General Assembly. ECOSOC may also request reports on specific programs. In addition, the Third Committee of the United Nations reviews the annual report and discusses the work of UNHCR. This review culminates each year in a General Assembly resolution on the work of UNHCR.

The Executive Committee (EXCOM) of UNHCR, which at present consists of 53 member Governments, was created by the General Assembly to oversee the budget and related work programs and advise on refugee protection. It holds an annual session in Geneva every October to approve programs for the next calendar year and to set the financial target needed to implement them. The EXCOM has a Standing Committee, established in 1995, which meets at least four times a year, with the actual number of meetings determined by the requirements of good governance. This Standing Committee replaced the Sub-Committee of the Whole on International Protection, the Sub-Committee on Administrative and Financial Matters, and the Informal Meetings of the Executive Committee.

UNHCR's headquarters organisation, as reconstituted in 1997, has five headquarters-based operations bureaus, three field-based operations bureaus, three support divisions, a Division of International Protection, an Inspection and Evaluation Service, a Change Management Support and Coordination Unit, and an Inter-organisation Affairs and Secretariat Service, in addition to the Executive Office. The directors of the eight divisions, together with the Deputy and Assistant High Commissioners, constitute the Senior Management Committee, which reviews important operational and administrative matters and advises the High Commissioner. The level and magnitude of field operations vary depending on the size of the country program. Activities in a country-level Office are similar to the kind of activities carried out in the headquarters. The organisational structure of an office in the field is determined by its activities. Global, strategic and operational policy remains the prerogative of the High Commissioner and is formulated in light of the decisions and conclusions of the Executive Committee.

However, policy relating to specific operations remains primarily the responsibility of those in charge of particular operations.

In the light of increasing scarcity of resources, donors had often raised the need for UNHCR to undergo a process of renewal with strong emphasis on efficiency, transparency and accountability. A major initiative to help achieve these goals through a change management process was launched in late 1995. It was called Project Delphi. A Change Management Group consisting of experienced staff from the headquarters and the field produced a conceptual framework. This Group was entrusted with the task of identifying areas for change and improvement. Based on various consultations and in-house review of recommendations made by this Group, the implementation process has begun. One of the most important priorities was to design an operation management system (OMS). This has been done, but improvement will be ongoing. It currently focuses operations on:

- ⊗ strategic policy objectives and durable solutions;
- ⊗ integrating protection and assistance in planning and implementation;
- ⊗ streamlining resource allocation and reporting; and
- ⊗ delegating increased management authority and flexibility to the field within the context of an accountability framework.

The implementation arrangements with regard to a few of these changes have still not been completed.

UNHCR is almost entirely funded by voluntary contributions from governments, non-governmental organisations and individuals. Less than 2% of the total budget is met from the regular budget of the United Nations. This is used to meet administrative costs. Fifteen major donor countries traditionally have accounted for about 95% of UNHCR's total operating budget. The USA is the largest contributor, providing approximately 25% of total funds, followed by the European Commission and Japan. In the last five years, UNHCR's expenditures have risen almost threefold in the face of new emergencies ranging from northern Iraq to former Yugoslavia, Rwanda, Somalia and Chechnya. From a total expenditure of \$544 million in 1990, the expenditure for 1996 rose to \$1,430 million. Since 1992 the annual expenditure has always exceeded US \$1 billion.

UNHCR's budget is divided into two parts: the General Programmes (GP) which cover core activities carried out in the countries of asylum, namely protection, assistance and durable solutions for refugees and asylum seekers; and Special Programmes (SP), which include all other programs and initiatives, also funded through voluntary contributions. These programs generally include refugee emergencies, voluntary repatriation operations and programs for non-refugees. The GP consist of the Annual Programme and the Emergency Fund. Increased expenditure over recent years has primarily been due to increased expenditure on SP, with only a gradual increase in the GP. As contributions by donors are made on an annual basis, UNHCR is constrained from preparing forward plans covering a multi-year cycle.

Australia's Involvement in the Organisation

Australia is a member of the EXCOM of UNHCR. Since 1992, contributions to UNHCR have increased from about A\$10.7 million in 1992/93 to A\$18.8 million in 1995/96 and \$16.6 million in 1996/97. Over the latter two years core contributions amounted to A\$13.5 million. The balance mainly comprised rehabilitation/emergency contributions for Ethiopia, former Yugoslavia, and Great Lakes Region. Australia was placed 12th in donor ranking in 1997.

UNHCR has an office in Canberra responsible for Australia, New Zealand and the South Pacific. Australian NGOs have participated in emergency relief operations and have also provided support in more protracted emergencies.

Monitoring and Evaluation

Monitoring

Monitoring is integrally linked with all project/program activities of UNHCR. Monitoring includes both financial and performance monitoring undertaken in the field, at headquarters, and by the implementing partners. Several reports, Project Monitoring Reports (PMRs) and Sub-Project Monitoring Reports (SPMRs) are required at six monthly or quarterly intervals, by the field offices and implementing partners. Monitoring is expected to provide timely feedback to allow management to improve operational plans and undertake corrective measures.

The final monitoring report prepared at the conclusion of a project is expected to include a self-evaluation component, but in practice

this has not been done. The nature of reports solicited at various levels, as well as the extent of compliance at the field level, has varied significantly depending on the capacity and willingness of implementing offices/partners to provide detailed project-specific information. It is also not clear whether the level of rigorous scrutiny that is necessary for appropriate follow up action has been always forthcoming at headquarters. While considerable emphasis has been given to quantitative aspects of physical progress, financial control and supervision, limited attention has been paid to qualitative aspects of project/program performance. This has been recognised and efforts are being made under Project Delphi to upgrade reporting, including the management information systems, to provide more effective feedback on the achievement of project/program objectives. In future, all field offices and implementing partners will also be required to undertake self-evaluation of projects/programs, on completion.

Evaluation

The evaluation function within UNHCR became formally recognised when a Project Evaluation Unit, attached to the Programming Section, was established in 1980. The Unit grew in importance, partly as a result of the importance attached to the evaluation function by donors, and the Unit, renamed the Central Evaluation Section, was relocated to the High Commissioner's Executive Office. In 1995 the evaluation function became part of a combined Inspection and Evaluation Service (IES).

Two full time professional staff currently cover the evaluation function in IES. Consultants are recruited, as necessary, to supplement staff needs for evaluation purposes. Support staff are shared with the Inspection function. In the eighties, emphasis was given to country program evaluations. This changed in the nineties with emphasis and priority accorded to thematic, policy and sector studies. The change in focus is due to the emerging need for such studies and the lack of adequate resources to undertake a more varied mix of evaluation activities. Although evaluation remains relatively independent of operations departments, and the director reports directly to the High Commissioner, the subjects for studies are determined on a consensus basis, in consultation with operational departments and the Senior Management Committee. Members of the EXCOM also make suggestions/requests for evaluations. During the past four years, the number of evaluations undertaken has ranged between four and six per year. The themes

selected for evaluation have covered, among other things, resettlement, refugee aid and development, decentralisation and regionalisation, capacity building, staff stress and security, lessons learned from the Rwanda and Burundi emergencies, policy and practice regarding urban refugees, cross-mandate approaches in Ethiopia, and UNHCR's implementing arrangements.

Budgetary resources allocated for evaluation comprise less than 0.05% of the total budget for UNHCR, which has ranged between US\$1.4 billion and US\$1.1 billion in recent years. UNHCR does not implement a rating system for evaluation purposes. The nature of functions that it performs, mostly under difficult conditions, preclude the adoption of a rating system, although it is not difficult to assess projects against objectives and come up with qualitative judgements on their performance.

Feedback

Although there is no formal feedback mechanism, evaluation reports are widely circulated within UNHCR and summaries of reports are available to EXCOM members. Reports are shared with the concerned governments but are not made public. The impact of the reports and their findings is hard to determine although it is believed that lessons learned are taken considered in the design of new projects. The Senior Management Committee, chaired by the High Commissioner, discusses completed evaluations. In addition, findings of evaluation studies are discussed with operational departments formally and in workshops, and seminars are conducted from time to time. However, in the absence of a formal, institutionalised mechanism for feedback and follow up of evaluation findings, it is difficult to gauge the success achieved in utilising the lessons of experience.

Since 1995, evaluation has been an integral part of the oversight function, due to the integration of both evaluation and inspection functions in one Service. With the growing importance attached to inspection functions, it is not clear whether the role of evaluation will be confined to thematic and sector studies, while the inspection function takes more of the interim or ongoing evaluation activities. The inspection function examines issues that are of immediate relevance for improving the efficiency of operations, and to that extent it reduces the need for interim evaluations. Historically, the evaluation section has not been active in post-project evaluations, although a few such evaluations were done. Similarly, impact

assessments never constituted a separate activity, largely because of the lack of resources and interest in such undertakings.

UNHCR's monitoring and evaluation strategies are still evolving. The pressures resulting from limited access to financial resources, combined with the thrust towards decentralisation, will most likely accentuate the need for more effective strategies for monitoring, evaluation and inspection. The distinction between inspection and evaluation may become blurred because the evaluation section may not undertake interim and terminal evaluations, some of which may become redundant, considering the nature of in-depth inspections that are being carried out at present⁵.

5 Subsequent to the Field Mission of the Review UNHCR has advised that: '.... UNHCR has prepared new evaluation guidelines, introduced new databases and is developing new monitoring tools as part of its operational management systems. These improvements highlight only a few elements of the very significant efforts now under way to introduce a new organisation-wide monitoring and self-evaluation system which we believe will greatly enhance these important functions.'

World Food Programme

Introduction

The World Food Programme (WFP) was established in 1963 as the food aid organisation of the United Nations system. The WFP provides food aid primarily to low income, food-deficit countries, to promote economic and social development, and to meet the relief needs of victims of natural and other disasters. Since its inception, it has grown to be the single largest international food aid organisation in the world. With an annual expenditure of US\$1.2 billion in 1996 and more than 4,000 staff (including over 2,000 temporary staff) working in the headquarters and 84 country offices, the organisation is committed to directing food aid towards development, and more significantly to emergency relief operations. About 73% of total expenditure was spent on emergency and relief operations in 1996 with the balance of 27% devoted to development activities. This is in sharp contrast to the situation that prevailed a few years ago when about 75% of the expenditure was channelled towards development initiatives.

WFP also administers the International Emergency Food Reserve (IEFR) established by the United Nations General Assembly, with a target of 500,000 tons of cereals. All contributions to the Programme are on a voluntary basis and are pledged at conferences jointly convened by the Secretary-General of the United Nations and the Director-General of the Food and Agriculture Organisation (FAO).

Objectives and Scope of the World Food Programme

The objectives of WFP are:

- to save lives in refugee and other emergency situations;
- to improve the nutrition and quality of life of the more vulnerable people at critical times in their lives; and
- to help build assets and promote the self reliance of poor people and communities through labour intensive work programs.

Global food aid has declined from a peak of around 17 million tons to about half this amount in 1996. The minimum contribution under the Food Aid Convention, of which all major aid donors are signatories, was reduced from 7.5 million tons to 5.3 million tons in 1996. Nevertheless, donors responded generously to the food aid

requirements for major humanitarian relief operations. In 1996, WFP reached about 45.3 million people consisting of the hungry (20.7 million) and victims of disasters (24.6 million).

WFP food aid categories comprise the following:

- ④ development food aid. This includes food-for-work programs, which are aimed at development activities such as construction of rural roads, health clinics and schools and participation of the rural poor in other similar income generating activities. Other programs are food-for-education (pre-school and primary school education), food-for-training (literacy, vocational training etc.) and food-for-health (mother and child health care services in particular).
- ④ emergency and protracted relief food aid. This includes aid provided for Protracted Relief Operations (PRO), Emergency Operations (EMOP), and Special Operations (SO), the last generally enhancing or equipping infrastructure to permit speedy delivery of food aid.

Donor assistance for development activities has declined over recent years. In contrast, support for emergency and protracted relief activities has increased as a percentage of total food aid funding.

Governance Arrangements

The Executive Board, which replaced the former Committee on Food Aid Policies and Programmes (CFA) in January 1996, is the governing body of WFP. The Board is responsible for providing intergovernmental support and policy direction to the activities of WFP, and ensuring that WFP is responsive to the needs and priorities of recipient countries. The Board receives overall policy guidance from the General Assembly of the United Nations, FAO, ECOSOC, and the Council of FAO. The Board's main functions are to:

- ④ help develop and coordinate short-term and long-term food aid policies;
- ④ provide intergovernmental supervision and give direction to the management of WFP; and
- ④ review, modify, and approve programs, projects, and activities submitted to the Board by the Executive Director.

The Executive Board is composed of 36 members representing the member nations of the United Nations and FAO, half of whom are

elected by ECOSOC and half by the Council of FAO, on the basis of a geographical distribution of seats specified in five electoral lists. The Bureau of the Board consists of five members, each representing an electoral list. The process of election results in some form of rotation of members. Australia is not a member of the Board in 1997 but will be in 1998. In 1996 the Executive Board held one Annual Session and three Regular Sessions. Members of the United Nations or Members or Associate Members of the Board are invited, on request, to attend the regular sessions and annual sessions of the Board as observers. Australia attended the sessions this year as an observer.

The budget of WFP is prepared on a biennial basis. The value of WFP's operations in terms of expenditure, including the regular Programme Support and Administration (PSA) component, amounted to \$1,185 million for 1996 and is projected to be \$1,557 million for 1997. The composition of the budget for the period 1988-89 to 1996-97 has changed significantly, with the development component of the budget decreasing from \$1,271 million in 1988-89 to \$643 million in 1996-97. In contrast, the emergencies, protracted relief and special operations component increased more than three-fold from \$315 million in 1988-89 to \$1,475 million in 1996-97. The regular PSA component increased from \$134 million in 1988-89 to \$226 million to provide program support for country offices and headquarters, management and administration of the organisation, and statutory requirements..

Major donors to WFP in 1996 include USA, the European Community, Japan, Germany, Netherlands, Canada, and Australia. The principles of the proposed 1998-1999 budget, submitted to the Executive Board's Regular Session in October 1997, underpinned the principles of the Strategic and Financial Plan, 1998-2001, which focuses on the hungry poor, including closer alignment with the people that WFP serves, shifting resources from headquarters to regional clusters and less developed countries, increasing delegation of authority to the field and training staff to support strategic priorities for the future.

Australia's Involvement in the World Food Programme

Since 1994-1995, Australia has contributed in the range of A\$50 to A\$54 million to WFP activities. The contribution for 1997-1998 is expected to be A\$50.3 million. The indicative target for Australia's overall food aid program is the annual commitment to provide 300,000 tons of wheat or grain equivalents under the international

Food Aid Convention (FAC). Approximately, half of this amount is met through Australia's multilateral pledge to WFP's Regular Programme.

Monitoring and Evaluation

Monitoring

In-built monitoring, and reporting of WFP projects, at the field level, is the primary responsibility of the governments. WFP's role is to formulate the design, help in the implementation in partnership with governments, and to undertake formal evaluations. In 1990 a consulting firm was commissioned to recommend improvements in monitoring, reporting and evaluation.⁶ The recommendations of the consultants were adopted by WFP. The recommended system provided for more standardisation and enforced universal project monitoring at the inputs and outputs level, and encouraged regular reporting on beneficiary responses to project activities: the system was identified as beneficiary contact monitoring (BCM). BCM is a systematic investigation of beneficiary response to project activities. Questions such as the relevance and usefulness of project activities are discussed with beneficiaries and their responses noted for follow-up action. BCM provides managers with an indication of progress towards objectives. The system has had mixed results: while it is reported to be working satisfactorily in Asia, several problems have been encountered in the African region. In view of the resource intensive nature of the system, rapid rural appraisal methods are often adopted to elicit beneficiary responses.

As in most organisations, WFP also has adopted a reporting system which results in a number of reports being prepared at the country offices. The Country Office Progress Report (COPR) is the primary reporting document. A rating system is used to judge project effectiveness in areas such as project management, government contributions, monitoring, delivery of WFP inputs and beneficiary perceptions. Other reports include the Quarterly Progress Report (QPR), Project Implementation Report (PIR), Project Annual Report by the implementing agencies, and field visit reports by WFP staff. Management reviews conducted by operational departments also provide useful information for follow-up actions to be taken. A task force is exploring the possibility of introducing standard project reports to be compiled on an annual basis. These standard reports

6 WFP/ITAD, "Monitoring, Reporting and Evaluation: Proposals for Change", Final Report, May 1991.

would eliminate the need for quarterly progress reports, project implementation reports etc.

As the capacities of recipient governments to monitor activities are often limited, country offices assume responsibilities in this regard. A common shortcoming identified in many evaluation reports prepared by WFP is the inadequacies in the monitoring process at the country-level. Reporting requirements are considered too frequent, cumbersome, and unwieldy, with excessive data collection. No feedback is provided on how these data are used for improving management decisions. Monitoring reports rarely identifies indicators of success or failure against project objectives. Voluminous quantitative data on commodities delivered and expenses incurred are collected but no qualitative analysis is provided on the effects and impact of food distribution on beneficiaries. To what extent these monitoring reports are used by the operational departments to assess project performance and take appropriate follow-up actions, is not clear. The quality of monitoring and reporting requires considerable improvement.

Evaluation

The evaluation function is assigned to the Office of Evaluation (OEDE) which reports directly to the Executive Director. Unlike UNHCR, the inspection and investigation functions in WFP are combined under the Office of Inspection and Investigation (OEDI) and are separated from the Evaluation Office. The Evaluation Office is headed by a director and supported with six professional staff and five support staff. Staff resources are supplemented with consultant inputs as and when required. Budgetary support provided for evaluation represented about 1% of the total WFP budget.

The topics for evaluation are determined on the basis of discussions held with staff of operational departments, management and Board members and evaluation staff. Generally, topics selected have significance to the overall portfolio or have potential lessons to offer for future decisions. The evaluation work plan is prepared in consultation and coordination with country offices, operational and policy divisions and approved by the Executive Director. The work plan is also submitted to the Executive Board for its endorsement. The Board reviews the work plan in relation to the strategic relevance of evaluations to the overall goals of WFP and makes suggestions for additions or improvement to the plan.

An average of 13 evaluations is carried out by OEDE annually. The evaluations include development projects, protracted relief and emergency operations, sectoral and thematic evaluations and program evaluations. Between 1993 and 1997, out of a total of 62 evaluations, 50 were evaluations of development projects/themes/programs (including 37 interim evaluations) and 12 were evaluations of emergency and protracted relief operations. Since 1995, there has been a shift towards the evaluation of individual emergency and protracted relief operations, with implications for developing and applying methods and performance indicators.

No in-depth evaluations covering impact and outcomes have so far been undertaken. It is argued that the kind of activities undertaken by WFP are beyond measurement because of the lack of baseline data and a rigorous method to assess before and after situations, and the complexity of isolating the impact of WFP assistance from that provided by other donors or governments. However, available research and analytical tools are adequate to develop indicators for measurement of impact and effectiveness. There is a need for commitment to assess impact on the ground.

Self-evaluation is negligible, as neither the country offices nor the governments prepare completion reports. To a limited extent, COPRs serve as instruments of self-evaluation of field projects, but these reports consolidate too much information in the forms and lack analytical rigour. COPR ratings are highly subjective and are not adequate to gauge project performance. The entire monitoring system is now under review, and it is hoped that appropriate mechanisms will be devised to undertake rigorous self-evaluations at the country level. Completed or terminal evaluations are not rated as no rating mechanism is in place to gauge project performance.

All evaluations are carried out centrally by OEDE, supported by independent consultants. Where appropriate, evaluations are organised in cooperation with recipient countries and/or donors. Increasing emphasis is being placed on joint evaluations with other UN agencies such as UNHCR and UNICEF, as well as donors and NGOs. With the adoption of the country program approach, the need to undertake country-focused evaluations is increasing. It is proposed to undertake the first country program evaluation in Bangladesh in 1998.

Feedback

There is no formal or institutionalised mechanism for feedback. However, all evaluation reports are shared and discussed within WFP at headquarters and Country Office level, and with recipient governments, implementing agencies, the Executive Board, and cooperating UN organisations. Evaluation officers contribute to new initiatives or extensions as well as to the development of new procedures. When a project has been evaluated the summary for its subsequent expansion includes a section stating the major conclusions and recommendations of the evaluation.

The Executive Board receives only the summaries of evaluation reports. Important findings are brought to the attention of the Programme Review Committee, which reviews new projects to ensure that lessons of experience are incorporated into the design of new projects. The Programme Review Committee, with collaboration from OEDE, could serve as the focal point for feedback and for following up on recommendations of evaluation reports. Although OEDE had plans to launch a special publication to disseminate evaluation findings and lessons on a regular basis, this has not yet materialised. The participation of the OEDE Director in policy-level discussions at various interdepartmental meetings, including Audit Committee meetings, has helped to increase the visibility of OEDE and its outputs, particularly thematic and sectoral evaluations, which are widely reviewed within the various divisions of WFP.

OEDE has launched a computer-based database, which will be ready for client departments by the end of the year. The database, known as the Evaluation Memory System (EMSYST), contains summaries of reports but, being in its early stage of development, does not store more detailed information on project performance, such as lessons learned. It is unlikely that the system will be widely accessed until its uses are well known within WFP.

Appendix 5

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Appendix 6

Organisations' comments

The five organisations included in the Review were invited to comment on the draft report. The report has been modified to rectify factual errors identified by the organisations, and to take into account other comments, where it was considered appropriate. However, some differences remain between the views expressed in the report, and the views of the organisations. This section includes extracts from the organisations' written comments, which express an alternative view to that given in the final report.

There is no discussion of the veracity of the alternative viewpoints.

Also included in this section is AusAID's response to the report's recommendations for improvements in AusAID's monitoring and evaluation systems.

Asian Development Bank

Chapter 6 Approaches and methods

“A suggestion has been made ‘to reduce the percentage of projects post-evaluated from 30 percent to 25 percent’ so that resources released could be used for ‘a more broad-based assessment of PCRs and for new evaluation undertakings such as country assistance reviews.’ Broad-based assessment of PCRs is important but it should not necessarily be at the cost of reducing post-evaluation coverage from 30 percent to 25 percent of completed projects. A PEO survey carried out in the Bank in 1997 confirms that the performance audit of a project (i.e., the preparation of a PPAR) is a strong incentive for staff in operational departments to emphasise quality during project processing and implementation.”

United Nations Development Programme

Chapter 3 Quality, review process and independence - and elsewhere

“The independence of the UNDP Evaluation Office is strong and unquestioned. This paragraph leaves the impression that the

independence of the evaluation office is not guaranteed. Although the Evaluation Office formally reports to the Administrator and he then in turn reports to the Executive Board, there is a strong scrutiny from the Executive Board, the donors and the auditors on evaluations performed by our office. The annual report on evaluation to the Executive Board is prepared by the Evaluation Office and receives interesting comments and positive feedback from the Board.”

Chapter 6 Overall assessment - and elsewhere

“The statement that field-based operations of UNDP have not been subject to rigorous in-depth evaluations to assess their development impact and sustainability seems not to be justified to us. In fact, the question of sustainability and impact is part of each evaluation. Consequently, the trends in sustainability and impact are highlighted in ‘UNDP evaluation findings in 1996’ on page 114 and 115.”

United Nations High Commissioner for Refugees

Overall comments

“One of the report’s principal shortcomings would seem to be its attempt to make a sweeping portrait of evaluation and monitoring systems that are incomparable in size and approach. To date, most similar analyses have separated the work of the development banks from those of the very different UN agencies dealing with humanitarian issues. We believe that such a separation would have strengthened the analysis and provided more useful insights into the different approaches taken.

A second serious weakness that undoubtedly stems from the first, is the somewhat superficial identification of the causes of successes and weaknesses in systems relating to evaluation and monitoring. While many elements such as ‘competence of evaluation staff’ are indisputable, such a diagnosis is far too general to be of significant benefit. Any of the widely available literature on evaluations and monitoring standards and practices provides the same level of guidance on good practice.”

“The report would have benefited from drawing more attention to the evaluative role of the inspection function. Over the past two years, UNHCR has attempted to adopt an independent oversight model similar to the system being developed by the United Nations

in New York. Consequently, the evaluation component examined by the review, is only a small part of a greatly strengthened oversight function.”

“The report may also understate the emphasis placed on monitoring at the field level and its link with the ad hoc evaluation processes that take place. A visit to the field office would have provided the evaluator with a more accurate impression of UNHCR’s monitoring systems, and we believe he would have seen that the link between monitoring and evaluation is not as tenuous as implied in the draft report. Furthermore, while we would all agree that the resources committed to the central evaluation function are modest, it is difficult for most UNHCR staff to imagine that an organisation that has undergone three major institutional and operational review processes since 1990, does not have a culture of evaluation and renewal.”

World Food Programme

Appendix 4

“We feel that the statements on impact evaluations misrepresent our situation here at WFP. It must again be brought to the attention of the consultant that, although we have not had evaluations specifically labelled ‘impact evaluations’ we continue to emphasise in all our evaluations the effects and potential impact of WFP-assisted projects/operations and food aid. (‘Impact’ is something that has received different meanings from different quarters. We have therefore structured our evaluations in such a way as to find out whether planned outputs had been achieved and what that achievement has meant for the beneficiaries involved. Most of the members of our Executive Board would call this ‘impact’ - most evaluation theorists might call this ‘effect’. We have not been given the resources to do evaluation research on the effects/impact of food aid-supported activities on the next higher level of objectives, i.e. on variables such as regional/national development, growth or similar ‘higher’ objectives).”

Chapter 6 Overall Assessment

“Evaluators world-wide are currently engaged in a debate on performance indicators, their uses, abuses and limitations. We would therefore be interested in the basis of the consultant’s judgement regarding his statement that ‘Development projects funded through food-for-work have also not been critically evaluated’. A lot of the

current evaluation literature suggests that even in the absence of an in-built monitoring and evaluation system, one can critically evaluate project performance.”

AusAID

“AusAID notes the consultant’s recommendations with regard to its evaluation approach. AusAID has established the Program Quality Committee, a high level committee which has oversight of AusAID’s evaluation activities. It is currently reviewing policies and procedures for evaluation and review. The consultant’s views will be considered in the Review.”