6. Opening the Doors and Windows: Poverty Focus of the Feedback Loops

**Highlights**

- While the Bank generates useful information on poverty reduction from its projects and programs, the feedback loops—from results to data analysis to diagnostics to strategy formulation and implementation—have generally been weak, with sizable variation across countries.

- The design and implementation of country strategies need to be informed by monitoring and evaluation at the project and program levels, which also provides a basis for scaling up to better leverage resources.

- Although most of the Bank’s country strategies were developed through participatory consultations with government and nongovernment stakeholders, such consultations rarely had meaningful effects on the design or implementation of Bank strategies.

A strong mechanism for learning from results can help strengthen the design and implementation of the Bank’s projects and programs and improve the effectiveness of its limited resources on poverty reduction. The exploitation of information provided by M&E activities at the project, program, and country levels to feed back into data, diagnostics, and strategy formulation and implementation is therefore essential. This chapter assesses these feedback loops and their relationship to the Bank’s M&E mechanisms at the project and country strategy levels. It considers the strengths and weaknesses of the feedback loops, as well as stakeholder coordination and consultation. The analysis in this chapter is based on the country case studies, internal and external surveys, focus group meetings, and the review of CASCRRs/CPSCRRs in 66 countries.

**Project-Level M&E**

Deficiencies in the M&E design for projects are most frequently identified as shortcomings in Bank support at entry (IEG 2015). In general, collecting results information from projects has been weak. Between FY2007 and FY2013, among the 1,841 projects for which IEG assessed the M&E frameworks, 54 percent were rated “modest” and 15 percent were rated “negligible.” Only 31 percent had M&E frameworks that were rated “substantial” or “high.” There is no discernable improvement over time (figure 6.1), leaving two main shortcomings. First, outcomes are not measured as often as they should be, nor are the intended outcomes of Bank projects and programs the focus of measurement, particularly for the groups
targeted for poverty reduction. Second, when outcomes are measured they are seldom attributed to Bank-supported interventions to reduce poverty.

**Figure 6.1. IEG Project M&E Ratings**

![Figure 6.1. IEG Project M&E Ratings](image)

*Source: IEG Results and Performance Database.*

*Note: The data are based on the number of rated projects that received ratings of negligible, modest, substantial, or high as a percentage of total projects rated (excluding those deemed not evaluable). Fewer than 55 percent of projects were rated in FY2000–2006, and so were excluded from the analysis. In FY2007–2013, 98 percent of projects had M&E ratings.*

The design, implementation, and use of M&E in Bank projects and programs can be strengthened considerably. Often what gets measured are the project milestones (mainly outputs or intermediate outcomes) but not the final outcome of poverty reduction, although practices vary. Good practice includes the Philippines ARMM Social Fund for Peace and Development (ASFP) project, which tracked improvements in income, food security, literacy rates, enrollment rates, infant mortality, malnutrition, water supply, and market access. In Guatemala, the latest series of fiscal DPLs includes project outputs that are directly targeted to poverty-relevant outcomes,¹ there are both poverty-related targets (child health and nutrition) and procedural targets. By contrast, most project-level indicators in Senegal examined outputs only implicitly linked to poverty or tracked the non-income Millennium Development Goals.² In Nigeria, the Bank did not produce substantial information on poverty reduction that would lead to M&E. Poverty was not included in the proposed outcomes and results to be monitored as part of assessment of the Bank’s program.

In most of the country case studies, the results frameworks of projects were not linked in a substantive way to the CAS/CPS results framework or results chain. The focus of the monitored indicators on outputs or intermediate outcomes failed to provide sufficient information about the project’s impact on poverty reduction. If the objective is reducing poverty at the regional or national level, project-level M&E needs to pay more attention to explicit linkages to poverty reduction and the potential for scaling up interventions to achieve a wider effect.
A recent IEG evaluation, *learning for Results in World Bank Operations: How the Bank Learns* (2014), indicates that lessons from project experience are not systematically used or developed at either initiation or completion. Project completion reports, a main instrument for learning, also are generally weak in documenting and drawing lessons on poverty reduction. Lessons in the implementation completion reports (ICRs) were often too general to be useful and had limited external validity across countries (IEG 2015). While useful as information, the lessons were not specific about the implications for poverty reduction. The Senegal case study for this evaluation, for example, found that the lessons from project ICRs and ICRRs included the need for government ownership, dealing with institutional issues early in the project design, setting up an adequate M&E system with appropriate baselines and indicators, and moving to multidonor and harmonized budget support. Most staff, the IEG learning study found, viewed ICRs as an accountability tool focused on project ratings rather than learning (IEG 2015). And though reading the reports before designing projects could help prevent the repetition of mistakes, the lessons from ICRs were often only copied into appraisal documents without adjusting project design.

**Country-Level Results Monitoring and Learning**

The monitoring of CPS results covers a wide range of poverty-related areas, with most attention to education and health, but the monitoring of direct indicators for poverty is limited. Figure 6.2 shows the percentage of countries that monitored indicators in areas directly related to poverty reduction, drawing from the 66 CASCRRs reviewed. Most countries focused poverty-related monitoring on three to seven areas. The indicator most frequently monitored is basic infrastructure (such as water and sanitation), followed by schooling quality. But only about 40 percent of CASCRRs included the monitoring of a direct “poverty” indicator in the first period, which declined to some 20 percent in the second period.

The country case studies show varying experience. In Malawi, for example, the poverty data and feedback from the overall picture fed directly into the monitoring of the strategy and design of the subsequent CAS. There is constant reference to the dire poverty situation and the disappointment that the poverty context of the country is not changing more quickly. An explicit M&E system is used and referred to in subsequent CAS Progress Reports (CASPRs) and CAS Completion Reports (CASCRs), though poverty reduction was often only implicitly referred to in the lessons learned section of the CASCRs.

However, in many countries, only a few poverty indicators are monitored in the CAS matrix. For example in Guatemala, the CAS/CPSs reviewed during the period
of evaluation present neither poverty indicators (such as headcount poverty ratios) in their results frameworks, nor changes in poverty indicators targeted as part of the M&E framework, though such changes are discussed in the background sections of the strategy documents. The inclusion of more explicit poverty-relevant indicators in CAS/CPS results matrices, and monitoring and tracking them regularly in the CAS updates, would help programs adapt to improve their effectiveness in reducing poverty.

**Figure 6.2. Country Monitoring of Poverty-Related Indicators**

![Figure 6.2](image)

*Source: World Bank Database. Note: The figure shows the percentage of countries that monitored at least one indicator in areas directly related to poverty reduction from the 66 CASCRs reviewed.*

While there was consistency between CAS objectives and Bank interventions in some countries, it was not always clear how inputs were expected to produce certain outputs and poverty-reduction outcomes. In Nigeria, the 2010–2013 CAS updated the poverty context and generally observed the importance of non-oil growth for poverty reduction. But it was not clear how the individual strategic components related to the poverty challenges at the national or sector levels. In Guatemala, there was a thematic disconnect between poverty diagnostics and the choice of programs and projects, with an overreliance on development policy lending and limited links to poverty reduction.

Most CASCRs focus on accountability rather than drawing lessons. Preparation of the CASCR focuses on the results matrix, with the lessons coming late in the process. Focus group discussions indicate that task teams seldom are well prepared to discuss sector results and lessons linked to the CAS pillars.

Good practice in CAS monitoring includes Bank management commitment to the design of M&E to measure poverty-driven “indicators.” Focusing on a small number of monitorable targets, realistic indicators, and good baseline data is the key to success. In the Philippines, CAS Results Days offered a platform for country teams to break sector silos and improve the M&E system for both projects and country
programs. In Senegal, by contrast, excessive reliance on national reporting systems failed to provide clear and precise monitoring of the results chain (box 6.1).

**Box 6-1. CPS Results Monitoring Systems in the Philippines and Bangladesh**

Guided by lessons from the preceding CASCR, the Philippines country team committed to strengthening the design and monitoring system for the 2010–2012 CAS. The team created working groups mapped to each of the country strategy’s objectives. Within these groups, specific teams were assigned to track progress on their objectives. Five full-day workshops held throughout CAS implementation (CAS Results Days) allowed the teams to come together to share their progress. These workshops became part of the monitoring system for the CAS. As a result, the M&E system improved at both the country program level and the project level, though it continues to focus on the national monitoring system. The CAS included milestones to monitor progress, and supplemented them with specific and quantifiable indicators for each outcome, an improvement over the previous system. The main factor driving the difference between the two systems was the commitment of Bank staff and management to enhancing the results focus of their strategies.

Similarly, in Bangladesh, a system in response to the lessons learned from the preceding CASCR was developed. In its 2011 CAS, each of the four strategic objectives was developed by a multisector results team, which identified the related outcomes and indicators, and also included elements that involved government participation. During the initial years of CAS implementation, these results teams were responsible for monitoring progress and reporting to the country team and government counterparts on a six-month/annual basis. However, though the country management effectively used the results monitoring process to modify and streamline the World Bank program in the 2013 CASPR, the regularity of this process declined over time, particularly the element which involved government participation. This was in part due to changes in Bank country management and also to shifts in the country program as well as the Bank’s relationship with the government.

Source: Country cases for the Philippines and Bangladesh.

**Strengths and Weaknesses of the Feedback Loops across Countries**

Country strategies typically use just a small share of available poverty diagnostic work. Some issues are included in CASs/CPSs because they are current in the Bank (such as gender mainstreaming or shared prosperity), so the strategy is expected to refer to them. Focus group meetings suggest that country teams may not ignore poverty diagnostic work purposely, but they omit poverty analysis because it is not the “same language” they are used to, making it harder for them to understand and use a more nuanced approach to poverty.

Where information is generated, it is not always used in relevant project and program design. Although this is improving, results feeding back into project implementation and design are typically limited (IEG 2012c). Impact evaluations can
have substantial knowledge spillovers to future projects and policies, especially ones that are similar to the ones evaluated. According to a recent IEG report, only 23 percent of PADs of World Bank-evaluated programs had their design or implementation influenced by previous IEs of other projects (IEG, 2012b). Many project completion reports fail to mention impact evaluation evidence. Only 37 percent of impact evaluations linked to a lending project were used as an input to the ICR (IEG 2012c), a missed opportunity, especially in areas with a critical mass of impact evaluations.

A main weakness of the Bank’s feedback loops is that M&E of individual interventions often fail to provide broader insights to feed back into country strategies. Although many Bank country strategies articulate poverty links to individual components of the strategy, there is seldom a direct or explicit link between the activity-level outcomes and the CAS/CPS “higher-level” objectives.

Piloting and scaling up of interventions are occurring in some countries. In Senegal, several pilot cases were designed for Bank operations across all three CAS/CPSs encouraging the scaling up of small or pilot projects. For access to land, a pilot activity was envisaged in the FY2003–2006 CAS. The aim was to introduce market-based mechanisms for land allocations and, once proven successful, to scale them up. The FY2007–2010 CAS supported pilot projects in education and health to provide performance-based incentives and to motivate key staff to relocate to underserved regions of the country. During the global financial crisis, the Bank scaled up its earlier pilot under the Nutrition Enhancement Project in the context of its Emergency Nutrition/Cash Transfer Project.

In the Philippines, the Bank focused its support primarily on piloting and scaling up the conditional cash transfer program and the community-driven development programs. The lessons from these pilots, and from the various other learning methods, helped strengthen the design, implementation, and scaling up of projects, enhancing the poverty focus of the Bank’s projects.

Some CAS/CPS documents discussed in general terms the scaling up of earlier projects, either through Bank financing or through government ownership of the interventions subsequently financed through the budget or with donor resources. The Bangladesh CASs explicitly identified building on good performance during the previous period for the Reaching Out-of-School Children Project. Initially funded as a $50 million “pilot,” it received additional financing of $30 million and was followed by a second project of $130 million.

The evidence is thin on whether successful pilots were used and whether they leveraged non-Bank resources, compared with a general expansion through
additional financing. From June 2005 to the end of FY2014, 14 percent of the Bank’s $233 billion in investment lending went to additional financing.\textsuperscript{10} IEG is now evaluating additional financing for investment lending to examine whether additional financing was effectively used for scaling up or for covering cost overruns and financing gaps, project restructuring, or as simply a low-cost way to expand financing.

The focus group meetings suggested that although most CAS/CPS documents stated that the lessons of the previous CASPRs or CASCRs were considered in developing the current CAS/CPS, there often was no direct evidence to that effect. Feedback does generally provide the basis for scaling up to better leverage national resources—both public and private. In several cases, the CASCR was done in the period leading up to, or in parallel with, CAS/CPS preparation. The CAS/CPS documents often only referred to the lessons in the main text and appended the CASCR as an annex to the strategy, but did not indicate how and where these lessons were taken on board—or how the lessons may have changed or affected Bank staff views.

The lessons likely influenced Bank staff thinking, however. The Senegal FY2003–2006 CAS refers to two key lessons from the previous CASCR: more aid is a poor substitute for better aid, and the financial management and procurement faces serious problems in Senegal. However, it did not link these lessons to the measures it proposed. The focus groups indicated that, formally, the Bank takes steps toward learning lessons from the previous CAS/CPS, and in some cases even convenes action or lessons meetings with the country management units. The focus groups also indicated that usually the new CAS/CPS depends heavily on the existing project pipeline, the government’s national agenda, and at times the preferences or priorities of the country director.

Continual learning and strong feedback loops can go a long way in strengthening the poverty focus of the country programs, as in Lao PDR. The Bank’s country team produced, or helped produce, sufficient evidence on poverty reduction and made good use of it in the design, implementation, and evolution of the poverty focus of the country program. Adequate poverty data, and good and extensive poverty diagnostics, provided strong analytical underpinning. The programmatic nature of the Poverty Reduction Support Operations (PRSOs) facilitated the evolution of the country program and its poverty focus.\textsuperscript{11}

The strength of feedback loops in a country varies along the results chain from data, to diagnostics, and to strategy formulation and implementation—and across sectors (box 6.2). In Nigeria, the feedback loops on poverty were incomplete and poverty was not explicitly included in the proposed outcomes and results matrix in the CAS to be monitored. In Romania, they were strong in response to findings from analytical work,
but less so from project M&E. Evidence from the PAs and other diagnostic work served as underpinning for support to disadvantaged groups, but it was not clear how the Bank used project monitoring data outside of follow-up projects. In Bangladesh, the feedback loops were strong in education and social protection, which supported program implementation and design through DP/government dialogue in the health and education sector-wide approach projects and in the development of follow-on operations in secondary education, skills training, and safety nets including employment programs. But the feedback loops were weak in infrastructure.

Box 6-2. Variation in the Strength of Feedback Loops within a Country

In Nigeria, the lack of champions demanding poverty data or diagnostics is a major reason for the incomplete feedback loop from results back to data and diagnostics. Bank-financed poverty-focused interventions were small in scale relative to the problems and the government’s own resources, although several demonstrated strong technical approaches to evaluation. Explicit attention to poverty-reduction objectives was either at a high level of generality (as in debt relief and non-oil sector growth programs) or detailed in a subset of the program (as in community-driven development programs). The Bank program did monitor the Millennium Development Goals, which include an indicator on income poverty. However, in general, the Bank did not produce substantial information on poverty reduction that would lead to effective M&E. In neither of the CASs reviewed was poverty explicitly included in the proposed outcomes and results matrix to be monitored as part of the assessment of the Bank’s program.

In Romania, feedback loops from analytic and advisory activities worked primarily because the Bank has been a credible counterpart that built its reputation on poverty issues over the years with a strong record of work on data, poverty measurement, and poverty diagnostic issues. It also helped that the Bank had traction on policy advice thanks to its role as an impartial observer in a very fluid political environment. The Bank could perhaps learn more about poverty by strengthening the poverty M&E in projects and extracting more lessons from its project experiences. There is scope for strengthening the M&E of the poverty impacts from projects.

In Bangladesh, the strength of feedback loops varied across sectors. In some cases they are strong, as in the social protection program in which a history of good analytic work (feeding into the PAs) contributed to a well-prioritized set of operational recommendations (focusing on efficiency, efficacy, and targeting), which then formed the basis for dialogue with the key implementing agencies and project interventions when circumstances were ripe (as described in the preceding section). Feedback is also relatively strong in education beginning with a focus on improved targeting of education stipends to increase girls’ school attendance leading to the realization that attendance rates for boys were falling and the adjustment of stipend programs to tackle this problem. Poverty-focused feedback loops have been weaker in infrastructure lending although there is an increasing interest in these sectors (notably rural roads and rural electrification) in drawing on impact evaluations to improve project design and ultimate service utilization.
The effectiveness of feedback loops depended on such internal factors as the priorities of Bank management and country teams and such external factors as the political commitment and administrative and technical capacity of counterparts. M&E in project implementation also varies considerably with the interests and skills of staff, though there is a general effort to improve awareness of impact evaluations and relevant staff skills.

Feedback loops linking institutional strategy, budgeting, and policymaking have improved in recent years, but remained weak in the majority of countries. In some cases, the Bank’s strategic and portfolio response has lagged considerably. The enabling factors for strong feedback loops included government commitment, staff incentives, and Bank management support for measuring results and increasing technical expertise through staff training and technical assistance. Continuity in a program—which offered assurance that feedback would be used to scale up engagements and incorporate lessons in follow-on operations—also helped.

**Stakeholder Consultation and Coordination**

Most Bank country strategies include some participatory consultations with both government and nongovernment stakeholders. In Guatemala, all three country strategies involved extensive consultations and resulted in shifting the emphasis in the proposed programs. Changes to the 2005 CAS increased emphasis on environment across Bank-supported activities. They also broadened a proposed Local and Rural Development Project to include basic infrastructure services, such as water, sanitation, electrification, and information and communication technologies. And they sharpened the focus on human development, infrastructure needs, and access to finance in indigenous communities.

In Senegal, the preparation of the PRSP and the CASs/CPSs included extensive consultations with government, development partners, the private sector, and civil society to ensure that the poverty policies and priorities would be well thought out and broadly supported. The FY2003–2006 CAS asserted that the Bank would seek to ensure better country ownership of the poverty-reduction agenda through closer policy dialogue, especially with civil society. Along with extensive public consultation on the development of the CAS, several Bank operations used participatory and community development methods as inputs to define local priorities.12

The focus group discussions noted that in many cases there was no clear evidence that consultations had a significant effect on either the design or the implementation of Bank strategies. They were often treated as an opportunity for Bank staff to
inform the government and other stakeholders of the proposed strategy and interventions. The limited evidence available from the strategies and other documentation indicates that suggestions from stakeholders were not fully taken on board. The consultations usually followed a formal process, often late in the CAS/CPS process, and partly due to the tight timetable. There were limited evidence that showed the discussions had strong direct impact on the development of the strategy.

In Peru, the topics discussed in the consultations differed from the major directions of the CPS in areas of relevance to reduce poverty. Multiple consultations were carried out with civil society for the 2007 CPS, in addition to consultations with the incoming and outgoing authorities and with the private sector. In different parts of the country, they focused on good development practices and income generation for the poor. But the topics discussed were not related to public spending at the local level, to access to services, or to a new social contract in health and education, a major area in the CPS.

Preparing meaningful and well-informed consultations in the short timeframe for preparing a CAS or a CPS is difficult, according to staff at focus group discussions. Identifying stakeholders who know the Bank’s well for consultation can be a challenge. In some countries, the Bank relies on the government to invite stakeholders to consult on the country strategies, possibly clouding the transparency of the selection process. Finding the right stakeholders is even more difficult in fragile and conflict-affected states, where inviting stakeholders from across the country may preclude safety and security issues.

Effective coordination of development partners can help the Bank concentrate its resources where it enjoys its greatest strengths, as in the selectivity of the Bank’s Lao PDR country program (see box 4.3). But both the governments and the donors have long pointed out the need to improve coordination and engagement with stakeholders.

NOTES

1 In addition to specific targets for the Tax/GDP ratio, which are ultimately meant to place public social spending on a more sustainable basis, the operation also has as outcome targets: (i) the percent of children under 1 year in 83 municipalities receiving the basic health/nutrition package, and (ii) the number of Zero Hunger Plan (Plan Hambre Cero) offices that have been established in the country to coordinate nutrition initiatives.
2. Of the projects reviewed, the subset of lending interventions for which poverty-specific data were collected included the Community and Social Development Project and the Community Poverty Reduction Project.

3. The review of the CAEs in 14 countries that covered the period of the evaluation shows the same pattern as the CASCRRs in 66 countries.

4. Out of the 66 countries reviewed, which have two CASCRRs completed during the period of evaluation, 48 monitored three to seven areas with direct poverty focus in the first CAS period reviewed, while 58 monitored three to seven areas during the second CAS period reviewed.

5. See detail in Appendix F and discussions in the previous chapters.

6. The 66 countries used for this analysis each had two CASCRRs/CPSCRRs during the period of evaluation (FY2004–2012), the first period was covered by the first CASCRRs/CPSCRRs, and the second by the second CASCRRs/CPSCRRs. The first period and the second period are not the same for every country, so the analysis compares countries only with themselves and not with other countries.

7. The result is drawn from a review of PADs of 117 World Bank-evaluated programs (corresponding to 142 World Bank IEs), see IEG (2012b).

8. In a review of ICRs that had World Bank impact evaluations completed between 2000 and 2012, only 47 percent of the completed impact evaluations were mentioned in project completion documents (IEG 2012c).

9. The 4Ps CCT program was initially piloted with 6,000 households in 2008. By 2009 it had been scaled up to 376,000 households, and it is currently being expanded nationally. To complement the initiative, the Bank also supported the development of the National Household Targeting System for Poverty Reduction (NHTS-PR), which has become the main system of identifying the poor, providing objective information for the CCT, community-driven development, and national health (PhilHealth) projects.


11. For example, the government and the Bank felt that sectoral coverage in PRSOs 1–3 was too broad, and designed the PRSOs 4–7 series so that sectoral coverage was more concentrated to improve the delivery of basic education and health services to the rural poor.

12. The operations included the Urban Development and Decentralization Program (Cr. 3006-SN), the National Rural Infrastructure Program (Cr. 3315-SN), and the Social Development Fund (Cr. 3446-SN).