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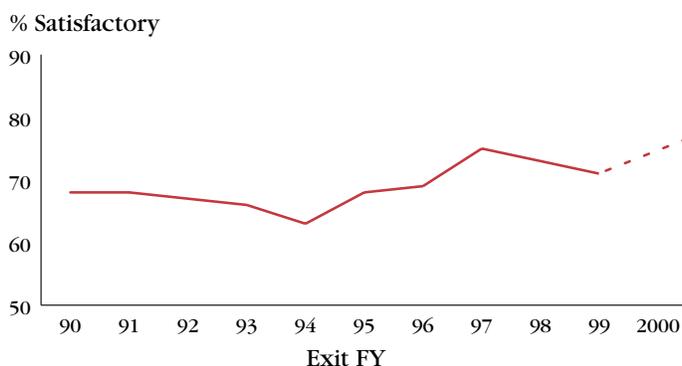
## Evaluating the Bank's Development Effectiveness

- 75% of projects satisfactory in 2000, up from 66% in 1990–94, despite greater project complexity and demands.
- Nearly two-thirds of projects are likely to be sustained.
- But only 43% of projects make substantial contributions to institutional development, so even with recent improvements there is room for future progress.

World Bank project performance has improved significantly over the past five years, according to a recent review by the World Bank's independent Operations Evaluation Department (OED). Three of every four recently completed Bank projects satisfactorily achieved their development objectives, hitting the Bank's target of 75 percent set five years ago.

Projects are evaluated on whether they did the right things (relevance to the country's development goals) and whether they did things right (the efficiency and effectiveness of implementation). Early analysis by OED confirms that Bank projects completed in fiscal year 2000 (June 30) have achieved a record level of satisfactory performance. The Bank has seen an upward trend in the quality of performance over the last five years, with performance climbing from 66% satisfactory (for 1990–94) to 71% (for 1995–98), 72% last year, and 77% for FY 00 (based on partial sample). A solid 86% of adjustment lending outcomes were satisfactory, according to OED.

### Trends in Satisfactory Project Outcomes



These findings suggest that the Bank's efforts over the past five years to improve project design and supervision are starting to show results. The improvements are all the more impressive considering that Bank projects have become more complex and more demanding, especially in low-income countries. Projects now have multiple objectives and stronger requirements for such priorities as environment safeguards.

Development outcome ratings capture not just whether the project implemented its planned investments—but also whether it is likely to contribute to development and poverty alleviation over the medium to long term. The outcome rating is thus the main measure of a project's performance.

OED complements the outcome ratings with assessments of the project's contribution to strengthening institutions at the national or community level (institutional development), and a forward-looking assessment of whether project benefits are likely to be sustained (sustainability). Among recently evaluated projects, OED has determined that only 20% of all projects are unlikely to be sustained. The Bank's performance in institutional development has also improved over the past five years—43% percent make a substantial contribution to institutional development.

Unsatisfactory ratings do not necessarily represent failures. Projects often make useful contributions even if they do not meet their original objectives, and sometimes corrective action is taken as a result of an evaluation. For example, the outcome of the First Urban Development Project in Colombia was rated unsatisfactory, because when funds ran out, the centers created to deliver services to poor households had to close. But two decades later, following changes in government policy, the project was found to have

produced a substantial impact. The centers became a focus for community activities, and services were coordinated effectively because of their proximity to the centers.

OED's *Annual Report of Development Effectiveness* explains these results in detail. The report is available on request from the World Bank Infoshop (pic@worldbank.org).



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