



EVALUATION BRIEF

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Rural Development: From Vision to Action?

In response to evidence in the mid 1990s [?] of a declining commitment to rural development, the Bank put forth a comprehensive rural development strategy in 19___. OED's recent evaluation of this strategy found that it has helped to improve the design and implementation of rural projects, 80 percent of which – higher than the Bank average – are now rated satisfactory. However, rural development is still not adequately incorporated into Country Assistance Strategies, and there is room for improvement in knowledge management, training, and monitoring.

- Given that 72 percent of the world's poor live in rural areas, it is essential to revitalize support for rural development if the Bank is to meet its overarching objective of poverty reduction.
- The share of rural projects with a satisfactory outcome rating exceeded 80 percent, the target originally set by the sector strategy for FY02, in FY98. For the first time, the share of satisfactory outcomes was higher for rural projects than for projects in other sectors.
- Insufficient attention has been paid by country teams to rural sector strategies and the effectiveness of their incorporation within Country Assistance Strategies.
- The portfolio is stronger, but for further progress, and to support a CDF framework, improvement is needed in Country Rural Strategies; portfolio monitoring, capturing the full breadth of rural project activity; knowledge management; and the monitoring of staff training outcomes.

Background

The rural development strategy, *From Vision to Action*, was the first of the Bankwide sequence of planned sector strategy papers to be presented. Preparation of the strategy paper was spurred by evidence of a declining commitment—on the part of both the Bank and client

countries—to rural development. Given that 72 percent of the world's poor live in rural areas, it is essential to revitalize support for rural development if the Bank is to meet its overarching objective of poverty reduction. This brief summarizes the findings from phase I of a two-phase evaluation by OED that considers

SECTOR

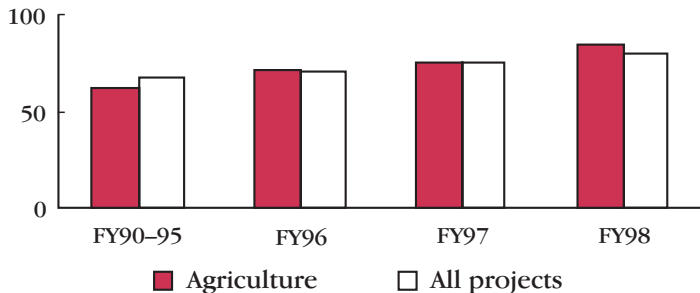
Based on an OED report, *Rural Development: From Vision to Action?*, scheduled for review by CODE on June 9, 1999.

Interaction with Management

The Rural Sector Board gave feedback to OED throughout the study, including an intensive review of the draft phase I report and policy ledger. Management endorses phase I findings and is preparing an action plan, aiming to respond to all the recommendations not later than December 31, 1999.

Project Outcomes Have Improved

Percent of projects rated satisfactory



whether the Bank's capacity to support rural development has increased since the strategy was developed.

Key Findings

Forty-eight percent of rural staff are satisfied with Bankwide implementation of the strategy. Most staff are satisfied with the design and implementation of rural projects, and with the partnerships formed with other agencies. Fewer than half are satisfied with sector work, policy dialogue, and the treatment of rural development in Country Assistance Strategies.

Major progress has been made in improving the portfolio. The original target—set for FY02—of 80 percent of rural projects rated satisfactory at completion was not only met ahead of schedule, it was exceeded. Rural projects now outperform the Bank average.

Ample room remains for improving the Bank's country-level rural strategies. Many country teams do not have up-to-date statements of rural strategy and, even where statements exist, they are not necessarily well incorporated in the Country Assistance Strategy. Only 11 of 21 CASs subject to upstream review by the Rural Family in FY97-98 contained an adequate strategy for rural development. For 6 out of 20 countries—Bangladesh, Kyrgyz Republic, Moldova, Morocco, Philippines, and Vietnam—staff and an external evaluator agreed—based on separate and independent ratings—that rural strategy was satisfactory.

The Bank's work in rural development increasingly extends beyond agriculture. The current definition of "rural" projects covers 25 percent of projects, but approximately one-third to one-half of all projects have substantial rural components. The "rural non-agriculture" share of the portfolio is growing. Country directors, macroeconomists, and rural staff now list sound rural development, macroeconomic stabilization, and health care as their top priorities.

Knowledge management (KM) is still not realizing its potential, but the leaders—Rural Family thematic groups—outperform groups in other families. According to a FPSI/ESSD survey of KM units, the top-rated

group is Agricultural Knowledge and Information Systems. The work of Rural Family thematic groups is not sufficiently integrated with operational activities.

Training outcomes could be better monitored. The workforce is currently at 80 percent of the level projected for 2001. Recruitment has increased substantially in FY99, with field staff now making up 26 percent of all staff. Core policy and technical courses have been introduced, reaching about 60 percent of rural headquarters staff. These courses need revamping to match emerging needs.

Recommendations

Quality enhancement is the theme of all the recommendations.

- *Strengthen Country Sector Strategy.* In consultation with Regional Management, the Rural Sector Board has agreed to develop a Quality Enhancement Action Plan to identify countries where rural development is a top priority, and then provide demand-driven assistance to sector strategy formulation in these countries, and regular feedback to Regional Management on the quality of Country Sector Strategies and how well they are reflected in an overall Country Assistance Strategy.
- *Improve rural development monitoring.* The Rural Sector Board should explore with Corporate Resource Management the revision of the budget coding system to allow for better tracking of rural development, and finalize the core set of Scorecard indicators for monitoring rural development status at the country level.
- *Raise portfolio quality.* The Rural Sector Board should publicize good practice sector work, country sector strategies, and policy dialogues—the essential underpinnings of a sound portfolio. It should also encourage sector units to strengthen project monitoring and evaluation, focusing on national capacity building, and examine the scope for contracting thematic teams to advise on upstream quality enhancement of projects.
- *Improve knowledge management.* During the rural sector strategy paper update in FY01, the Rural Sector Board should involve country directors, gaining their support in periodic updating of Scorecard indicators.
- *Upgrade staff capacity.* The Rural Sector Board should conduct a follow-up to the 1996 survey of staff competency, augmented to include a skills inventory of staff working in rural development. It also needs, together with the World Bank Institute, to review training requirements and develop better procedures for monitoring training outcomes.

