

# Joint Evaluation of the Trust Fund for Environmentally and Socially Sustainable Development (TFESSD)

Case Studies in Ethiopia, Indonesia and Zambia

**Evaluation Report 2/2008**  
**Executive Summary**



**Norad**

*Norwegian Agency for  
Development Cooperation*  
P.O.Box 8034 Dep, NO-0030 Oslo  
Ruseløkkveien 26, Oslo, Norway

Phone: +47 22 24 20 30

Fax: +47 22 24 20 31

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**Department for Development Policy**

*Ministry for Foreign Affairs*  
Po Box 176, 00161 Helsinki

Visiting address:

Katajanokanlaituri 3, 00160 Helsinki

## Executive Summary

The Trust Fund for Environmentally and Socially Sustainable Development (TFESSD) was established by the Norwegian Ministry of Foreign Affairs in 1999 to streamline and increase efficiency and effectiveness of Norwegian trust funds in the World Bank. In 2002, the Finnish Ministry of Foreign Affairs joined the trust fund as a funding partner, based on existing objectives. As of 2007, the total amount of funding received from the two donors amounts to USD 87 million.

The stated objective of the trust fund is to: "...act as a catalyst for the main-streaming of environmental and social dimensions of sustainable development and for inclusion of these cross-cutting issues into the Bank's operations, both at headquarters and in the field." The trust fund thematically focuses on the interlinkages between poverty alleviation, environmental degradation, and sustainable development, and aims at having these issues reflected in World Bank practices and policies.

This report documents the findings, conclusions and recommendations from the evaluation work carried out from May to October 2007.

The purpose of the evaluation is to judge the value and contribution of the fund in improving the way the Bank works with the environment, poverty reduction and social development, and to suggest ways to improve the fund and its governance. Recommendations of the evaluation will feed into the Bank's and donors' decisions on the future of the fund.

This is a joint evaluation commissioned by Norad on behalf of the Evaluation and Audit Unit in the Finnish Foreign Ministry and the Evaluation Department in Norad. The Evaluation Department in Norad served as the contract authority and had direct responsibility for managing the evaluation. An Advisory Panel acted as a reference group and permitted stakeholders (and one expert) to comment. A gender and nationality balanced team carried out the evaluation of TFESSD.

### ***Evaluation focus and approach***

The evaluation consists of five elements, each associated with a number of evaluation questions referred to in the Terms of Reference: i) Context and thematic background of the fund. ii) Overview of the trust fund mechanism. iii) Assessment of the trust fund mechanism. iv) Assessment of trust fund projects. v) Assessment of the influence of the trust fund.

Three principal means of data collection were used: 1. Written documentation concerning donor policy priorities, positions, semi-annual reports, Bank policies and strategies, TFESSD activity reports and products. 2. Interviews with key stakeholders (the donors, members of the TFESSD Reference Group (RG), Bank staff at headquarters, and Bank staff in the case countries, various country-based stakeholders in Indonesia, Ethiopia and Zambia). 3. Internet-based survey of Bank task team leaders.

The summary presents the main conclusions structured under two headings. First, assessment of the influence of the fund and second, an assessment of the trust fund mechanism.

### ***Overall findings and conclusions***

Throughout the existence of TFESSD, the international development assistance agenda has changed significantly. By the end of the 1990s, the aid focus was primarily on moving from projects to programmes, with the aid effectiveness agenda gradually emerging. In the period after 1999, the focus on harmonisation, alignment, ownership and development results has intensified. This move has changed the aid agenda and affected the possibility to delimit cause and effect between specific TFESSD results and developments in Bank policies and

operations and in the countries where projects are implemented. Attribution of individual TFESSD projects to specific policy outcome has in essence become more complicated.

Further, the amount of funds allocated through TFESSD is small compared to the duration of the fund (almost eight years), the funding available from other trust funds, and overall Bank assistance resources.

It should also be acknowledged that the Bank is a large development organisation, which sets its priorities and allocates resources according to its mandate, own organisational structure (and Board) and logic. As a result, TFESSD contributions - to “work processes in the Bank” (cf. Terms of Reference), “influence on WB working methods outside of its thematic priorities and projects” (cf. ToR) - is indeed difficult to measure.

The objectives of TFESSD have been loosely defined. The annual themes have provided directions, but the portfolio is comprehensive (more than 300 projects) and stretches out in many different directions. This diversity is not easily captured by any evaluation.

The following presents the key findings and conclusions of the evaluation of the fund:

- 1 With a contribution of USD 87 million over nine years, TFESSD has managed to influence the mainstreaming of selected sustainable development approaches, concepts and methods in Bank policy and operations. This is a significant achievement, considering the above-mentioned framing conditions. It confirms the rationale of the fund, that is, with an appropriately designed trust fund mechanism and with relevant themes and criteria for project selection, it has been possible to influence the Bank.
- 2 Several of the assessed country-specific projects have influenced country level policies and projects. There is of course variation in this conclusion. Some of the projects have contributed to set the stage for future Bank policy/operations (the Community Driven Development work funded by TFESSD in Indonesia is a good example), others are relatively small projects, mainly complementing other efforts and aimed at contributing to widening and deepening the Bank’s policy dialogue. Most of the projects focusing on support to government policy-making have influenced policy-making by providing new perspectives and ideas, and broadening the knowledge base for decision-making. However, it is difficult to trace evidence, establish causality, and thereby isolate the influence of these projects. Often TFESSD projects formed a minor part of a larger programme of support with large amounts of funding.
- 3 Several non-country specific projects have influenced Bank policy and operations. Through the development of strategies, tools and guides, the projects have developed, catalysed and mainstreamed sustainable development approaches and practices in Bank policy and operations. The Social Development Strategy (TF051589) and the related Social Policy (TF055504) are perhaps the most conclusive examples of direct influence of the global projects reviewed. When asking Bank staff, as many as 74 per cent believe that the TFESSD projects have acted as “a catalyst for mainstreaming of environmental and social dimensions of sustainable development and for inclusion of these cross-cutting issues into the Bank’s operations”. This reply indicates a strong support of the different types of influence generated by projects.
- 4 The relevance of the assessed trust fund projects has been high vis-à-vis their respective contexts. Country-specific projects are aligned with the Bank’s priorities and focus areas in each country, and in many cases linked to ongoing Bank operations. They are also in line with PRSPs and complementary to government sector programmes. Most of the assessed non-country specific projects were also found to be relevant for influencing Bank policy. For example, support to the social development strategy development and implementation processes is a successful project, which has influenced Bank policy development.
- 5 The effectiveness of the assessed projects has been satisfactory.
  - 5.1 Several of the projects have been catalytic in the sense of setting the stage for future operations. Most of the assessed projects have supported the development of up-front analytical concepts and approaches and empirical testing, of which some are bound

- to have fed into and contributed to the advancement of the frontiers of knowledge on key social and environmental issues.
- 5.2 Country-specific projects tend to be less innovative than the non-country specific projects, which, through their focus on the development of new approaches, tools and instruments, have added value beyond regular Bank work.
  - 5.3 Cross-sectoral collaboration is also ensured in most of the projects through the features of the trust fund mechanism. However, the evaluation team found little evidence that TFESSD projects assessed have directly increased collaboration between Bank units.
- 6 Of USD 87 million donor contributions, more than two thirds have been allocated to the environment window and the social development window. Africa is by far the largest region, but has been allocated less than the required 50 per cent. Approximately half of the projects are specific to one country. The other half are categorised as global or regional. The same pattern was true for the country portfolios of the three country case studies. Financially, allocations of grants to global, regional and country projects are approximately one third to each category. The strong focus on regional and global projects confirms the upstream policy focus of the fund.
  - 7 Overall, the trust fund architecture has been relevant to the aims of the fund. The ongoing dialogue and collaboration has been an essential feature of the mechanism. The close dialogue between the key stakeholders involved in the fund (i.e. Bank sector boards, reference group and donors) - which distinguishes the fund from other Bank trust funds - has been instrumental in developing a close partnership and has opened opportunities for influencing the Bank. For example, the annual dialogue on themes is important, provides flexibility, and is appreciated in particular by the donors. The Bank also appreciates the flexibility, but is aware that dialogue and collaboration is time-consuming.
  - 8 The operational use of the four sector boards has ensured the integration of the fund processes with Bank processes. Likewise, the organisational location of the fund at the Sustainable Development Network is considered appropriate.
  - 9 Since the establishment of the fund, trust fund monitoring reports to the donors have shifted from being purely project-focused towards being more substantive, very positive and lengthy reports on trust fund achievements within each thematic window. However, these reports contain few comments on setbacks, and on what did not succeed and why, which raises a question about transparency about what is reported. Nor do the reports focus much on overall trust fund objectives, i.e. programme level monitoring.
  - 10 The Reference Group has been an important feature of the trust fund mechanism. The Group has promoted different dimensions of the sustainable development agenda through their ongoing dialogue with Bank staff. However, new members of the Group as well as Bank staff highlight some confusion about roles and the need for more clarity in the mandate and operational role of the Group.
  - 11 The interaction with and involvement of the Norwegian and Finnish ESSD community in the projects of the fund has been a challenge. Although the annual conferences facilitate some information exchange, the wide thematic approach of these conferences has not been very useful in creating professional contacts with Bank operational staff. As a result, awareness of the fund and knowledge about e.g. consultancy opportunities among Norwegian and Finnish consultants and researchers has been limited. However, expectations of involvement of Norwegian and Finnish experts should also be seen in view of the fact that the fund is untied and Bank-executed.

### **Recommendations**

- 1 The objectives of the fund are ambitious and broad. They have been narrowed down and made operational through a mechanism that promotes dialogue and collaboration, which results in agreement on annual themes and criteria as well as the selection of projects. This process has ensured the continued relevance of the trust fund objectives. As trust and partnerships have evolved between the parties, it may be time to discuss whether it is possible to reduce the level of dialogue without compromising the aims of the fund. Is it possible to make the objectives less broad/more operational within a limited timeframe (e.g. a three-year period) based on the experience gained since 1999?

- 2 Cross-sector collaboration is a fundamental requirement for the fund and should be retained as such. While the fund has provided the basis for cooperation across sector and thematic units and networks, there is a need for the parties to discuss whether there is an untapped potential for better collaboration across sectors and units when implementing the projects. Are there any organisational incentives and measures which can deepen this level of collaboration?
- 3 The fund should not comprise more than four sector boards in order not to become unmanageable. However, the relevance of the sector boards involved may be discussed in view of Bank needs. It may be pertinent to discuss whether mainstreaming of social and environmental dimensions of sustainable development require close collaboration with other boards which are not currently involved in the fund. As a result of such discussions, the replacement of one sector board with another may turn out to be desirable.
- 4 The donors should clarify the mandate and operational role of the Reference Group. The Reference Group should be involved at the strategic level (thematic priorities), in the monitoring of results, and in outreach activities with the ESSD community.
- 5 The regular monitoring reports to the donors should also reflect what was not achieved, setbacks, etc., as this would increase the transparency of achievements. Further, the annual monitoring report should focus more on the overall trust fund objective - i.e. programme level monitoring - and assess progress.
- 6 Given that the fund is untied and Bank-executed, it has been difficult to involve the ESSD community in the donor countries. On the one hand, it is a positive development that funds are not tied to experts of a certain nationality. On the other hand, it creates challenges to ensure awareness and support of the TFESSD when experts from the donor countries are not particularly involved in the projects. One way of dealing with this issue could be to organise smaller trust fund seminars/workshops in Norway and/or Finland whenever relevant Bank operational staff are in Scandinavia/Europe. Further, a TFESSD dissemination strategy would be required, defining goals and expected results. Other proposals to involve the ESSD community include:
  - 6.1 Updating the list of Norwegian and Finnish institutions on the TFESSD website and meet with these institutions to inform them of interesting developments and opportunities in the Bank.
  - 6.2 TFESSD management could explore the possibility for contact with Norad/Norfund's Information Office, as this could be a forum for information on specific consultancy opportunities and overview of the Norwegian expertise.
  - 6.3 Secondments of Norwegians and Finnish experts to the Bank within the four themes would also create channels for the ESSD community to get to know the Bank.

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**Norad**

Norwegian Agency for  
Development Cooperation

P.O.Box 8034 Dep, NO-0030 Oslo  
Visiting address:  
Ruseløkkveien 26, Oslo, Norway

Telephone: +47 22 24 20 30  
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