

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

Case Studies in Ethiopia, Indonesia and Zambia

Evaluation Report 2/2008



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

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Niels Eilschow Olesen – Team leader

Caroline Hartoft-Nielsen

Tom Dahl-Østergaard

Pia Pannula Toft

Maimuna Nabulega

Michael Davidsen

Birgit Farstad Larsen

Britha Mikkelsen (QA)

COWI AS, Denmark

Preface

Norway and Finland channel a large portion of its multilateral development aid through trust funds with development banks or UN organisations. For the World Bank, the combined Norwegian contributions through a number of trust funds constitutes about half the amount of the annual negotiated core support of IDA.

One such fund is the Trust Fund for Environmentally and Socially Sustainable Development TFESSD, established in 1999. Finland joined in as a donor to the fund in 2002. In total about 78 million USD has been spent from the Norwegian side, and eight and a half million dollar from the Finns since the fund was established. The main purpose of the trust fund has been to influence policies and practices of the World Bank to enhance mainstreaming of environmental and social dimensions into the operations of the Bank.

Thematically being in the mainstream of Norwegian and Finnish development policies, and having received considerable funding over time, the TFESSD should be well suited for an investigation as to whether the aims of such arrangements between bilateral donors and a major financial institution are achieved. This has been the justification for evaluating the scheme.

The fund has a flexible setup with overall objectives broadly defined, and with thematic foci decided on an annual basis through a process of dialogue between the donors, the bank and a reference group. It has been a challenging task to evaluate such a loosely defined trust fund. This notwithstanding, the evaluation consultants are confident about a number of main conclusions after quite extensive studies, including several case studies in recipient countries.

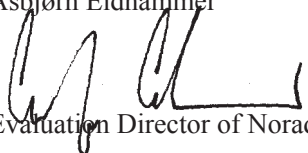
These conclusions are almost entirely on the positive side. In spite of the smallness of the funds in a World Bank context - although substantial amounts for the donors - the Trust Fund for Environmentally and Socially Sustainable Development has managed to influence the mainstreaming of selected development approaches, concepts and methods in World Bank policy and operations. Several of the assessed projects have influenced country policies and projects. Several of the projects have been catalytic in the sense of setting the stage for future operations.

One has to look hard to find the caveats. One would be that trust fund monitoring reports tends to highlight successes and rarely mention setbacks. Another would be that the aim of engaging expertise in the two donor countries has not been very successful.

No drastic changes are suggested in the recommendations. But the report has a number of ideas about how to improve the management and operation of the fund, and it also provides some ideas for strengthening the relations to research communities in the two donor countries. These recommendations should be useful for the Ministries of Foreign Affairs in their future planning, not only with regard to this particular fund, but in general.

Oslo, Helsinki, April 2008

Ashjørn Eidhammer



Evaluation Director of Norad

Aira Päivöke



Director
Unit for Evaluation and Internal Auditing
Ministry of Foreign Affairs

Abbreviations

Term	Meaning
AAA	Analytical and Advisory Assistance
ACF	Zambia Agricultural Consultative Forum
ACTTF	Trust Funds Division of the Accounting Department
BAPPENAS	Ministry of National Development Planning (Indonesia)
CAS	Country assistance strategy
CBO	Community Based Organisations
CDD	Community Driven development
CEA	Country Environment Analysis
CEM	Country Economic Memorandum
CfP	Call for Proposals
DECRG	Development Research Group
DFID	United Kingdom Department for International Development
EAP	East Asia and Pacific Region
EEA	European Economic Area
ESSD	Environmentally and Socially Sustainable Development
ESW	Economic Sector Work
FY	Financial year
GNI	Gross National Income
GPDD	Global Partnership for Disability and Development
GRM	Grant reporting and monitoring
GSC	Governance and Screening Committee
IDA	International Development Association
IMF	International Monetary Fund
INDOPOV	The Indonesia poverty analysis programme
KDP	The Kecamatan Development Programme
IBRD	The International Bank for Reconstruction and Development
LDCs	Least Developed Countries
LGP	Local Governance Platforms
LICs	Other Low Income Countries
LMICs	Lower-Middle Income Countries
LSMS	Living Standard Measurement Study
NATO	North Atlantic Treaty Organisation
NRCDD	National River Conservation Directorate
NTF-ESSD	Norwegian Trust Fund for Environmentally and Socially Sustainable Development
NTF-PSI	Norwegian Trust Fund for Private Sector and Infrastructure
MoFA	Ministry of Foreign Affairs
NGO	Non-governmental Organisations
NTF	Norwegian Trust Fund
ODA	Overseas Development Assistance
OECD/DAC	Organisation for Economic Cooperation and Development / Development Assistance Committee
PNPM	Indonesia National Community Empowerment Programme
PROPER	Pollution Control and Evaluation Rating
PRS	Poverty Reduction Strategy
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
PSIA	Poverty and Social Impact Assessment
PSNP	Productive Safety Net Programme
PVA	Poverty and Vulnerability Analysis
RG	Reference Group
SB	Sector Board
SD	Social Development
SDN	Social Development Network
SEA	Strategic Environmental Analysis
SM	Sector Manager
SUM	Center for Development and the Environment

TF	Trust Fund
TFESSD	Trust fund for environmentally and socially sustainable development
TM	Task Manager
TTL	Task team leader
UN	United Nations
ToR	Terms of Reference
UNDP	United Nations Development Programme
UNICEF	United Nation's Children's Fund
UNFPA	United Nations Population Fund
WDR	World Development Report
WFP	World Food Programme
WB	World Bank
WRR	World Resources Report

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Case Studies in Ethiopia, Indonesia and Zambia are available as downloads at www.norad.no/publications

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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.

1 Introduction

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. Earlier support through multiple trust funds had turned out as “not being coherent, strategic and transparent enough in terms of affecting the Bank’s work” (ToR, p. 6).

The stated objective of the fund is to: “...act as a catalyst for the mainstreaming 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 thematic focus of the fund is the interlinkage between poverty alleviation, environmental degradation and sustainable development, and the aim is that these issues are reflected in Bank practices and policies.

In 2002, Finland decided to join the fund. As of 2007, the total amount of funding received from the donors amounts to approximately USD 87 million.

1.1 Evaluation focus and key questions

1.1.1 Objective of the evaluation

The overall purpose of the evaluation is to assess the value and contribution of the fund in improving the way the Bank works with environment, poverty reduction and social development, and to suggest ways to improve the fund and its governance. Another objective is to document results of the funded projects.¹ In the Terms of Reference, the main evaluation questions are presented as follows.

Table 1-1 Main evaluation questions (cf. Terms of Reference, p. 4)

1.	Has TFESSD influenced Bank products (e.g. analytical and advisory services, lending documents, country assistance strategies, policy dialogues, projects and programmes)? If so, how was this influence achieved?
2.	Has TFESSD influenced country level policies or projects or through selected country studies?
3.	With influence in mind, is TFESSD strategically a good candidate? How does the influence play out and how can it be verified? Is it reflected in the Bank’s products and in the policies and practices of the client country?

The main thrust of the evaluation questions and the issues mentioned under “scope” in the Terms of Reference have been further detailed in a study guide presented in Appendix 4.

The evaluation includes three case country studies and a study of global TFESSD projects. This report synthesises findings, conclusions and recommendations from these studies.

1.2 Analytical framework

The projects funded under the trust fund stretch out in many different directions, reflecting the intentions, objectives, thematic and geographical coverage of the ambitious and complex trust fund. The annual thematic priorities and earmarking of funds for specific purposes add to the complexity.

The evaluation is challenged by projects that border with research. This raises the question of assessing research *quality*. Following the Terms of Reference, the focus will be on assessing the *influence* of selected trust fund projects rather than on assessing the quality of the research. However, the *quality* of the projects and their *influence* are connected.

1 Henceforth, the tasks carried out under TFESSD are referred to as “trust fund projects” or “projects”.

The evaluation also deals with possible direct and indirect influences of the trust fund projects and the difficulties in establishing clear relations between causes and effects.

The main elements of the analytical framework are presented below.

1.2.1 Analytical approach

The process of understanding and interpreting the context, the trust fund mechanism, the trust fund results and how this may have led to influence has been a main challenge throughout the evaluation process. “Influence” is not a part of the terminological conventions of the OECD/DAC Glossary on Evaluation and Results Based Management, nor is it further defined in the Terms of Reference. The following presents how the evaluation team has perceived and operationalised the concept of influence.

The basic rationale of the trust fund is that it is possible to influence the Bank in a direction that ensures that environmental and social dimensions of sustainable development are mainstreamed into Bank operations, both at headquarters and in the field. A point of departure in understanding “influence” could be a brief definition from Webster’s Dictionary, which defines it as “the power or capacity of causing an effect in indirect or tangible ways”. However, this definition is very abstract and does not provide operational information about *how* the trust fund aims at influencing the Bank.

The theoretical assumptions behind the establishment of the fund are: 1) Appropriate design of the fund mechanism is essential in order to influence Bank policy and operations. 2) A process of regular dialogue is required to create a shared vision of the fund. 3) Trust fund projects must focus on appropriate themes, be catalytic, innovative and cross-sectoral. With these three essential elements in place, influence on the Bank’s products is assumed possible.

The analysis of influence will therefore be assessed through: 1) Examination of the organisational features and characteristics of the fund. This will lead the evaluation to conclude whether the mechanism is appropriate and relevant for the fulfilment of the goals of the fund. 2) Interviews with stakeholders who have participated in the dialogue. 3) Analysing a sample of trust fund country specific and non-country specific projects in order to assess whether these projects fulfil the criteria and have had an effect the Bank and/or the countries.

1.2.2 Evaluation criteria

The evaluation was requested to apply the standard OECD/DAC evaluation criteria.² The following briefly presents how these criteria have been applied in the evaluation.

Relevance: The extent to which the trust fund mechanism and the trust fund projects are in accordance with trust fund objectives and aspirations, as well as priorities and policies of the Bank and in the countries.

Effectiveness: The extent to which objectives set are achieved, both in relation to trust fund mechanism and in relation to the sample projects.

Efficiency: The extent to which the desired outputs and influence are achieved at a reasonable cost level.

Sustainability: The extent to which benefits of an intervention continue after it has been completed. This criteria is closely linked to the concept of influence and will not be assessed separately.

Impact: For reasons of scope, time and resources, impact will not be assessed (cf. Terms of Reference).

1.2.3 Accountability versus learning

As with most evaluations, this evaluation is also caught between focusing on learning and accountability. While the Terms of Reference emphasise learning, they also ask for an accountability assessment. The evaluation team has endeavoured to respond to both.

² http://www.oecd.org/document/22/0,2340,en_2649_201185_2086550_1_1_1_1_00.html

1.3 Evaluation methodology

1.3.1 Thematic context

The evaluation team opted for an evaluation design that employs a thematic context description (cf. chapter 2). At the beginning of the evaluation process, the evaluation team adopted an idea proposed by the advisory panel; to construct a “baseline” in order to create a basis against which to “measure” influence of the individual trust fund projects. This turned out to be an overly complex task beyond the scope of the evaluation. Instead, a thematic context description has been employed that presents key sector events related to the time prior to the establishment of TFESSD, in order to show the context in which the fund was established.

1.3.2 Understanding key concepts

In accordance with the stated objective of TFESSD, “mainstreaming” is a key concept in the objective of the fund. The understanding of the donors is that successful mainstreaming occurs when Bank policies and operations change as a result of the influence from one or various TFESSD projects.

Other key concepts employed by the trust fund are the TFESSD project selection criteria “catalytic” and “innovative”. These concepts were not defined when the fund was established. However, the evaluation team has identified a definition in 2007, when the following was noted as an instruction to Bank reviewers of the proposed projects: “Setting the stage for future operations, clearly indicating the linkages of the proposed project with, and value added over, ongoing or planned regular Bank analytical, program or project activities”. This clearly indicates that TFESSD projects cannot just be a part of what the Bank should do as a part of regular Bank work. TFESSD projects should be non-core projects over and beyond regular Bank work.

1.3.3 Selection of case countries and sample projects

The selection of the three case countries (cf. ToR) was guided by selection criteria listed in the ToR, criteria developed by the evaluation team (cf. Appendix 4), and by a pragmatic/common-sense approach, which emphasised the importance of “significance” and “learning potential” in the countries selected.

A process of gradually narrowing down potential case countries was applied. Since two case countries had to be located in Africa, the first step was to decide on the regional location of the third case country. Given that East Asia and the Pacific region (EAP) is the destination for the major part of TFESSD support, EAP was singled out as the region from which the third case country should be selected.

An initial list of 13 countries of TFESSD support in the Africa and East Asia and Pacific regions were assessed and selected on the basis of the number of projects and volume. The 13 countries were:

Africa	East Asia and Pacific
<ul style="list-style-type: none">• Zambia• Tanzania• Ethiopia• Malawi• Chad	<ul style="list-style-type: none">• Nigeria• Uganda• Madagascar• Mozambique• Senegal• China• Indonesia• Vietnam

The list of criteria made it possible to narrow the number of countries down to a list of six candidates - four African countries (Zambia, Tanzania, Ethiopia, Uganda) and two East Asia and Pacific countries (China, Indonesia) - among which the final three candidates would be selected.

Based on the analysis of the candidates and comments received from members of the Evaluation Advisory Panel, the evaluation team selected Zambia, Ethiopia and Indonesia for the country missions.

Certain factors influenced the selection of country-specific projects. Ideally, the selection would have been based on window, typology, selection of completed and ongoing projects, products developed etc. However, other factors, such as unavailability of government counterparts and difficulties in tracing relevant stakeholders, also influenced the selection process, and the team had to settle for projects where documentation and stakeholders were available.

For the study of non-country specific projects, the selection process was also guided by applying the overall criteria of “significance” (e.g. size of budgets and classification in the proposed typology of projects) and “learning potential”.

1.3.4 Data collection

Three principal means of data collection were used:

1. Written documentation constituted a principal source of information for undertaking the evaluation. The documentation used includes: i) Documents concerning donor policy priorities, positions, and memos regarding sustainable development. ii) Documents related to management and administration of the TFESSD such as (bi)annual reports. iii) Bank policies and strategies related to the trust fund windows - both related to overall Bank operations and country strategies. iv) TFESSD project reports and products, Bank sector policies and strategies. Documentation was kindly provided by stakeholders in Norway, Finland, Washington and Bank country offices or retrieved on the Internet.

2. Interviews with key stakeholders: This includes donors, members of the TFESSD Reference Group, Bank staff at headquarters and in case countries, including TFESSD management, UN agencies, as well as national stakeholders from government agencies and beneficiary groups. In addition, interviews were carried out with 4-5 key research institutions, consultancies and NGOs in Norway and Finland.

3. Internet-based survey among Bank task team leaders: The survey was undertaken among all former and present task team leaders and task managers responsible for TFESSD projects. The survey concerned the functioning of the trust fund mechanisms and procedures, as well as overall trust fund administration, selection of partners/consultants for implementation of trust fund projects and dissemination of results/exchange of information. The response rate of the survey was 30 per cent, equivalent to 58 completed questionnaires. As some of the staff were responsible for several projects, responses cover a total of 101 projects, equivalent to a grant volume of almost USD 17 million, corresponding to more than 25 per cent of the total portfolio grant amount. Respondents cover all windows. However, social protection and poverty projects are somewhat over-represented compared to the entire TFESSD project portfolio. The majority of the respondents have ongoing projects, i.e. projects that have recently been finalised (in 2006) or will be finalised in 2007 or 2008. Projects completed several years ago are underrepresented. All regions are represented in the survey. Global projects and projects carried out in Africa (AFR), East Asia and the Pacific (EAP) and Europe and Central Asia (ECA) constitute the major regions of the survey portfolio - as they do in the TFESSD portfolio in general (see Appendix 4). The survey did not cover TTLs whose proposals were rejected. However, among those TTLs covered, there are also TTLs which have had one or more concept notes and/or proposals rejected.

The evaluation was supported by TFESSD management in establishing contact to the country offices. Close liaison and collaboration with the country team were established in order to ensure effective country visits. A common interview guide and reporting format was developed in order to ensure a common approach to all field studies (cf. Appendix 4).

Interviews were conducted in Norway, Finland and at the World Bank in Washington D.C. in June 2007. Case country studies were undertaken in September. A draft final report was submitted to the donors and the Bank on 5 November and discussed at the annual meeting of TFESSD in Washington D.C. on 13-14 November. Subsequently, a substantial amount of written comments were received and incorporated in the present version of the report.

1.4 Limitations

The following limitations should be taken into consideration when reading the report:

- In hindsight, this evaluation should have been designed with a stronger focus on Bank headquarters. As it turned out, following the requirements in the Terms of Reference, a disproportionate amount of evaluation time was spent on the country-based projects. This has - to some extent - weakened the evaluation.
- The Bank and the countries which TFESSD has attempted to influence have undergone major changes and developments in the period covered by the evaluation. Moreover, the Bank and the countries have been influenced by a multitude of other factors (e.g. organisational and structural changes, policy and economic developments, etc.) which cannot be attributed to TFESSD.
- The total portfolio of TFESSD projects assessed in Indonesia, Zambia and Ethiopia amounts to 32 projects, or approximately ten per cent of the total number of projects supported by the trust fund. However, time limitations in each country, availability of documentation and stakeholders for consultation, and the fact that some approved projects only recently took off, meant that the country teams were able to undertake a measure of in-depth analysis of only 18 projects. In addition, eight global projects were assessed (two from each window).
- Interviews with Bank task leaders were not equally balanced across all four windows. Most interviews were carried out with task team leaders from the social development sector. The reason for this is that the evaluation team interacted primarily with the (at the time) TFESSD Manager who was also the Director of the Social Development Department. Although social development and environment are by far the largest windows of support, this may have resulted in a stronger focus on social development projects/outputs at the costs of the other three windows.
- The survey of Bank task team leaders provides a self-assessment of performance. To the extent possible, the evaluation has employed other data sources to cross-check findings.
- Monitoring reports on individual trust fund projects are based on self-assessment by Bank staff. To the extent possible, the evaluation has employed other data sources to cross-check findings.
- The Bank's Quality Assurance Group (QAG) reviews a sample of TFESSD projects and ESW and rates them in accordance with Bank practice. The evaluation team was only granted access to two QAG-rated TFESSD products, which were rated "highly satisfactory". As these ratings are normally kept confidential, the evaluation has not been able to examine a representative sample of QAG-rated TFESSD products, which presumably, would have included lower-rated TFESSD products.

Despite these limitations, the use of multiple methodologies and triangulation (crosschecking) has allowed the evaluation team to draw reasonably well founded conclusions. For want of a sufficiently strong evidence base, other findings and conclusions are more tenuous. Nevertheless, it is hoped that the evaluation, as a whole, will serve as a basis for useful discussions among the stakeholders on key aspects of TFESSD.

1.5 The evaluation team

The evaluation was undertaken by COWI A/S Denmark, in the period May-December 2007. The evaluation team comprised Niels Eilschow Olesen, Team Leader, Caroline Hartoft-Nielsen, Tom Dahl-Østergaard, Pia Pannula Toft, Maimuna Nalubega, Michael Davidsen and Birgit Farstad Larsen. Quality assurance was provided by Britha Mikkelsen from COWI.

1.6 Structure of the report

Chapter 2 gives a brief overview of the thematic context prior to the establishment of the fund. *Chapter 3* presents an overview of the trust fund mechanism. The trust fund policy context in Norway and Finland is contained in Appendix 5. In *Chapter 4* the trust fund architecture is analysed. Additional details on themes and earmarkings are presented in Appendix 6 and clusters of projects in Appendix 7. *Chapter 5* assesses the effectiveness and relevance of trust fund projects. *Chapter 6* assesses the influence of the fund starting from the interaction between the fund and the themes, identification of selected cluster of influential projects and assessment of country-specific and non-country specific projects. Finally, conclusions and recommendations are presented in *Chapter 7*.

2 Thematic Context

The interlinkages between poverty alleviation, environmental degradation and sustainable development have been demonstrated and globally acknowledged since 1992 (The Earth Summit in Rio de Janeiro). However, at the end of the 1990s, these interlinkages were not yet reflected in Bank practices and policies.³ The weak performance in this area was documented in a 2002 OED evaluation of the Bank's performance in the area of environment.⁴

To understand the development of the thematic areas, the following four sections provide a short account of each thematic area prior to TFESSD.

2.1 Environment⁵

In 1969, the Bank installed its first Environmental Advisor. From 1987, the Bank sharply increased its attention to the environment in lending operations, in particular as a separate environment department and four regional environmental divisions were established.

The environment efforts of the Bank were guided by a series of operational policies, procedures and management instructions, including a series of papers for the Development Committee and IDA replenishment recommendations (IDA 9-12). In 1989, the Bank's first Operational Directive on Environmental Assessment entered into force.

Under the leadership of President Barber Conable (1986-1991), the Bank's allocation of resources to environmental activities increased substantially after the 1987 reorganisation. Staffing went from a handful before the reorganisation to 70 in 1990.

The Bank's 1992 World Development Report (WDR), "Development and the Environment", prepared as a contribution to the Rio Earth Summit, made the link between the environment and poverty, which was a major intellectual turning point. The report promoted advanced thinking on the environment within the Bank and in the development community at large.⁶ While not espousing a formal sector strategy, the report was widely accepted as the strategic framework for the Bank's environmental activities.

The WDR emphasised that the environment is a crosscutting issue that needs to be addressed in Bank operations in most sectors. This implied a strong commitment to the integration of environmental concerns in all Bank activities. Altogether, the WDR defined a fourfold agenda consisting of:

- *Stewardship*: To help member countries develop environmental priorities, build and strengthen institutions, and implement programmes to support environmental sustainability (e.g. National Environmental Action Plans).
- *Mainstreaming*: To help countries build on the positive linkages between poverty reduction, economic efficiency and environmental protection. The Bank implemented this by making environmental sustainability a core objective in its operational activities and economic and sector work (ESW), and by also focusing lending priorities on environmental issues.
- *Safeguards*: To ensure that potentially adverse environmental impacts from development projects are addressed (through environmental assessments and safeguard policies).
- *Global environment*: To ensure that global and transnational environmental challenges are properly addressed.

³ Hansen, Stein, "The World Bank and the Environment - does the action match the rhetoric?", Study commissioned by the Norwegian Foreign Ministry. Carried out by Nordic Consulting Group, 1998

⁴ World Bank, "Promoting Environmental Sustainability in Development", OED, 2002

⁵ The following is based on extracts from the "World Bank Group Historical Chronology" as well as a range of other Bank documents. See http://siteresources.worldbank.org/EXTARCHIVES/Resources/WB_Historical_Chronology_1944_2005.pdf

⁶ Robert Wade, "Greening the Bank: The Struggle over the Environment, 1970 - 1995", in Kapur, Deyesh, Lewis, John P. Webb, Richard, (eds), "The World Bank, Its First Half Century", Brookings Institution Press, Washington, D.C., 1997.

During the 1990s, resources and staffing devoted to the environment sector increased. Staff increased from 70 in 1990 to 300 in 1995 and settled at 250 in 2000.⁷ Budgets evolved in a similar fashion. In the period from 1989 to 2000, there was a rapid growth in the World Bank's environmental portfolio, from less than USD 200 million to more than USD 5 billion.⁸

In 1995, the Bank's annual environment report ("Mainstreaming the Environment") described initial efforts to integrate environmental concerns "...into the *entire* portfolio of the Bank's activities" (emphasis in the original).⁹ The Bank also led efforts to address global issues as an implementing agency for the Montreal Protocol on ozone depleting substances as one of the three executing agencies of the Global Environment Facility (GEF).

2.2 Social development

Over the last decade, the Bank's recognition that social development is critical for poverty reduction has led to an evolutionary process of change in how the Bank approaches sustainable development. When the Bank began work on social development in the 1970s and 1980s, it focused on safeguards, putting in place mechanisms that ensured that the Bank's portfolio of lending would do no harm. As it has sought to identify and implement a broader vision for social development, its agenda and approach evolved. Today, many parts of the Bank promote the importance of transforming institutions, including the gender, poverty, empowerment and governance units. In addition, for almost a decade, the Bank has had staff dedicated to mainstreaming social development.¹⁰

The three years from 1995 to 1997 saw a significant transformation in the way social issues were perceived in the Bank. Elements of this transformation included the World Summit on Social Development in 1995, the Bank's Social Development Task Force Report in 1996, and the establishment of the Social Development network in 1997, along with changes introduced by the decentralisation of the Bank (1996). Additional forces of change were the leadership of James Wolfensohn and his attention to poverty and social concerns, and the personal conviction and support of the Vice President for Environmentally Sustainable Development, who believed strongly in poverty reduction and attention to the human and social dimensions of Bank work.

In 1997, social development units had been established in the regions, and a board of regional representatives had been formed. This board was committed to the principle of regional leadership, and supported participation in the definition of network priorities and budget allocation. The newly formed *Social Development Board* set as its main objectives to: (a) Establish the infrastructure through which the network would function. (b) Integrate and mainstream social analysis, participation and gender considerations into lending operations by developing and disseminating procedures for social assessment. (c) Identify and address key social issues in countries and regions. (d) Align work on social development with the emerging business activities of the Bank - especially poverty reduction and private sector development.

The Social Development Board also committed itself to delivering several other products and programmes identified by the executive directors and senior management as having high priority, for example, developing a strategy to guide Bank-NGO relations, strengthening the Bank's capacity to deal with post-conflict reconstruction, and supporting a new cultural heritage initiative. To support these efforts, the Bank's Strategic Compact (a fund to realign Bank activities with emerging priorities) allocated approximately USD 10 million to the regions, and USD 2 million to the coordinating unit within the ESSD vice presidency for social development. Given that the largest group of social scientists was located in the Environment Department, Social Development became part of the new Vice Presidency for Environmentally and Socially Sustainable Development (ESSD).

7 The World Bank, "Promoting Environmental Sustainability in Development. An Evaluation of the World Bank's Performance", Washington D.C., 2002.

8 Paola Agostini, "Environment at the World Bank", World Bank, 2005.

9 The World Bank, "Mainstreaming the Environment: The World Bank Group and the Environment Since the Rio Earth Summit, Fiscal 1995", Washington, D.C., The World Bank, 1995.

10 The following is based on excerpts from i.a.: Gloria Davis, "A History of the Social Development Network in the World Bank, 1973 - 2002", The World Bank, 2004 and the World Bank, "Empowering People by Transforming Institutions - Social Development in World Bank Operations", the World Bank, 2005.

The period 1997-2002, when TFESSD was established, was characterised by a change of paradigms. The emphasis on poverty and vulnerability, holistic development, the social dimensions of development, and on the priorities and institutions of countries, strongly reinforced the social development agenda. In 2001, OECD/DAC published a five-dimensional concept of poverty, which included several non-economic dimensions of poverty (e.g. rights, gender equality, protection, socio-cultural aspects).¹¹ At the same time, however, very early in the evolution of the ESSD network, limitations were evident in both concepts and skills. Finding relevant development models proved difficult. Although borrowing countries, international organisations, academic institutions and NGOs all had something to contribute, there was no consensus on ways to operationalise social development. Additionally, skills and experience were in short supply. A 1998 inventory of some 220 staff mapped to social development indicated that nearly 75 per cent had been in the Bank for less than three years.

2.3 Poverty

According to the mission statement of the Bank, reducing poverty is at the core of the Bank's mission.¹² The Bank seeks to reduce poverty by assisting governments to design and implement nationally owned results-based poverty reduction strategies. The Bank, and other donors, support these strategies through a variety of analytical and lending instruments that aim to expand growth opportunities and the ability of poor households to participate in growth through improved access to basic services (including social safety nets), infrastructure and other productive opportunities, as well as through more accountable and transparent institutions.

The poverty window belongs to the Poverty Reduction and Economic Management (PREM) network. It involves the Poverty Reduction Group and supports activities related to the development of poverty reduction strategies, to poverty analysis, and to the design, implementation, monitoring and evaluation of poverty reduction programmes.

The following key events characterise the development of the poverty work in PREM until it was included as a TFESSD window in 2001.

The Poverty Reduction Group (PRMPR) is a rather new group, which was created in the PREM network in 1997. The aim of the group was, and still is, to assist country teams in sharpening the poverty focus of country assistance strategies (CAS), analytical work and lending operations and support senior management in addressing the overall corporate agenda on poverty reduction.

Fifty-six per cent of country assistance strategies presented to the Board of Executive Directors in 1998 were judged fully satisfactory in their integration of poverty issues into the framing of the forward-looking strategy, up from 20 per cent two years earlier; only 7 per cent were judged unsatisfactory. This record reflects progress in making poverty reduction the cornerstone of CASs.

In 1999, the Comprehensive Development Framework was presented as a key instrument for piloting a holistic approach to designing and implementing better poverty reduction strategies.¹³

In December 1999, the boards of the Bank and the International Monetary Fund approved the new approach in their relations with low-income countries. The approach - centred on the development and implementation of poverty reduction strategies (PRSs) - was in many ways novel. Its objective was the preparation of a nationally owned poverty reduction strategy as a precondition for access to debt relief and concessional financing from both institutions. These strategies were expected to be poverty-focused, country-driven, results-oriented and comprehensive. The approach called for a fundamental change in the nature of the relationship between developing countries and donors. It sought to empower governments to

11 OECD, "DAC Guidelines on Poverty Reduction", Paris, 2001.

12 World Bank mission statement (www.worldbank.org/about_us/challenge)

13 The Comprehensive Development Framework emphasises the interdependence of all elements of development - social, structural, human, governance, environmental, economic and financial. It encompasses a set of principles to guide development and poverty reduction, including the provision of external assistance. The four CDF principles are: Long-term, holistic vision, country ownership, country-led partnership and results focus. The CDF is essentially a process (see <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/STRATEGIES/CDF/0,,contentMDK:20072662~pagePK:139301~piPK:139306~theSitePK:140576,00.html>)

set their development priorities, and pushed donors to align their assistance around a country's priorities rather than their own.

In 2000, the Poverty Reduction Strategy (PRS) unit was merged with the Poverty Reduction Group aiming at institutionalising one focal point for the PRS process (the latter in conjunction with SDN). Although not limited to low-income countries, these two initiatives (CAS and PRS) sought to provide insight and analytical tools on how to design growth policies and strategies to accelerate poverty reduction.

The World Development Report "Attacking Poverty" was published in 2001. It brought together some of the key events of the recent past (persistent conflict in some of the poorest African countries, the sudden impoverishment of millions in East Asia as a consequence of the financial crisis, the continuing pain of transition in former socialist economies, and the tenuous situation of the millions of poor people in China and India) and presented a multidimensional view of poverty. In particular, it emphasised the importance of increasing poor people's access to opportunity, security and empowerment for economic growth and poverty reduction. Building on WDR, the World Bank's Strategic Framework Paper identified two priority areas for Bank support to client governments: (a) building the climate for investment, jobs and growth, and (b) empowering poor people and investing in their assets.

2.4 Social protection

The Social Protection (SP) Department was created in 1996 and is one of the youngest of the 19 sectors in the Bank. Together with the Education and Health, Nutrition and Population sectors, SP is part of the Human Development Network. Elements of SP have always been present in Bank activities, but recent years' economic developments have brought about the need for appropriate social safety nets, labour market programmes and retirement income schemes into sharper focus. These include the restructuring in Eastern Europe that started in the early 1990s, the enhanced emphasis on poverty reduction and the financial crisis in East Asia. As a result, Bank lending in the social protection area has increased nearly sixfold since 1992, amounting to over 13 per cent of total Bank lending. Overall, Latin America and the Caribbean account for the largest share of SP lending, with 43 per cent of the volume followed by East Europe and Central Asia with 32 per cent.

In 1999, the social protection discussion paper "Social Protection as Social Risk Management: Conceptual Underpinnings for the Social Protection Sector Strategy Paper" was published as a conceptual background work on the sector strategy. The strategy followed a year or so later.

In 1999, the Bank portfolio within social protection consisted of 92 purely social protection loans, with a commitment of USD 6 billion. Another 183 loans contained significant social protection components, adding USD 8.9 billion (making up an overall portfolio of USD 14.9 billion).

Traditionally, social protection has included policies that support social safety nets, CDD and social funds, employment and labour policies and social insurance. In 2001, the Bank launched the Social Risk Management (SRM) strategy which focuses more specifically on the poorest and most vulnerable, because they are more exposed to risk and often lack effective risk-management strategies.¹⁴ This view of social protection emphasises the dual role of risk management: Protecting basic livelihoods while promoting risk-taking for financial gain (for example, taking up a more profitable activity to break out of chronic poverty). SP also includes programmes and policies that address the needs of at-risk or vulnerable groups, e.g. children and youth, orphans and vulnerable children and persons with disabilities.

The position of Disability Advisor in the Bank was created in 2001 and marked the beginning of the Disability and Development Team.

¹⁴ The concept of social risk management states that individuals, households and communities are exposed to multiple risks, both natural and manmade. However, they have less access to effective risk management instruments than people with greater assets and endowments. This vulnerability makes individuals risk-averse and unwilling or unable to engage in high-risk/return projects. Under these circumstances, poor people have developed elaborate mechanisms of "self-protection" such as asset accumulation in good times, diversification of income sources and creation of informal family and community "risk-pooling" arrangements. However, these arrangements are often relatively expensive and inefficient, and the coping strategies available once a shock occurs often reduce poor people's human capital (for example, cutting back on meals or pulling children out of school to help generate income). This gives rise to the need for public intervention.

An independent baseline assessment was undertaken of how well the Bank manages to integrate people with disabilities. Three broad themes were addressed: inclusion, participation and access. This baseline assessment concluded that, while the Bank has not always done enough to include disability in its work, there are key opportunities to launch more sustained action on disability. Addressing disability is a significant part of reducing poverty; it is not a new area of action. Including disability will enhance the Bank's capacity to affect positively the lives of many of the poorest people across the world.

Following the launch of the sector strategy, the Bank engaged in an explicit strategy to conduct country *risk and vulnerability assessments* (RVAs) to aid in the diagnosis of social protection strategies for countries and points of engagement for the Bank with countries. They provided a basis for a richer dialogue with country stakeholders and identified important new areas of lending. The studies highlighted the importance of risk and the impact of exogenous shocks (for example natural disasters such as droughts, hurricanes, earthquakes and mudslides, health shocks including HIV/AIDS and price shocks) on poverty levels, particularly in low-income countries. Risk and vulnerability analysis is now increasingly mainstreamed into poverty assessments.

In the same period, the use and understanding that safety nets are an important component of social policy everywhere greatly increased, in part because they were seen to have a role in improving efficiency and growth as well as in promoting equity. Of particular interest in this context are conditional cash transfers (CCTs). While only three countries used CCT programmes a decade ago, 20 now have full-blown programmes or pilots, and many more are considering them. TFESSD has supported CCTs for disaster reduction/mitigation in Nicaragua.

2.5 Conclusion

The presentation of the four thematic areas provides an overview of how the thematic areas have developed as Bank departments and as professional themes with their own particular focus on the environmentally and socially sustainable development agenda. For all four themes, the 1990s proved to be a very positive period, which opened opportunities for mainstreaming of ESSD content in Bank policy and operations. Each theme followed its own course of development, influenced from a variety of internal and external sources. They were not linked by an overarching concept of ESSD, which guaranteed cross-sector collaboration, development, and innovation between the themes.

3 Overview of the Trust Fund

This chapter provides a brief overview of the trust fund mechanism and the trust fund projects. The chapter outlines the rationale and the objective of the fund and describes the design and organisation, management and governance structures and the resource management and allocation process. Lastly, an overview of the project portfolio is provided.

Appendix 5 provides a brief account of the Norwegian and Finnish policy contexts in which the TFESSD operates.

3.1 Setting-up the trust fund

In the second half of the 1990s, the Bank was becoming increasingly important for Norwegian development politics - as a funding channel and as an arena for dialogue and donor harmonisation. Norway emphasised partnership and dialogue and a sector-wide approach rather than earmarking of funds. The agenda of Norway's development cooperation widened during the 1990s with environment and sustainability among the main pillars. In the Bank, significant organisational changes had occurred with the restructuring process in 1996-1997, and most importantly in this context, the thematic networks had been established, including the Environmental and Sustainable Development (ESSD) network, which brought a number of thematically linked departments under one vice presidency.

The TFESSD dates back to 1998-1999, when senior representatives of the MoFA and the Bank's Environmentally and Socially Sustainable Development (ESSD) Network Management engaged in discussions about possible ways of restructuring the Norwegian support for environmental work in the Bank.

The ToR describe the rationale as follows:

“The TFESSD was originally set up to replace the existing Norwegian practice of managing several small trust funds (approximately 130 trust funds), which was, after ten years of practice, assessed by the Norwegian MFA as not being coherent, strategic and transparent enough in terms of affecting the Bank's work. The support comprised environmental initiatives that were individually negotiated with various units in the Bank, and it was not seen to have the desired impact on *mainstreaming* environment into the Bank operations. Restructuring the Norwegian support by establishing an umbrella Trust Fund was assumed to speed up the process of strengthening the Bank's environmental development agenda, both internally in the Bank and in the development policy dialogues with the client country governments.¹⁵ It was also seen to strengthen the strategic focus of the donor support.

Another general argument for channelling support through trust funds is related to efficiency. It is assumed that trust funds contribute *to harmonisation* through the simplification of procedures on the donor-side, and through reducing administrative work on the part the Bank and for the donors.¹⁶”

In sum, the establishment of this umbrella fund was a new and innovative approach that increased the opportunity for Norway to mainstream environment and social development issues in Bank policy and operations. The Norwegian Trust Fund for Environmentally Sustainable Development (NTF-ESSD) was established on 2 December 1999 with an initial contribution of USD 5.5 million.

¹⁵ Hansen, Stein, "The World Bank and the Environment – Does the Action match the Rhetoric", A study commissioned by the Bank Section in the Norwegian MFA, 1998.

¹⁶ "Proposition to the Storting No 1 (2005-2006)", page 228.

3.1.1 Expansion in themes and donors

Soon after the establishment of the fund, discussions began with the Poverty Reduction Group in the Poverty Reduction and Economic Management (PREM) Network, which had earlier benefited from the Norwegian Consultancy Trust Fund and from single-purpose trust funds. The aim was to broaden the thematic focus of the fund in order to be able to influence a broader agenda in the Bank. The concept of sustainable development was, however, not confined to the initial two departments. The discussions resulted in a new poverty window, which was opened in November 2001. The Poverty Reduction Board was included in the organisational set-up of the trust fund in parallel with the Environment Board and Social Development Board as monitoring units and in deciding which projects to support.

Finland participated as an observer in June 2002 meeting between Norway and the Bank. The Finnish rationale for joining the fund was similar to the Norwegian: Too many separate trust funds, a need for a more strategic focus for Bank support and agreement with the three thematic priorities.

The idea of a multi-donor trust fund was also in line with the aid effectiveness and harmonisation agenda that Finland was keen to follow. One of the Finnish concerns in this regard was how to maintain Finnish influence if individual donor fingerprints were to decrease because of the aid harmonisation and effectiveness process. Support to TFESSD was considered an effective way of asserting influence on one of the most important and largest actors in international development assistance.

Finland already supported the trust fund “Knowledge for Change” under the Vice Presidency for Research and Statistics, but support for the TFESSD was foreseen as more country-focused with a better chance of influencing policy work and operations.

Finland officially joined the fund (which then changed its name from NTF-ESSD to TFESSD) in December 2002. As a result, a revised “Framework of Operation” was developed to reflect the changes in governance structure of the fund. Subsequently, together with the Bank, the donors have continuously developed and fine-tuned the processes related to the management of the funds and the interaction with the donors and the Reference Group.¹⁷

In Norway and Finland, the Bank’s distinction between social development and social protection (located in two separate vice presidencies) was perceived as artificial. In both of the countries, social development, vulnerability, social protection and disability are perceived as one nexus of issues. This resulted in the most recent change in the organisational set-up of TFESSD, with the opening of the fourth window focusing on social protection. The new window was discussed for the first time on the initiative of the Finnish Foreign Ministry at the semi-annual consultation in June 2003.¹⁸ The possibility of having a special focus on social protection in the existing social development window was also considered, but it was agreed that this would not provide the necessary opportunities for influence through the Social Protection Board.

Both countries were already involved in the social protection area through funding of the Bank initiative “Global Partnership for Disability and Development” (GPDD). However, with the new social protection window, Norway decided to close its separate trust fund on disability and development (established 2001) in 2004. This fund had as its objective to raise awareness/advocate on disability issues in the Bank. However, the link to Bank’s operational activities was seen as weak, and there was a need to move from awareness raising to mainstreaming disability issues in Bank operations.

Finally, the secondment of a senior technical specialist from Norad, Ms. Mona Gleditch, was an essential feature in the conceptualisation and development of the TFESSD - particularly during the first years. Ms. Gleditch was employed by the Bank to further facilitate and help define areas of trust fund support. As an environmental expert in Norad, she has been instrumental in conceptualising and defining the fund and was well aware of the agenda that the fund should influence in the Bank.

¹⁷ The Reference Group consists of thematic experts that advise the donors and promote a substantial dialogue with the Bank.. See section 3.2.2.
¹⁸ Minutes of the Semi-Annual Consultations, 17 June 2003.

3.2 Objective of the TFESSD

According to the Framework for Operation of the TFESSD, the purpose of the trust fund is to:¹⁹

“... provide a more effective, transparent and efficient way to use donor support. This will also encourage and improve dialogue with Donor agencies, research institutions, NGOs, and other interested parties”.

The above quote from the Framework of Operation indicates the initial intention of changing the way that Norway supports Bank trust funds. In particular, it was an expectation that this new type of support would improve the dialogue with donors, researchers, NGOs, etc.

The overall objective of the TFESSD is to:²⁰

“...act as a catalyst for the mainstreaming of environmental, social and poverty dimension of sustainable development and for inclusion of these cross-cutting issues into the Bank’s operations, both at headquarters and in the field”.

This broadly defined objective focuses on the fund working towards the *mainstreaming* of environmental, social and poverty dimensions into Bank operations and on projects being *catalytic* by starting a reaction. It is important to stress that the target of the fund is Bank products, methods, processes, etc. and not country-related achievements. It is also important to note that the overall objective is not supplemented by any immediate objectives. Thus, the fund is a wide and open framework, which has only been defined through trust fund implementation.

To supplement the wide framework, the following seven criteria help assess the projects eligible for funding. Projects must:

- Be innovative, provide new knowledge, and pilot/demonstrate impact
- Targeted at the poor and promote poverty reduction
- Promote cross-sectoral cooperation
- Provide cross-country, cross-regional comparisons and lessons
- Increase cooperation between units in the Bank or between the Bank and other donors or parts of the UN organisation.
- Increase south-south cooperation
- Build networks and promote information exchange.

Several of these criteria are aimed at ensuring that the funded projects influence the Bank. However, it is also important to appreciate that a clear definition against which it would be possible to measure whether projects are *innovative* and *catalytic* does not exist. Nevertheless, the evaluation identified some areas where innovation has taken place and where it is likely to occur.

Thematic priorities are agreed upon annually, and it is stressed that funded projects must be regarded as complementary to regular Bank funding. This means that the TFESSD cannot be used for regular Bank project preparation activities; they must only involve countries included in the bottom three categories in the OECD/DAC ODA list²¹; and 50 per cent of the projects should focus on Africa. The TFESSD is also intended to motivate increased cross-sectoral cooperation.

The table below provides an overview of the stated rationale and objectives of the fund and illustrates how unusually few details can be established about the trust fund when examining the initial documentation about the fund.

19 “Framework of Operation of the Norwegian Trust Funds for Environmentally and Socially Sustainable Development”, 1999 and “Framework for Operation of the Trust Fund for the Environmentally and Socially Sustainable Development”, 2002.

20 The latest revision of the mandate of TFESSD is dated 20 Oct 2003: <http://siteresources.worldbank.org/INTUNITFESSD/Resource/s/1633731-1126213920213/NorwegianMFAAMmendmentFeb2004.pdf>

21 Least Developed Countries, (LDCs), Other Low Income Countries (Other LICs) and Lower-Middle Income Countries (LMICs): www.oecd.org/dataoecd/35/9/2488552.pdf

Table 3-1 Stated rationale and objectives of the TFESSD (cf. Framework of Operation of the TFESSD)

Rationale	Overall objective	Objective
“to provide a more effective, transparent and efficient way to use donor support”.	“to act as a catalyst for the mainstreaming of environmental, social and poverty dimension of sustainable development and for inclusion of these cross-cutting issues into the Bank’s operations, both at headquarters and in the field”.	<ul style="list-style-type: none"> • to enhance capacity in developing countries • [no further objectives specified]
“encourage and improve dialogue with Donor agencies, research institutions, NGOs, and other interested parties”.		

3.3 Brief overview of the TFESSD mechanism

The aim of this section is to show how the TFESSD mechanism is designed and how this design supports the trust fund objectives.

3.3.1 Design and organisation

The functioning of TFESSD is guided by a legal agreement between the donors and the Bank. A Framework of Operation for the fund was added to the legal agreement in 2000. This framework defines the broad areas to be supported, the structure and governance of the fund, and the procedures and criteria for selecting projects for funding, transfer of funds, monitoring and reporting. The agreement has been subject to a few formal amendments in accordance with the development of the fund.²² Besides this agreement, Bank policy for trust funds is followed.

As the fund is Bank-executed, the Bank is responsible for administration and management of the funds in accordance with Bank procedures. It also follows that the Bank is responsible for the monitoring and supervision of the trust fund and for implementing trust fund projects. Bank procurement regulations apply.

The following aims at presenting key management features which explain areas of responsibilities, roles and organisation, resource management and allocation and monitoring procedures of the TFESSD.²³ The purpose of this presentation is to highlight key features that support the fund objectives.

Bank management of TFESSD

The trust fund is placed under the Vice President of the Sustainable Development Network (SDN). A network includes several thematic departments and is responsible for overseeing the development of sector strategy papers justifying Bank involvement in sectors and thematic areas. Originally, the fund was placed under the Vice President of the Environmentally and Socially Sustainable Development Network (ESSD), but managed by the Environment Department. This arrangement lasted until 2004, when the Social Development Department took over the management of the fund. In 2006 (ESSD was merged with the Infrastructure Network), a new network was created under the Sustainable Development Network with a dozen infrastructure and environment-related departments. As of the middle of 2007, the administration of the fund was moved from the Social Development Department to the Director of Strategy and Network Operations in SDN, who was also appointed manager of the Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI).²⁴

A Senior Technical Advisor serves as a day-to-day focal point for the donors and Bank staff and undertakes, for example, preparations for invitations of funding proposals, presentations to sector boards, coordination of semi-annual consultations, reporting to donors, etc.

22 December 1999: Original administrative agreement between the World Bank and Norway. September 2000: The Framework of Operation was added. November/December 2002: The amendment reflects the conversion of the trust fund to a multi-donor trust fund. February 2004: The amendment reflects the opening of the Social Protection Window. June 2004: The amendment allows for the inclusion of fees and benefits for Extended Term Consultants (ETC) among expenditures eligible under the TF.

23 The section draws on the information provided in the Joint Review of the Governance Structures and the Processes for the Trust Fund for Environmentally and Socially Sustainable Development (TFESSD), Feb. 2004 and information from the TFESSD homepage.

24 Ms. Kristalina Georgieva.

Window management

In order to ensure thematic coverage and cross-sector collaboration, which are key TFESSD objectives, projects are managed in four windows, corresponding to the four sector boards involved in the fund. The sector boards play a central role in coming up with and deciding on the annual themes and earmarkings. This includes jointly setting strategic directions for the overall utilisation of funds and priorities for funding and reallocation of funds within their respective windows. In addition, the boards also monitor the progress and performance of ongoing projects and select new projects for final approval by the donors. Each sector director has delegated the day-to-day window management to a window manager.

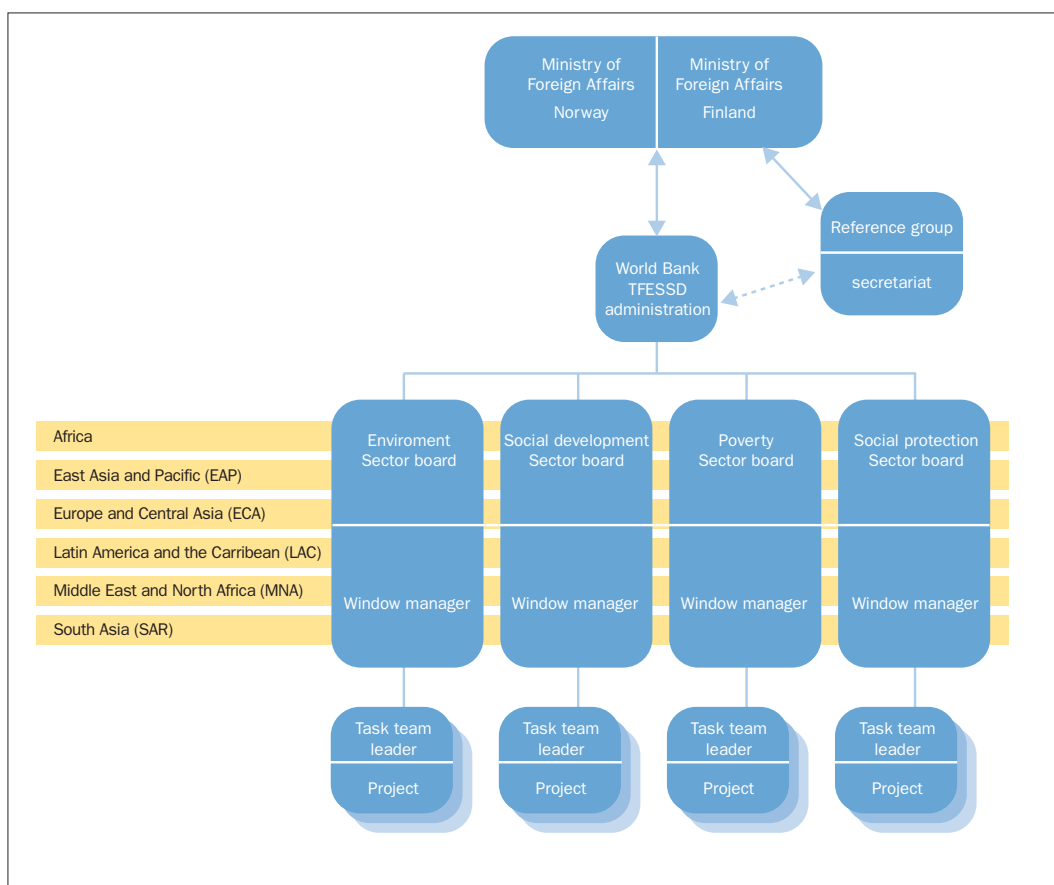
In order to ensure cross-sector collaboration, the four sector boards coordinate among themselves as well as with other sector boards.²⁵ In practice, coordination across the sector boards and the three networks involved (Poverty Reduction and Economic Management Network/PREM, Human Development Network/HD and Sustainable Development Network/SDN) takes place through the sector directors and the window managers. For any project proposal involving country-level work, endorsement by a country director is required prior to sector board approval.

Project management

The implementation of TFESSD-funded projects forms part of the broader work programme agreements that Bank task leaders agree on with their sector managers. When TFESSD funds strategic packages of individual projects or individual project are thematically linked, a coordinator is appointed for the overall management of the strategic package.

The trust fund structure and organisation of key relations are illustrated in the figure below.

Figure 3-1 Organisation of TFESSD



25 This arrangement replaced the function assigned initially to the Governance and Screening Committee established when the NTFESSD came into operation. The committee had representation from a number of other networks. The committee operated for a limited period, as early experience indicated that it was more effective to rely on existing structures (i.e. sector boards) to achieve greater cross-sector collaboration rather than on a new and separate institutional structure set up only for the purpose of the trust fund.

The figure illustrates that the trust fund is managed through existing Bank structures and not through units established only for the purpose of the trust fund. The key role played by the four sector boards with participation of regions, thematic departments, etc. is an essential feature of the fund, which contributes to cross-sectoral representation and coordination between Bank units.

Monitoring and control

All trust fund task team leaders must comply with the annual formal reporting in the Grant Reporting and Monitoring (GRM) system for each trust fund project that they manage. The GRM system is streamlined and similar across all Bank trust funds. The reports are based on a combination of self-assessed progress reports and disbursement data. The latest GRM reports are posted in the TFESSD database on the Internet. The GRM reports are not linked with the requirements in TFESSD proposals to use the Logical Framework Approach (LFA) matrix. The monitoring of TFESSD projects is undertaken by sector boards in their annual strategic review, when the boards evaluate progress, restructure projects and reallocate funds if required.²⁶ The results of these strategic reviews are documented in the annual reports, and are usually discussed at the semi-annual consultations.

3.3.2 Trust fund governance and advisory mechanisms

As of 2007, the Bank prepares an annual report to the donors. Prior to this, the Bank reported twice a year. The reports include summaries of ongoing and recently completed projects. The most recent reports also include some strategic reflections on achievements.

The Bank and the donors meet twice a year to discuss the fund: An annual meeting is organised in June, hosted by one of the donors, and a semi-annual meeting is organised in November, hosted by the Bank. The aim of these events is to discuss progress and agree on priorities and funding levels.

An annual conference for the broader ESSD community in Norway and Finland is organised in association with the annual meeting. These conferences have managed to attract speakers from relatively high levels within the Bank system. The donors consider this an achievement, as it shows that the Bank prioritises management resources for these events.

The Reference Group

A Reference Group (RG), chaired by a research professor at the Centre for Development and the Environment (SUM) at the University of Oslo, was established in 2001.²⁷ The RG is an advisory and not a decision-making body. It comprises experienced researchers/consultants and individuals from relevant government institutions (e.g. Norad, the Ministry of Environment, the Ministry of Foreign Affairs) participating as individuals, not as representatives of their respective institutions. The group is deliberately kept small with a non-bureaucratic and informal set-up. The RG is further analysed in section 4.2.2.

3.3.3 Resource management and allocation processes

Donor contributions

The following table shows the cumulative cash contributions by donor and fiscal year. As of January 2007, the cumulative sum of donor contributions reached USD 87 million - of which USD 71 million have been disbursed or committed. Out of the USD 87 million, Norway has contributed USD 78 million, which makes Norway by far the largest donor.

Table 3-2 Cumulative cash contributions by donor and fiscal year - as per January 2007 (USD)

Posting date	Financial year	Norway	Finland
Dec. 1999	2000	3,083,295.71	
Jul. 2000	2001	2,419,512.00	
Dec. 2000	2001	4,493,711.00	

²⁶ E-mail "Note on Bank quality oversight for analytical work", 19 October 2007. TFESSD Senior Technical Advisor.

²⁷ Research Professor Desmond McNeill.

Posting date	Financial year	Norway	Finland
Sept. 2001	2002	5,663,970.24	
Feb. 2002	2002	292,015.00	
Mar. 2002	2002	4,762,174.43	
Mar. 2002	2002	210,493.40	
Dec. 2002 / Jan. 2003	2003	2,647,889.10	1,321,538.72
Feb. 2003	2003	8,830,085.99	
Nov. 2003 / Dec. 2003	2004	5,705,238.80	1,615,787.73
Apr. 2004	2004	5,762,443.20	
Dec. 2004 / Oct. 2004	2005	5,581,473.00	1,899,416.67
Jan. 2005	2005	4,073,482.00	
Apr. 2005	2005	3,201,614.96	
Dec. 2005/ Nov. 2005	2006	5,636,515.86	1,757,100.00
Apr. 2006	2006	4,991,795.09	
Nov. 2007 / Jan. 2007	2007	6,351,222.61	1,990,590.00
Jan. 2007	2007	4,660,701.04	
Total		78,367,633.43	8,584,433.12
Grand total			86,952,006.55

Resource management

Funds are deposited in a parent TF account, then transferred to each of the four window parent TF accounts (managed by window managers), and from there to individual TF accounts, called “baby” TFs (managed by task managers). A transfer of funds is made when a project is opened. It generally amounts to no more than 20 per cent of the total grant approved. Subsequent transfers occur when task managers (TM) have used the initial funds received (through disbursements and commitments) and need more.²⁸ Trust fund resources are generally restricted to payment of fees, travel and other reimbursable costs of consultants recruited by the Bank.²⁹

Resource allocation

With the broad trust fund objectives, an elaborate process of identification and approval of trust fund projects has been established. The result is a number of approved projects, which have been influenced through a lengthy process of sector board discussion, Bank review, and Reference Group dialogue. Key features of this process include:

- Annual call for proposals (cfP). Until 2001 (FY02), it was done separately for the three windows. However, it was acknowledged that this did not promote cross-sectoral cooperation, and as a result, the sector boards agreed to conduct joint calls for proposals.
- Annual thematic priorities are developed in collaboration with the sector boards, window managers and the donors. The sector boards are responsible for the screening and ranking of proposals against the agreed priorities. This is considered a driving force for cross-sectoral cooperation and linkage to Bank strategies.

3.4 Overview of the project portfolio

The aim of this section is to establish an overview of TFESSD projects and how funds have been used. The section answers the evaluation question as to what the patterns are (country, regional, global levels), typologies and development over time of the trust fund projects.³⁰

²⁸ The World Bank, “Joint Review of the Governance Structures and Processes of the Trust Fund for Environmentally and Socially Sustainable Development (TFESSD)”, May 2004.

²⁹ The funds may also be used to pay other related expenditures of the fund. As of June 2004, the agreement was amended to include payment of fees and benefits for Extended Term Consultants.

³⁰ Portfolio figures are based on the “TFESSD - donor reporting as of 31 January 2007”. In addition, the overview is informed by the semi-annual TFESSD reports produced by TFESSD management and window managers as well as by the TFESSD project database on the TFESSD homepage.

3.4.1 The portfolio in figures

Since 1999, the TFESSD has supported 321 projects³¹ in more than 50 low and middle-income countries.³² According to the most recent annual report (May 2006 - January 2007), 135 projects are ongoing, and the cumulative sum of donor contributions has reached USD 87 million, of which USD 71 million have been disbursed or committed. Approximately USD 1.3 million have been utilised for trust fund administration and coordination.³³ Since the fund was established, 44 per cent of disbursed and committed funds have been allocated to projects in Africa.³⁴

Table 3-3 Financial overview of TFESSD (USD)

	A: Sum of receipts from the donors	B: Cum. disb. + comm. (through to FY07)	C: Sum of available balance (A-B)	D: Cum. disb. + comm. as a % of receipts
Environment	33,000,938	31,079,888	1,921,050	94,2%
Social development	27,253,495	24,750,091	2,503,404	90,8%
Poverty	9,679,206	8,254,811	1,424,396	85,3%
Social protection	4,430,000	2,474,158	1,955,842	55,9%
Parent	13,192,872	3,310,770	9,882,102	25,1%
Total	87,556,512	69,869,718	17,686,794	79,8%
Coordination	1,309,176	1,203,333	105,843	91,9%
Total	88,865,688*	71,073,051	17,792,637	80%

Source: TFESSD - donor reporting, as of 31 January 2007.

* This figure refers to the cumulative donor contributions of USD 86,952,006.55 million as of 31 January 2007, mentioned in the text above, but includes currency gain, investment income and disbursement for administrative fees.

Together, the environment and social development windows have received almost 70 per cent of the total cash contributions (excl. coordination) whereas the poverty window and the social protection window have only received 11 per cent and 5 per cent, respectively. Contributions to the environment window have decreased since 2004 (FY05) when the social protection window was opened.

Cumulative disbursements and commitments have tripled from approximately USD 22 million in the first three years of the fund's existence to approximately USD 66.5 million in 2007 (excluding administration and coordination).

The overall disbursement ratios of the environment and social development windows are high. For the poverty and in particular for the social protection window, the ratios are significantly lower.

Comparing disbursement ratios by window and by financial year since 2005, when the social protection window was added, differences in disbursement ratios are less significant (cf. Table 3 in Appendix 8).

The number of projects approved each year remains stable; i.e. roughly 50 projects per year; although slightly diminishing in 2005 (FY06) and 2006 (FY07). By window, the trust fund has supported 115 projects under the environment window, 112 projects under the social development window, and 64 and 30 under the poverty and social protection windows respectively (cf. Table 4 in Appendix 8).

TFESSD grants for individual projects vary considerably in size. In general, there is a clear pattern of an increasing number of small and medium-sized projects (with a grant size up to USD 200,000 and between USD 200,000 and USD 500,000) and a decreasing number of large projects over the years (cf. Figure 2 in Appendix 8). It is predominantly the environment

31 "TFESSD - donor reporting as of January 2007". The figure includes the four window parent TF accounts which contain funds allocated from the overall TFESSD parent account to the windows for the further transfer to the individual TF "baby" accounts.

32 "TFESSD - Annual report, 1 May - 31 January 2007".

33 "TFESSD - donor reporting as of January 2007".

34 "TFESSD - donor reporting as of January 2007".

and the social development windows that have projects with grant amounts exceeding USD 500,000 (cf. Figure 1 in Appendix 8).

The development in project approvals and completions reflects that as the TFESSD matures, still more projects are completed every year. The environment and the social development windows have the largest portfolio of completed projects, whereas fewer projects have been completed under the social protection window, due to its relatively recent establishment.

With the target of allocating 50 per cent of the funds to Africa, Africa constitutes by far the largest region, both in terms of the number of projects carried out (131 projects which are purely Africa region projects and which do not include global projects that may have an Africa element) and grant amounts allocated (39 per cent of funds have gone to projects carried out in Africa exclusively).³⁵ Africa is followed by the East Asian Pacific region (36 projects and 10 per cent of the total grant amount), South Asia comes third (25 projects and 7 per cent of the total grant amount) and Latin America and the Caribbean region, Europe and Central Asia and the Middle East and North Africa regions are the smallest (22, 24 and 14 projects respectively and 5 per cent, 5 per cent and 4 per cent of total grant amount, respectively).

Global projects constitute a large part of the TFESSD portfolio with 23 per cent of total grant amounts (69 projects).

The share of funds going to Africa is less than the targeted 50 per cent. Both the poverty and the social protection windows fulfil the 50 per cent target, but environment and social development are somewhat below. In the call for proposals for 2007 (FY08), the share of total FY08 grants going to Africa was 56 per cent, which contributes to counter-balance the Africa deficit.³⁶

3.4.2 Typology of projects

The evaluation has examined the project portfolio according to whether projects are global, regional or country-specific,³⁷ and whether the projects address sector-specific or macroeconomic issues.³⁸

Approximately half of the projects are country-specific. The other half (159) of the projects are categorised as global (82) or regional (77). 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 distribution of projects between sector work and general macroeconomic issues is almost fifty-fifty in terms of number and grant amounts.

3.4.3 TFESSD categorised thematically by the Bank

TFESSD cannot easily be captured in a few, well-defined categories. Projects reach out in many different directions, reflecting the flexibility, the broad objectives and the thematic and geographical coverage of the fund.

This point is illustrated in the way that the Bank has organised the TFESSD project database (accessible through the Bank website) following thematic focus. The structure includes 36 different themes of which several comprise very few projects and even some comprise none (see Appendix 10). This illustrates the large diversity, scope and complexity of the portfolio. The themes are multiple - and growing with new projects not fitting under any of the existing headings. Adding to the complexity, projects under each of the themes have also been categorised under other themes.

This indicates the cross-cutting nature of the projects, but is also indicative of a missing methodology for categorising the projects. This is further emphasised by the large number of

³⁵ According to window managers, the figure is 44 per cent, including allocations going to Africa through global projects.

³⁶ "TFESSD annual report, 1 May 2006 to 31 January 2007", p. 106.

³⁷ Definitions of typology categories are presented in section 2.2 Methodology.

³⁸ The typology is based on project summaries in the latest TFESSD annual report of 1 May 2006 - 1 January 2007 and in the TFESSD project database. Of the 321 projects supported by the TFESSD, 15 projects did not have a summary.

projects - in particular from the environmental window - which are categorised under the theme “Other”.

3.5 Conclusion

Against a background of fragmentation and lack of a trust fund strategy vis-à-vis the Bank, the establishment of TFESSD was seen as a new and innovative approach designed with the objective of creating opportunities for Norway, and later Finland, to influence the mainstreaming of environmental and social development issues in Bank policy and operations. However, as the concept of sustainable development was not only confined to the environment and social development departments, poverty and social protection was added subsequently.

The objective of TFESSD to influence Bank policies and practices has been operationalised in the setting up of a trust fund mechanism, where projects are expected to be cross-sectoral, innovative and catalytic. The involvement of the sector boards of environment, social development, poverty and social protection in the decision-making and monitoring process is an essential feature to ensure cross-sectoral projects. The fund is based on extensive dialogue with a donor reference group, as well as semi-annual meetings between the donors and the Bank. These features of the set-up contribute to ensure that the fund can fulfil the ambition of influencing Bank policy and operations.

The Grant Reporting and Monitoring (GRM) system is for each trust fund project that they manage. The GRM system is streamlined and similar across all Bank trust funds.

The trust fund is Bank-executed and task managers have to comply with the annual formal reporting in the Grant Reporting and Monitoring (GRM) system. The GRM is streamlined and similar across all Bank trust funds.

The overview of the trust fund portfolio shows that of USD 87 million donor contributions, more than two thirds have been allocated to the two original themes, i.e. the environment and social development window. Although Africa is by far the largest region, its share is less than the targeted 50 per cent. However, it is expected that this target will be reached shortly. Approximately half of the projects are country-specific. The other half are categorised as “global” or “regional”. The same pattern was true for the country portfolios of the three country case studies. The strong focus on non-country specific (regional and global) projects indicates an upstream policy focus of the fund.

4 Assessment of the Trust Fund Architecture

This chapter assesses the coherence, relevance, and efficiency of the TFESSD mechanism in relation to its objectives, the organisational context, procedures and criteria. A brief comparison with the Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI) and Bank Netherlands Partnership Programme (Trust Fund) is presented to broaden the perspective on alternative mechanisms.

4.1 Coherence of objectives

At first sight, the overall objective for TFESSD is very broad and there are no sub-objectives. The concept of “mainstreaming” is not defined, which leaves room for interpretation of how to understand mainstreaming. The overall objective is not supplemented by indicators on what dimensions to measure if the broad mainstreaming objective is to be achieved.

The intervention logic employed by the fund is reflected in an annual call for proposals with a number of priority themes that delimit the thematic focus of the fund. The themes narrow the scope of the fund and ensure that the fund can respond to up-coming priorities. In addition, project selection criteria are applied in the call for proposals process, i.e. projects should be innovative and catalytic, in line with sector and country strategies and multi-sectoral, interlinking themes. These criteria help to ensure that the selected projects are targeted at influencing Bank policy and/or operations.

The thematic priorities have changed from year to year. However, even with the changes, some continuity can be traced. This has not least happened because of requests from the Bank not to expand the scope of the fund.³⁹

Several of the calls for proposals have focused on the following types of projects: upstream analysis, downstream policy and impact analysis and capacity-building. In most of the years, these types of projects have been combined with thematic focus areas (e.g. conflict and vulnerability, crime and violence, impact of climate change, adaptation to climate variability and change, etc.). Some degree of continuity is also maintained, as projects are normally implemented over 2-3 years (cf. Appendix 6).

Textbox 4-1 Varying annual themes

In 2001 part of the funding was earmarked for the World Development Report. In 2002 (FY03) priority themes were to refine tools and techniques to help address environmental, poverty and social issues in analytical work. Thematic priorities for 2003 (FY04) continued to focus on the mainstreaming environment, as well as social and poverty issues into macro-level policy-making. In 2004 (FY05) the priority areas were governance, accountability, empowerment, conflict and vulnerability, and especially the interlinkages between these focus areas. The social protection window made a separate call for proposals in 2004. Priority areas were the vulnerability of children, youth and disabled persons and social inclusion. In 2005 (FY06), for the first time, all windows were included in the call for proposals. Poverty, vulnerability, social and environmental impacts were priority themes, and the African pilot country model was introduced in order to engage country directors and teams more formally in the process. The pilot countries were Malawi, Mozambique and Tanzania. However, the first pilot did not meet expectations, and only Mozambique and Malawi were approved. Further, in 2005 (FY06), the concept of multi-year funding only approved for the first year was introduced. In 2006 (FY07) a new set of procedures was introduced which included a priori budget allocation to themes and activities. Parts of the funds were earmarked; the countries earmarked were Senegal and Zambia. There was also a CFP for specific themes, which included natural disasters,

³⁹ This was discussed at several consultations between the Bank and the donors (cf. minutes of semi-annual consultations, 11 June, 2004).

inequality and barriers to inclusion (including a special focus on access to natural resources and vulnerable groups) crime, violence, access to justice (including tenure and usufruct rights) and adaptation to climate variability and change. The new procedure was, however, again modified in 2007 (FY08), when the donors only need to “signal” their thematic priorities up-front.

Source: <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/ORGANISATION/EXTESSDNETWORK/EXTUNITFESSD/0,,contentMDK:20639723~menuPK:1637703~pagePK:64168445~piPK:64168309~theSitePK:1633788,00.html>

Regardless of the changing themes and procedures, it has been possible to identify a number of project clusters within thematic areas that have been approved over consecutive years (cf. section 6.2). So, despite the broadly defined objective and the many different themes over the eight years of implementation, it has been possible to develop a critical mass of projects, which have been innovative in the sense of demonstrating the value of new and innovative approaches (e.g. PSIA), which have influenced Bank operations.

A key feature in agreeing on annual priorities process has been the ongoing dialogue and collaboration between the key stakeholders involved in the fund (Bank sector boards, reference group and donors). This extensive process of contact and dialogue between the parties distinguishes the TFESSD from other trust funds with more precise and operational objectives. According to those involved in the discussions, this feature of the fund has played an important role in focusing the fund on priority themes.

4.2 Relevance of the mechanism

Relevance is defined as whether the TFESSD mechanisms and procedures are suited to meet the trust fund objectives and criteria. Relevance is assessed through examining views on the organisation and the procedures of the fund, the role of the Reference Group, as well as how the mechanism caters for interaction with stakeholders in Norway and Finland.

4.2.1 Organisation and procedures

Demand for TFESSD resources

One of the indicators for the relevance of the TFESSD mechanism is its ability to attract a critical mass of project applications. A high number of project applications is of course not sufficient in itself, but in searching for the most innovative and catalytic proposals, a high number of proposals is assumed to give a better chance for success than the opposite.

Every year since 1999, roughly 50 new projects have been approved for funding. The number of applications in the concept note stage has been two to three times as high as the number of finally approved projects. In view of the relatively small amount of funding obtainable through the trust fund, and the prevalent view among task team leaders that there are costs involved in the preparation of a solid proposal, the level of demand for resources has been rather impressive. This would probably not have been possible if the TFESSD mechanism, in particular its funding eligibility criteria, had not been viewed as interesting and relevant to the interests and needs of the Bank.

This impression is confirmed by task team leaders. They value the flexibility of the mechanism in providing access to funding. This flexibility is considered particularly important when the need arises to field time-sensitive studies such as baseline surveys and rapid evaluations, which are needed to influence government budgeting and programming processes. A relatively high degree of satisfaction among task team leaders with TFESSD procedures and management is illustrated below.

Table 4-1 Level of satisfaction among task team leaders with TFESSD procedures and management (per cent)

	Very satisfied	Satisfied	Neutral	Somewhat dissatisfied	Not satisfied at all	I do not know
How satisfied are you with the way the call for proposals and award processes are handled?	12	41	22	14	7	3
How satisfied are you with the daily window management and administration of TFESSD projects?	24	40	24	3	0	9

Source: COWI TTL survey, 2007

The table shows that the majority of task team leaders are very satisfied or satisfied with how the call for proposals procedure and award processes are handled. Still, 21 per cent are dissatisfied or somewhat dissatisfied with the efficiency of the procedure. The respondents who are dissatisfied with the procedures request more clarity in the selection process, more time to prepare the proposals, and reduced time between approval and allocation of funds. In addition, some TTLs claim that they are disadvantaged, since they are located in the field and thus unable to lobby for selection of their proposals, as HQ staff may do, others request tighter thematic focus etc.

TTLs are very positive in response to daily window management and administration of TFESSD projects; 64 per cent indicate that they are very satisfied or satisfied and only 3 per cent indicate that they are somewhat dissatisfied. There is no clear reply as to how daily management could be improved according to the TTLs. Any dissatisfaction of the TTLs relates to different issues such as a lack of access to experts from the donors, as they are difficult to identify, and non-coherence in the rules applied by sector boards as to deadlines and extensions of projects.

Other positive features attributed to TFESSD by Bank staff are that it is untied, and that it is seen as being willing to take risks in support of blue-sky thinking. This confirms the criteria of TFESSD projects to be innovative. One example mentioned is Indonesia, where TFESSD has provided the opportunity to continue work that was already under way in relation to the Kecamatan Development Programme (KDP) and has made funding available for a larger volume of analytical work than would otherwise have been the case. However, it was also mentioned that the increasing demand for projects to be multi-country, regional or global may limit the flexibility of the fund.

A negative feature of the TFESSD raised by several TTLs, both in the questionnaire survey and in interviews, is that the TFESSD does not support Bank staff time for the implementation of projects. However, asked whether they would apply to TFESSD for funding in the future, 91 per cent answered “yes”.

In Washington, the Director of the Social Development Department emphasised the unique opportunities that the TFESSD provides in terms of making funds available for innovation and research projects under his department. According to the director, the TFESSD is the only large fund supporting innovation within social development. As illustrated in the textbox below, other social development specialists also emphasised the importance of TFESSD.

Textbox 4-1 Statements by task team leaders on the utility of TFESSD

“TFESSD has become one of the most important tools to support the social development agenda”.

“I think TFESSD really does fund innovation and gives anthropologists and sociologists working in the Bank one of the only sources of funding that is not dominated by economists and economic criteria”.

“This [the TFESSD] is the most useful tool that has helped me to influence changes in the way the Bank works in country programs to focus more on people and social development”.

Source: COWI TTL survey, 2007

While the TFESSD obviously constitutes an important source of funding related to social development, other thematic windows might have better access to trust funds for research and innovation. For example, the Environment Department indicated that they are less dependent on TFESSD funds compared to e.g. the Social Development Department.

Location of TFESSD

As mentioned in chapter 3, the organisation of trust fund responsibilities in the Bank has recently changed with the move of TFESSD administration and management out of the Social Development Department to the SDN Vice Presidency. This has anchored TFESSD at the level of SDN management instead of it being tied to one of the four departments. In view of the cross-cutting objectives of the fund, and to gain advantages from potential synergies with the NTF-PSI (also located at SDN), this is seen as a more appropriate location of TFESSD. At the same time, it is acknowledged that there could still be criticisms of the location of the fund, since the SDN departments - i.e. Environment and Social Development - involved may be seen as closer to the fund than the departments in other networks. However, the need for continued and substantive dialogue makes it improper to fully detach the fund from any of the thematic areas.

Reporting and monitoring

Beyond regular Bank monitoring of trust fund projects, the semi-annual and annual trust fund reports have developed over the years. In the initial years, these monitoring reports were not substantive, and mainly focused on individual project reporting. In recent years, the focus has shifted towards 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. This raises a question about transparency about what is reported. Also, the reports do not focus on overall trust fund objectives, i.e. programme level monitoring.

Organisational features of TFESSD

From a donor perspective, it is seen as important that the process of agreeing on annual priorities is flexible and open. This ensures that it is possible to respond to changing political priorities in the donor country. Therefore, the bank-donor negotiation process was made rather open from the beginning. As indicated above, the call for proposals procedure was modified in 2006, and the modification was implemented for the first time in 2007 (FY08 call for proposals). This was an obvious improvement, emphasising a more active role of the sector boards, and only minor amendments were made for the FY09 call for proposals. Still, those involved in the process indicate that it is a cumbersome process. From agreeing on themes until the first approved project is initiated takes approximately one year.

The open and flexible process necessitates the development of trust and partnership between the parties. It also involves high-level Bank staff in order to reach agreement on themes that are aligned with overall Bank thinking and sector strategies.

Interviews with those involved in the thematic negotiations confirm that the process has ensured the continued relevance of the mechanism to the Bank. However, minutes of annual

consultations reveal that the Bank has been arguing for more continuity from year to year instead of constantly changing thematic priorities.

The operational involvement of the sector boards is debated within the Bank. In particular, the transaction costs associated with the screening and ranking of proposals through the boards has caused some concern. Yet, the involvement of sector boards is regarded as the main driving force for cross-sectoral cooperation. According to key stakeholders in the Bank, the meetings of sector board directors foster a useful informal dialogue across sectors. In the process of reviewing project concept notes, two or three peer reviewers are assigned by the sector boards to comment on the concept note. This is also seen as an important element in ensuring cross-sectoral aspects.

While the usage of the sector boards is an essential feature of the TFESSD design, the relevance of the sector boards currently involved may be questioned in view of where the needs are, and the results created by TFESSD so far. Looking ahead, it is pertinent to discuss whether mainstreaming of social and environmental dimensions of sustainable development in the Bank starts and ends with the boards currently involved, or whether it could be justified to involve other sector boards not currently involved in TFESSD.

4.2.2 The Reference Group

In designing the trust fund mechanism, the establishment of the Reference Group was seen as an important element in the dialogue with Bank experts. Through this dialogue the Group could influence Bank views and perspectives.

The Group was given the role “to advise the Norwegian Ministry of Foreign Affairs on the progress, direction, and the usefulness of the NTF-ESSD, and assist in promoting a substantial dialogue between the World Bank and the Norwegian ESSD community”. This mandate has remained unchanged since the establishment of the Group in 2001. Apart from advising the foreign ministries and collaborating with the Bank, the Group was also given a role in promoting dialogue with the ESSD communities in the two countries. The RG currently includes 11 members (seven from Norway including the secretary and four from Finland).

Overall, everybody involved in the dialogue and development of the TFESSD over the years unanimously stress the uniqueness of the process in establishing this long-term collaboration. The collaboration process has been instrumental in building trust among the involved parties and establishing an understanding in the Bank of the goals that the donors are trying to achieve.

From a Ministry of Foreign Affairs perspective, the RG has acted actively, timely and has discharged its role vis-à-vis the ministry in a satisfying manner. The Group has also been given a significant degree of freedom to act on behalf of the ministry in representing Norwegian views and standpoints in e.g. annual meetings. The interaction between the ministry and RG members appears to have been extensive, characterised by trust and a close dialogue. Overall, the ministry considers that the RG has been an important feature in influencing critical Bank units and promoting important dimensions of the sustainable development agenda in the Bank.

However, introduction of new members to the RG has meant that the original organisational model has been challenged. The broadness of the mandate gives flexibility, but also room for different interpretations of the level of engagement and degree of micro-management. The group of experts that started the Reference Group wanted the group to be informal, non-bureaucratic and flexible. With no statutes or guidelines, new members often find it quite difficult to understand what exact role they have vis-à-vis the Bank and the TFESSD processes. The latter was especially relevant in the previous call for proposals process (prior to 2007 (FY08)), when some members of the RG engaged in a detailed “negotiation” on certain proposals. The discussions were perceived as highly relevant and valuable in an operational and professional context, but the proposals presented by the Bank had already been exposed to a detailed review process with the sector boards, and the discussions during

the final approval became time-consuming for the Bank and raised questions about the role and functioning of the Group.⁴⁰

From a Bank perspective, the dialogue with the RG started slowly, but has gradually evolved. However, the way the RG functions confuses some Bank staff. They miss a formal and more detailed declaration about the role and mandate of the Group in order to understand who makes decision and on what.

The Norwegian Centre for Development and the Environment (SUM) has acted as the secretariat for the fund under a framework agreement with the Ministry of Foreign Affairs. SUM has the responsibility to plan, organise and report on the work of the RG, including acting as an intermediary between the Bank and the RG. This also includes ensuring that the flow of information is effective and that views of the RG members are coordinated vis-à-vis the Bank. Views of RG members indicate that the arrangement with SUM has worked well and that SUM has indeed fulfilled its role as the secretariat of the RG. SUM has had a limited role in dissemination of information and outreach to the broader ESSD-community.

4.2.3 Interaction with ESSD stakeholders in Norway and Finland

The framework for operation of TFESSD states that the fund should encourage and improve dialogue with donor agencies, research institutions, NGOs and other interested parties.⁴¹ Likewise, the mandate of the Reference Group raises expectations about the possibility for dialogue with the ESSD community. However, since TFESSD is an untied fund, it creates challenges for those directly involved in the fund in reaching out and introducing Norwegian and Finnish experts to the Bank.

Some efforts have already been made. A list of Norwegian and Finnish organisations was launched on the TFESSD webpage and attached to the call for proposals in 2007. TTLs were encouraged to consider the list when identifying potential consultants. However, this approach was debated within the Bank's Procurement Department, since it could be interpreted as camouflaged "tying" of funds.

Further, and as mentioned above, the annual conference facilitates information exchange between the Bank, Norway and Finland. The conference serves the purpose of a meeting place. However, given the wide thematic scope of the conferences, they do not cater for more in-depth discussions between Bank operational staff and experts in the donor countries. Thus, they are not very useful in creating direct contacts between Bank staff and donor experts.

Interests of and possibilities for external ESSD stakeholders

The evaluation examined the interests of the so-called ESSD-community in Norway and Finland, which includes private companies, NGOs and research stakeholders in collaborating with the Bank.

The private sector (mainly represented by consultancy companies focusing on analytical work) and research institutions are interested in direct opportunities for engagements. This represents a challenge, given that the trust fund is untied. The projects funded by TFESSD are often relatively small, and Bank procurement guidelines do not require advertisements of contracts below USD 50,000. Under such circumstances, personal networks within the Bank become essential. Norwegian and Finnish consultants and researchers often lack the appropriate channels to know about such opportunities. Further, competition among interested parties is also considered tough.

However, small projects may not be the most attractive when it comes to earnings, but they represent an opportunity to gain a reference and experience with the Bank, and allow the institutions to work with cutting-edge and innovative projects. Few Norwegian and Finnish institutions approach the Bank regularly, but rather on a "case-to-case" basis, which is insufficient to gain solid contacts and understanding of the Bank. For the institutions, this is a

40 These reflections on the mode of operation of the Reference Group refer to interviews with relevant stakeholders in Norway and Finland in June 2007.

41 Amended agreement between MoFA and IBRD/IDA concerning the TFESSD. Annex 1, Framework for Operation of the Trust Fund for Environmentally and Socially Sustainable Development (Revised 20 October 2003).

financial issue, but as this is an untied fund, there is no mechanism available in the fund for institutions that want to approach the Bank except for annual conferences.⁴²

An example of an outreach initiative vis-à-vis a professional community of stakeholders in Norway is the Information Office for Private Sector Development, which was recently established by Norad and Norfund.⁴³ This information office informs about available support arrangements for Norwegian institutions that want to work in developing countries. The Information Office does not primarily work towards the Bank, but possess knowledge about the trust fund arrangements and is regularly disseminating opportunities with the Bank to the Norwegian resource community (projects, secondments, etc.).⁴⁴ The Information Office has close relations to the NTF-PSI and experience from this cooperation could be further explored by TFESSD.

The annual TFESSD conferences have so far been quite broad thematically, and hence the opportunities for creating direct linkages to task team leaders (TTL) and task managers (TM) have been limited. There should be made more attempts to explore this opportunity by, for example, arranging smaller seminars/workshops with a more narrow scope whenever relevant TTLs and TMs are in Scandinavia/Europe.

Dissemination requires time and resources as well as the presence of a strategy, defining goals and expected results. Such a strategy does not exist. For example, it should be considered to what extent and with which methods Reference Group members can disseminate reports and information on opportunities.

Secondments of Norwegians and Finnish experts to the Bank would also create channels for the ESSD community and others to gain more knowledge and create contacts within the Bank. Secondment is an alternative to partially tying the fund for Norwegian and Finnish nationals. While tying the fund can be a more effective arrangement to ensure direct involvement in projects, untying of development assistance is such a fundamental element of the development assistance agenda in most donor countries that it is not further discussed in the context of this evaluation.

For NGOs, the primary concern is with conditionality aspects and IDA replenishments and less with trust funds. They seek channels for insight into and influence on Norway and Finland's cooperation with the Bank. In general, they perceive trust funds as implementation focused, rather than as an instrument for influencing the Bank. Norwegian NGOs are generally more sceptical of the cooperation with the Bank than their Finnish colleagues. Recently, the Norwegian MoFA (the Multilateral Bank and Finance Section) started having semi-annual consultations with the NGOs most concerned with the Bank. This has improved the dialogue, and could be used as a forum for information dissemination.

In summary, none of the initiatives of the Reference Group or other actors have established a substantial dialogue or close contact with the Norwegian or Finnish ESSD community.

4.3 Efficiency of the mechanism

Efficiency of the mechanism is understood as the extent to which the desired outputs are achieved at a reasonable cost level. Efficiency is examined through i.a. analysing transactions and interactions in the Bank necessary for the fund to function.

4.3.1 Transaction and interaction

From a donor perspective, the organisational set-up of this umbrella trust fund serves the purpose of reducing transaction costs.⁴⁵ As a result, the number of trust fund agreements for thematic priorities has been reduced.

42 In addition to the annual conferences, the Norwegian Embassy arranges an annual dialogue workshop between Norwegian stakeholders and the World Bank Group in Washington D.C. In 2007 this workshop was coordinated with the semi-annual consultations of the NTF-PSI and was titled "Scale up clean energy investments - How can the Norwegian private sector be involved?" Representatives from Norway, the World Bank and IFC were invited as speakers and participants.

43 <http://www.veiledningskontoret.no>

44 The head of the office is a member of the NTF-PSI Reference Group.

45 Refers to various interviews with stakeholders in Norway, Finland and at the Bank.

The call for proposals procedure has evolved with the testing of new features to improve process efficiency. The donors are now only involved in deciding on the annual priorities on themes based on their own aid priorities, and in the approval of proposals and transfer of funds.

Textbox 4-2 Increasing effectiveness of resource allocation

Pre-allocation of grant amounts to each theme was introduced in 2007 (FY08 CfP). The procedure entails that the donors provide the first broad signals on strategic direction during the semi-annual consultations in May/June and subsequently submit broad, overall priorities for the following year to the Bank no later than by the end of June. After that, the sector boards will each suggest two priority themes (cross-sectoral) for an open call for proposals - in total eight themes. The donors will select five themes from this list and allocate amounts/percentage of funding for the upcoming fiscal year. The profile of the funding will be discussed during the semi-annual consultation in Washington (November). An open call for concept notes is announced after this, followed by sector board reviews, rating and ranking of the submitted concept notes, including peer-review by sector directors. The list of recommended concept notes, representing 1.5 times the available amount, is forwarded to the donors for approval. The donors/RG will ensure that concept notes are aligned with agreed selection criteria. After approval, full proposals will be called for. An independent technical reviewer financed by each window will review, rate and rank all proposals, and the list of recommended proposals will be sent to the donors for formal approval. For 2008 (FY 09), the parties have agreed to complementary themes for the TFESSD and the Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI). The themes must not overlap, but should contribute to activities within the two funds that may have mutual learning potential within the Bank.

From a Bank perspective, the involvement of a large number of stakeholders in the implementation of the fund is time-consuming - primarily because of the lengthy discussions between stakeholders (cf. discussions on the call for proposals process in particular). Such discussions can be seen either as a “transaction benefit” or as a “transaction cost”. However, as also indicated above, the dialogue is considered a key feature of the trust fund in order to influence the Bank, which most of the stakeholders would not easily give up. The process of dialogue has been thought of as an indispensable and effective way of deepening the cooperation and the knowledge about each other, getting a better understanding of how the TF works and agreeing on the usage of the funds. In other words, the dialogue process is seen as an essential aspect of influencing the Bank.

The TFESSD set-up has several layers of administrative processes in the Bank (e.g. call for concept notes, review and selection of concept notes, call for full proposals, review of proposals, annual review by sector boards, window managers’ administration and follow-up, directors’ involvement in sector board review processes, allocation of funds procedures; etc). All these can create an image that TFESSD processes are cumbersome and different from “normal” Bank procedures, hence transaction costs are high. However, compared with, for example, the Bank Netherland Partnership Program (BNPP) trust fund, TFESSD processes are not significantly more cumbersome, except that more donor/RG dialogue is required in TFESSD.

Thus, while the administrative processes are somewhat heavy, it is probably hard to imagine a trust fund with a high degree of flexibility and rather undefined objectives without a solid emphasis on process and dialogue.

Nevertheless, as the lengthy dialogue processes over the years have led to significantly increased trust and partnership between the parties, it should be discussed whether there is scope for enhanced efficiency. The question might be whether it is the right time to agree on better defined objectives, which should result in a leaner trust fund mechanism and thereby increasing efficiency. However, will this be conceived as resulting in less influence by the fund?

As mentioned earlier, one option could be to agree on a longer term framework programme with a clearer idea of the areas of support, avoid donor approval of the proposals (it is after all a Bank-executed trust fund) and establish a minimum threshold for funding requests (e.g. min. USD 50,000). These steps would without doubt decrease transaction costs. However, in the end, the donors and the Bank should be clear on the trade-off. A very broad trust fund with a high degree of flexibility, with priorities established every year through extensive dialogue cannot - at the same time - be administratively lean.

4.3.2 Procurement

The trust fund agreement between the Bank and the donors requires that all TFESSD projects follow overall Bank rules and regulations. This includes complying with Bank procurement procedures when recruiting consultants.

With most deliverables under TFESSD projects being (research) papers and studies of relatively short duration, it is no surprise that the use of individual consultants is the preferred choice. Selection of individual consultants is less time-consuming from the TTL's point of view. It is to be based on comparison of qualifications of at least three candidates. Advertising is typically not required and consultants do not have to submit proposals.

In some of the reviewed projects, consulting firms have been recruited, but often the contract is less than USD 50,000 and therefore does not require an advertisement in UN Development Business. Since 2003, 18 TFESSD assignments have been advertised on the UN Development Business, showing that there is some use of this global advertisement platform.⁴⁶

According to the survey of TTLs, as many as 78 per cent of TTLs use email requests as a way of getting into contact with relevant consultants. A significantly lower proportion of TTLs use the World Bank e-business, local media, etc.

4.3.3 Financial management

The evaluation has not gone into detail with the financial management process for TFESSD, but it has been noted that the TFESSD processes are fully aligned with Bank procedures. The overall TFESSD account is managed by the SDN Resource Management Team, which ensures that disbursement and reporting of financial transactions are fully documented.

The Bank charges the donors an administrative fee of 5 per cent (monetary transaction cost) for the channelling of funds through the TFESSD. In addition, the donors have agreed to provide funds for the overall programme coordination amounting to USD 275,000 per year.

4.3.4 Other efficiency aspects

The evaluation team has not come across any examples or indications of conspicuous spending or excessive use of resources in connection with any of the projects reviewed.

4.4 TFESSD compared with other trust funds

The evaluation team has considered alternative trust fund arrangements, especially the NTF-PSI and Bank Netherland Partnership Program (BNPP), in order to compare and, if possible, suggest elements of these trust funds that could be of interest to TFESSD.

4.4.1 Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)

NTF-PSI was formally established in 2002. The trust fund has served as a mechanism to consolidate ongoing support to Global Programs previously receiving support through individual agreements and transfers. In addition, NTF-PSI has funded individual freestanding projects (studies) supporting the Bank's activities related to implementation of policies and strategies for the Private Sector Development Strategy and Infrastructure Services. One stated objective of the NTF-PSI has been to promote "innovative World Bank Group⁴⁷ activities and mainstreaming these innovations in the areas of investment climate; governance and infrastructure services for the poor".

⁴⁶ By searching on <http://www.devbusiness.com/main/search.cfm> using the TFESSD or ESSD as keywords, 18 procurement notices appear.

⁴⁷ NTF-PSI is the only Norwegian trust fund that provides funding to IFC.

As of February 2007⁴⁸, the NTF-PSI had reached a disbursement of USD 26.8 million between Global Programs and standalone projects.

Activities in the NTF-PSI fall into one of the following broad thematic windows:

- Investment Climate and Governance
- Infrastructure Services for the Poor
- Existing Global/Regional Private Sector Oriented Multi-donor Programs (“Global Programs”)
- Petroleum Governance Initiative

NTF-PSI is smaller than TFESSD and the governance structure is reflecting this. The annual allocation of funds is similar, but a less comprehensive process and it does not involve thematic sector boards. It involves peer review and the mechanisms are developed to motivate cooperation between the Bank and IFC.

Similarities are the donor dialogue and involvement of an external Reference Group. NTF-PSI is also located in SDN and the Technical Advisors of the two funds are located in the same front office. This creates opportunities for exploring synergies when it comes to thematic priorities (that are complementing rather than overlapping), information dissemination and out-reach.

4.4.2 Bank Netherland Partnership Program (BNPP)

BNPP was established in 1998, as an umbrella trust fund managing the overall relationship between the Bank and the Netherlands. The strategic objective is “to strengthen the development and institutional effectiveness of the Bank by financing knowledge and capacity development activities at global, regional and cross-country levels. The aim is to mainstream results/dimensions of BNPP activities into the overall World Bank activities in low income countries, particularly in the Sub-Saharan African Region.”⁴⁹ Compared to TFESSD, the objective of the fund is much more precise, given that it is bound to operations (and not policy) and with a specific geographical scope.

In 2001/2002 an independent evaluation was carried out and led to a significant overhaul of BNPP. Today BNPP covers four thematic networks.⁵⁰ For each network, there is focal point person (equivalent to the TFESSD window manager). In addition to the four “core” programmatic networks, there is also a non-core sector specific programme for Water and Energy.

Annually the core programme receives approximately USD 22 million, and in addition the non-core programme receives approximately USD 20 million. Hence, BNPP is significantly larger than TFESSD.

BNPP activities are also Bank-executed. Activities are mainly analytical advisory work, either global or regional/sector-specific. No project can focus only on one country. BNPP only funds activities in IDA countries.

Each of the four sector networks has prepared three-year strategic plans for how collaboration between the network and BNPP is envisaged. Also, there is a three-year contribution agreement between Netherlands and the Bank, which means that each network knows the overall budget frame for up to three years.

Each network conducts an annual open call for proposals in accordance with the three-year strategic plan. The governance structure is quite similar to TFESSD and involves several steps of review of concept notes and project proposals. The proposals are screened through Bank’s internal structures before they are forwarded to the donor for approval. The donor set-up in BNPP is different, since there is no Reference Group involved, fewer outreach activities, and the dialogue aspect is not as strong as in TFESSD. The donor and the Bank only meet annually prior to the release of funds for the next fiscal year.

48 NTF-PSI, “Summary of Semi-Annual Progress Reports October 1, 2006 – February 28, 2007”..

49 BNPP, “Guidelines and Operating Procedures and Application, Approval, and Execution of BNPP”, dated 25 October, 2007.

50 These thematic networks are: (i) Finance and Private Sector Development. (ii) Human Development. (iii) Poverty Reduction and Economic Management. (iv) Sustainable Development.

Project activities can last for two years, with the possibility of two times six months' extensions. Approved budgets should be no less than USD 300,000 and typically not more than USD 1 million.

The main difference between the BNPP and TFESSD is that the BNPP is not very concerned with cooperation between the networks.⁵¹ As mentioned above, each network prepares a three-year strategic plan. There is a three-year cooperation agreement between the Netherlands and the Bank, and each network therefore knows the overall budget frame for up to three years.

The similarities are especially related to the organisational structure and governance within the Bank. However, given the larger amount of funding, the administrative costs of BNPP in the Bank are less per USD received. As mentioned above, BNPP's three-year strategic programme is also an element, which should be further explored in the context of TFESSD.

The reporting requirements of the BNPP are systematic and targeted towards indicators such as “% of BNPP results integrated into policy and analytical pieces such as CASs, PFPs, CEM, SSPs, etc.”, “% of BNPP results integrated into the future Bank lending program”, “Increase in activities that influence upstream policy dialogue” and “Tangible increase in knowledge management activities”. Some of these measures should be of interest to TFESSD to document the type of influence of the products in a more systematic and quantitative manner.

4.5 Conclusion

Overall, the trust fund architecture has been relevant in relation to the purpose of the fund. The annually agreed themes have served the purpose of making the objectives operational and flexible. The selection criteria applied in the call for proposals process have not changed over the years. These criteria are seen as important to ensure that the projects are designed with a potential for influencing Bank policy and/or operations.

Although thematic priorities have changed from year to year, some continuity can be traced. It has in fact been possible to identify a number of project clusters within thematic areas that have been approved over consecutive years.

A key feature in agreeing on annual priorities process has been the ongoing dialogue and collaboration between the key stakeholders involved in the fund (Bank sector boards, Reference Group and donors). This feature distinguishes the fund from other trust funds. According to those involved in the dialogue, this feature of the fund has played an important role in focusing the fund. In fact, everybody involved in TFESSD over the years stresses the uniqueness of this. This collaboration process has been instrumental in building trust among the involved parties and establishing an understanding in the Bank of the goals that the donors are trying to achieve.

The process of ongoing dialogue can be viewed either as a “transaction benefit” or a “transaction cost”. However, since dialogue is considered a key feature of the fund, most stakeholders would not easily give it up. It is seen as an aspect of influencing Bank views. Further, it is hard to imagine a trust fund with a high degree of flexibility and rather undefined objectives without the need for ongoing dialogue. Alternatively, more narrowly defined objectives would be required.

The operational use of the four sector boards is an essential feature of the TFESSD design, which integrates the fund in Bank processes and ensures that cross-sectoral issues are taken into account. The relevance of the sector boards currently involved may be discussed in view of where the needs are and the results created by TFESSD so far. Looking ahead, it may be pertinent to discuss whether mainstreaming of social and environmental dimensions of sustainable development starts and ends with the boards currently involved.

The recent relocation of the fund to the SDN management is viewed as a positive change in view of the cross-departmental objectives of the fund. Further, this is also likely to provide potential synergies vis-à-vis the NTF-PSI (also located at SDN).

⁵¹ Linkages to cross-cutting themes must be ensured in all proposals, i.e. gender issues and capacity building.

Task team leaders indicated a relatively high degree of satisfaction with TFESSD procedures and management, particularly the flexibility and timeliness of the assistance was praised.

Monitoring reports have, over the years, shifted from being project-focused towards 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 the transparency of what is reported. Nor do the reports focus much on overall trust fund objectives i.e. programme level monitoring.

The Reference Group has been an important feature in the process of influencing the Bank. The Group has promoted different dimensions of the sustainable development agenda through their ongoing dialogue with Bank staff. However, both new members of the Group and Bank staff that interacts with the Group highlight the need for more clarity in the mandate and function of the Group. The arrangement with SUM as the secretariat of the Group has worked well.

The interaction with and involvement of the ESSD community in Norway and Finland has been a challenge, since TFESSD is an untied fund. Although the annual conference facilitates information exchange between the Bank, Norway and Finland, the wide thematic approach has not been very useful in creating contacts with Bank operational staff. As a result, awareness and knowledge about consultancy opportunities among Norwegian and Finnish consultants and researchers are limited. Consultants often lack the appropriate channels to know about opportunities. There has been no attempt to arrange smaller seminars/workshops with a more narrow scope whenever relevant Bank operational staff are in Europe. Further, dissemination requires time and resources as well as the presence of a strategy, defining the intended goals and expected results. Such a strategy has not been developed.

5 Assessment of Trust Fund Projects

This chapter assesses the relevance and effectiveness of a sample of trust fund projects.⁵² Relevance is defined as the extent to which projects are suited to the priorities of the target group, recipients, and the donors. Effectiveness is defined as the extent to which project objectives are achieved.

5.1 Relevance

This section assesses the relevance of projects - country-specific and non-country specific - in relation to Bank strategies, Bank operations, and recipient governments.

5.1.1 World Bank country-specific projects

The relevance of country-specific projects is assessed in relation to the country assistance strategies (CAS), linkage with Bank operations and recipient governments. The portfolio of trust fund projects in Indonesia, Zambia and Ethiopia amounts to 32 projects, or approximately 10 per cent of the total number of projects supported by the trust fund. Time limitations in each country, availability of documentation and stakeholders for consultation, and the fact that some approved projects only recently took off, meant that the country teams were able to undertake a measure of in-depth analysis of 18 projects.

Table 5-1 Overview of the 18 assessed projects

TF-number	Title	Year	Grant amount USD*	Window	Typology
Indonesia					
TF051845	Review of CDD Impacts in East Asia and Pacific Region	2003-2006	508,000	SD	Regional Macro
TF054126	Campaign to Improve Participation of Women in CDD Programs in Indonesia	2005-2007	425,000	SD	Country Macro
TF024402	Indonesia Local Level Institutions: A Dynamic Perspective on Social Capital in Community and Household Welfare.	2000-2001	223, 377	SD	Country Macro
TF051929	Technical Assistance for the PROPER Program in Indonesia	2003-2003	103,000	E	Country sector
TF053963	Support to Mainstreaming of Disability at the World Bank	2005-2008	617,000	SP	Global Macro
Zambia					
TF055456	Nature-based Tourism for Economic Growth and Poverty Reduction in Zambia	2006 - 2007	253,000	E	Country Sector
TF056786	Zambia Nature-based Tourism	2006 - 2007	135,000	E	Country Sector
TF055513	Local Governance Platforms: Strengthening Local Government Community Interface in CDD	2006 -2008	300,000	SD	Country Sector
TF051799	Poverty and Social Impact Analysis of Rural Reform in Zambia	2003 - 2004	131,394	P	Country Macro
TF052651	Poverty and Vulnerability Analysis	2004 - 2005	246,178	P	Country Macro
TF057365-	Zambia country study (4 studies with 4 different TTLs)	2007 - 2008	500,000	SP	Country Macro

⁵² More details can be found in the three country evaluation reports.

TF-number	Title	Year	Grant amount USD*	Window	Typology
Ethiopia					
TF052779	ET - Soil Degradation Study	2003 -2007	1,520,000	E	Regional macro
TF055675	ET - Productive Safety Nets	2006 -	153,000	SP	Country macro
TF055856	Making the Connection Poverty Reduction and Empowerment	2005 -	298,040	P	Global macro
TF057347	Mobilizing Rural Institution	2007 -	600,000	SD	Global sector
TF057147	Land Tenure	2007 -	140,000	E	Country sector
TF057612	ET- Tourism	2007 -	100,000	E	Country sector
TF057289	Destitution and Risk	2007 -	267,000	P	Global macro

TFESSD and country assistance strategies

The majority of the TFESSD projects assessed in the case study countries are in line with the Bank's priorities and focus areas in each country. Based on an assessment of their focus, they feed well into country dialogue and CAS. In Ethiopia, for example, about half of the GRM reports for the TFESSD projects make explicit reference to the CAS (claiming to be supportive of or in line with it). In Zambia, TFESSD projects were complimentary to the CAS in areas where overall country assistance was weak.

Linkage with ongoing Bank operations

A large proportion of TFESSD country projects are linked to ongoing Bank- funded projects and programmes. For example, projects under TF055675 in Ethiopia are developing "graduation benchmarks" to support the implementation of the *Productive Safety Net Program (PSNP)*. The PSNP aims to shift Ethiopia from dependence on food aid for humanitarian relief towards a development-oriented, largely cash-based safety net system that is both growth-enhancing and effective in the social protection of chronically food-insecure households. The PSNP is supported by the Bank (USD 220 million) and five other donors, with total annual funding in the region of USD 250 million. With a budget of USD 153,000, the project is a small component in a large programme. However, government staff confirmed that the project is an important component in the programme.

The TFESSD-supported Community Driven Development portfolio in Indonesia (TF051845, TF054126, TF024402) supports the Bank's efforts to deepen institutional reform in governance, transparency and the mainstreaming of support for local governments across Bank sector work.⁵³ The *Review of CDD Impacts in East Asia and Pacific Region* (TF051845) further supported the Bank's corporate goals of improving the Bank's result focus.

Resulting from the recent scale of natural disaster related to emergencies, the Bank and the Indonesian government have become increasingly focused on finding effective and efficient solutions for increasing project preparedness. Hence, Disaster Risk Management has become a new CAS pillar in the CAS 2006. In at least two or three TFESSD projects of recent origin, Indonesia is used as a case country in a global study on how to improve the Bank's response to emergencies. One example is the *Responding to Natural Disasters through a Community Driven Development Approach* (TF57403), which aims at improving the understanding of what happens with social funds when an emergency happens. According to the TTL, there is great interest in the topic from CDD task teams as well as external partners (e.g. social fund agencies, government staff and NGOs). The work builds upon lessons learned from social

⁵³ CDD approaches are aimed at giving control over planning decisions and investment resources to community groups and local governments. CDD programs operate on the principles of local empowerment, participatory governance, demand-responsiveness, administrative autonomy, greater downward accountability, and enhanced local capacity.

funds and CDD operations, as well as NGOs that have responded to CDD and disaster operations.

Under this project, the Bank intends to provide upstream technical assistance to countries identified to be most prone to disasters, including highlighting issues related to disaster management in the country's PRSP and CAS documents. Products to be developed under the grant will provide guidance and support to Bank task teams working on countries prone to disasters. In addition, addressing natural disasters through social funds and CDD operations also fits under the social protection framework for disaster risk management. It explores how societies manage risks at the individual, household and community levels. The project also works with cross-cutting issues such as disability and gender.

The close linkage referred to above is also confirmed through the project typology (cf. chapter 2). This shows that roughly half of TFESSD projects, which cover the three case study countries are focused on country-specific issues (sector or macroeconomics). This suggests a relatively high degree of connection with (i.e. relevance) country operations.

Overall, TFESSD projects that are closely linked to Bank operations are seen as relevant to these and to Bank staff who are directly involved. TFESSD projects of the "stand-alone" type, i.e. without firm roots in a given country or without close operational links, tend to be more relevant to the staff members in Washington who promote such TFESSD projects.

Governments and beneficiaries

Based on the three case country studies, most, if not all, TFESSD projects in the countries are in line with the respective poverty reduction strategies (PRSP). Furthermore, there is a close linkage between many of the TFESSD projects and specific government sector development programmes. Hence, the relevance in relation to recipient government priorities is obvious when assessed according to these criteria. However, it is well known that the Bank has a large influence on national policies, including development of PRSPs.

Information collected in the case countries confirms complementarity between most of the TFESSD projects and the government sector and other development programmes. This linkage is necessary if citizens in the three case countries are to gain from the improvements, which the TFESSD projects can introduce to the respective sector development programmes. Overall, and with the limitations of the country studies, the TFESSD projects assessed have been found relevant at the level of beneficiaries.

Two cases illustrate this. For example, the Poverty and Social Impact Analysis (PSIA) project in Zambia (TF051799) included active donor and stakeholder dialogues prior to and during implementation.⁵⁴ The PSIA examined rural development issues that were highly relevant to the dialogue on agricultural development at the time: Agriculture was proposed as one of the key pillars of the PRSP. The Bank team carried out consultations with stakeholders, civil society, NGOs and bilateral donors in Lusaka prior to the implementation of the project.

In Indonesia, at least two of the CDD projects relate directly to the Indonesian Government KDP programme and other CDD projects now cooperating under the platform umbrella of the CAS (2004). CDD interventions form an integral part of Indonesia's country strategies and contribute in various ways to improve and mainstream government and Bank projects. According to the Bank, the projects contributed to develop a community-based approach at the village level, which government officials saw as a much-needed alternative to a control-oriented, top-down approach of the former political regime.

5.1.2 World Bank non-country specific projects

The relevance of TFESSD at the global level is measured on the basis of the value added by the TFESSD vis-à-vis the four sector boards involved and other sector boards/Bank units. However, in assessing relevance of TFESSD projects vis-à-vis the Bank at a global level, it is necessary to consider the extent to which projects are aimed at producing *relevant* tools, methods, etc. for global use.

⁵⁴ PSIA is the analysis of the distributional impact of policy reforms on the wellbeing or welfare of different stakeholder groups, with particular focus on the poor and vulnerable. PSIA can play an important role in the elaboration and implementation of poverty reduction strategies. PSIA promotes evidence-based policy choices and fosters debate on policy reform options.

Chapter 3 highlighted that, according to the typologisation of the projects, more than 50 per cent of the portfolio is focused on regional or global perspectives. The learning potential from these projects is general and global - in contrast to many of the projects which are country-specific. Typically, this can be tools and approaches, development of Bank sector strategies applicable for all Bank operations within a sector, analytical work related to poverty reduction, etc.

In order to assess the relevance of the TFESSD for the Bank globally, the evaluation team has undertaken an in-depth review of a sample of eight global TFESSD projects, and a lighter assessment of the projects presented as “significant clusters of projects”, which are presented as a part of the analysis of influence in chapter 7. The projects selected for in-depth review represent all four windows.

Table 5-2 Global TFESSD projects assessed

TF-number	Title	Year	Grant amount USD	Window
TF051589	Social Development Strategy	2003 - 2008	1,845,000	Social development
TF055504	Social Policy	2005 - 2008	337,000	Social development
TF050121	ESSD Support to WDR 2003	2002 - 2005	1,000,000	Environment
TF052593	World Resources Report 2005	2003 - 2006	1,250,000	Environment
TF053963	Support to Mainstreaming of Disability at the WB	2004 - 2008	617,000	Social protection
TF055590	Informality, Globalization and Working Poor	2005 - 2008	342,500	Social protection
TF01784	Measuring Empowerment	2003-2006	315,000	Poverty
TF055856	Monitoring Empowerment	2005-	298,400	Poverty

Overall, these projects were found to be relevant in relation to the purpose of the trust fund and key policy areas of the Bank. A few examples illustrate this finding.

The project is the preparation of the Board-approved (January 2005) Social Development Strategy (TF051589) which helped to mainstream the social development agenda within the Bank. The Social Development Strategy sets the Bank’s direction on social development. The strategy and policy have been developed by core staff and managers of the Bank. The preparatory projects funded by TFESSD enabled the Bank to develop and implement social development priorities. The significant consultation process throughout the world on the social strategy and policy has raised the awareness and helped create a consensus on the role of inclusive institutions, cohesive societies and accountable institutions.

The social development strategy and policy have had the intended effect of setting an operational agenda for the Bank, focusing on how to mainstream social development processes, analysis and content into the Bank’s policy and operations. Additionally, the body of this work has developed concrete new directions for the Bank through the design and adaptation of a social development implementation plan. The involved Bank staff stressed that on a more fundamental level, this project also provided support to regional strategy implementation plans that define and provide practical guidance to Bank staff working on lending operations. Overall, this project served to influence the development and implementation of the social development strategy process in the Bank.

Another example is the Support to Mainstreaming of Disability at the World Bank (TF053963). The project design is different from other projects in the sense that it is de-facto an “umbrella disability fund” within the Social Protection Window. Activities under the project included, for example, “Identification of Entry Points in Investment lending Project Cycle to help Client Governments Ensure a Fair Integration of Disability Concerns”, “Yemen Disability and Poverty Study and Action Plan”, “Opportunities for Including Disability in World Bank Projects: A Toolkit for Legal and Operational Staff and Work on the Legal Implications of the UN Convention on the Rights of Persons with Disabilities”, “Indonesia Reaching Disadvantaged Children Study” (reviewed in detail in the Indonesia country study).

The study in Indonesia contributed to the growing interest in disability from regions and networks. This has positively influenced the decision to locate a disability coordinator in every country office in the Asia Pacific region.

The relevance and influence of the project is also visible from the several Bank publications resulting from the project: *Social Analysis and Disability: A Guidance Note Incorporating Disability-Inclusive Development into Bank-Supported Projects* (March 2007), *Convention on the Rights of Persons with Disabilities: Its implementation and relevance for the World Bank* (June 2007), *Bus Rapid Transit Accessibility Guidelines* (December 2006).

5.2 Effectiveness

This section examines different facets of effectiveness, i.e. whether project objectives have been achieved, whether projects are innovative and catalytic and whether they promote cross-sectoral work.

5.2.1 Achievement of project objectives

Overall, it is reasonable to conclude that the evaluation of the TFESSD has produced the intended deliverables. This assessment is based on a combination of project proposal reviews, monitoring reports (GRM and others), project products (e.g. toolkits, guidance notes, etc.) as well as interviews with several Bank staff (in Washington D.C, Jakarta, Lusaka and Addis Ababa) and, to the extent possible, representatives of government and beneficiaries.

In Zambia, the objectives of the completed TFESSD projects were met. While some modifications were made, the evaluation team did not find any major changes to the objectives mentioned in the proposals. Delays have occurred due to over-optimistic scheduling and local political and geographical conditions. For example, implementation of fieldwork is seasonal and therefore, small delays in preparations have created long waiting times in carrying out the field work.

In Ethiopia, none of the monitoring project reports assessed gave a clear indication of the extent of goal fulfilment. This is probably due to the fact that only one of these six activities had been completed and only three activities had seen disbursements at the time of reporting. However, the stakeholders' observations indicate that goal fulfilment is likely in six out of seven TFESSD activities discussed with the evaluation team.

In Indonesia, it was the general view that objectives of the completed TFESSD projects had been met. The evaluation team did not encounter any major changes to objectives listed in the proposals and compared to the monitoring reports.

There are a few caveats to this, however. First, some delays in the finalisation of the deliverables were reported in each of the above-mentioned case studies. The reasons for delays vary according to the specific circumstances. These include over-optimistic scheduling, the local political and geographical conditions, as well as late disbursements of TFESSD funding. Second, there is no final reporting against the objectives mentioned in the proposal, and the annual reporting to donors is mainly focused on positive achievements, with little or no focus on what was not achieved or what turned out differently than expected.

5.2.2 Are projects innovative and catalytic?⁵⁵

As a central feature of the trust fund, it is appropriate to assess whether projects are innovative and catalytic. This is seen as an element of project effectiveness. Examples are provided below from the global and country studies to illustrate in what way the assessed projects claim to be innovative and catalytic.

The trust fund has funded numerous projects that have supported the development of up-front analytical concepts; approaches and empirical testing. Some of these are bound to have fed into and contributed to the advancement of the frontiers of knowledge on key social and environmental issues.

⁵⁵ The instruction to TFESSD reviewers in 2007 defined the concepts of innovative and catalytic as: "setting the stage for future operations, clearly indicating the linkages of the proposed project with, and value added over, ongoing or planned regular Bank analytical, program or project activities."

Innovations acquire significance only when they are disseminated, shared, adopted by others and reflected in new practices. In that context, the time factor is important for a relatively short-lived initiative such as the TFESSD. It takes time to translate new concepts and methodological approaches into action and standing procedures. In other words, while several of the TFESSD projects may hold innovative potential, this may not fully transpire for several years, or even after the termination of the fund.

Further, the type of “innovation” in TFESSD projects depends on the type of projects assessed. Upstream analytical projects may be innovative in e.g. their way of combining existing concepts and approaches with new empirical data. Downstream more operationally oriented projects may be innovative in the practical testing and application of concepts and approaches. Thus, the type of innovation found in the projects depends on the type of projects. With such a broad definition of innovation, it is possible to find innovation (or elements of innovation) in many of the projects examined.

Country-specific projects

The country case studies had mixed findings on whether they were innovative and catalytic:

- In Zambia, the Poverty and Vulnerability Assessment built upon a Poverty and Vulnerability Analysis of 1994 and was not innovative or new. However, the approach applied was innovative, as it used a participatory and consultative process and combined quantitative and qualitative approaches.
- In Indonesia, most, if not all, projects reviewed in-depth were not consistently innovative, but were catalytic in the sense of setting the stage for future operations. This was, among others, the case for the CDD project portfolio in Indonesia and the PROPER project. In addition, in at least two or three TFESSD projects of recent origin, Indonesia is used as a case country in global studies on how to improve the Bank’s response to emergencies. The planned output of the work will be used for the preparation of a toolkit that will help countries to develop an appropriate range of response to the risk and the occurrence of natural disasters. In that sense, these projects are likely to set the stage for future operations within disaster management.
- In Ethiopia, as the majority of TFESSD projects had only started recently, no conclusive observations could be made. However, five out of seven TFESSD projects in Ethiopia that were reviewed in-depth are likely to produce innovative outcomes.⁵⁶

Overall, the evaluation team found that the TFESSD projects have, to a higher degree, been catalytic (as compared to innovative) in the sense of setting the stage for future operations, in that they have:

- Helped mainstream sustainable development approaches (e.g. Strategic Environmental Assessment (SEA)/Country Environmental Assessment (CEA)⁵⁷, PSIA and CDD) by enabling their codification into operational policies. Appendix 7 provides multiple examples of projects, which have contributed to operational practice.
- Concretised concepts through theoretical frameworks and indicators.
- Built content and consensus for CDD approaches and enabled their implementation.
- Contributed to capacity-building of local stakeholders.

Non-country specific projects

A few examples illustrate the way in which non-country specific projects were found to be innovative and catalytic:

- It is difficult to assess whether the production of the *World Resource Report 2005* (TF052593) truly fulfils the TFESSD criteria of being innovative and catalytic, since the 2005 edition was the eleventh. The work supported the establishment of a unique global database, “the Earth Trend website,” which is searchable and contains environment and development variables useful to policy makers and others (<http://earthtrends.wri.org/>).

⁵⁶ Productive Safety Nets (TF 055675), Woreda City Benchmarking Survey (TF 055856), Mobilizing Rural Institutions (TF 057347), Sustainable Land Management and Tenure Security (TF 057147), Addressing Extreme Poverty in Low Income Countries/ Destitution and Risk (TF 057289).

⁵⁷ SEA/CEA is an upstream analytical tool that aims to integrate environmental considerations into country assistance strategies, poverty reduction papers (PRSPs) and Development Policy Lending. The Bank’s Environmental Strategy of 2001 recognised the need to strengthen country level environmental work. The bank’s response was to develop and test the Country Environmental Analysis approach.

- *The Social Development Strategy* and *Social Policy* projects (TF051589 and TF055504) commissioned papers to consolidate and innovate with social development concepts and experiences. According to Bank staff, these projects helped build consensus and commitments across the Bank and client countries. With the approval of the Social Development Strategy in spring 2005, social development was established as a sector with more institutional legitimacy within the Bank and in the global development community.
- The *Mainstreaming of Disability* project (TF053963) stimulated a growing interest within the Bank in disability work, and staff from the Social Protection Department stress that the project provided essential input for the mainstreaming of disability in the Bank. The project has been catalytic, as it is likely to influence future operations. The rapid transit accessibility guidelines are being scaled up to cover most of Latin America in collaboration with the Inter-American Development Bank. A toolkit in the form of a guidance note that offers a practical guide to integrating social analysis and disability was developed. Traffic on the web site shows that the guidance note is the most downloaded file from the website.⁵⁸
- The *Empowerment* project (TF01784 and TF055856) according to staff in the Social Development Department, funded key projects that developed the conceptual framework and indicators, thus providing timely credibility to an emerging concept.
- With regard to the *Country Environmental Assessments and Strategic Environmental Assessments* (CEA/SEA), TFESSD funded the development of new concepts, tools and approaches, which have taken place in parallel with other related initiatives within the Bank. However, the TFESSD-funded work on CEA/SEA has resulted in several good practice documents and learning opportunities for Bank staff, client country counterparts and development partners, which - according to Bank staff - is likely to have accelerated the process of mainstreaming these sustainability approaches within the Bank.⁵⁹ This work came as a response to the large demand for capacity-building on SEA at the national, sub-regional, and global levels.

The above examples of country specific and non-country specific projects highlight that country-specific projects tend to be less innovative than non-country specific project. Non-country specific projects tend to focus on development of new approaches, tools and instruments, and appear to fulfil the innovation criteria i.e. adding value beyond regular Bank work. Several of the assessed country and non-country projects appear to be catalytic in that they have established the stage for future operations.

5.2.3 Promotion of cross-sector work

In assessing the effectiveness of the projects it is relevant to look at the extent to which cross-thematic work and a deepening of integration between the four windows are taking place through the projects. This is a criteria that all projects are expected to fulfil in their conceptualisation and implementation phase.

In general, all projects included in the evaluation have an element of cross-sectoral collaboration during the lengthy approval phase. The governance structure of the TFESSD itself brings sector directors and staff together, and the annual call for proposals encourage work across sectors and countries.

However, in the implementation of projects, the degree of actual collaboration between sectors varies. For the reviewed regional and global environment projects, the following examples illustrate how projects promoted cross-sector collaboration:

- The *World Resource Report 2005* examined the connection between good governance practices, responsible ecosystem management and poverty reduction. The cases and illustrative examples support the practical applications of the 2001 World Bank Strategy on Environment. However, as overall production of the WRR was outsourced to WRI, there was not much cross-sectoral work inside the Bank as a result of this activity.
- The *Social Development Strategy* and the parallel *Social Policy* project both helped raise awareness and build support for the Bank's work on social development, underlining the need for a cross-sectoral, comprehensive approach to social development objectives.

⁵⁸ <http://siteresources.worldbank.org/DISABILITY/Resources/280658-1172606907476/SAnalysisDis.pdf>

⁵⁹ See for example "Integrating Environmental Considerations in Policy Formulation. Lessons from Policy-Based SEA Experience" Environment Department, Report no. 32783, 2005 (<http://siteresources.worldbank.org/INTUNITFESSD/Resources/integratingenvironmental.pdf>)

- The *Support for Mainstreaming Disability* has worked across several sectors, as disability itself is a cross-cutting issue. Sub-activities have included work in the area of social protection, social development, health, education and infrastructure (transportation).

The country case studies also showed that cross-sectoral aspects have been maintained through integration of environment, social and poverty issues into sector planning (for example, in the case of Indonesia: Poverty-forestry nexus, PROPER and Mainstreaming Disability at the World Bank. In the case of Ethiopia: Africa Strategic Environment and Poverty Program).

In all three countries, decentralisation, local governance strengthening, community participation, empowerment and poverty reduction are cross-cutting issues that have been addressed by several of the projects. Thus, it is the overall impression that some cooperation across sectoral and thematic units and networks in the Bank has taken place in the implementation of projects.

However, the quality of cross-sectoral collaboration varies. In most projects, cross-sectoral cooperation is equal to lighter forms of collaboration and coordination in e.g. the collection of data (for example, in the case of Indonesia: Mapping the Relationship between Poor Rural Community and Forest Land/Land Use Challenges, Safety Nets for Natural Disasters). In fewer projects, it is equal to close and dynamic collaboration in the actual implementation of projects (e.g. Campaign to Improve Participation of Women in CDD programmes in Indonesia and Review of CDD Impacts in East Asia and Pacific Region). According to one TTL, cross-sectoral cooperation can easily be argued in the proposals, but it is not always easy to carry out in practice. Thus, while there is evidence among the reviewed projects that multi-sectoral cooperation has taken place, results (from the survey and project assessments) showed that relatively few TFESSD projects have directly increased collaboration between Bank units.

5.3 Conclusion

The majority of the TFESSD country-specific projects assessed in the case study countries are in line with the Bank's priorities and focus areas in each country. A large proportion of the projects are linked to ongoing Bank-funded projects and programmes. Based on the three case country studies, most, if not all, projects in the countries are in line with the respective poverty reduction strategies (PRSP). Country case data also confirm complementarity between most of the projects and the government sector and other development programmes.

Likewise, the non-country specific projects were found to be highly relevant in relation to influencing Bank policy. The support to the social development strategy development and implementation processes is a very successful example of a project which has influenced Bank policy on issues of key importance to the thematic focus of the fund.

A high level of relevance is seen as a necessary condition for the influence of the projects on the Bank and in the countries.

In general, the fund has funded numerous projects that have supported the development of up-front analytical concepts and approaches and empirical testing. Several of the assessed country and non-country projects appear to be catalytic in that they have set the stage for future operations. However, it was found that the 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, has added value beyond regular Bank work.

All the assessed projects fulfil the criteria of cross-sectoral collaboration, particularly during the lengthy Bank review and approval phase. The governance structure of the fund ensures that sector directors and staff are brought together. In addition, the annual call for proposals encourages work across sectors and countries.

In all three countries, decentralisation, local governance strengthening, community participation, empowerment and poverty reduction are cross-cutting issues that have been addressed by several of the projects. However, evidence from the reviewed projects and from the TTL survey showed that relatively few TFESSD projects have directly increased collaboration between Bank units.

Thus, it is the overall impression that the fund has provided the basis for cooperation across sector and thematic units and networks in the Bank in the implementation of projects. The question which needs to be asked is whether there is still an untapped potential for more collaboration in the implementation of projects across sectors and units, which the fund can support with the right incentives.

6 Assessment of the Influence of the Trust Fund

The aim of this chapter is to assess the influence of the fund. First, influence is assessed by illustrating the extent to which TFESSD products have been relevant and supportive of the development of the environmental, social development, poverty, and social protection sectors (6.1). Second, the influence of the fund is illustrated through four clusters of projects that have interacted with selected parts of Bank policy and operations (6.2). Third, influence is analysed through the sample of country and non-country specific projects, which have been assessed (6.3.).

6.1 Overall influence on the themes

This presentation is not an attempt to capture the attribution or contribution of the fund. The aim is to present examples of how the fund has responded and interacted with the overall development of the environmental, social development, poverty, and social protection sectors.

Only a limited number of the TFESSD projects are directly linked to the overall sector development. Most projects are focused on supporting selected elements of sector strategies, CASs and Bank operations.⁶⁰

6.1.1 Environment

Translating the Bank's wide-ranging environmental agenda in the 90s into concrete action proved difficult. Unclear objectives in the Environment Department and poor coordination between the Environment Department and the regional environmental divisions had led to a series of structural changes (1996) that gradually transferred more resources and authority to the regions. This decentralisation process, which reduced role of Bank headquarters, led to a loss of momentum on crosscutting issues and reinforced a sector treatment of the environment.⁶¹

As a response, the TFESSD call for proposals in 2000 (FY01) focused on earmarking for the work on the environment strategy, which emphasised development of country priorities, spelling out three objectives: Improving the quality of life, improving the quality of growth, and protecting the quality of the regional and global commons such as climate change, forests, water resources and biodiversity. Further, in 2001 (FY02), the fund allocated USD 1 million for the World Development Report on Sustainable Development.

In July 2001, the World Bank Board of Executive Directors endorsed *a new Environmental Strategy* aimed at integrating environmental concerns into mainstream poverty alleviation and economic development efforts. The strategy was the product of a several years' effort, including the extensive evaluation of the Bank's past performance by OED. The central theme of the proposed strategy was that poverty reduction is possible only if the environment is able to provide the services people depend on, and if natural resources are used in a manner that does not undermine long-term development.⁶²

Subsequently, TFESSD supported the strategy by implementing regional environmental strategy projects, including mainstreaming environmental objectives in adjustment and investment operations, expanding Bank support to environmental policy and institutional reforms (governance agenda), and bringing greater focus to environmental health outcomes.⁶³

60 The presentation of the overall development of the themes has been compiled in collaboration with the Bank.

61 The World Bank, "Promoting Environmental Sustainability in Development. An Evaluation of the World Bank's Performance", Washington D.C., 2002.

62 The Bank's Environment Strategy Consultation website received more than 35,000 download requests during the consultation process.

63 As mentioned (p.9) in the TFESSD Semi-Annual Report June 2003 "a dominant part (80%) of TFESSD supported environment window projects, by virtue of the nature of the TF's agreed objectives and focus, address the first of the three priority areas of action, i.e. the strengthening of environment related AAA".

Since 1989, the Bank has made systematic use of Environmental Assessment (EA). However, EA has a number of limitations, most notably that it is not ideally suited to address the development policy choices or upstream analytical tools. Country Environmental Analysis (CEA) and Strategic Environmental Assessment (SEA) have emerged as a response to these limitations.⁶⁴ TFESSD has been instrumental in influencing the development of the SEA/CEA concept through several country projects. For example, the Latin America region has supported the preparation of CEAs in Peru and El Salvador with TFESSD financing.

The Bank Environment Strategy (2001) recognises SEA and CEA as a key means of integrating the environment into decision-making and planning processes at early stages.⁶⁵ ⁶⁶ The Bank's application of SEA initially arose directly from a policy⁶⁷ requiring Environmental Assessment in all investment projects, and the use of sector or regional environmental assessment in specific contexts. In 1999, the requirements were extended to sectoral adjustment loans, for which SEA was often the tool of choice.

The 2002 WDR "Building Institutions for Markets" warned that environmental problems and social unrest threaten international poverty reduction goals.⁶⁸ Soon after, the Bank issued a statement outlining the relationship between poverty and sustainable development, committing itself to sustainable development at three levels:

- *National level*: Continue to support country-owned strategies that address poverty reduction and sustainable development.
- *Regional level*: Support multi-country cooperation to address transboundary problems.
- *Global level*: Support the global treaties, maintain a role in the GEF, pilot global programmes, and contribute knowledge on issues such as agriculture, fisheries, energy, water, forests, environment, trade, social issues and on global public goods.

In October 2002, the Board of Executive Directors approved *a new forest policy and strategy* aimed at increasing the livelihoods of 500 million people living in extreme poverty, who depend on forests, while improving the environmental protection of forests in the developing world.

The WDR 2003 "Sustainable Development in a Dynamic World" served as an input for the Johannesburg Summit on Sustainable Development and provided proposals to complement the actions envisioned in the Bank strategy. A significant amount of TFESSD resources (USD 1 million) went to fund the consultations and the drafting of the report. Another TFESSD project went into the preparations of the World Summit on Sustainable Development preparation (funding of the Cape Town Parliamentary Conference).

In 2004, the board approved an updated policy on development policy lending, OP/BP 8.60. This policy emphasises upstream analytical work - such as SEA, country environmental analysis, and other analyses made by the Bank, the client country, or third parties - as a source of information for analysing the likely significant effects of an operation on the borrowing country's environment and natural resources, and for assessing the country's institutional capacity for handling these effects.⁶⁹ Previous analytical work funded by TFESSD served as an important basis for the decision to update OP/BP 8.60.

In 2005, the World Resources Institute published its biennial report, World Resource Report on the global environment and governance, with significant support from TFESSD. The report stressed the urgent need to look beyond aid projects, debt relief and trade reform, and focus on local natural resources to address the crisis of poverty in all parts of the globe. The report found that environmental organisations had not addressed poverty, and that development groups had not considered the environment enough in the past. The model presented in the report details how natural resources – soils, forests, water, fisheries – managed at the local

64 ECON., "Strategic Environmental Assessment in World Bank Operations. Experience to Date - Future Potential", Washington D.C., 2002.

65 World Bank, "Integrating Environmental Considerations in Policy Formulation. Lessons from Policy-Based SEA Experience" World Bank Environment Department, Washington D.C., 2005.

66 World Bank, "CEA and Institutional Assessment. A Review of International and World Bank Tools", Strategy Series, No. 11, February 2006. World Bank, Washington D.C., 2006.

67 Operational Directive 4.01 (currently Operational Policy 4.01).

68 Analytical work prior to the WDR was earmarked in the TFESSD call for proposal in FY02 (announced in 2001) with USD 1 million.

69 World Bank, "Strategic Environmental Assessment - Concept and Practice. World Bank, Environment Department", Washington D.C., 2005.

level are frequently the most effective means for the world's rural, poor people to create wealth for themselves.

At the end of FY05, the core Bank Environmental and Natural Resources (ENRM) portfolio reached 53 projects representing USD 2.7 billion in commitments (projects with more than 65 per cent ENRM content), with the broader portfolio of active projects with environmental objectives or components worth approximately USD 10.7 billion. The core portfolio focused on pollution management, environmental health and water resource management activities. About 215 professionals, spread across the six operational regions and in a number of sector units and departments, worked on environment-related activities.

Bank President Paul Wolfowitz announced the merger of the Bank's central environment and social development departments with its infrastructure and energy units into the "Sustainable Development Network" – to be led by the former Infrastructure Vice President, Katherine Sierra. The reorganisation raised a number of questions regarding how the Bank would realise its potential to help client countries integrate environmental considerations into development projects and policies, to exercise global leadership on environmental challenges, and how the Bank's safeguards framework would function without an independent vice presidency for the environment. An evaluation of the World Bank Group's assistance to the environment is currently underway.⁷⁰

An official Bank report (the Sector Strategy Implementation Update) took stock of strategy implementation over the past five years, and provided an interim outline of strategic directions for FY07-09. The report notes that the objectives spelled out in the TFESSD-supported 2001 strategy remain. However, today there is a sharper focus on institutions and governance, and outcomes are given more attention.

6.1.2 Social development

Late in 2002, long-needed guidance on poverty and social impact assessment in economic reform and adjustment operations was issued as a collaborative effort between the Poverty Reduction and Economic Management Network (PREM) and the Social Development Department (SDV). The Social Analysis Sourcebook covered economic tools for impact assessment, and also borrowed heavily from work on social development for disaggregating groups of the poor, undertaking stakeholder analysis, understanding individual and institutional interests, and assessing social and political risks. The key message was that, by explicitly addressing issues such as social diversity and gender, institutional norms and behaviour, stakeholder analysis and participation and social risk, projects are more likely to contribute to equitable and sustainable development. This work was undertaken in close collaboration with the PREM network.

The 2003 OED assessment of the Bank's social development work analysed the portfolio, surveyed relevant documents, and reviewed the social development literature to assess the social aspects of operations in Bank work. The assessment found that almost half of all projects financed by the Bank over the past decade address some of the social dimensions of development, and that as such projects meet their objectives more often, their impacts are likely to be more sustainable, and they do better on institutional development than the portfolio as a whole. OED found that when projects address two or more social dimensions, the improvement is even greater.

TESSD projects were instrumental in increasing the volume of CDD analysis. So much so that it influenced and changed Bank policy towards inclusion of community-driven development. This is clearly illustrated in section 6 of Operational Policy 8.60 on development policy lending from 2004 focused on "consultation and participation" and stressing the importance of consulting and engaging with key stakeholders in developing country development strategies.⁷¹

⁷⁰ An approach paper was published in July 2006.

⁷¹ Operational Policy 8.60: "As part of its country dialogue, the Bank advises borrowing countries to consult with and engage the participation of key stakeholders in the country in the process of formulating the country's development strategies. For a development policy operation, the country draws on this process of strategy formulation to determine, in the context of its constitutional and legislative framework, the form and extent of consultations and participation in preparing, implementing, and monitoring and evaluating the operation. Bank staff describe in the Program Document the country's arrangements for consultations and participation relevant to the operation, and the outcomes of the participatory process adopted in formulating the country's development strategy. Relevant analytic work conducted by the Bank, particularly on poverty and social impacts and on environmental aspects, is made available to the public as part of the consultation process, in line with the Bank's disclosure policy".

The publication of the social development strategy “Empowering People by Transforming Institutions” (2005) was a major step in further developing the Bank’s approach to sustainable development,⁷² and for TFESSD it was an important process to support. TFESSD funded not only the strategy process but also key elements of what the strategy rests on, e.g. TFESSD funded several projects that further developed the CDD concept in different regions and sectors. The strategy presented what the Bank needs to do more of and how - in order to better include CDD elements in lending operations - at the macro level. The model presented in the strategy entailed a shift towards an integrated, multi-sectoral, upstream approach, which is reflected in three strategic priorities:

- *Strategic priority 1 – more macro:* Improve macro-level processes, analysis and content by better supporting countries to incorporate social development into their poverty reduction or development strategies. Enhance policy dialogue, Bank country assistance strategies and Bank-financed policy lending by building on these country-led strategies.
- *Strategic priority 2 – better projects:* Improve development effectiveness of investment lending through more comprehensive and efficient mainstreaming of social development into project-level processes and analyses, as well as strengthening the social development thematic portfolio.
- *Strategic priority 3 – better grounding:* Improve research, capacity-building and partnerships to solidify the grounding for better operations.

The strategy emphasised that in implementing the strategic priorities, several challenges should be considered. First, the Bank’s project-by-project approach to social development hampers further progress towards greater development impact of Bank interventions and greater responsiveness to priority country demands in areas such as infrastructure, agriculture and HIV-AIDS. Second, it is often seen as costly to implement social development approaches. Third, social development staff has been seen as “policing” and primarily seeking to “do no harm” rather than enhancing quality. Fourth, the knowledge base is weak, and there has not been enough effort to strengthen country capacities for carrying out social development activities. Specifically, the Bank needs to understand better the process by which social development inputs (participation, analysis and content) translate into improved development outcomes. An evaluation of the strategy has not yet been scheduled.

6.1.3 Poverty

The social development and the poverty windows under TFESSD have worked together to introduce Poverty and Social Impact Analysis (PSIA), which is the analysis of the distributional impact of policy reforms on the well-being or welfare of different stakeholder groups, with particular focus on the poor and vulnerable.⁷³ In 2002, TFESSD funded the first six PSIAs in the world in partnership with DFID. The first pilot analyses allowed the Bank and its clients to test an idea and to demonstrate its value. The use of PSIAs has since grown rapidly, with more than 120 analyses now having been completed.

In 2001, the World Development Report “Attacking Poverty” emphasised the importance of increasing poor people’s access to opportunity, security and empowerment for economic growth and poverty reduction. The PRSP Sourcebook was published in 2002, with the aim to guide and assist countries in the development and strengthening of poverty reduction strategies. The 2002 TFESSD call for proposals (FY03) stressed the linkages between natural resources and poverty.

Based on solid analytical work - of which a significant part was funded by TFESSD - the Bank decided to change its operational policy. Operational Policy 8.6 (replacing OD 4.15, Poverty Reduction) on development policy lending was introduced in 2004, and marked an important milestone in making clear that policy lending is expected to be underpinned by poverty and social analysis of the expected impacts of the proposed reforms.

⁷² The strategy defined social development as “transforming institutions to empower people”. The OED evaluation “The Effectiveness of World Bank Support for Community-Based and -Driven Development”, The World Bank, 2005, discusses how community-driven development (CDD) and community-based development (CBD) cover different dimension of the social development agenda.

⁷³ <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPSIA/0,,menuPK:490141~pagePK:162100~piPK:159310~theSitePK:490130,00.html>

In the call for proposals for FY04, TFESSD prioritised i.a. projects that “mainstream environment, social and poverty issues into macro-level policy-making” which clearly underpinned the direction of OP 8.6.

6.1.4 Social protection

The TFESSD social protection window was launched in March 2004. Ten projects were approved focusing on the following issues: i) Improve knowledge of the extent and impact of the vulnerabilities of children, youth and disabled persons on human development, poverty reduction and social inclusion. ii) Improving knowledge about effective public action on how to address these vulnerabilities. iii) Capacity-building for analytical work and micro-level impact analysis related to children, youth and disabled persons.

Projects supported under the social protection window are designed to strengthen the quality and effectiveness of social protection activities supported by the Bank, as well as to better integrate thinking on social protection and poverty within country assistance programmes and client country’s own poverty reduction strategies.

In 2005, the Global Partnership for Disability and Development (GPDD) was formed (with support from the disability and development team and funding from Norway, Finland and Italy), and adopted as its purpose to accelerate the inclusion of people with disabilities and their families into development policies and practices.

After the initially approved projects, TFESSD-supported projects cover a breadth of topics, with a regional focus on Africa. Projects on vulnerable and at-risk groups have been completed in four African countries. Several of these focused on orphans and vulnerable children (OVCs) in southern Africa; they examined the long-term consequences of orphanhood and proposed ways to reduce discrimination e.g. towards HIV/AIDS orphans. TFESSD has also supported work on disabilities in Africa, including in the context of post-conflict environments (Cote d’Ivoire). The goal of these projects is to enhance both the Bank’s and the developing countries’ efforts to mainstream disability within development projects.

More recently, TFESSD-supported work has been launched on labour markets in Africa, as well as East, South and Central Asia, with emphasis on informality and better working conditions for the poor. Children and youth are a continuing theme, in particular the transitions from school to work (e.g. in Africa). Funding also was agreed to explore informal support arrangements for the elderly in low-income countries, with the aim of ensuring that the design and coverage of formal pension and social security systems complement and fill the gaps in existing informal arrangements. New analytic work is underway on risk, growth and poverty reduction, with particular focus on high-risk, low-income countries. In addition, TFESSD is helping the Bank strengthen its operational responses to risk and vulnerability, through its support of better information and monitoring systems.

The Bank’s Committee on Development Effectiveness reviewed the implementation of sector strategy papers (SSP) in 2007. The review included the Social Protection Strategy.⁷⁴ The review notes that the current social protection portfolio corresponds to commitments of nearly 6 per cent of the Bank’s portfolio in dollar terms, and the 218 projects represent 14 per cent of the Bank’s projects under supervision. Annual (IDA and IBRD) lending in FY05 and FY06 was approximately USD 1.4 billion. It also notes success in mainstreaming social protection into the policy dialogue. For example, there has been significant progress in incorporating SP into country-assistance strategies (CASs). A review of CASs for 18 priority countries showed that SP coverage has nearly doubled and is now included in 92 per cent of the most recent CASs.

The review noted that the Bank’s social fund portfolio of 24 projects and approximately USD 1 billion in lending has been an important means of improving access to basic services for the poor, particularly in rural areas and in poor or institutionally weak countries. 48 per cent of the Bank’s social fund operations in 2005 targeted vulnerable or disadvantaged groups as a development objective. TFESSD has been one of the significant sources of funding for analytical work on safety nets and the role of social funds agenda.

⁷⁴ The World Bank, “Sector Strategy Implementation Update: Third Review”, Report for the Committee on Development Effectiveness, Washington D.C, 2007.

6.1.5 Conclusion

This initial presentation of the evolution of the environmental, social development, poverty and social protection sectors after the establishment of the fund, shows that each theme has followed its own path and established an increasingly solid base of analytical work of which some also includes cross-sectoral components. In all the sectors, TFESSD has contributed on key issues, which have influenced Bank policy and/or operations.

The following section looks at important clusters of projects in order to identify key areas of the influence of the fund.

6.2 Influential clusters of projects

TFESSD has supported a range of projects that, through a review of the portfolio, interviews with Bank staff and country level stakeholders, have been identified as projects with particularly innovative significance, cross-sectoral characteristics and with learning potential, which together indicate that the potential for influence on Bank policy and/ or operation is high.

The four clusters of projects are the following (cf. Appendix 7):

- Community-driven development and decentralisation (CDD)
- Poverty and social impact analysis (PSIA)
- Poverty-environment nexus
- Country environmental assessment/strategic environmental assessment (CEA/SEA).

A brief overview of these clusters of projects is provided below.

6.2.1 Community-driven development and local governance (CDD)

Most of the projects categorised under CDD and local governance belong to the social development window. Most are global or regional projects with a macro focus.

CDD projects are large: The average grant size of the CDD and local governance projects is approximately USD 570,000 - i.e. well above average project grant size for the entire TFESSD portfolio.

The TFESSD has supported CDD projects throughout the existence of the fund. Four CDD projects were approved in 1999-2001 (FY00-02), four in 2002 (FY03), one in 2003 (FY04), three in 2004 (FY05), six in 2005 (FY06) and two in 2006 (FY07).

6.2.2 Poverty and Social Impact Analysis (PSIA)

The TFESSD has supported 18 projects categorised under the PSIA theme. 30 projects are categorised under the related theme: poverty, social impact and empowerment. Most PSIA projects belong to the poverty window. They are mostly country-specific and have a sector focus.

PSIA projects are small: The average grant size of the PSIA projects is approximately USD 172,000 - i.e. well below average project grant size for the entire TFESSD portfolio.

The TFESSD has supported PSIA projects since the TFESSD was initiated and until 2004 (FY05). Nine projects were approved in the first two years of the fund's existence; four were approved in 2002 (FY03), three in 2003 (FY04) and two in 2004 (FY05). TFESSD has not supported PSIA projects since 2004 (FY05), as the method has been mainstreamed in Bank operational policy. Under the related theme: Poverty, social impact and empowerment, many projects are of a later date.

6.2.3 Poverty - environment nexus

Focus: This cluster consists of projects that address poverty-environment linkages by investigating the links between poverty, environmental degradation and health, for example. Further, poverty-environment studies help develop natural resource-based poverty maps which inform PRSPs.

The TFESSD has supported around 30 projects categorised under the poverty-environment nexus theme. Three of the projects belong to the poverty window, the remaining to the environment window. Half of the projects have a country focus, the other half a regional or global focus.

The average grant size of the poverty-environment nexus cluster of projects is USD 394,667, i.e. above average for the total portfolio. The majority of the projects are small or medium-sized, i.e. with a grant size up to USD 500,000. Six projects are large, i.e. with a grant size above USD 500,000. Of the six, three projects are very large, with grant sizes between USD 1,250 million to USD 1.6 million.

6.2.4 Country environmental assessment/Strategic environmental assessment

The TFESSD has been an important funding mechanism for the CEA/SEA work programme. CEA/SEA related work has partly been funded through larger regional projects e.g. TF053892 *South Asia Environment Strategy Implementation*, TF053885 *Integrating Environmental Issues in Poverty Reduction Strategies*, country policies and programmes in the EAP region, TF 052820 *LCR Strategic Program on Environment Mainstreaming* and TF056130 *Managing Key Natural Resources in Africa*.

At least two specific projects are earmarked as relevant for the CEA/SEA work, namely TF051310 *Preparation of a Toolkit for Country Environmental Analysis* (USD 690,000) and TF053902 *Environmental Governance in Upstream Environmental Analytical Tools* (CEA and SEA) (USD 350,000).

Funding from TFESSD, together with other funding including the Bank Netherlands Partnership Programme (BNPP) and Bank budget has until now initiated 25 CEAs. The status of the CEAs is as follows: 18 of them are completed, seven are ongoing and about ten are at an advanced planning stage.

Several of the completed CEAs directly refer to TFESSD (cf. Appendix 7). Overall, TFESSD has supported eight CEA/SEA projects, all of which fall under the environment window. The majority of the projects have a regional or global focus, only two have a country focus. The TFESSD has supported CEA/SEA projects since the initiation of the fund until 2005 (FY06).

The average grant size of the CEA/SEA cluster of projects is USD 605,769. However, as indicated above, CEA/SEA may only constitute a component of the projects listed, as some of them are larger strategic projects.

6.2.5 Conclusion

The clusters presented above show many projects, which cuts across sectors. The cross-sectoral character of the clusters corresponds with the overall aim of the fund and follows from the complex annual thematic objectives.

The clustering of the projects around key analytical approaches, tools and instruments shows how the fund seek to influence Bank priorities. The team found influence to be achieved especially in the case of two of the clusters. For example, the significant number of PSIA funded by TFESSD and the change of Bank Operational Policy in 2004 illustrate this point very well. In other words, the fund, through several PSIA projects, influenced the change of Bank policy and operations in 2004. Another example is in the field of country environmental assessment/strategic environmental assessment and the project financing a CEA toolkit. This tool has facilitated the mainstreaming of environment in e.g. CASS, PRSPs and Bank operations. It has also provided better guidance to the Bank's environmental dialogue with countries. As a result, the number of CEAs carried out has increased. So much so, that in 2006, ten CEAs had been carried out.

6.3 Influence of selected country-specific projects

This section assesses the influence of the sample of country-specific projects on Bank policy and operations and on country policy.

6.3.1 Bank policy and operations

The overall picture from the country case studies shows that the TFESSD projects have influenced the sectors and issues they focused on. However, there is obviously some variation in this picture. Some of the projects have contributed to setting the stage for future Bank policy/operations, others are relatively small, complementing other efforts and aimed at contributing to widening and deepening the policy dialogue.

While most TFESSD projects are usually linked with Bank activities, some of them are seen as innovative in promoting new thinking and practice, e.g. by piloting initiatives and, in some cases, leveraging additional funding. Multi-sectoral and cross-sectoral aspects are also covered by integrating environment and social development and social protection issues with poverty reduction.

The following provides different examples from the three case countries that illustrate how influence has been achieved at the country level.

In Ethiopia, *Empowering Civil Society in Ethiopia* (TF051976) stands out as one completed TFESSD project (completed in 2005) that may have had influence on the CAS and subsequent Bank operations, as well as government programmes in the country.⁷⁵ According to the TFESSD completion report (September 2005), the major outcome includes improved consensus and common understanding among government, CSOs and other stakeholders regarding definitions, design and implementation of civil society empowerment programmes. Based in part on these projects, the government has developed an overall programme on civil society capacity-building, which has allowed the Bank and other donors to develop and implement specific interventions on civil society capacity-building.

Although the evaluation team has not seen any direct reference to the influence of TF051976 on the CAS in any of the reports available, key stakeholders (Bank and Government staff) indicated that it seems likely that it did, in fact, contribute to shaping the Bank's overarching objective as stated in the CAS.

The potential influence of *Pro-poor Tourism in Zambia and Ethiopia* (Zambia was replaced by Tanzania) is significant. The project aims to develop an analytical framework to quantify the pro-poor impact of different kinds of tourism development facilities and interventions. The project aims at contributing to the design of the Ethiopia Sustainable Tourism Development Programme, which is considering a USD 100 million lending programme. Although it is premature to affirm, this may turn out as an example of how TFESSD projects can have catalytic influence on Bank country-lending operations.

In *Africa Strategic Environment and Poverty Program* (TF052779), Ethiopia was included among several countries. The project aimed to build the analytical basis and the capacity of key stakeholders for better understanding of the relationships between environmental improvements and poverty outcomes through three deliverables: (i) a land management literature review, (ii) a stakeholder workshop and (iii) a study of the macroeconomic costs of land degradation. According to some of the Ethiopian researchers who led the work, this has alerted the government's attention to land management issues in so-called high potential areas, which had been neglected before. The same researchers mentioned that the *Productive Safety Net Program - PSNP* (TF055675) comprises these high potential areas and not just the areas, which already have severe land management problems. Thus, since the Bank is a big contributor to PSNP, the direction of its funding has been influenced by the knowledge and new perspectives generated by the trust fund project.

In Zambia, the *Poverty and Social Impact Assessment - PSIA* (TF051799) and the *Poverty and Vulnerability Assessment - PVA* (TF052651) projects were both instrumental in introducing a "softer" and consultative side of the Bank. At the beginning of the new millennium, the Bank was struggling with a flawed image in Zambia due to its strong focus on privatisation and economic reforms. However, both the PSIA and the PVA adopted a participatory and consultative approach, which contributed to the efforts of improving the image of the Bank. While the PVA was successful in a wider Zambian context, it did not influence operations

⁷⁵ The CAS (2003-2005) was finalised in March 2003, and an Interim CAS for 2006-2007 is currently in force. Seven of the TFESSD projects were approved in FY07, so they cannot have influenced the preparation of any of the CAS.

within the Bank. Key stakeholders stressed that the process was most likely ahead of its time, as the Bank was not yet ready for this broader approach. Further, the PVA was not conducted as a traditional Bank-style assessment. As a result, the team had to push hard to succeed in delivering the report. Finalising the process was very delayed.

The *PSIA* in Zambia was used as an important tool to change Bank policy and introduce a more moderate approach to privatisation in agriculture. The analysis challenged the assumptions that were made about sector reforms, and, as a result, land reforms were adjusted to a more sustainable pace and the predictability of reforms was improved. In this way, the *PSIA* significantly influenced Bank operations, because the results were fed into the Country Economic Memorandum (CEM), Country Assistance Strategy (CAS), Agricultural Sector Development Strategy and Poverty Assessments. The findings were also used by the International Monetary Fund (IMF) and the Department for International Development (DFID) in their policy dialogue with the Zambian government. The study had an impact on the in-country dialogue, as the government and civil society used the results for their debates and planning.

In Indonesia, some of the TFESSD projects influenced Bank policy. This is particularly pronounced for the CDD projects. For example, *Review of CDD Impacts in East Asia and Pacific Region* (TF051845) has been important in building a body of empirical evidence surrounding CDD programming related to the Kecamatan Development Programme (KDP - Sub-district Development Program) in Indonesia. The influence is manifested at several levels. The impact study funded under the project demonstrated the value of the CDD approach in supporting Bank priorities related to governance, decentralisation and empowerment. This served to influence Bank operations in Indonesia. The Bank has publicised the findings to the Indonesian government, and results have fed into the development of the Bank's EAP flagship programme. Further, approximately ten Bank lending programmes in other countries are off-springs of the KDP programme. CDD experience from Indonesia has also influenced CDD operations outside Indonesia. For example, in Afghanistan, Indonesian CDD experience has been an important source of inspiration for a nationwide solidarity programme.

In Zambia, a CDD project (*Local Governance Platforms* TF055513) is intended to be fed into the planning of the *Social Investment Fund* (ZAMSIF II), and to provide selected inputs into the Bank policy dialogue with respect to the overall decentralisation work. Several methodological elements (monitoring and evaluation, economic impact assessment, training, etc.) developed under the impact study as well as in the *Campaign to Improve Participation of Vulnerable Groups* (TF054126) have been integrated strategically into the CDD project, systems and procedures to improve quality and deepen the empowerment aspect in other Bank CDD projects. Monitoring and evaluation survey tools and instruments formed a CDD toolkit, which can be used and adapted to new settings.

The baseline study on inclusive education (a sub-project under *Support to Mainstreaming of Disability at the World Bank* - TF053963) provided important information and findings in combination with Bank lending for two projects (the *Early Child Development Program* and the *Better Education through Reformed Management and Universal Teacher Upgrading Project* -BERMUTU). Because of the study, it is expected that the next CAS will be better informed in that it will feed into government policy-making. Moreover, the disability baseline study has already informed the government strategy on inclusive education.

6.3.2 Country policy

Most of the TFESSD projects with a focus on supporting government policy-making have in fact influenced policy-making by providing new perspectives and ideas, and broadening the knowledge base for decision-making. In some cases, they may be associated or linked with government sector development programmes. However, in most of these cases, it is difficult to trace evidence, establish causality, and thereby isolate the influence of TFESSD projects. Often, the support from TFESSD was only a minor part of a larger programme of support with large amounts of funding.

Just as relevance is necessary for influence to occur, so is ownership. Overall, the evaluation team found that government knowledge about and ownership of the TFESSD projects varied. However, there were some exceptions to this:

- In the *Productive Safety Nets* (TF055675) and *Monitoring Empowerment in Four Countries/Woreda City Benchmarking Survey* (TF055856). In both of these cases, government officials felt they had strong ownership of the projects. But there is one caveat to this assessment: The ownership felt may be more to the larger government sector development programmes to which the TFESSD projects are linked than to the trust-funded projects themselves.
- In Zambia, the *Poverty and Vulnerability Assessment - PVA* (TF052651) contributed to the discussion on land reforms and improved the poverty assessments to become more participatory and consultative. Further, the donor community welcomed it as a baseline survey on poverty and vulnerability, and convinced the government to take on a secretariat function in the Sector Advisory Group on Social Protection. In addition, the study also provided capacity-building among the local partners, and it was a kick-start for bringing HIV/AIDS into the context of poverty.

Still - and like in Ethiopia - even if a project has been carried out effectively, it may still not succeed in influencing the policy dialogue in the country, due to a lack of ownership within the government. The tourism studies in Zambia (TF055456 and TF056786) illustrate this point. The studies generated evidence on the value of tourism to economic growth and poverty reduction. Yet, the situation has reached an obstacle. The Ministry of Finance has welcomed the results, while the Department of Tourism was not pleased with the consultative process and therefore refused to make use of the study.⁷⁶ The tourism study and its implementation were supported by other stakeholders in the sector and several of them (including the Norwegian and Finnish embassies) have underlined the importance of the results of the studies and their value to the policy dialogue in Zambia.

The two completed sub-projects of the *Zambia Country Study* (TF057365) have improved the collaboration and dialogue among key stakeholders. Projects have built trust among different players. For example, the sub-projects have cooperated with Zambia Agricultural Consultative Forum (ACF), a local think tank combining 45 public and private member organisations. ACF feels that through this cooperation, it has become a more respected and more visible actor in the field.

In Indonesia, several of the TFESSD projects have contributed to government policy-making. An example is the adoption by the government of the CDD approach as the most important mechanism for poverty reduction in the country. This is e.g. demonstrated in the launching of the national poverty programme in 2006 (PNPM) - the main vehicle for poverty alleviating in Indonesia - which builds on three generations of KDP programmes. Up to the launching of the new programme, findings from the *Review of CCD impacts* (TF051845) project were often quoted by the president and senior government officials as a key source of inspiration.

According to the Ministry of National Development Planning (BAPPENAS), TFESSD-funded projects have contributed in a significant manner to establishing a better understanding of basic village structures and processes. Also according to the Ministry, the CDD approach is attributed much of the recent positive socio-economic development in the country. Findings from the CDD impact evaluation funded by TFESSD have been used by government and the development community to inform future programming and fixing implementation problems. The CDD approach has carried over into several successor programmes and has been replicated in other sectors such as education and water.

Other TFESSD-supported projects have also influenced government policies and strategies. For example, *Mainstreaming Disability at the World Bank* (TF053963) funded a baseline study on inclusive education, which was used as an input to the further development of a national strategy to promote an inclusive education agenda. Likewise, the knowledge generated on the dynamics between the poor and the use of forest resources under *Mapping*

⁷⁶ A letter from Kirk Hamilton to Laura E. Tlaiye dated 14 November 2007 emphasises the limited application of the recommendations from the study despite the fact that the initial understanding was that the Government of Zambia was willing to move forward with institutional reforms in the tourism sector and potentially for investments (in infrastructure for example).

the Relationship between the Poor Rural Community and Forest Land/Land Use Changes in Indonesia (TF052629) informed and influenced the policy dialogue and the Indonesian Poverty Assessment Program (INDOPOV).

In the area of the environment, TFESSD has provided Technical Assistance for the *PROPER Program in Indonesia* (TF051929), which is a public environmental reporting initiative aiming to reduce industrial water contamination. The programme was the first major scheme in the developing world to use information disclosure. According to an evaluation of the effectiveness of the PROPER approach initiated in 2004, there was a strong, positive response to the programme.⁷⁷ These actions will improve water quality and, in that way, contribute to cleaner water supply for the poor. The success of the PROPER programme cannot be attributed the TFESSD grant alone. Additional funding of the programme was necessary to make it operational. The TFESSD grant was, however, an important contribution to the success, because it allowed for hiring the necessary local consultancy capacity to revive and readopt the programme when this became feasible. This is not likely to have happened without TFESSD funds. The grant also managed to leverage the necessary additional funding from other sources in order to make the system operational.⁷⁸

Views of Bank task team leaders

Table 6-1 below presents the views of task team leaders on whether their projects influenced government policies and strategies. 68 per cent of the TTLs believe that their projects have had a low or some degree of influence on government policies and strategies.

Table 6-1 TTLs' assessment of the results/outcomes of TFESSD projects on country policy and practice (per cent)

To what degree has your project(s) led to any of the following results / outcomes?	High degree	Some degree	Low degree	No degree	Do not know
Influence on government policies and strategies (n= 58)	24	52	16	0	9

Source: COWI TTL survey, 2007

The above results are largely corroborated by evidence collected in the case countries.

6.4 Influence of selected non-country specific projects

This section assesses the influence by non-country specific projects on Bank policy and operations.

6.4.1 Bank policy and operations

Most of the non-country specific projects assessed have contributed to influencing Bank policy and operations through catalysing and mainstreaming sustainable development approaches and practices in Bank policy and operations, mainly through the development of strategies, tools and guides for Bank staff.

TFESSD support for the Social Development Strategy (TF051589) and the related Social Policy (TF055504) are perhaps the most conclusive examples of direct influence of the *Global TFESSD* projects reviewed.

As shown previously, the Social Development Strategy was important in setting the Bank's direction on social development. The strategy and policy work were developed and directed by core Bank staff and managers. The funded projects have provided support to the Bank, which has helped develop and implement social development priorities. Significant consultations have been held throughout the world on the social strategy and policy to create awareness and consensus on the role of inclusive institutions, cohesive societies and accountable institutions in Bank policy and operations.

⁷⁷ Jorge García López, Thomas Sterne, and Shakeb Afsah. "Public Disclosure of Industrial Pollution: The PROPER Approach for Indonesia?", Discussion paper, October 2004.

⁷⁸ That only 500 industries are enrolled in the PROPER programme limits the direct influence on water quality and hence in contributing improved services to the poor.

The social strategy and policy work have established an operational agenda for the Bank and developed concrete new directions for the Bank through the design and adaptation of a social development implementation plan. On a more practical level, TFESSD has also supported regional implementation plans that define and provide practical guidance to Bank staff working on lending operations.

TFESSD support for the *World Resources Report 2005* (TF052593) produced a high-quality publication of significant relevance to many different stakeholders and beneficiaries. The report found that environmental organisations have not addressed poverty, and development groups have not considered the environment sufficiently in the past. The report argued that improved ecosystem management can provide a path out of poverty when coupled with governance reforms that provide the poor with access to natural resource assets and to decision-making processes that affect them.

The direct influence of the report would be hard to attribute to this project, since the report would have been produced without the support of TFESSD. However, this publication made the link between poverty and the environment and the role of ecosystem management and poverty alleviation.

The Preparation of the Toolkit for Country Environmental Analysis (and other indirect CEA-related projects) provided the necessary space to pilot new ways for a more systematic approach to country-level environmental diagnostic work through CEAs during the period 2002 to 2005. This was used to inform CASs and PRSPs on environment development issues. The early work was quite innovative, and TFESSD was the primary source of funding.

The Mainstreaming of Disability at the World Bank (TF053963) served to expand the Bank's and developing countries' capacity to mainstream disability into development projects, programmes, policies and activities through analytical studies and capacity-building grants. While it is too early to establish the influence of the sub-projects, indirect influence of the project is seen in the form of regional demand for new studies, the development of new indicators related to disability that have been formulated and serve as an effective tool for mainstreaming disability into poverty reduction strategy papers and country assistance strategies. A toolkit in the form of a guidance note that offers a practical guide to integrating social analysis and disability was developed. The guidance note is available at the Disability and Development intranet and external website, and traffic on these sites over the last fiscal year shows that the guidance note is the most downloaded file from the website.

The two individual country projects in Bolivia and Indonesia have both helped to introduce disability and inclusion into two Bank loans. The influence goes beyond the Bank's disability team. Partners outside the Bank are also interested in the studies, guidelines and capacity grants, as evidenced in requests for Bank assistance and participation in workshops.

Further, TFESSD has supported work on *empowerment* (e.g. TF055856) that has contributed to developing a methodology for measuring empowerment and social inclusion, initially through five country studies. This is being scaled up and deepened through other TFESSD projects. TFESSD has funded both conceptual work and country mainstreaming.

Interest in the development of empowerment indicators and measurement tools has been very strong throughout the Bank and borrowing countries, as measured by the high levels of participation in workshops and seminars. Empowerment indicators are being applied to a number of Bank projects' monitoring and evaluation systems, thus influencing the design of new lending programmes. Policy research working papers, cross-country studies and learning modules have all been developed and disseminated. All written material has been posted on the Bank's empowerment website, and the work has featured at numerous events, both internally at the Bank and for practitioners in developing countries.⁷⁹

The three parallel projects implemented under the *Informality, Globalization and the Working Poor* (TF055590) components are relevant for the social protection agenda. The need to

79 <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTEMPowerment/0,,contentMDK:20245753~pagePK:210058~piPK:210062~theSitePK:486411,00.html>

identify barriers to informality, labour mobility and to understand more completely how social fragmentation and trade liberalisation impact jobs and how working conditions are central for better understanding of employment and labour markets. However, given that this project was undertaken as three small and interrelated projects, it is difficult to pinpoint results and influence beyond publications.

Views of Bank task team leaders

The results of the task team leader survey concerning the influence on Bank policy and operations are illustrated below.

Table 6-2 Task team leaders' assessment of the results of TFESSD projects on Bank policies and operations (per cent)

To what degree has your project(s) led to any of the following results/outcomes?	High degree	Some degree	Low degree	No degree	Do not know
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? (n=57)	37	37	18	0	9
Innovation, providing new knowledge, and pilot/demonstration impact (n= 58)	64	31	2	0	3
Contribution to the Country Assistance Strategy (CAS) agenda? (n = 57)	26	53	12	4	5
Increasing cooperation between units in the Bank (n = 58)	28	38	24	5	5
Leverage of Bank lending projects? (n=58)	12	38	28	10	12

Source: COWI TTL survey, 2007

First, it should be noted that 74 per cent of the TTLs 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”. If the reply to this question is taken as an overall confirmation of the effects of TFESSD projects, it indicates a generally strong support of the different types of influence generated by TFESSD projects, that is, the projects have contributed to catalysing environmental and social dimensions as well as cross-cutting issues in Bank operations.

In reply to whether TFESSD projects have led to “innovation, providing new knowledge, and pilot/demonstration of impact” replies are even more positive, as 95 per cent indicate either a “high degree” or “some degree” of agreement. Likewise, 79 per cent indicate either “high degree” or “some degree” of agreement that TFESSD projects have contributed to the CAS agenda.

However, TFESSD projects have to a lesser degree been useful as leverage of Bank lending projects, with 62 per cent of the respondents indicating “some degree” or “low degree” of influence. Similarly, TFESSD projects have had less success in terms of increasing cooperation between units in the Bank, as shown by 62 per cent of the TTLs that have responded “low degree” or “some degree”.

6.5 Conclusion

The initial presentation of the evolution of the four themes and the different contributions of the trust fund shows that each theme has followed its own path and established an increasingly solid base of analytical work of which some cuts across sectors.

The clusters presented show many projects which are cross-sectoral, which corresponds with the overall aim of the fund. The clustering of the projects around key analytical approaches, tools and instruments shows how the fund has influenced Bank policy and operations.

The overall picture from the country-specific projects is that the TFESSD projects have influenced the sectors and issues that they focused on. However, there is some variation. Some of the projects have contributed in setting the stage for future Bank policy/operations (the

CDD work funded by TFESSD in Indonesia is a good example), others are relatively small, complementing other efforts and aimed at contributing to widening and deepening the Bank's policy dialogue.

Most of the TFESSD projects with a focus on supporting government policy-making have in fact influenced policy-making by providing new perspectives and ideas, and broadening the knowledge base for decision-making. In some cases, they may be associated or linked with government sector development programmes. However, it is difficult to trace evidence, establish causality and thereby isolate the influence of TFESSD projects. Often TFESSD projects have formed a minor part of a larger programme of support with large amounts of funding.

In all the assessed countries, the influence on the government is implied, given that TFESSD projects have influenced Bank policy and operations, especially insofar as the TFESSD projects are closely linked with government sector development programmes. However, just as relevance is necessary for influence to occur, so is ownership. Overall, the evaluation team found that government knowledge about and ownership of the TFESSD projects varied.

The non-country specific projects assessed have also contributed to influencing Bank policy and operations. They have focused on catalysing and mainstreaming sustainable development approaches and practices in Bank policy and operations, mainly through the development of strategies, tools and guides for Bank staff. *The Social Development Strategy* (TF051589) and the related *Social Policy* (TF055504) are perhaps the most conclusive examples of direct influence of the global TFESSD projects reviewed.

Finally, when asking Bank staff in a survey of the fund, 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 generally strong support of the different types of influence generated by TFESSD projects.

7 Conclusions and Recommendations

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. ToR), “influence on WB working methods outside of its thematic priorities and projects” (cf. ToR) - are 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 overall findings and conclusions.

7.1 Overall findings and conclusions

- 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 CDD 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 has 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.

7.2 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-sectoral 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 in the Bank and opportunities.
 - 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.

Appendix 1: Terms of Reference – Evaluation of Trust Fund for Environmentally and Socially Sustainable Development (TFESSD)

Evaluation to be carried out jointly between the Unit for Evaluation and Internal Audit, Ministry of Foreign Affairs, Finland and Evaluation Department, Norad.

1 Background and Description of the Evaluation Object

1.1 What is the TFESSD?

The Thematic Trust Fund for Environmentally and Socially Sustainable Development (TFESSD) was initiated by the Norwegian Ministry of Foreign Affairs, and established in 1999 in agreement between the Norwegian Ministry of Foreign Affairs and the World Bank.

The stated objective of the fund is to: "...act as a *catalyst* for the *mainstreaming* 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"⁸⁰.

In 2002 the Finnish Ministry of Foreign Affairs joined the trust fund as a funding partner based on existing objectives.

The TFESSD mainly finances analytical and advisory activities in the thematic areas of environment, social development, poverty reduction and social protection, which should meet the criteria of being innovative, cross-sectoral and in line with country priorities. Only Bank staff can apply for funding. The Fund was seen as innovative and a new invention in the Norwegian bilateral cooperation with the Bank when it was set up. It focuses on non-core operation Bank activities, is willing to take risks, encourages innovation and knowledge sharing and have a model of inclusive management⁸¹. Furthermore, it has a decision-making structure and funding criteria that aims to influence the Bank to cooperate *across* sectors and organisational units, both at senior management levels, and at the activity level.

1.2 The rationale for the TFESSD

The TFESSD was originally set up to replace the existing Norwegian practice of managing several small trust funds (approximately 130 trust funds), which was, after ten years of practice, assessed by the Norwegian MFA as not being coherent, strategic and transparent enough in terms of affecting the Bank's work. The support comprised environmental initiatives that were individually negotiated with various units in the Bank, and it was not seen to have the desired impact on *mainstreaming* environment into the Bank operations. Restructuring the Norwegian support by establishing an umbrella Trust Fund was assumed to speed up the process of strengthening the Bank's environmental development agenda, both internally in the Bank and in the development policy dialogues with the client country governments.⁸² It was also seen to strengthen the strategic focus of the donor support.

Another general argument for channelling support through trust funds is related to efficiency. It is assumed that trust funds contribute to *harmonisation* through the simplification of procedures on the donor-side, and through reducing administrative work on the part the Bank and for the donors.⁸³

Channelling support through trust funds is now part of the donors' strategy to impact the work (that comes out) of the International Financial Institutions. Norway funds several such

⁸⁰ Annex 1 to the legal agreement 2002 between Norway and the World Bank, available at the TFESSD website: www.worldbank.org/tfessd

⁸¹ The inclusive management model refers to the use of an 'external' reference group comprising Norwegian and Finnish academics and government employees, outside of the two ministries of Foreign Affairs and the World Bank, to advise on decisions to be taken.

⁸² "The World Bank and the Environment – Does the Action match the Rhetoric" by Stein Hansen, November 1998. A study commissioned by the Bank Section in the Norwegian MFA

⁸³ "Proposition to the Storting No 1 (2005-2006)", page 228.

thematic Trust Funds amounting in 2006 to 434,5 millions NOK.⁸⁴ Finland has in 2006 supported TFESSD with 1 500 000 Euros and, additionally, five other bilateral partnerships in the World Bank with 1 890 000 Euros.⁸⁵

1.3 Intended influence of the TFESSD

The objective of the TFESSD is to influence policies and practices of the World Bank. This is sought done by the thematic activities that it finances, by the cross-sectorial design of its decision-making architecture as well as its funding criteria.⁸⁶

The TFESSD finances thematic activities with the intention to influence the *products* of the Bank (increased attention to environment, social development and poverty reduction, and its inter-linkages, in analytical and advisory services, Country Assistance Strategies (CAS), policy dialogues, projects and programmes) and the *way* the Bank works. Knowledge networks and cross-sectorial cooperation is seen as ways to spread knowledge and enhance integration of these themes in the Bank's core operations. The TF funded activities can be of a global or regional nature or be country-specific (for examples of activities, please see annex I). It is expected that the activity outputs can influence the client country's policies if they are country specific, or beneficiaries if they are integrated in country level projects.

The fund involves the World Bank senior level management in four sector boards in its decision-making concerning individual activities. The idea is that this will influence attitudes and behaviours of Bank staff in terms of increased cooperation between the Sector Boards and the sectors in the different regions, which again will result in changes in Bank policies and practices.

1.4 The context of the TFESSD

The Background for the TFESSD rests on the emphasis put by the two donors on inter-linkages between poverty alleviation, environmental degradation and sustainable development and the keenness to see these reflected in Bank practices and policies. These inter-linkages have been demonstrated, and globally acknowledged since 1992 (The Earth Summit in Rio de Janeiro) but were not yet reflected in Bank practices and policies towards the end of the 1990s.⁸⁷ The weak performance in this area was documented in a 2002 OED evaluation of the Bank's performance in the area of environment.⁸⁸ The evaluation attributed the reasons for this to the lack of incentives and the sector orientation of the Bank's organizational structure. The evaluation also found that the integration of environment in policy dialogues and in Country Assistance Strategies (CAS) had been limited.

However, in 2001 the Bank's first explicit strategy for environment, entitled *Making Sustainable Commitments* was approved by the Board of the World Bank. This strategy firmly placed environment as an essential part in sustainable development.⁸⁹ Other strategies incorporating environment have later followed, especially for each of the operational regions⁹⁰, but also in specific sectors, such as Water, Forestry and Rural development.

Norway has, together with Finland and other donors, as well as other actors such as Non Governmental Organisations (NGO)s, for many years sought to improve the way the World Bank work with these cross-cutting themes in a context of sustainable development. Through the establishment of the TFESSD, Norway, and later joined by Finland, sought to do this in a strategic and targeted manner.⁹¹

84 In addition to TFESSD, Norway and the World Bank have several thematic Trust Funds. The most important among these are per 2006; Private Sector, Trade and Agriculture; Good Governance; Gender and Social Equalisation; Peacebuilding, Human Rights and Humanitarian assistance; and Petroleum and Energy (see "Proposition to the Storting No 1 (2006-2007)", p. 213.

85 The bilateral partnerships Finland has funded in 2006 were the following: Parliamentary Network of the World Bank, World Bank Institute, Knowledge for Change Program, IFC/Technical Assistance Trust Fund and Finland-WB Staff Program.

86 The proposals submitted to the TFESSD for funding are assessed against three criteria:

1) Innovative and catalytic; 2) in line with country and sector strategies, and 3) Multi-sectoral, interlinking themes.

87 "There have been few efforts to establish and build upon cross-sectoral links despite the obvious impacts that most sectors have on the environment", *Ibid.* p. 14

88 Promoting Environmental Sustainability in Development. An evaluation of the World Bank's Performance, by OED, World Bank, 2002

89 Moreover, at the World Summit meeting organised by the UN ten years after the Earth Summit, in 2002, the Bank launched its second environment-related WDR; *Sustainable Development in a Dynamic World*.

90 See Environment Evaluation Approach Paper 2006, at the Independent Evaluation Group's (IEG) web page: [http://inweb18.worldbank.org/oed/oeddoclib.nsf/DocUNIDViewForJavaSearch/CCFC3042CFB99AE3852571CD007EF3C1/\\$file/environment_approach_paper.pdf](http://inweb18.worldbank.org/oed/oeddoclib.nsf/DocUNIDViewForJavaSearch/CCFC3042CFB99AE3852571CD007EF3C1/$file/environment_approach_paper.pdf)

91 This coincided with the Norwegian and the Finnish development strategies in this area. For Norway, this coincided with the new strategy for environment in development: "Strategy for Environment in Development Cooperation" (2000), which emphasises the inter-linkages between poverty orientation, the role of women in environmental and natural resource management, and local participation in environmental assistance. For Finland this coincided with their process of going over from a consultancy trust fund based co-financing policy with the World Bank, to a thematically based co-financing. Finland joined the TFESSD because environment was already then one of the key priorities of the Finnish Development Policy, and Norway a like-minded country. A common trust fund was considered as an administratively effective way of cooperating with the Bank.

2 The Evaluation Purpose, Questions, Scope and Methodology:

2.1 Evaluation Purpose and Use

The purpose for evaluating the Trust Fund for Environmentally and Socially Sustainable Development is two-fold:

- 1) To judge the value and contribution of the Fund in improving the way the Bank works with environment, poverty reduction and social development;
- 2) To suggest ways to improve the Fund and its governance.

The evaluation is intended to document results. Has the TFESSD achieved what it was set up to achieve? The evaluation shall also have a learning element, in terms of *how* the TFESSD has achieved its objectives, and if not, *why*. Both elements should be reflected in the methodology of the evaluation and in the evaluation process.

Recommendations of the evaluation will feed into the Bank's and donors' decisions on the structure and governance of the Trust Fund.

The main users of the evaluation will be the Norwegian and Finnish MFA's as well as the Bank management.

2.2 Evaluation questions

The evaluation will have as its objectives to:

What:

- 1) Determine whether TFESSD has achieved its objectives by:
Assessing the *influence* of the fund thematic activities on the Bank products (analytical and advisory services, lending documents, Country Assistance Strategies (CAS), policy dialogues, projects and programmes). Assess the influence of the Fund at country level policies or projects, through selected country studies. Is it possible to trace influence in the client country's policies, or in specific projects at country level?

How:

- 2) Assess *how* influence was achieved or not.
Assessing the potential for influence of the TFESSD on the way the Bank is working, judged by the TFESSD and its applicants. With influence in mind, is the TFESSD strategically a good candidate? How does the influence play out, and how can it be verified? Is it reflected in the Bank *products*? And is it reflected in the policies and practices of the client country?

2.3 Scope

The evaluation includes the following main evaluation elements:

Provide an overview of TFESSD

- a) Describe the nature and background of the TFESSD, how it has evolved, and in which organisational and policy context.
- b) Describe the TFESSD's architecture, management, and governance structure (including the interaction between the Bank, the donors and the reference group), how this is adapted to the Fund's objectives, and how it has evolved.
- c) Present an overview of the activity portfolio covering country, regional and global levels.
- d) Describe the Norwegian and Finnish policy on support to the Bank's work in environment.
- e) Map users and beneficiaries of the TFESSD.

Develop an analytical framework for the evaluation

- f) Describe the analytical framework to be adopted for assessing influence of TFESSD activities on World Bank work processes, as well as policy and operations in client countries. Separate between inputs, activities, outputs, and outcomes, objectives and means to achieve objectives. How are outputs of the activities supposed to be channelled back into the Bank's work?
- g) Analyse the objectives, the hierarchy of objectives as well as the assumptions behind them (the programme theory(ies) and the theory (ies) of change for the trust fund). How does the proposed analytical framework relate to these theories?

Assess the trust fund mechanism

- h) Assess the relevance of the TFESSD's architecture in relation to the organisational context, its ambitions and objectives, procedures, and criteria. Is the TFESSD structure fitted to its original purposes?
- i) Assess internal coherence in objectives and criteria (additional/integrated; risk/success; results/ broad scope; themes /criteria), as well as between objectives and the implementation logic⁹².
- j) Assess the trust fund activities and come up with a typology for these activities. Based on the typology of activities, as well as other material reviewed and interviews conducted, propose countries for case studies at field level for in-depth analysis (see section 2.2.1).
- k) Assess TFESSD in relation to its context, as one of serial trust funds for ESSD work and in relation to other trust funds addressing ESSD/same sector boards (ENV, SOC, POV, SOS PROTECTION).
- l) Are there other trust fund models that would serve the purposes better in terms of improving the Bank's work with environment, social development, protection issues and poverty reduction?
- m) Is the current support from Norway and Finland coherent with the respective donors' aid policies?
- n) Assess the perceptions of users and beneficiaries of the usefulness of the fund relative to the purposes stated and their needs. How is the fund perceived by the staff in the sector units ('anchors'), regional units, country level offices, project beneficiaries? Is it useful? In what sense?

Assess the effects of the trust fund and its activities

- o) Conduct an analysis of the influence of the TFESSD and its activities:
 - How has the fund affected the work processes *internally* in the Bank (cross-sectoral) by its structure and its activities?
 - To what extent, have the thematic priorities of the fund been adequately integrated, or mainstreamed into policies, lending instruments and analytical and advisory work of the Bank?
 - Has the design and performance of the Bank's core operations improved?
 - What is the likely influence of the TFESSD activities on the client country policies and practices concerning environment, poverty reduction and social development?
 - Has the client country incorporated environmental concerns in its policies and practices as a result of the Bank support?
 - How has the TFESSD contributed to shaping donor policies on environment and development?
 - Has the TFESSD had an influence on the World Bank working methods outside of its thematic priorities and activities?

⁹² As part of this, and as relevant, define and discuss the use of the terms 'catalyst' and 'mainstreaming'.

- p) Assess whether these effects correspond to investments/ inputs. Are there any unintended consequences; negative or positive from the fund's activities and procedures? Is the TFESSD easily replaceable with other funding sources (fungibility)?

Provide overall conclusions and recommendations

- q) What factors, both internal and external, has enhanced or limited the effectiveness of the fund? Regarding limitations, how might these constraints be better addressed in the future?
- r) Suggest ways to improve the fund and the way it operates, based on the findings. What are the benefits, and what are the disadvantages with the existing TFESSD governance structure, and what can be improved?

The evaluation of TFESSD will be undertaken according to the DAC criteria on evaluation of international development cooperation; efficiency, effectiveness, relevance and sustainability. For reasons of scope, time and resources, the impact criteria will not be applied in this evaluation.

2.4 Methodology

A mix of qualitative and quantitative methods should be used. A combination of theory-based and results-based evaluation approaches should be used. Country studies will be used to illustrate the likely extent, or not, of the influence of the trust fund in enhancing environmental policies and practices in client countries. It will be up to the consultant to suggest the method that can best answer the evaluation questions and to deal with challenges related to establishing *when* and *how* influence has been exerted. Influencing an organisation's policies and practices are complex processes. Linear, cause and effect thinking contradicts the understanding of how processes occur in open systems where many different actors are involved. Given the multifarious and abstract nature of TFESSD activities, it is up to the evaluation team how it will attempt to isolate TFESSD activities from other factors that exert influence or with which they will interact in exerting influence on the Bank's policies and practices. In the analysis the evaluation team shall separate between inputs, outputs and outcomes.

Guiding principles: triangulate and validate information, assess and describe data quality in transparent manner (assess strengths and weaknesses and sources of information). Highlight data gaps. Assessments shall be based on factual findings. Findings shall be based on reliable and credible data and observations.

2.4.1 Data collection

The evaluation team is responsible for data-collection. Access to archives will be facilitated by the donors and the Bank management.

The desk study shall comprise: collection and review of documentation such as TFESSD; decision memos in the two MFAs, legal agreements, minutes of meetings, semi-annual reports, concept-notes,⁹³ reviews, project reports, Country Team reports, strategy and policy documents, Country Assistance Strategies (CAS), lending country policy-documents and other relevant documents on the lending country, TFESSD window manager reports, evaluations, studies, reports, independent reports, material produced as outputs of TF funded activities, relevant best practices, and other material as relevant.

Interviews will comprise a broad spectrum of informants, including past and present stakeholders in the Bank and the MFAs and in client countries; including various Bank staff (trust fund managers, task managers), primary beneficiaries and affected parties, academic institutions/think tanks, client country officials, other donors in the relevant countries, and other as relevant. Both surveys and in-depth interviews will be carried out.

93 TFESSD evaluation – Draft Concept Note 01.06.04; DM, BA, TV, LV, GP, KM, SJ.

The selection of country case studies shall be based on typologies and the preliminary analysis conducted as part of the inception report.

Countries selected should meet the following requirements (or as many as possible):

- Have a Finnish and/or Norwegian embassy
- Reviews or evaluation reports should be available from the TFESSD activities.
- There are both ongoing and/or recently completed TFESSD activities in the country,
- The country has extensive (resources, time, sectors covered) cooperation with the Bank, both pre- and post 1999, involving at least one of the four priority themes of the fund.

Validation and feed-back workshops shall be held in all of the three countries before departure, involving those that have provided information, and others who are relevant.

Where relevant, gender shall be accounted for in the report, in the data collection, the analysis, and the findings and recommendations.

2.5 Stakeholder involvement

Stakeholders will be involved throughout the evaluation process, to ensure relevance and informed discussions and analysis of the data material around certain “stop points”, such as commenting on ToR, on the inception report and in draft reports, and dissemination of the report. Stakeholders include the donors (the relevant staff in the relevant sections in the Norwegian and Finnish MFA, as well as in Norad in Norway), the TFESSD reference group, the management of the fund, as well as Bank country teams (in the field and HQ), and from partner institutions in the countries concerned. Some will comment in the capacity as members of an Advisory Panel for this specific evaluation, others will be interviewed or consulted during the evaluation.

3 Work Plan, organisation and requirements

3.1 Work plan

The evaluation team should work in Oslo, Helsinki, Washington, and in the three case study countries. Desk reviews and interviews must be carried out on all sites and be part of Inception report. Interviews will be carried out of relevant staff in Oslo, Washington, Helsinki and in the country offices.

It is expected that the evaluation start up will be during the spring 2007, with inception report delivered after 5 weeks. A draft final report will be presented 1 October 2007. The final report will be submitted 15 November 2007.

ACTIVITY	DEADLINE
Announcement	12 March 2007
Final date for tenders	27 April 2007
Notification of the award decision	7 May 2007
Contract signature	18 May 2007
Inception report	22 June 2007
Draft final report	1 October 2007
Final report	15 November 2007
Publication, distribution	30 November 2007
Presentation seminar	Nov. 2007

3.2 Reporting

The report will be in English. The evaluation team shall adhere to the terminological conventions of the OECD/DAC Glossary on Evaluation and Results Based-Management⁹⁴, as well as the Norad Evaluation Guidelines⁹⁵ and the attached report specifications (see annex II).

94 <http://www.oecd.org/dataoecd/43/54/35336188.pdf>

95 See. http://www.norad.no/items/4620/38/6553540983/Evalueringsspolitikk_fram_til_2010.pdf

Evaluation products:

Final report
Country studies reports
Executive summary in Finnish

The inception report should outline an evaluation framework, evaluation questions and suggest an evaluation approach, including a detailed methodology and data-collection strategy, which should answer satisfactorily to the task as described in the ToR. The choice of methods, criteria and (if relevant) indicators should be justified. The objectives of the TFESSD should be revisited in the inception report. The evaluation team should moreover present an overview and typology of TFESSD activities in the inception report, based on which the evaluation team shall suggest countries for case studies, and a more detailed budget for this part of the evaluation. The inception report will also contain a plan for further work (for structure of the report, see the attached Report Specifications). The inception report shall be submitted for approval to Norad's Evaluation Department. It will be discussed in the Advisory Panel. The Advisory Panel has a separate Terms of Reference.

The process and reports will be assessed against DAC evaluation quality standards.⁹⁶ Findings will be discussed through workshops for relevant staff in Finnish and Norwegian MFAs as well as the World Bank and various partner institutions during the autumn 2007.

If some of the country case studies need to be translated in order to better involve primary beneficiaries and receive comments, a budget for this must be included in the Inception Report.

The reports will be in the name of the evaluation team, but be a joint publication of the Unit for Evaluation and Internal Audit in the Finnish MFA and the Evaluation Department in Norad. It will be published by Norad.

3.3 Organisation of evaluation management

This is a joint evaluation, with Norad as a lead agency. The evaluation will be carried out by an independent team of consultants. The contract will be issued by Norad, according to standard procurement procedures.⁹⁷ Evaluation management will be carried out by Norad, jointly with the Unit for Evaluation and Internal Audit in the Finnish MFA, but the evaluation team will report to Norad Evaluation Department. All decisions concerning ToR, inception report, draft final report and the final report will be taken jointly between the two evaluation departments.

An Advisory Panel is established, chaired by Norad Evaluation Department, with representatives from the Norwegian and Finnish MFA, as well as from the TFESSD management (the World Bank and the reference group) and external resource persons, to advise and comment on the evaluation process and the quality of products. The evaluation team must take note of the comments. Where there are significantly diverging views between the evaluation team and affected parties in the management of the trust fund, or its partners, these must be reflected in the report.

Financing of the evaluation will be of joint nature, but roughly according to size of the donor funding.

3.4 Evaluation team

The team must have the following qualifications:

Team leader

- Proven successful team leading; the team leader must document relevant experience with managing and leading complex evaluations.
- wide and extensive experience in evaluation principles and standards and good knowledge of international development in evaluation field

⁹⁶ <http://www.oecd.org/dataoecd/30/62/36596604.pdf>

⁹⁷ The Finnish evaluation unit will take part in assessing the bids.

- proven capability to write concise and analytical reports accessible also to non-professionals

Team as a whole

- Suitability and complementarities of the Team should be related to approach and methodology
- Background in social sciences, environment and economics.
- Experience and knowledge in evaluations, research and institutional impact analysis
- Good knowledge of development cooperation instruments, international development policies and donor community
- Familiarity with the World Bank organisation, operations and procedures and work in areas of environment, poverty reduction and social development
- Proven capability and track record in carrying out similar evaluations and reviews and capability to write reports
- Familiarity with the local context in the three case countries
- Gender balance in the team is an asset
- Cultural sensitivity
- Understanding of political analysis.
- Languages: English, Norwegian and Finnish
- A representative from a developing country in the team is an asset.

There should also be an adequate and competent quality assurance system in place for the entire evaluation process and its products. The professionals involved in quality assurance system should have the necessary competencies and experience and not be part of the evaluation team.

4 The tender process and choice of evaluation team

The tender process will be international and in accordance with EU rules. The main competition criteria will be the quality of the team leader and the team, interpretation of the ToR and methods proposed, quality assurance systems in place and the availability of team members, and price. The team needs a high level of competence in development issues, especially in environment, poverty reduction and social development and protection, as well as knowledge of the World Bank and methodological competence (including competence in organisational change). The team leader should have extensive experience of major evaluations. The selection criteria will be defined in the invitation for tender. The invitation for tender will also include the expected time scale for the evaluation.

4.1 Mandate

The team is entitled to consult widely stakeholders pertinent to the Assignment, but it is not permitted to make any commitment on behalf of the Governments of Norway and Finland.

Any modification to this terms of reference is subject to approval by Norad and the Ministry for Foreign Affairs of Finland.

4.2 Budget

Number of person weeks stipulated: 44.

EVALUATION REPORTS

- 3.93 Garantiordning for Investeringer i og Eksport til Utviklingsland
4.93 Capacity-Building in Development Cooperation Towards Integration and Recipient Responsibility
- 1.94 Evaluation of World Food Programme
2.94 Evaluation of the Norwegian Junior Expert Programme with UN Organisations
- 1.95 Technical Cooperation in Transition
2.95 Evaluering av FN-sambandet i Norge
3.95 NGOs as a Channel in Development aid
3A.95 Rapport fra Presentasjonsmøte av «Evalueringen av de Frivillige Organisasjoner»
- 4.95 Rural Development and Local Government in Tanzania
5.95 Integration of Environmental Concerns into Norwegian Bilateral Development Assistance: Policies and Performance
- 1.96 NORAD's Support of the Remote Area Development Programme (RADP) in Botswana
2.96 Norwegian Development Aid Experiences. A Review of Evaluation Studies 1986–92
3.96 The Norwegian People's Aid Mine Clearance Project in Cambodia
4.96 Democratic Global Civil Governance Report of the 1995 Benchmark Survey of NGOs
5.96 Evaluation of the Yearbook "Human Rights in Developing Countries"
- 1.97 Evaluation of Norwegian Assistance to Prevent and Control HIV/AIDS
2.97 «Kultursjokk og Korrektiv» – Evaluering av UD/NORADs Studiereiser for Lærere
3.97 Evaluation of Decentralisation and Development
4.97 Evaluation of Norwegian Assistance to Peace, Reconciliation and Rehabilitation in Mozambique
5.97 Aid to Basic Education in Africa – Opportunities and Constraints
6.97 Norwegian Church Aid's Humanitarian and Peace-Making Work in Mali
7.97 Aid as a Tool for Promotion of Human Rights and Democracy: What can Norway do?
8.97 Evaluation of the Nordic Africa Institute, Uppsala
9.97 Evaluation of Norwegian Assistance to Worldview International Foundation
10.97 Review of Norwegian Assistance to IPS
11.97 Evaluation of Norwegian Humanitarian Assistance to the Sudan
12.97 Cooperation for Health Development WHO's Support to Programmes at Country Level
- 1.98 "Twinning for Development". Institutional Cooperation between Public Institutions in Norway and the South
2.98 Institutional Cooperation between Sokoine and Norwegian Agricultural Universities
3.98 Development through Institutions? Institutional Development Promoted by Norwegian Private Companies and Consulting Firms
4.98 Development through Institutions? Institutional Development Promoted by Norwegian Non-Governmental Organisations
5.98 Development through Institutions? Institutional Development in Norwegian Bilateral Assistance. Synthesis Report
6.98 Managing Good Fortune – Macroeconomic Management and the Role of Aid in Botswana
7.98 The World Bank and Poverty in Africa
8.98 Evaluation of the Norwegian Program for Indigenous Peoples
9.98 Evaluering av Informasjons støtten til RORGene
10.98 Strategy for Assistance to Children in Norwegian Development Cooperation
11.98 Norwegian Assistance to Countries in Conflict
12.98 Evaluation of the Development Cooperation between Norway and Nicaragua
13.98 UNICEF-komiteen i Norge
14.98 Relief Work in Complex Emergencies
- 1.99 WID/Gender Units and the Experience of Gender Mainstreaming in Multilateral Organisations
2.99 International Planned Parenthood Federation – Policy and Effectiveness at Country and Regional Levels
3.99 Evaluation of Norwegian Support to Psycho-Social Projects in Bosnia-Herzegovina and the Caucasus
4.99 Evaluation of the Tanzania-Norway Development Cooperation 1994–1997
5.99 Building African Consulting Capacity
6.99 Aid and Conditionality
7.99 Policies and Strategies for Poverty Reduction in Norwegian Development Aid
8.99 Aid Coordination and Aid Effectiveness
9.99 Evaluation of the United Nations Capital Development Fund (UNCDF)
10.99 Evaluation of AWEPA, The Association of European Parliamentarians for Africa, and AEI, The African European Institute
1.00 Review of Norwegian Health-related Development Cooperation 1988–1997
2.00 Norwegian Support to the Education Sector. Overview of Policies and Trends 1988–1998
3.00 The Project "Training for Peace in Southern Africa"
4.00 En kartlegging av erfaringer med norsk bistand gjennom frivillige organisasjoner 1987–1999
5.00 Evaluation of the NUFU programme
- 6.00 Making Government Smaller and More Efficient. The Botswana Case
7.00 Evaluation of the Norwegian Plan of Action for Nuclear Safety Priorities, Organisation, Implementation
8.00 Evaluation of the Norwegian Mixed Credits Programme
9.00 "Norwegians? Who needs Norwegians?" Explaining the Oslo Back Channel: Norway's Political Past in the Middle East
10.00 Taken for Granted? An Evaluation of Norway's Special Grant for the Environment
- 1.01 Evaluation of the Norwegian Human Rights Fund
2.01 Economic Impacts on the Least Developed Countries of the Elimination of Import Tariffs on their Products
3.01 Evaluation of the Public Support to the Norwegian NGOs Working in Nicaragua 1994–1999
3A.01 Evaluación del Apoyo Público a las ONGs Noruegas que Trabajan en Nicaragua 1994–1999
4.01 The International Monetary Fund and the World Bank Cooperation on Poverty Reduction
5.01 Evaluation of Development Co-operation between Bangladesh and Norway, 1995–2000
6.01 Can democratisation prevent conflicts? Lessons from sub-Saharan Africa
7.01 Reconciliation Among Young People in the Balkans An Evaluation of the Post Pessimist Network
- 1.02 Evaluation of the Norwegian Resource Bank for Democracy and Human Rights (NORDEM)
2.02 Evaluation of the International Humanitarian Assistance of the Norwegian Red Cross
3.02 Evaluation of ACOPAM An ILO program for "Cooperative and Organizational Support to Grassroots Initiatives" in Western Africa 1978 – 1999
3A.02 Évaluation du programme ACOPAM Un programme du BIT sur l'« Appui associatif et coopératif aux Initiatives de Développement à la Base » en Afrique de l'Ouest de 1978 à 1999
4.02 Legal Aid Against the Odds Evaluation of the Civil Rights Project (CRP) of the Norwegian Refugee Council in former Yugoslavia
- 1.03 Evaluation of the Norwegian Investment Fund for Developing Countries (Norfund)
2.03 Evaluation of the Norwegian Education Trust Fund for Africa in the World Bank
3.03 Evaluering av Bistandstorgets Evalueringsnettverk
- 1.04 Towards Strategic Framework for Peacebuilding: Getting Their Act Together. Overview Report of the Joint Utstein Study of the Peacebuilding.
2.04 Norwegian peacebuilding policies: Lessons Learnt and Challenges Ahead
3.04 Evaluation of CESAR's activities in the Middle East Funded by Norway
4.04 Evaluering av ordningen med støtte gjennom paraplyorganisasjoner. Eksemplifisert ved støtte til Norsk Misjons Bistandsnemda og Atlas-alliansen
5.04 Study of the impact of the work of FORUT in Sri Lanka: Building Civil Society
6.04 Study of the impact of the work of Save the Children Norway in Ethiopia: Building Civil Society
- 1.05 –Study: Study of the impact of the work of FORUT in Sri Lanka and Save the Children Norway in Ethiopia: Building Civil Society
1.05 –Evaluation: Evaluation of the Norad Fellowship Programme
2.05 –Evaluation: Women Can Do It – an evaluation of the WCDI programme in the Western Balkans
3.05 Gender and Development – a review of evaluation report 1997–2004
4.05 Evaluation of the Framework Agreement between the Government of Norway and the United Nations Environment Programme (UNEP)
5.05 Evaluation of the "Strategy for Women and Gender Equality in Development Cooperation (1997–2005)"
- 1.06 Inter-Ministerial Cooperation. An Effective Model for Capacity Development?
2.06 Evaluation of Fredskorpset
1.06 – Synthesis Report: Lessons from Evaluations of Women and Gender Equality in Development Cooperation
- 1.07 Evaluation of the Norwegian Petroleum-Related Assistance
1.07 – Synteserapport: Humanitær innsats ved naturkatastrofer: En syntese av evalueringsfunn
1.07 – Study: The Norwegian International Effort against Female Genital Mutilation
2.07 Evaluation of Norwegian Power-related Assistance
2.07 – Study Development Cooperation through Norwegian NGOs in South America
3.07 Evaluation of the Effects of the using M-621 Cargo Trucks in Humanitarian Transport Operations
4.07 Evaluation of Norwegian Development Support to Zambia (1991 - 2005)
5.07 Evaluation of the Development Cooperation to Norwegian NGOs in Guatemala
1.08 Evaluations of the Norwegian Emergency Preparedness System (NOREPS)
1.08 Study: The challenge of Assessing Aid Impact: A review of Norwegian Evaluation Practice

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
Fax: +47 22 24 20 31
Postmottak@norad.no
www.norad.no

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Department for Development Policy

Ministry for Foreign Affairs
Po Box 176, 00161 Helsinki

Visiting address:
Katajanokanlaituri 3,
00160 Helsinki

