



RE-375

Do We Know If the Bank's Pro-Poor Projects Benefit the Poor?

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ACRONYMS

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ACRONYMS

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|------|---------------------------------------|
| CRG | Management Review Committee |
| DO | Development objective |
| IP | Implementation progress |
| LRR | Loan Results Report |
| MIF | Multilateral Investment Fund |
| NSG | Non-Sovereign-Guaranteed |
| PBL | Policy-Based Loan |
| PCR | Project Completion Report |
| PMR | Project Monitoring Report |
| PPMR | Project Performance Monitoring Report |
| PSR | Project Supervision Report |
| PTI | Poverty-Targeted Investment |
| QRR | Quality and Risk Review |
| SEQ | Social Equity Enhancing |
| SG | Sovereign-Guaranteed |
| XPSR | Expanded Project Supervision Report |

I. INTRODUCTION

- 1.1 From its founding, the Inter-American Development Bank has been committed to reducing poverty in Latin America and the Caribbean. The Bank's Institutional Strategy spells out its commitment to "contribute to the struggle against poverty and inequality in Latin America and the Caribbean, making it a first priority to its lending, technical assistance and research activities." The IDB-8 agreement made "poverty targeted investments" (PTI) an explicit tracking category for Bank lending operations. And the background document for the IDB-9 capital increase states categorically: *"For the years to come, development in the LAC region will have two key components: reducing poverty and inequality, and achieving sustainable growth."* (AB-2764, paragraph. 3.6)
- 1.2 For the Bank to live up to its commitments in the area of poverty reduction, it is critical that interventions attempting to benefit the poor keep track of and evaluate the degree to which they are doing two things: 1) reaching the poor with the intended services, and 2) ensuring that the services provided make a difference in the lives of the poor. Lack of evidence of these two aspects constitutes a serious credibility challenge to the Bank's efforts in this realm. The importance of evaluating and documenting the results and performance of development efforts was recognized in the 2005 Paris Declaration on Aid Effectiveness and the 2008 Accra Agenda for Action.¹ It is also acknowledged in the Bank's recent efforts "which pu[t] a greater focus on ensuring that Bank products provide empirical evidence of results" and "emphasiz[e] the need to have evidence to propose an intervention".² Most recently, the Bank reasserted its commitment to evidence-based reporting and decision making in the Cancún Declaration of March 21, 2010.³
- 1.3 Yet, OVE evaluations have shown that the degree of empirical documentation of the results and performance of the Bank's projects is limited. This evaluation focuses on a specific subset of the Bank's projects: those that are explicitly aiming to reach the poor, which will be referred to as "pro-poor projects". The evaluation examines the degree to which these projects document their targeting (getting the services to the poor) and their ability to produced results in the lives of the intended beneficiaries.

II. THE EVALUATION

A. Evaluative Questions

- 2.1 The evaluation centered on four evaluative questions:
 - a. To what extent do the Bank's pro-poor projects document whether they reach their intended beneficiaries?
 - b. To what extent do they document their effects on the specific segment(s) of the population living in poverty that they aim to reach?
 - c. To what extent does the quality of the projects' design affect their degree of empirical documentation?

- d. To what extent does the quality control process of the projects' completion reports address the lack of empirical evidence of these aspects of the projects' performance, when it does exist?

B. Evaluation Methodology⁴

- 2.2 This evaluation is based on a desk review of loan documents, Project Completion Reports (PCRs) and Management Review Committee (CRG) and Quality and Risk Review (QRR) minutes, and on an analysis of Bank administrative data.
- 2.3 Bank projects classified as "Poverty-Targeted Investments" (PTIs) comprise a large share of the projects aimed at reaching the poor – but not all (see below). In order to identify all the pro-poor projects approved between 2002 and 2007, the evaluation conducted a textual analysis of 499 loan documents⁵ searching for phrases that indicated an intention of reaching the poor.
- 2.4 To assess the documentation of the projects' targeting performance and results, the evaluation recreated each project's ex-post results framework based on their PCR information. To characterize the projects' design, the evaluation relied on a review of the projects' loan proposals, logical frameworks and conditionality, policy or outcome matrices. The evaluation also reviewed whether issues related to the documentation of the projects' targeting performance and results were raised at the CRG/QRR reviews that preceded the PCRs' final approval. For this purpose, it conducted an analysis of those reviews' minutes.

C. Universe of Study

- 2.5 The evaluation centers on 25 pro-poor loan projects that were approved between 2002 and 2007 and submitted PCRs by June 30, 2009.⁶ Under the label of "pro-poor projects," this evaluation includes all the projects whose loans proposals express an intention to benefit the poor - regardless of whether they qualify as PTIs.
- 2.6 While the pro-poor and PTI criteria overlap, the correlation between them is not perfect and only coincides for 79% of the projects. This is because, unlike the pro-poor criterion, the PTI classification does not require the projects' targeting intent to be expressed explicitly. The projects' PTI status is defined based on whether they meet at least one of the following conditions: (a) belong to one of the following sectors: Pre-School and Primary Education, Early Childhood Development, Primary Health Care, Nutrition, Microenterprise and other sectors aimed at at-risk or marginalized groups; (b) expect more than 50% of their potential beneficiaries to be poor; or (c) target their benefits to poor regions or areas within the area of influence of the project.⁷ In addition, by definition, PBLs and Financial Emergency Loans do not qualify as PTIs – even though, on many occasions, they involve reform or policy conditionalities that are specifically aimed at protecting or benefiting the poor.
- 2.7 Among the 499 loans approved between 2002 and 2007, the evaluation identified 161 as pro-poor, 102 of which were classified as PTI projects in the Bank's database.⁸ The 59 pro-poor projects that do not qualify as PTIs include 36 Sovereign-Guaranteed (SG) Investment Loans, three Private Sector Loans, and 20 Policy-Based Loans (PBLs) and Financial Emergency Operations. On the other hand, 44 of the 146 PTI loan projects

approved between 2002 and 2007 did not mention the intention to benefit the poor in their loan proposals and consequently did not meet the pro-poor criteria.

- 2.8 Of the 161 pro-poor projects, only 38 had been completed by the time of this evaluation, but 13 of these had no PCR. This left as the universe of this study the 25 pro-poor projects that had been fully disbursed and had complied with all of the Bank's procedures regarding reporting on results.⁹

III. FINDINGS

A. General Framework

- 3.1 This evaluation focused on the degree to which the Bank's pro-poor projects document two aspects of their performance that are critical to assess their effectiveness and efficiency in benefiting the poor: targeting performance and effects on the specific segment(s) of the poor that they intended to reach.
- 3.2 Targeting performance refers to the extent to which a project delivers its benefits to its intended beneficiaries. This definition involves two dimensions: (a) the extent to which the project reaches its total target population, also known as "coverage"; and (b) the extent to which it avoids the diversion of resources towards individuals, households or other units that do not belong to the target population, also known as "leakage"¹⁰. At the same time, the evaluation analyzes the documentation of the projects' effects on the intended beneficiaries, since many pro-poor projects cite data that refer to a larger group or the population in general rather than to the poor specifically.
- 3.3 In order to consider these two aspects of the projects' performance adequately documented, the evaluation required that the projects' PCRs report each aspect based on indicators that are measurable and specify a baseline, a target and the value they took at completion.
- 3.4 Since PBL and Financial Emergency Operations do not finance specific investments, they do not identify direct beneficiaries the way Investment Loans do. Nevertheless, all the PBL and Emergency Operations that this evaluation identified as pro-poor include purposes and conditionalities aimed at enhancing the effectiveness and efficiency of specific government investment programs or services targeted at the poor. Therefore, the documentation of targeting performance and effects on the poor is equally relevant to them.

B. Empirical Documentation of Targeting Performance

- 3.5 Only two of the 25 projects included indicators of coverage or leakage with full metrics. Brazil's "Diversity in University", BR-0364, included a leakage indicator and Nicaragua's "Social Policy Reform Program to Support ERCERP, NI-0169, included a coverage indicator. Having indicators with full metrics is a necessary condition to assess their targeting performance, which is done by comparing the indicators' levels at baseline and their targets with the values reached at completion. This being said, neither project included indicators of both types:

Table 3.1
Fully-Defined Coverage and Leakage Indicators Included in the Projects' PCRs

| Project | Indicator | Type of indicator | Baseline | Target | End value |
|--|--|-------------------|-----------------|--------|-----------|
| Diversity in University (BR-0364) | % black or indigenous students among the beneficiaries* | Leakage | (Doesn't apply) | 51% | 77% |
| Social Policy Reform Program to Support ERCERP (NI-0169) | Coverage of rural families living in extreme poverty who are served by the Social Welfare System | Coverage | 12% | 24% | 28% |

* We treat the percentage of black and indigenous students as a poverty-targeting indicator because, in the context of this project's loan proposal, such students are purported as a socially-excluded and disadvantaged group.

- 3.6 In addition to those two PCRs, four included data on the projects' coverage and/or leakage at completion but failed to specify those indicator's baselines or targets (see Table 3.2). Lack of baselines or targets makes the evaluation of the projects' targeting performance not possible. In effect, when the indicators' baseline values are unknown, it is not possible to assess the degree of progress attained during the life of the projects. Similarly, when the indicators' targets are not defined, it is not possible to establish the degree of success at improving or maintaining the projects' targeting performance.

Table 3.2
Incompletely-Defined Coverage and Leakage Indicators Included in the Projects' PCRs

| Project | Indicator | Type of indicator | Baseline | Target | End value |
|--|---|-------------------|----------|--------|-----------|
| Social Protection Reduction Impact of the Crisis on Poverty (AR-0295) | % coverage of Priority Social Programs in the poor population | Coverage | --- | --- | 15% |
| | % coverage of Priority Social Programs in the indigent population | Coverage | --- | --- | 33% |
| Social Reform (EC-0216) | % of SIAN* resources allocated to children under 5 in quintiles 1 and 2 | Leakage | --- | 33% | 63% |
| | % of BDH* targeted at the poorest quintiles of the population | Leakage | 50% | --- | 100% |
| Fiscal Reform Program (PE-0211) | Leakage rate in the Vaso de Leche program | Leakage | 56.9% | --- | 58.3% |
| | Leakage rate in the Comedor Popular program | Leakage | 35% | --- | 33% |
| | Leakage rate in the Desayuno Escolar program | Leakage | 81.0% | --- | 76.3% |
| | Undercoverage rate in the Vaso de Leche program | Coverage | 41.6% | --- | 39.1% |
| | Undercoverage rate in the Comedor Popular program | Coverage | 96.3% | --- | 96.4% |
| | Undercoverage rate in the Desayuno Escolar program | Coverage | 79.5% | --- | 73.9% |
| Reform of Poverty Alleviation Programs and Human Capital Development (PE-0247) | Comprehensive Health Insurance Plan (SIS) exclusion rate | Coverage | 24.8% | --- | 33.7% |
| | Vaso de Leche program exclusion rate | Coverage | 30.8% | --- | 26.2% |
| | Comedores Populares program exclusion rate | Coverage | 3.1% | --- | 2.3% |
| | Desayunos y Almuerzos Escolares program exclusion rate | Coverage | 36.2% | --- | 45.1% |
| | Comprehensive Health Insurance Plan (SIS) leakage rate | Leakage | 24.3% | --- | 29.4% |
| | Vaso de Leche program leakage rate | Leakage | 37.6% | --- | 41.6% |
| Comedores Populares program leakage rate | Leakage | 36.8% | --- | 45.1% | |

| Project | Indicator | Type of indicator | Baseline | Target | End value |
|---------|--|-------------------|----------|--------|-----------|
| | rate | | | | |
| | Desayunos y Almuerzos Escolares program leakage rate | Leakage | 26.1% | --- | 31.3% |

* BDH = Human Development Benefit; SIAN = Integrated Food and Nutrition System.

3.7 The rest of the projects presented the following situations:

- a. Four projects report on targeting performance based on generic qualitative statements that are not supported by empirical data. For example:

Table 3.3
Generic Qualitative References to Targeting Performance Included in the Projects' PCRs

| Project | References to targeting performance | Target population | Remarks |
|--|--|--|---|
| Social Protection Reduction Impact of the Crisis on Poverty II (AR-0296) | <i>"With respect to the National Social Policy Coordination Council (CNCPS) report on the status and coverage of the Single Registry of Beneficiaries (RUB), including gains in reducing duplications, CNCPS authorities presented a report dated 30 October 2003 indicating the progress made in terms of coverage and monthly savings estimates from implementing the RUB".</i> | "The poorest population groups"; "low-income groups"; "the country's most vulnerable people" | The reported progress in coverage is not documented with empirical data |
| Social Infrastructure and Management Community for Peace (CO-0234), Colombia | <i>"The monitoring reports indicated that the program's beneficiary municipios were fundamentally those poor municipios [with] [...] a quality of life (ICV) score under 60 points".</i> | The 252 poorest municipalities with medium and low rates of violence | The claim that the municipalities served by the program were "fundamentally" those that met the eligibility condition of having an ICV score lower than 60 is not substantiated with data |
| Social Expenditure Quality Improvement (GU-0175), Guatemala | <i>"The Planning and Programming Secretariat (SEGEPLAN) developed a municipal index using variables related to extreme poverty, malnutrition, availability of food, and agriculture- and infrastructure-related considerations. The program succeeded partially in targeting spending."</i> | The poor municipalities targeted by the "Guate Solidaria" program | The claim that the program succeeded "partially" in improving spending targeting is not documented empirically. |
| Social Sector Program (UR-L1003) | <i>"Thanks to the development of the Single Record of Beneficiaries (RUB) that made it possible to cross-reference databases, coverage gaps were detected that allowed for better targeting of cash transfers to low-income households. At the same time, the National Household Survey was a key development for targeting the coverage of low-income households that benefitted from the noncontributory family allowances".</i> | The population living in extreme poverty and exclusion | The reported improvement in the targeting of income transfers is not documented empirically. |

- b. One of the projects (Colombia's "Reform of Health and Social Security," CO-0265) cites an indicator expressed in metric form that does not include end data. More specifically, its PCR states:

“A mediados del 2003, el régimen subsidiado había afiliado aproximadamente el 46,5% de la población de pobreza extrema, una cifra sin precedentes en Colombia. Con esta expansión y la certificación del Ministro de Protección Social fechada 28 de febrero del 2005, se considera que esta condición ha sido cumplida”.

The only coverage rate mentioned corresponds to the year when the project was approved (2003). For the year when the project was completed, the report states that the coverage target was achieved but does not substantiate this claim with empirical data.

- c. Three projects indicate how many low-income individuals they served without providing enough information to assess their targeting performance, and the remaining 11 projects do not address their targeting performance at all.

C. Empirical Documentation of Effects on the Poor

- 3.8 In terms of effects on the poor, the documentation found was even more limited.¹¹ Only one of the 25 projects documented the degree of achievement of all its intended effects on the poor using outcome indicators with full metrics. It was Uruguay’s “Social Sector Program” (UR-L1003). This project had three specific objectives, out of which the first and the second were targeted on the poor:

“[S]upport the new government in developing and implementing a social policy to reduce poverty [specific objective 1], improve the human resource base among the poorest population [specific objective 2], and strengthen the institutional framework of the social sector in order to make social policy more effective [specific objective 3].

- 3.9 This project’s PCR documents the degree of achievement of these two specific objectives based on the following indicators:

Table 3.4
Indicators Included in the PCR of Project UR-L1003 to Document the Achievement of its Poverty-Targeted Specific Objectives.

| Specific objectives: “[S]upport the new government in developing and implementing a social policy to... | Indicators | Baseline | Target | End value |
|--|---|----------|-----------|-----------|
| ...reduce poverty” | Indigent population (%) | 4.0 | 1.97- 3.3 | 2.1 |
| ...improve the human resource base among the poorest population” | Net enrollment rate of children (ages 4 and 5) from households in the first decile (%) | 77.8 | 79.0-88.0 | 79.4 |
| | Net enrollment rate of adolescents (ages 14 and 17) from households in the first decile (%) | 68.7 | 70.0-75.0 | 71.2 |

- 3.10 The PCR of a second project, Guatemala’s “Social Expenditure Quality Improvement” (GU-0175) program, uses fully defined indicators to document its only poverty-targeted specific objective as well. But the indicators that it employs cover only part of its intended effects.

Table 3.5
Indicators Included in the PCR of Project GU-0175 to Document the
Achievement of its Poverty-Targeted Specific Objective.

| Specific objective | Indicators | Baseline | Target | End value |
|--|--|----------|--------|-----------|
| “[A]ssist the government in its efforts to enhance the targeting of social expenditure and investment toward the most vulnerable segments of the population” | Repeater rate in 1st grade in “Guate Solidaria” municipalities | 27.2% | 22.2% | 24.2% |
| | Repeater rate in 2nd grade in “Guate Solidaria” municipalities | 20.0% | 15.0% | 16.5% |
| | Dropout rate in 1st grade in “Guate Solidaria” municipalities | 5.7% | 2.7% | 7.3% |
| | Dropout rate in 2nd grade in “Guate Solidaria” municipalities | 4.0% | 1.0% | 4.8% |

- 3.11 As Table 3.5 (above) shows, the indicators are presented in measurable form and include full metrics. They refer to the “Guate Solidaria” municipalities (which, at the time, had the highest poverty rates in the country¹²) and comply with the condition of being specifically centered on the poor. However, since they refer only to educational outcomes, they only capture a small portion of the intended outcome expressed in the specific objective, which involves social expenditure and investment as a whole.
- 3.12 The PCR of a third project, Argentina’s “Social Sector Program: Argentina Forward” (AR-0290), included one poverty-targeted outcome indicator with incomplete metrics to document the achievement of only one of its two poverty-targeted objectives (see Table 3.6). Therefore, it is not possible to assess whether the project attained the intended outcomes.

Table 3.6
Indicators Included in the PCR of Project AR-0290 to Document the
Achievement of its Poverty-Targeted Specific Objective.

| Specific objectives: | Indicators | Baseline | Target | End value |
|---|--------------------|----------|--------|-----------|
| “Support Argentina with the implementation of its social policy as a transition from emergency interventions designed to mitigate the effects of the economic crisis of 2001-2002 to a social inclusion policy grounded in... | | | | |
| ...the participation of youths and adults in productive activities for the poorest segments of the population” | --- | --- | --- | --- |
| ...conditional income support for the poorest segments of the population” | Tasa de indigencia | 17.0% | --- | 12.2% |

- 3.13 Two PCRs substantiate the reported outcomes based on outcome indicators that do not refer to the target population specifically. For example, as Table 3.7 shows, project CO-0268 illustrates its purported success in mitigating the effects of the socioeconomic crisis on the *population living in extreme poverty* citing variations in income and consumption in the *urban and rural populations in general*. Similarly, project NI-0161 reports on its accomplishments in improving the wellbeing of *people living in extreme poverty* based on indicators that also refer to the *population as a whole*. Consequently, it is not possible to establish whether the trends observed in the data reflect an improvement in the situation of the *extremely poor* in

particular or in that of the *upper layers of the population living in poverty* or other segments of the *population at large*.

Table 3.7
Indicators Included in the PCRs of Projects CO-0268 and NI-0161 to Document the Achievement of their Poverty-Targeted Specific Objectives

| Project | Specific objectives | Indicators |
|---|---|--|
| Social Emergency (CO-0268), Colombia | “Mitigate the potential effects of fiscal tightening and the economic and social crisis on populations living in extreme poverty” | Variación en los ingresos de los hogares de las zonas urbanas |
| | | Variación en los ingresos de los hogares de las zonas rurales |
| | | Variación en el consumo de los hogares |
| Social Safety Net II (NI-0161), Nicaragua | “Enhance the wellbeing of Nicaraguans living in extreme poverty by helping them to build up their human capital.” | % de niños de entre 0 y 5 años con anemia |
| | | % de la población infantil menor de 5 años con problemas de desnutrición |
| | | Diferencia (doble-diferencia) en la tasa de incidencia de la anemia, entre el 2002 y el 2004 |

- 3.14 The remaining 20 PCRs do not document the projects’ accomplishments in relation to their intended effects on the poor with any indicators.
- 3.15 Consequently, while 23 of the 25 projects examined assessed their own prospects of achieving their DOs as “very probable” or “probable,” all but two failed to document their effects on the poor, reporting with not one measurable indicator.
- 3.16 These findings are consistent with those of an evaluation of the PCRs produced under the Bank’s 2004 Guidelines that OVE carried out in 2006.¹³ That evaluation found that, among 19 PCRs examined, only one had an acceptable ex-post results framework; and that, based on the information presented in the PCRs, only two projects could have their DO ratings validated. This suggests that the lack of empirical documentation of results observed among the Bank’s projects in general presents itself in pro-poor projects to a similar extent.
- 3.17 It is important to note that, in addition to being very few and containing generally only partial evidence, the projects whose PCRs include empirical data on their effects on the poor do not document targeting performance.¹⁴

D. Project Design Quality

- 3.18 Since having the type of data required for documenting these aspects of the projects’ performance is essential for the successful implementation of any targeted intervention, it seems reasonable to expect that such data would be readily available to these projects. The fact that so few included targeting-relevant data in their PCRs raises the question of whether projects have and use this information during implementation. This evaluation explored the link between the degree of documentation observed and the following aspects of the projects’ design, which are essential for inducing and guiding the use of this information.
- 3.19 The Role of Targeting-Relevant Data during Project Preparation: To assess the role that targeting-relevant data played during project preparation, the evaluation considered the extent to which the projects’ loan proposals based their characterization of the problems that they intended to address and their causes on this type of data. Only seven of the 25 projects characterize all the problems they

intended to address based on metric data. On the other hand, nine projects cite no empirical targeting-relevant data in their loan proposals' diagnoses.¹⁵

- 3.20 Explicitness of targeting intent: While all the projects' loan proposals involve, in one way or another, an intent to benefit the poor, some express it more categorically than others.¹⁶ The analysis found that the pro-poor projects that express this intention most explicitly outnumber the others by a ratio of four to one.¹⁷
- 3.21 Specificity of Beneficiary Selection Criteria: The evaluation also found significant differences in the level of specificity with which the projects' loan proposals defined their beneficiary selection criteria. More specifically, four of the 10 Investment Loan projects examined failed to specify a beneficiary selection criterion. Six presented one, but only two indicated how they would prioritize among eligible applicants.¹⁸ (Since PBLs and Financial Emergency Operations do not have direct beneficiaries, they were not rated in terms of this design dimension).
- 3.22 Ex-Ante Documentation Strategy: To assess the adequacy of strategies for documenting projects' targeting performance and their effects on the poor, the evaluation reconstructed their ex-ante results frameworks and examined the adequacy of the indicators proposed to measure the projects' performance.
- 3.23 None of the 25 projects proposed fully-defined indicators to measure both coverage and leakage; the four projects that included measurable indicators with a complete metric were aimed to assess only one of these aspects of targeting performance. Four proposed coverage and/or leakage indicators that failed to specify baselines or targets, while as many as 17 did not include any relevant coverage or leakage indicators in their ex-ante results frameworks.¹⁹
- 3.24 In relation to the documentation of the projects' effects on the poor, only two of the 25 projects proposed fully-defined indicators to assess the majority of their intended outcomes. On the other hand, as many as 17 projects did not suggest any relevant indicators. Among the remaining projects, three had ex-ante results frameworks with fully-defined indicators that covered less than half of their intended effects on the poor, and three proposed indicators that lacked a complete metric.²⁰

E. The Effect of Design Quality on Empirical Documentation

- 3.25 The evaluation found a weak association between the quality of the projects' design and the extent to which they documented their targeting performance and their effects on the poor empirically. While the projects with best documentation generally met a greater number of design quality criteria, a majority of the projects with relatively better designs did not include empirical data on these aspects of their performance in their PCRs.
- 3.26 More specifically, in relation to the documentation of targeting performance, the only Investment Loan with fully-defined targeting indicators met three of the four good design criteria while, among the projects that did not include any targeting indicators in their PCRs, seven out of nine met at the most two. Similarly, while four of the five PBLs or Financial Emergency Projects with at least partially-defined targeting indicators met two of the three good design criteria, among the remaining 10 projects nine met only one criterion. However, the Investment Loan

that met the most good design criteria did not document its targeting performance empirically in its PCRs. By the same token, only one of the two Investment Loans that met three of the four good design criteria included coverage or leakage data in its PCR.²¹

- 3.27 In relation to the empirical documentation of effects on the poor, none of the Investment Loan projects presented empirical evidence, regardless of how many design quality criteria they fulfilled. While the only PBL whose PCR included fully-defined indicators for all its intended outcomes on the poor was also the only one that meets all three criteria, the only other PBL with fully-defined effects-on-the-poor indicators met only one good-design criterion while the rest of the projects did not reflect any clear pattern.²²
- 3.28 The large proportion of projects with good design quality that did not document their effects on the poor and/or their targeting performance raises the question of why these projects which had relatively good designs at entry would fail to document their achievements empirically at completion. This question will be addressed as part of a second stage of the current evaluation.

F. The Lack of Empirical Documentation as a Topic in the PCRs' CRG/QRR Reviews

- 3.29 One of the ways in which the Bank could help enhance the extent of empirical documentation of the projects' performance in their completion reports is by ensuring that the CRGs/QRRs that review SG projects' PCRs and the peer reviews that discuss Non-Sovereign Guaranteed (NSG) projects' Expanded Project Supervision Reports (XPSRs) before their final approval function as effective quality control mechanisms. To assess the degree to which these reviews have addressed the lack of documentation discussed above, this evaluation conducted a content analysis of the CRG/QRR minutes associated with the 24 PCRs for which these reviews' minutes could be obtained.
- 3.30 The evaluation found very few CRG/QRR minutes where the lack of documentation was raised as a problem. In relation to the empirical documentation of targeting performance, the evaluation found only two references to the issue.²³ The first reference appeared in the CRG minutes of Colombia's "Social Infrastructure and Management Community for Peace" (CO-0234) project, whose PCR discusses the project's targeting performance based on generic qualitative statements. The second reference was found in the QRR minute of Peru's "Reform of Poverty Alleviation Programs and Human Capital Development" (PE-0247) project, whose PCR documents targeting performance based on insufficiently-defined indicators.
- 3.31 In relation to the documentation of the projects' effects on the poor, only two CRG/QRRs minutes mentioned the lack of adequate documentation.²⁴ The first one belongs to one of the 20 projects without any documentation of effects on the poor. This was the "Reform of Poverty Alleviation Programs and Human Capital Development" (PE-0247) project. The other relates to Guatemala's "Social Expenditure Quality Improvement" (GU-0175) program. This project is one of the only two whose PCRs included fully-defined indicators of effects on the poor.

However, it is not clear whether the indicators presented in its PCR were included as a result of the CRG discussion or were there since the very start.

G. The robustness of this evaluations' findings

- 3.32 The high proportion of PBL and Emergency Operations within the evaluation's universe of study (15 out of 25) could raise some doubts on the applicability of the findings to the Bank's loan portfolio as a whole. Among the loan projects approved between 2002 and 2007, PBL and Emergency Operations represent only 11%, whereas Investment Loan projects account for nearly 75%. Therefore, in an attempt to validate its findings with regard to the documentation of the projects' targeting performance and effects on the poor, this evaluation conducted an analysis of the most recent Project Performance Monitoring Reports (PPMRs) of all pro-poor Investment and Private Sector Loan projects approved between 2002 and 2007 that, as of December 31, 2008, were still active and had disbursed at least 50% of their funds. These account for 47 of all the 112 pro-poor loans active at this date.²⁵ For this purpose, the evaluation applied the same methodology as in the analysis of the PCRs of the 25 projects that make up its universe of study.
- 3.33 This analysis confirmed the findings presented above. Only three of the 47 active Investment and Private Sector loan projects included complete coverage or leakage indicators in their PPMRs (none of them included both types of indicators) whereas none of them documented their results on the poor with appropriately-defined indicators. These proportions are roughly comparable, if not lower, than the ones observed within the set of completed projects. Among those projects, two out of 25 included fully-defined coverage or leakage indicators and one included fully-defined indicators of its effects on the poor. The same is true when the complete absence of indicators to assess these aspects of the projects' performance is analyzed: among the active Investment and Private Sector Loan projects, as many as 41 out of 47 did not include any coverage or targeting indicators whereas, among the completed projects, the proportion is 19 out of 25. Similarly, 45 of the 47 active projects did not include any indicators of effects on the poor in their PPMRs, whereas, among the completed projects, the proportion is 22 out of 25.²⁶

IV. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

- 4.1 This evaluation has demonstrated that the Bank actually has very little empirical evidence that its "pro-poor" projects deliver benefits to the poor, and even less evidence that the benefits make a real difference in the lives of beneficiaries. Thus, only two of the 25 PCRs documented targeting performance based on fully-defined indicators, and they did so in relation to either coverage or leakage – not to both. At the same time, only one PCR presented adequate empirical evidence of all the project's intended outcomes on the poor. By the same token, the overall quality of the design of the majority of projects was found to be very low; while only one of the 25 projects met all the good-design criteria that included the documentation strategy of targeting performance, and only one the criteria that included the

documentation strategy of effects on the poor, less than half the projects met more than one design criterion.

- 4.2 The relationship between the quality of the projects' design and the extent to which they document their own performance was found to be rather weak. This raises the question of why the projects which had relatively better designs at entry would still fail to document their achievements empirically at completion.
- 4.3 One of the factors that might help answer this question is a failure in the quality control processes that completion reports are subject to. The evaluation found that, in light of the analysis of their minutes, the PCR's CRG/QRR reviews very rarely treat the lack of empirical documentation observed as a problem.
- 4.4 While meaningful in their own right, these findings raise a number of questions that OVE intends to address through a follow-up study. These questions include:
 - a. Why do such a high proportion of the projects that have relatively better designs fail to document these aspects of their performance in their PCRs?
 - b. Is there a correlation between the extent of empirical documentation and project performance?
 - c. To what extent does the low level of documentation observed reflect lack of use of existing information during project implementation and at completion?

B. Recommendations

- 4.5 The overall recommendation of this evaluation is that, for their effective implementation, the Bank's pro-poor projects need to recognize the importance of developing and utilizing systems for the identification of potential beneficiaries, the selection of actual beneficiaries and the follow-up of services delivered. These are not simple technical details. Adequate information of this type is required if the Bank is to demonstrate compliance with the poverty reduction mandates it has repeatedly received from its shareholders. .
- 4.6 This evaluation recommends that the Bank should review and consider revising its processes at all stages of the pro-poor projects' project cycle:
 1. ***At the project design stage:*** The Bank's pro-poor projects should enhance the quality of their design as presented in their loan proposals. For this purpose, their loan proposals should meet the following conditions: (i) characterize the problems that the projects aim to address and their determinants based on targeting-relevant data; (ii) state the projects' objectives and their targeting intent clearly; (iii) specify the criteria for the selection of the projects' beneficiaries and the prioritization among eligible candidates; and (iv) present a results framework that includes fully-defined indicators to monitor and evaluate the projects' coverage, leakage and effects on the specific segment of the population living in poverty that they intend to serve both during implementation and at completion.
- 4.7 In order to ensure that pro-poor projects meet acceptable design and evaluability standards, the Bank should:

- a. Ensure that the guidelines that inform the design of pro-poor projects explicitly require specification of each of these aspects in the projects' loan proposals. This applies both to Investment Loans and to PBL and Financial Emergency operations that include purposes and conditionalities aimed at enhancing the effectiveness and efficiency of specific government investment projects or services targeted at the poor.
 - b. Ensure that staff charged with the preparation of these projects' designs have the necessary competencies and incentives to fulfill this task appropriately; and
 - c. Ensure that the quality control mechanisms in place (e.g., the Development Effectiveness Matrix, the QRRs of the projects' draft loan proposals) evaluate the projects' design's compliance with these conditions before approval.
2. ***At the implementation stage:* The Bank should seek to create conditions so that the agencies charged with the implementation of pro-poor projects have the capacity needed to base the selection of their beneficiaries on targeting-relevant data and develop systems of this type of data to monitor coverage, leakage and the degree of progress with the achievement of their intended outcomes on their target population throughout implementation.**
- 4.8 Since all the activities involved (e.g., collecting, obtaining and using the data; to document the project implementation) impose an opportunity cost on project teams, it is key to ensure that their incentives that are strong enough to offset that cost. One way in which this could be done is by requiring that projects report on each of these aspects of their performance as part of their Loan Results Reports (LRRs), based on measurable indicators that specify baselines, milestones, targets and current values.
3. ***At the completion stage:* The Bank's pro-poor projects should provide appropriate evidence of their targeting performance and their effects on their intended beneficiaries in their completion reports.**
- 4.9 The projects' completion reports should report on each of these aspects of their performance based on indicators that are measurable and specify a baseline, a target and the value that the indicators took at completion, to document the projects' targeting performance as well as their effects on their target population.
- 4.10 In order to ensure the appropriate documentation of these aspects of its pro-poor projects, the Bank should ensure that the guidelines that inform the preparation of PCRs, XPSRs, Project Monitoring Reports (PMRs) and Project Supervision Reports (PSRs) require explicit documentation with the level of detail described in the previous paragraph (4.9). In addition, the Bank should ensure that the quality control process that completion reports undergo before final approval work effectively.
4. **More generally, the Bank may need to reconsider the relevance of its current PTI classification. It is recommended that the Bank adopts a classification criterion that identifies the projects that explicitly seek to benefit the poor.**
- 4.11 This evaluation found that, based on its current definition criteria, the PTI classification captures only about two thirds of the Bank projects that are aimed to

reach the poor and, at the same time, includes projects whose loan proposals do not indicate an explicit intention to benefit the poor. Therefore, it cannot be regarded as an effective identifier of the projects that take the poor for a target population.

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APPENDIX I

BASIC CHARACTERISTICS OF THE EVALUATIONS UNIVERSE OF STUDY

| Operation number | Title | Targeting intent classification | Year of approval | Type of lending operation | Disbursed amount (US\$ mills.) | Year when PCR was submitted | DO PCR Ratings |
|------------------|---|---------------------------------|------------------|-------------------------------|--------------------------------|-----------------------------|----------------|
| AR0290 | Social Sector Program: Argentina Forward | Explicit | 2004 | Policy Based Loan | 500.0 | 2007 | Probable |
| AR0295 | Social Protection and Reduction of the Impact of the Crisis | Explicit | 2003 | Financial Emergency Operation | 1,500.0 | n/a | Probable |
| AR0296 | Social Protection and Reduction of the Impact of the Crisis II | Explicit | 2003 | Financial Emergency Operation | 400.0 | 2004 | Probable |
| BO0178 | Education Reform II | Implicit | 2003 | Specific Investment Operation | 4.3 | 2008 | Probable |
| BR0364 | Diversity in University | Explicit | 2002 | Innovation Operation | 4.7 | 2008 | Probable |
| BR0374 | Urban Paraná | Implicit | 2002 | Specific Investment Operation | 100.0 | 2006 | Very Probable |
| CO0139 | Reorganization, Redesign, & Modernization of Health Services Networks | Implicit | 2004 | Specific Investment Operation | 72.0 | 2009 | Very Probable |
| CO0234 | Social Infrastructure and Management Community for Peace | Explicit | 2002 | Specific Investment Operation | 9.9 | 2007 | Poco efectivo |
| CO0265 | Health and Social Security Reform Program | Explicit | 2003 | Policy Based Loan | 400.0 | 2006 | Probable |
| CO0268 | Social Emergency Program | Explicit | 2003 | Financial Emergency Operation | 1,250.0 | 2005 | Very Effective |
| CO0270 | Public Utilities Reform Program | Explicit | 2004 | Policy Based Loan | 600.0 | 2009 | Probable |
| DR0159 | Sustainability and Protection of Social Reforms | Explicit | 2004 | Financial Emergency Operation | 200.0 | 2007 | Effective |
| EC0207 | Housing Sector Support Phase II | Explicit | 2002 | Multi-Phase Lending Project | 24.5 | 2008 | Probable |
| EC0216 | Social Sector Program | Explicit | 2003 | Policy Based Loan | 198.0 | 2007 | Probable |
| GU0175 | Social Expenditure Quality Improvement | Explicit | 2004 | Policy Based Loan | 100.0 | 2009 | Probable |
| NI0064 | Low-Income Housing Program | Explicit | 2002 | Multi-Phase Lending Project | 22.5 | 2007 | Probable |
| NI0161 | Social Safety Net Stage II | Explicit | 2002 | Multi-Phase Lending Project | 19.3 | 2008 | Probable |
| NI0169 | Social Policy Reform | Explicit | 2002 | Policy Based Loan | 30.0 | 2006 | Probable |
| NI0171 | Basic Education for Youth and Adults | Implicit | 2004 | Specific Investment Operation | 10.0 | 2008 | Very Probable |
| NI0183 | Social Sector Program in Support of the ERCERP | Explicit | 2006 | Policy Based Loan | 30.0 | 2008 | Probable |
| PE0211 | Fiscal Reform Program | Explicit | 2002 | Policy Based Loan | 300.0 | 2006 | Very Effective |
| PE0233 | Program for Institutional | Implicit | 2002 | Specific Investment | 4.7 | 2008 | Probable |

| Operation number | Title | Targeting intent classification | Year of approval | Type of lending operation | Disbursed amount (US\$ mills.) | Year when PCR was submitted | DO PCR Ratings |
|------------------|--|---------------------------------|------------------|-------------------------------|--------------------------------|-----------------------------|----------------|
| | Strengthening and Environmental and Social Management to Support the CAMISEA Gas Project | | | Operation | | | |
| PE0247 | Reform of Poverty Alleviation Programs and Human Capital Development | Explicit | 2004 | Policy Based Loan | 300.0 | 2009 | Poco Probable |
| UR-L1003 | Social Sector Program | Explicit | 2005 | Policy Based Loan | 250.0 | 2009 | Very Probable |
| UR0151 | Social Protection and Sustainability Program | Explicit | 2002 | Financial Emergency Operation | 500.0 | 2003 | Probable |

APPENDIX II

TABULATIONS

Table 1
Number of Pro-Poor Loan Projects
by PTI Classification and Operation Status as of 12/31/2008
(Loans Approved Between 2002 and 2007)

| Operation status | PTIs | Non-PTIs | Total |
|------------------|------|----------|-------|
| Active | 81 | 31 | 112 |
| Cancelled | 9 | 2 | 11 |
| Completed | 12 | 26 | 38 |
| Total | 102 | 59 | 161 |

Table 2
Number of PCRs by Availability Status as of 06/30/2009
(For Completed Pro-Poor Loan Projects Approved Between 2002 and 2007)

| PCR status | PTIs |
|--|------|
| Available | 25 |
| Not available | |
| Early stage of multi-phase operation | 5 |
| Private sector operation* | 1 |
| Cancelled after small disbursements | 3 |
| Should have had PCR but it could not be obtained | 4 |
| Total | 38 |

* Instead of PCRs, private sector loan projects are required to submit expanded project supervision reports (XPSRs). These reports are due in December of the calendar year when the projects reach early operating maturity. This project is expected to reach early operating maturity after 2010 and, therefore, it does not have an XPSR.

Table 3
Number of Loan Projects by PTI Classification and Explicitness of Targeting Intent (Loans Approved Between 2002 and 2007)

| Intention to reach the poor | PTIs | Non-PTIs | Total |
|------------------------------|------|----------|-------|
| Stated explicitly | 49 | 30 | 79 |
| Stated implicitly | 53 | 29 | 82 |
| Subtotal Stated (“pro-poor”) | 102 | 59 | 161 |
| Not stated | 44 | 294 | 338 |
| Total | 146 | 353 | 499 |

Table 4
Number of Completed Pro-Poor Loan Projects by Degree of Documentation of Targeting Performance in their PCRs (Loans Approved Between 2002 and 2007 that Submitted PCRs by 6/30/2009)

| Degree of documentation of targeting performance in the PCR | N |
|--|----|
| No mention of targeting performance | 11 |
| Discussed based on generic statements, absolute numbers and/or indicators without end data | 8 |
| Documented coverage <i>and/or</i> leakage based on insufficiently well-defined indicators | 4 |
| Documented either coverage <i>or</i> leakage based on adequately defined indicators | 2 |
| Total | 25 |

Table 5
Number of Completed Pro-Poor Loan Projects by Degree of Documentation of Effects on the Poor in their PCRs (Loans Approved Between 2002 and 2007 that Submitted PCRs by 6/30/2009)

| Degree of documentation in the PCR | N |
|--|----|
| Does not include indicators of effects on the poor | 22 |
| Documents less than half the intended outcomes with insufficiently well-defined indicators | 1 |
| Documents less than half the intended outcomes with adequately defined indicators | 1 |
| Documents at least half the intended outcomes with adequately defined indicators | 1 |
| Total | 25 |

Table 6
Number of Completed Pro-Poor Loan Projects by Degree
of Documentation of Targeting Performance and Effects on the Poor in their PCRs
(Loans Approved Between 2002 and 2007 that Submitted PCRs by 6/30/2009)

| Documentation of targeting performance in the PCR | Documentation of intended effects on the poor in the PCRs | | | | Total |
|--|---|---|---|--|-------|
| | No indicators of effects on the poor | Documents less than half with insufficiently defined indicators | Documents less than half with adequately defined indicators | Documents at least half with adequately defined indicators | |
| No mention of targeting performance | 11 | 0 | 0 | 0 | 11 |
| Discussed based on generic statements, absolute numbers and/or indicators without end data | 5 | 1 | 1 | 1 | 8 |
| Documented coverage <i>and/or</i> leakage with insufficiently well-defined indicators | 4 | 0 | 0 | 0 | 4 |
| Documented either coverage <i>or</i> leakage with adequately defined indicators | 2 | 0 | 0 | 0 | 2 |
| Total | 22 | 1 | 1 | 1 | 25 |

Table 7
Number of Completed Pro-Poor Loan Projects
by Presence of Targeting-Relevant Data in their Loan Proposals' Diagnoses
(Loans Approved Between 2002 and 2007 that Submitted PCRs by 6/30/2009)

| | |
|--|----|
| Loan proposal's diagnosis includes... | N |
| Only qualitative statements or no discussion | 9 |
| Characterization of some of the problems with metric data | 9 |
| Characterization of all the problems with metric data | 2 |
| Characterization of all the problems with metric data and identification of their determinants | 5 |
| Total | 25 |

Table 8
Number of Completed Pro-Poor Loan Projects
by Explicitness of Targeting Intent
(Loans Approved Between 2002 and 2007 that Submitted PCRs by 6/30/2009)

| | |
|-----------------------------|----|
| Intention to reach the poor | N |
| Stated explicitly | 20 |
| Stated implicitly | 5 |
| Total | 25 |

Table 9
Number of Completed Pro-Poor Investment Loan Projects
by Specificity of the Beneficiary Selection Criteria
(Loans Approved Between 2002 and 2007 that Submitted PCRs by 6/30/2009)

| Specificity of beneficiary selection criteria | N |
|---|----|
| Target population defined vaguely | 3 |
| Specifies target population but not selection mechanism | 1 |
| Specifies selection mechanism but not prioritization criteria | 4 |
| Specifies both selection- and prioritization criteria | 2 |
| Total | 10 |

Table 10
Number of Completed Pro-Poor Loan Projects
by Adequacy of the Strategy for Documenting Targeting
Performance, as Reflected in their Ex-Ante Results Frameworks
(Loans Approved Between 2002 and 2007 that Submitted PCRs by 6/30/2009)

| Strategy to document targeting performance | N |
|--|----|
| No explicit strategy | 10 |
| Strategy defined vaguely | 7 |
| Strategy based on insufficiently well-defined indicators | 4 |
| Strategy based on adequately-defined indicators | 4 |
| Total | 25 |

Table 11
Number of Completed Pro-Poor Loan Projects
by Adequacy of the Strategy for Documenting their Effects on
the Poor, as Reflected in their Ex-ante Results Frameworks
(Loans Approved Between 2002 and 2007 that Submitted PCRs by 6/30/2009)

| Strategy to document intended effects on the poor | N |
|--|----|
| No explicit strategy | 17 |
| Proposes indicators for less than half the intended outcomes with incomplete metrics | 1 |
| Proposes indicators for at least half the intended outcomes with incomplete metrics | 2 |
| Proposes indicators for less than half the intended outcomes with complete metrics | 3 |
| Proposes indicators for at least half the intended outcomes with complete metrics | 2 |
| Total | 25 |

Table 12
Number of Completed Pro-Poor Loan Projects by Degree of Documentation of Targeting Performance and Number of Good Design Quality Criteria Met, Considering their Ex-ante Strategy to Document Targeting Performance (Loans Approved Between 2002 and 2007 that Submitted PCRs by 6/30/2009)

| Documentation of targeting performance in the PCR | Investment Loans | | | | | | PBLs and Emergency Operations | | | |
|--|------------------|----------|----------|----------|----------|-----------|-------------------------------|----------|----------|-----------|
| | None | One | Two | Three | Four | Total | One | Two | Three | Total |
| No mention of targeting performance | 1 | 3 | 1 | 1 | 1 | 7 | 4 | 0 | 0 | 4 |
| Discussed based on generic statements, absolute numbers and/or indicators without end data | 1 | 0 | 1 | 0 | 0 | 2 | 5 | 0 | 1 | 6 |
| Documented coverage <i>and/or</i> leakage based on insufficiently well-defined indicators | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 3 | 0 | 4 |
| Documented either coverage <i>or</i> leakage based on adequately defined indicators | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 1 | 0 | 1 |
| Total | 2 | 3 | 2 | 2 | 1 | 10 | 10 | 4 | 1 | 15 |

Table 13
Number of Completed Pro-Poor Loan Projects by Degree of Documentation of Effects on the Poor and Number of Good Design Quality Criteria Met, Considering their Ex-ante Strategy to Document Effects on the Poor (Loans Approved Between 2002 and 2007 that Submitted PCRs by 6/30/2009)

| Documentation of intended effects on the poor in the PCRs | Investment Loans | | | | | PBLs and Emergency Operations | | | |
|--|------------------|----------|----------|----------|-----------|-------------------------------|----------|----------|-----------|
| | None | One | Two | Three | Total | One | Two | Three | Total |
| No indicators of effects on the poor | 2 | 3 | 2 | 3 | 10 | 9 | 3 | 0 | 12 |
| Documents less than half with insufficiently well-defined indicators | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 1 |
| Documents at least half with insufficiently well-defined indicators | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 1 |
| Documents at least half with adequately defined indicators | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Total | 2 | 3 | 2 | 3 | 10 | 11 | 3 | 1 | 15 |

Table 14
Number of Completed Pro-Poor Loan Projects by Degree of Documentation of Targeting Performance and Treatment Accorded to the Lack of Documentation in their CRG/QRR Reviews (Loans Approved Between 2002 and 2007 that Submitted PCRs by 6/30/2009)

| Documentation of targeting performance in the PCR | Problems with documentation of targeting performance mentioned in the PCR CRG/QRRs' minutes | | Total* |
|--|---|----------|-----------|
| | No | Yes | |
| No mention of targeting performance | 10 | 0 | 10 |
| Discussed based on generic statements, absolute numbers and/or indicators without end data | 7 | 1 | 8 |
| Documented coverage <i>and/or</i> leakage based on insufficiently well-defined indicators | 3 | 1 | 4 |
| Documented either coverage <i>or</i> leakage based on adequately defined indicators | 2 | 0 | 2 |
| Total | 22 | 2 | 24 |

* The total adds up to 24 (instead of 25) because the CRG/QRR minutes of one project's PCR could not be obtained.

Table 15
Number of Completed Pro-Poor Loan Projects by Degree of Documentation of Effects on the Poor and Treatment Accorded to the Lack of Documentation in their CRG/QRR Reviews (Loans Approved Between 2002 and 2007 that Submitted PCRs by 6/30/2009)

| Degree of documentation in the PCR | Problems with documentation of effects on the poor mentioned in the PCR CRG/QRRs' minutes | | Total* |
|--|---|----------|-----------|
| | No | Yes | |
| Does not include indicators of effects on the poor | 20 | 1 | 21 |
| Documents less than half the intended outcomes with insufficiently well-defined indicators | 1 | 0 | 1 |
| Documents at least half the intended outcomes with insufficiently well-defined indicators | 0 | 1 | 1 |
| Documents at least half the intended outcomes adequately defined indicators | 1 | 0 | 1 |
| Total | 22 | 2 | 24 |

* The total adds up to 24 (instead of 25) because the CRG/QRR minutes of one project's PCR could not be obtained.

Table 16
Number of Active Pro-Poor Loan Projects By PTI Classification and Percent Disbursed as of 12/31/2008 (Loans Approved Between 2002 and 2007)

| Percent disbursed | PTIs | Non-PTIs | Total |
|-------------------|-----------|-----------|------------|
| Less than 50% | 42 | 23 | 65 |
| 50% or more | 39 | 8 | 47 |
| Total | 81 | 31 | 112 |

Table 17
Number of Pro-Poor Loan Projects
by Degree of Documentation of Targeting Performance in their PCR or Most Recent
PPMR/PSR and PTI Classification (Loans Approved Between 2002 and 2007)

| Degree of documentation in the PCR or most recent PPMR/PSR | Active, with 50% or more disbursed | | | Completed with PCR |
|--|------------------------------------|----------|-------|--------------------|
| | PTIs | Non-PTIs | Total | |
| No mention of targeting performance | 32 | 8 | 38 | 11 |
| Discussed based on generic statements, absolute numbers and/or indicators without end data | 3 | 0 | 3 | 8 |
| Documented coverage <i>and/or</i> leakage based on insufficiently well-defined indicators | 2 | 1 | 3 | 4 |
| Documented either coverage <i>or</i> leakage based on adequately defined indicators | 2 | 1 | 3 | 2 |
| Total | 39 | 8 | 47 | 25 |

Table 18
Number of Pro-Poor Loan Projects by Degree of Documentation of Effects on the Poor in their PCR
or Most Recent PPMR/PSR and PTI Classification (Loans Approved Between 2002 and 2007)

| Degree of documentation in the PCR or most recent PPMR/PSR | Active, with 50% or more disbursed | | | Completed with PCR |
|--|------------------------------------|----------|-------|--------------------|
| | PTIs | Non-PTIs | Total | |
| Doesn't include indicators of effects on the poor | 37 | 8 | 45 | 22 |
| Documents less than half the intended outcomes with insufficiently well-defined indicators | 2 | 0 | 2 | 1 |
| Documents at least half the intended outcomes with insufficiently well-defined indicators | 0 | 0 | 0 | 0 |
| Documents less than half the intended outcomes with adequately-defined indicators | 0 | 0 | 0 | 1 |
| Documents at least half the intended outcomes with adequately-defined indicators | 0 | 0 | 0 | 1 |
| Total | 39 | 8 | 47 | 25 |

Table 19
Number of Active PTI Loan Projects that Do Not Express Targeting Intent in their Loan Proposals
and Completed Pro-Poor Loan Projects by Degree of Documentation of Targeting Performance in their PCR
or Most Recent PPMR (Loans Approved Between 2002 and 2007)

| Degree of documentation in the PCR or most recent PPMR | Active with 50% or more disbursed | Completed with PCRs |
|--|-----------------------------------|---------------------|
| No mention of targeting performance | 9 | 11 |
| Discussed based on generic statements, absolute numbers and/or indicators without end data | 0 | 8 |
| Documented coverage <i>and/or</i> leakage based on insufficiently well-defined indicators | 1 | 4 |
| Documented either coverage <i>or</i> leakage based on adequately defined indicators | 0 | 2 |
| Total | 10 | 25 |

Table 20
Number of Active PTI Loan Projects that Do Not Express Targeting Intent in their Loan Proposals and Completed Pro-Poor Loan projects by Degree of Documentation of Effects on the Poor in their Most Recent PPMRs (Loans Approved Between 2002 and 2007)

| Degree of documentation in the most recent PPMR | Active with 50% or more disbursed | Completed with PCR's |
|--|-----------------------------------|----------------------|
| Doesn't include indicators of effects on the poor | 10 | 22 |
| Documents less than half the intended outcomes with insufficiently well-defined indicators | 0 | 1 |
| Documents at least half the intended outcomes with insufficiently well-defined indicators | 0 | 0 |
| Documents less than half the intended outcomes with adequately-defined indicators | 0 | 1 |
| Documents at least half the intended outcomes with adequately-defined indicators | 0 | 1 |
| Total | 10 | 25 |

APPENDIX III

METHODOLOGICAL NOTE

The objective of this appendix is to describe in more detail certain critical aspects of the evaluation's methodology. These include the way in which the evaluation identified the Pro-Poor projects and the steps followed to operationalize the following concepts: degree of empirical documentation of the projects' targeting performance and effects on the poor and design quality.

In all cases, the decisions on how to categorize each project in terms of each of these concepts were based on a total agreement between the members of the evaluation team.

Identification of the Pro-Poor Projects

In order to identify all the pro-poor projects that were approved between 2002 and 2007, the evaluation relied on the textual analysis software Atlas which permitted to scan the loan proposals of the 499 loan projects approved during that periodⁱ searching for specific combinations of words and phrases that might indicate an intent to benefit the poor.

The evaluation relied on four Atlas "codes" to identify references to the poor as intended beneficiaries throughout the projects' loan proposals – except for the sections that discuss the projects' Poverty-Targeted Investment (PTI) and Social Equity Enhancing (SEQ) classifications and their Logical Frameworks (i.e., all the references that appeared in these two parts of the documents were ignored).

Atlas "codes" consist of a set of words, phrases and/or derivations from words (e.g., "indigents", "indigence", "indigence line" and "indigency" are all derivations of the term "indigent"). The four Atlas "codes" and the terms and phrases (and their derivations) that they were linked to were:

- a. Poverty: Poverty, poor, underprivileged, unsatisfied basic needs, indigent, low income, vulnerable;
- b. Inequality: Inequality, equity, equality, exclusion;
- c. Pobreza: Pobreza, pobre, postergado, necesidades básicas insatisfechas, indigente, bajos ingresos; and
- d. Desigualdad: Desigualdad, equidad, igualdad, exclusión.

The terms "vulnerable", "equity" and "equidad" were only taken into account when the rest of the loan proposal indicated that those terms referred to socioeconomic (as opposed to gender- or age-related) vulnerability or to vertical (as opposed to horizontal) equity.

Before classifying a project as Pro-Poor, the evaluation confirmed the relevance of the words and phrases preselected by the software through careful reading.

ⁱ This count does not include MIF loans, project preparation facilities, reimbursable technical cooperations or small projects, which were not considered as part of this study.

Operationalization of the Extent of Empirical Documentation

To assess the extent of empirical documentation of the projects' targeting performance and effects on the poor, the evaluation recreated each project's ex-post results framework based on the information included in their PCRs.ⁱⁱ In general terms, the methodology applied to reproduce these results frameworks followed OVE's guidelines.ⁱⁱⁱ However, the only indicators considered as part of this exercise were those that concerned the projects' outcomes on the specific segments of the poor population that they meant to serve and their targeting performance.

The recreation of the projects' results frameworks required identifying the project's development objectives and the outcome indicators associated with each of those objectives, as well as the indicators with which the PCR intended to document the project's coverage and leakage.

In many cases, the loan proposals presented several objectives as if they were part of a single one. When this occurred, since in order to ascertain their degree of achievement each objective needed to have its own indicators, the evaluation treated each of those individual objectives as separate objectives. The PCRs were often unclear about which indicators tracked each objective. Therefore, this evaluation made an effort to match indicators to objectives.

Based on all this information, the evaluation grouped projects in different categories that reflect the degree to which their PCRs documented each of these aspects of their performance empirically.

Operationalization of Design Quality

The evaluation developed two design quality indicators, which consider four aspects of the projects' design or preparation process. The four aspects are:

- a. Whether there is evidence that the projects' designers used targeting-relevant data during project preparation;
- b. The degree of explicitness of the projects' targeting intent;
- c. The specificity with which they defined their beneficiary selection criteria; and
- d. The adequacy of their ex-ante documentation strategy.

One of the design quality indicators centered its documentation strategy dimension on the documentation of targeting performance whereas the second focused it on the documentation of effects on the poor.

The selection of those four dimensions of the projects' design was based on the understanding that these dimensions are fundamental conditions for ensuring that the interventions' activities center on the specific segment of the population that they intend to serve and meet basic evaluability requirements. The evaluation classified all the projects in terms of each of these

ⁱⁱ While many projects produce different types of reports and evaluation studies that may also contain empirical evidence of their effects on their target populations and their targeting performance, the PCR is the only Management-approved report on the achievement of the projects' results and performance that all the sovereign-guaranteed (SG) projects of a certain size are required to deliver, and it is conceived as a critical accountability and institutional learning instrument within the Bank. In the case of non-sovereign-guaranteed (NSG) projects, the expanded project supervision report (XPSR) plays a comparable role. But the evaluation did not identify any completed NSG pro-poor project approved that met all the criteria that defined its universe of study.

ⁱⁱⁱ See OVE (2009).

dimensions based on a careful examination of their loan proposals and their ex-ante results frameworks.^{iv}

The two quality design indicators summarize the classifications of the projects in terms of the different dimensions and were defined as the number of design aspects on which the projects met certain quality criteria. The design quality criteria that the two indicators used as benchmarks are:

- a. Use of targeting-relevant data during project preparation: The diagnosis presented in the project's loan proposal characterizes all the problems that the project intended to address based on metric data.
- b. Explicitness of targeting intent: The project's loan proposal expresses its targeting intent explicitly.^v
- c. Specificity of the beneficiary selection criteria: The loan proposal specifies the criteria that the project would apply to select its beneficiaries. This criterion applies only to investment loans.
- d. Adequacy of ex-ante strategy to document targeting performance: The project's ex-ante results framework includes fully-defined indicators of either coverage or leakage.^{vi} This criterion applies only to the indicator that focuses the documentation strategy dimension on the documentation of targeting performance.
- e. Adequacy of ex-ante strategy to document effects on the poor: The ex-ante results framework includes adequately-defined indicators with complete metrics for half or more of the projects' intended outcomes on the poor. This criterion applies only to the indicator that centers the documentation strategy dimension on the documentation of effects on the poor.

^{iv} For recreating the projects' ex-ante results frameworks, the evaluation applied the same procedures as for recreating their ex-post results frameworks (see above).

^v The evaluation classified as "explicitly targeted" all the projects that include any of the words or phrases linked to the Atlas codes "poverty", "pobreza", "equity" or "equidad" in their specific objectives. The evaluation also considered explicitly targeted the projects that, while not mentioning any of those terms in their specific objectives statements, they mention them in their general objectives in a way that conditions their specific objectives.

Many loan documents did not include explicit specific objectives statements. When this occurred, the evaluation proceeded as follows:

- a. Whenever a loan documents did not include an explicit specific objectives statement in their main body, the evaluation focused on the specific objectives presented in the loan document's executive summary. When the executive summary did not include explicit specific objectives either, the evaluation focused on the general objectives statement instead. In a small number of cases, the loan documents' executive summaries included more detailed objectives statements than the main text. In such situations, the evaluation gave precedence to the objectives statements included in the executive summary over those presented in the main text.
- b. In many cases, the general objectives statement indicated the project's general goal and the lower-level objectives through which the project intended to achieve the more general goal. In such situations, the evaluation split the purported general objectives statement into two parts: one that was taken as the project's general objective/s, while the other was treated as the project's specific objective/s.
- c. In a small number of cases, it was not possible to distinguish between general and specific objectives even after following the previous two steps. Therefore, the evaluation based the distinction between "explicit" and "implicit" targeting intents on the only objectives statement found in the document.

^{vi} Ideally, the projects' results frameworks should include both types of targeting performance indicators. However, none of the projects examined as part of this evaluation did.

ENDNOTES

¹ OECD. “The Paris Declaration and the Accra Agenda for Action”.

² “Reforms to Improve Development Impact and Accountability”

(<http://www.iadb.org/InstReforms/index.cfm?id=6600&lang=en>, retrieved on July 1, 2010).

³ IDB. AB-2728.

⁴ For a more detailed discussion of the evaluation’s methodology, see “Methodological Note” in Appendix 3.

⁵ This count does not include Multilateral Investment Fund (MIF) loans, project preparation facilities, reimbursable technical cooperations or small projects, which were not considered as part of this study.

⁶ For a complete listing of the projects that made up the evaluation’s universe of study, see Appendix 1.

⁷ The PTI classification criteria can be found in IDB. GN-2219-1, Appendix II.

⁸ See Table 3 in the Appendix 2.

⁹ See Tables 1 and 2 in Appendix II.

¹⁰ See Van Domelen, 2007: p. 7; Cornia and Steward, 1993; Coady, Grosh and Hoddinot, 2002; Coady, Grosh and Hoddinot, 2004; and Coady and Skoufias, 2001.

¹¹ See Table 3 in Appendix 2.

¹² See Secretaría de Planificación y Programación (SEGEPLAN): “Priorización de 41 Municipios”

(http://www.rlc.fao.org/iniciativa/cursos/Curso%202005/3prog/3_5_1.pdf, retrieved on July 1, 2010).

¹³ OVE. RE-315.

¹⁴ See Table 6 in Appendix 2.

¹⁵ See Table 7 in Appendix 2.

¹⁶ The evaluation distinguished between two broad groups of projects: (a) “explicitly-targeted projects” which, in the context of this evaluation, were defined as the projects that express their intent to benefit the poor in their specific objectives statement; and (b) “implicitly-targeted projects”, defined as the projects that express an intention or expectation to benefit the poor in other parts of their loan proposals. .

¹⁷ See Table 8 in Appendix 2.

¹⁸ See Table 9 in Appendix 2.

¹⁹ See Table 10 in Appendix 2.

²⁰ See Table 11 in Appendix 2.

²¹ See Table 12 in Appendix 2.

²² See Table 13 in Appendix 2.

²³ See Table 14 in Appendix 2.

²⁴ See Table 15 in Appendix 2.

²⁵ See Table 16 in Appendix 2.

²⁶ For further details, see Tables 17 and 18 in Appendix 2. The evaluation also analyzed the PPMRs of the 10 PTI projects that did not meet the pro-poor criteria. The finding was that nine of them did not discuss the projects’ targeting performance and none of them provided data on their effects on the poor. The only PPMR that addressed the project’s targeting performance did so based on indicators with incomplete metrics (see Tables 19 and 20 in Appendix 2).