

The World Bank
Washington, D.C. 20433
U.S.A.

Joachim von Amsberg
Vice President and Head of Network
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January 17, 2013

Mr. Gerry Cunningham
Chairman, MOPAN
Senior Development Specialist
Multilateral Section, Irish Aid
Department of Foreign Affairs and Trade
15 Lower Hatch Street
Dublin 2
IRELAND

Dear Mr. Cunningham:

***Subject: World Bank Management Response to
the MOPAN Common Approach 2012 Institutional Assessment on the World Bank***

We would like to thank MOPAN member countries for this assessment, which presents the findings of the 2012 MOPAN survey of the Bank. We also appreciate the lead role that Australia and the Netherlands have taken throughout the process, including information gathering and analysis. The MOPAN assessment is a valuable exercise to help gauge the Bank's organizational effectiveness and has provided dialogue opportunities with our shareholders.

We are pleased to note that the assessment recognizes the Bank's overall effectiveness and contribution to development results. All 19 key performance indicators (KPIs) are rated adequate or strong in both the survey responses and the document reviews. Six out of 19 key performance indicators (KPIs) improved between 2009 and 2012 confirms the Bank's progress since the previous assessment.

We note that while the assessment does not have an analytical framework to incorporate our organization's global role, the Bank's global role is a core and identifiable strength. It is an important aspect of our effectiveness, results focus, and contribution to the global development partnership.

The areas of improvement identified by the assessment mirror those that we have identified, and we are working to improve upon these areas through our modernization initiatives. The results of the document review and the feedback on how the Bank is perceived by MOPAN members and clients are very beneficial for our continuous efforts at improving our organizational effectiveness.

Please find below the comments on these areas including: (i) results; (ii) presenting performance information; (iii) lengthy bureaucratic procedures; (iv) linking disbursements to reported results; (v) delegation of decision-making authority; and (vi) harmonization with other development partners.

- **Results:** While the assessment clearly acknowledges progress and the Bank's leadership role in results, it points out that the Corporate Scorecard could better explain the results chain. We would like to emphasize that the Bank's Corporate Scorecard covers results and performance at the highest level in a consolidated manner and other multilateral development banks apply the same/similar structures. Results chains are demonstrated in sector and country strategies, and at the project level.
- **Presenting performance information:** This is one of the key areas where the Bank has made significant progress since 2009 when the previous MOPAN assessment of the Bank was conducted. In particular, progress was made with the publication of the Corporate Scorecard, the development of the web-based Corporate Scorecard system, the IDA16 Results Measurement System (RMS) and the Results Stories. Yet, despite these significant milestone achievements, the MOPAN assessment based on the survey of MOPAN HQs members indicates a decline from 'strong' to 'adequate.' We believe that the decline does not adequately represent the Bank's performance with regard to its ability of 'presenting performance information.'
- **Lengthy bureaucratic procedures:** The assessment recognizes the Bank's strong financial and fiduciary practices, while our bureaucratic procedures are perceived as lengthy. We believe that these procedures have helped strengthen financial practices. At the same time, the Bank has been working to address the issue of lengthy procedures through the Investment Lending reform and other reforms aimed at simplifying and modernizing the delivery of our services to our clients. These reforms will help further reduce the rigidity of Bank procedures and bureaucratic processes, and some improvements have been observed. For example, the average time from approval to the first disbursement of Bank lending improved from 12 months in FY2008 to 7.5 months in FY2011.
- **Linking disbursements to reported results:** The assessment recognizes the Bank's new lending instrument - Program for Results - as a results-based lending instrument. It also points out that corporate documents on budgeting and financial reporting do not yet align organization-wide disbursements or expenditures with results.

Our understanding is that the MOPAN assessment framework was originally developed to assess the use of IBRD and IDA loan/credit funds rather than the results orientation of administrative expenditures. The MOPAN assessment appears to mix these two aspects and therefore the assessment does not seem to represent the Bank's system within this area. On the use of IBRD/IDA funds, for example, for IDA eligible countries the performance-based allocation system allocates resources to eligible countries based on their policy performance and institutional capacity. On administrative expenditures, the allocation is driven by the Bank's priorities, which include meeting client demands as described in Board engagement documents on business and budget planning as well as the publicly available Budget documents.

- **Delegation of decision-making authority:** The Bank has a system to delegate authority to country directors, the large majority of whom are located in client countries, and this system is broadly working well. The Bank's approach for the exact level of authority being delegated largely depends on country context. Through the implementation of our new accountability and

decision-making framework, we expect that decision-making authority in the field will be further clarified and streamlined.

- **Harmonization with other development partners:** While we recognize the importance of harmonization efforts, we consider that it is important to focus on partnership with broader stakeholders such as partner countries, CSOs, and the private sector, and results and performance of partner countries, rather than narrowly focus on harmonization among donors.

We note that the 2012 assessment introduced a pilot component on development results. We appreciate MOPAN's effort to broaden the assessment's focus from organizational effectiveness to development results. At the same time, we suggest that the MOPAN members scrutinize the usefulness of this pilot component, since measuring development results of the whole organization by a small number of sample countries is highly ambitious and the robustness of methodology is a concern. Going forward, rather than broadening the scope of the pilot component, we would suggest that the assessment uses the Bank's organizational level results frameworks, such as the Corporate Scorecard, to gauge our development results.

Lastly, we would like to encourage MOPAN donors to consider the potential for consolidating external reviews. The MOPAN assessment takes approximately one year from its launch to finalization. During that period, the Bank has been assessed by several individual MOPAN members with the focus on organizational effectiveness, with variations in purpose and scope. We would be happy to provide more information regarding our experiences in engaging on different external reviews. We recognize the merits of the MOPAN assessment, and its contribution to our own internal efforts to continuously strengthen the institution. We look forward to continuing the dialogue with MOPAN in this regard.

Sincerely,



Joachim von Amsberg

cc.: Mr. John Henry Whitehead, Executive Director, EDS09
Mr. Rudolf Jan Treffers, Executive Director, EDS19
Ms. Beth Delaney, Advisor, EDS09
Mr. Nigel Bruce, Program Manager, Multilateral Aid Effectiveness, AusAid