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**IDA16**

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**The IDA16 Replenishment  
Implementation Framework Report**

International Development Association  
Operations Policy and Country Services (OPCS)

May 2010

### ABBREVIATIONS AND ACRONYMS

AAA	Accra Agenda for Action
AE	Aid effectiveness
AEAP	Aid Effectiveness Action Plan
AFR	Africa Region
CAS	Country Assistance Strategy
CASCR	CAS Completion Report
CAW	Country analytic work
CFP	Concessional Finance and Global Partnerships
DAC	Development Assistance Committee
DPL	Development policy lending
DPO	Development policy operation
ESW	Economic and sector work
FCC	Fragile and conflict-affected countries
HR	Human Resources
IAD	Internal Auditing Department
IATI	International Aid Transparency Initiative
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IL	Investment lending
IMF	International Monetary Fund
IMT	Information management and technology
INT	Department of Institutional Integrity
INTOSAI	International Organization of Supreme Audit Institutions
IOP	Implementation Oversight Panel
IRS	Internationally recruited staff
ISN	Interim Strategy Note
LEG	Legal Vice Presidency
LHI	Legal Harmonization Initiative
LRS	Locally recruited staff
MDB	Multilateral development bank
MDBS	Multidonor budget support
MDG	Millennium Development Goal
MOU	Memorandum of Understanding
MTR	Mid-term review
OECD	Organization for Economic Cooperation and Development
OPCS	Operations Policy and Country Services
PBA	Program-based approach
PFM	Public financial management
PIU	Project implementation unit
PRSP	Poverty Reduction Strategy Paper
PSIA	Poverty and Social Impact Analysis
QAG	Quality Assurance Group
RBIL	Results-based investment lending
RMS	Results Measurement System
SEETF	South-South Experience Exchange Trust Fund
SWAp	Sectorwide approach
TA	Technical Assistance

# **IDA16 REPLENISHMENT: IMPLEMENTATION FRAMEWORK REPORT**

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# **IDA16 REPLENISHMENT: IMPLEMENTATION FRAMEWORK REPORT**

## **EXECUTIVE SUMMARY**

- i. During the IDA15 Mid-Term Review and the first IDA16 meeting in Paris, the IDA Deputies acknowledged that the central challenge facing IDA countries—particularly in Sub-Saharan Africa—is to accelerate progress in achieving development outcomes, including the Millennium Development Goals (MDGs). Thus, it was agreed that the overarching theme of IDA16 will be development results. This paper focuses on IDA's work to strengthen the effectiveness and efficiency of its implementation framework to sharpen its results focus, building on the extensive effort over the last decade to foster a results orientation in IDA. The paper briefly covers progress made in recent years (especially during the IDA15 period); discusses ongoing reforms and initiatives—those leading up to and setting the stage for IDA16; and describes work that will be carried out during the IDA16 period. It looks specifically at IDA's focus on results, the role IDA plays in the international community, and the corporate internal reforms agenda.
- ii. **Recent Progress.** IDA has made progress across a wide range of areas. The IDA Results Measurement System (RMS) has been a central pillar of IDA, which has built a strong results culture in the institution. The RMS has been continually refined since its launch, to strengthen IDA's focus on results monitoring and measurement at the country, program and project levels. Management has also reformed the policy-based lending instrument (development policy lending) and articulated good practice principles for using conditionality that not only govern Bank operations but also serve as a model for other development partners. The institution has continued to take a leadership role, in many important international initiatives, including those related to aid effectiveness; it has also frequently led by example, launching efforts that other agencies use as models (e.g., Access to Information Policy, results frameworks). And during the IDA15 period, IDA completed a comprehensive assessment of internal controls over IDA operations and is implementing a robust plan of actions to address identified gaps.
- iii. **Ongoing Efforts.** Management is currently engaged in a broad spectrum of efforts to increase both the effectiveness with which it uses IDA funding and its ability to deliver, monitor, and report on results.

- Management has continued to track results performance through the IDA15 period with the enhanced RMS launched in conjunction with IDA15. The strengthened results frameworks of the programs and projects funded by IDA have supported consistently high levels of satisfactory development outcomes. Also notable is the mainstreaming of results-based CASs and the introduction of core indicators in four sectors (education, health, roads, and water supply), which allow the aggregation of results achieved in IDA.
- To ensure that IDA programs are aligned with country priorities and serve as a vehicle to identify partner relationships at the country level, IDA continues to improve CAS donor mapping information and strengthen CAS results frameworks to monitor the results of all IDA resources and programs. In addition there are two ongoing studies—one of aid coordination in IDA countries, and one of collaboration

in development policy operations—designed to develop recommendations to better define IDA’s collaborative roles at the country level, based on its comparative advantage.

- A broad set of internal reforms is being implemented, which are intended to make the Bank function more efficiently and effectively—and thus deliver better results for clients. Investment lending reform is an effort to improve the Bank’s primary lending instrument and the processes for using it, to allow the Bank to respond more quickly and effectively to the changing needs of clients. Building on the reforms related to additional financing, processing of emergency lending, the framework for project restructuring and cancellation of IDA funds, the Bank is now rolling out a new risk-based approach to investment lending, and is beginning to streamline the policy framework for investment lending and to develop a new results-based investment lending option. Another important ongoing reform effort is in the area of decentralization, deepening the substantial progress already made in decentralizing staff and decision making authority, particularly in IDA countries and fragile states.

iv. ***Plans for the IDA16 Period.*** With this extensive package of reforms already under way, Management views the IDA16 period as one of consolidation, implementation and mainstreaming. For example, investment lending reform is expected to be implemented and the results-based IL proposal developed; the new Knowledge Strategy and HR reforms to support decentralization should begin to bear fruit, and options to extend decentralization will be proposed and under implementation. In addition, Management will focus on areas where progress continues to be needed, including the use of IDA guarantees, and the assessment, strengthening, and use of country systems. A central element during the IDA16 period will be the continued refinement of the IDA RMS, building on the institution’s strong results foundation. To ensure that the indicators remain meaningful to guide IDA-funded operations, the RMS will be changed from a two-tier to a three-tier system. The IDA16 RMS will include additions to its Tier 1 indicators; an expansion of the core sector indicators tracked under IDA; and adjustments to the indicators that will increase the results focus of IDA’s programs and projects and ensure that managing for development results remains the driving force behind all IDA work.

## IDA16 REPLENISHMENT: IMPLEMENTATION FRAMEWORK REPORT

### I. INTRODUCTION

1. During the IDA15 Mid-Term Review and the first IDA16 meeting in Paris, the IDA Deputies acknowledged that the central challenge facing IDA countries—particularly in Sub-Saharan Africa—is to accelerate progress in achieving development outcomes, including the Millennium Development Goals (MDGs). Thus, it was agreed that the overarching theme of IDA16 will be development results. This paper and the companion paper—on IDA16 Special Themes—both focus on development results. The Special Themes paper looks specifically at the areas of climate change, gender, and fragile states, discussing the challenges and opportunities these themes present to achieving development results. This paper focuses on IDA’s work to strengthen the effectiveness and efficiency of its implementation framework and sharpen its results focus. The paper discusses ongoing reforms leading up to IDA16 and those that will be carried out during the IDA16 period.
2. ***Core Strengths.*** IDA’s country-based development model underpins its comparative advantages: predictable, unearmarked financial resources of significant scale;<sup>1</sup> platform role in supporting government-led efforts and strengthening country systems and capacity in national, sectoral, and thematic programs; convening power at national, regional, and global levels; global knowledge and reach combined with local presence; and multisectoral perspective in designing programs that integrate sectors and themes. These core strengths of IDA have played an important role in maintaining a strong record of satisfactory development outcomes over the past years.
3. ***Results and Aid Effectiveness.*** Over the last decade, an extensive effort across the institution has fostered a deeper results orientation in IDA, and development effectiveness has become the driving force behind all IDA work. In parallel, there has been a significant focus on aid effectiveness, and Management has regularly reported on progress to the Bank’s Board and the IDA Deputies, most recently in the Aid Effectiveness Action Plan and the IDA15 MTR Report on Aid Effectiveness.<sup>2</sup> IDA’s contribution to results and aid effectiveness is reinforced by internal reforms that are being implemented for the Bank as a whole.<sup>3</sup> These reforms are a corporate priority aimed at agility, client responsiveness, transparency, and overall greater internal efficiency and accountability. They are expected to improve the interface with clients and donors at the country level—influencing how well aid is delivered and managed—and to promote country ownership and the building of country capacity, which are especially critical in IDA countries.
4. ***Structure of this Paper.*** This paper describes the implementation framework for IDA. Section II looks at IDA’s focus on results, Section III covers the role IDA plays in the international community, and Section IV discusses the corporate internal reforms agenda. Section V concludes by summarizing how these reforms and initiatives are expected to

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<sup>1</sup> IDA is the largest provider of official development assistance in recipient countries, financing 5-20% of core development programs.

<sup>2</sup> See *Following up on Accra: A World Bank Plan on Aid Effectiveness* (SecM2009-0107), March 5, 2009, and *IDA15 Mid-Term Review: Aid Effectiveness* (IDA/SecM2009-0590), November 5, 2009.

<sup>3</sup> *New World, New World Bank Group (II): The Internal Reforms Agenda* (SecM2010-0147), March 22, 2010.

contribute to strengthened country ownership and capacity, better partnerships, and greater focus on results.

## II. IDA's FOCUS ON RESULTS

5. Over the last decade many countries have made considerable progress in closing the gap to reach the MDGs, yet significant challenges remain. The successive food, fuel, and financial crises brought a halt to, and in some cases reversed, this progress. In the post-crisis environment IDA's assistance is focused on helping recipient countries regain the momentum and accelerate their development efforts to make up lost ground. The country-based development model that underpins IDA's core strengths places IDA in a unique position to support recipient countries in this endeavor. Over the past few years IDA has consistently achieved high levels of satisfactory development outcomes by strengthening the results focus of the programs and projects it funds and improving its collaboration with other development partners. During IDA15, IDA also ramped up its ability to monitor and measure development results and improved the quality of its operational work. This section focuses primarily on the ways in which IDA tracks contributions to results: (a) at the country level; (b) at the program level, through Country Assistance Strategy (CAS) results frameworks; and (c) at the operations level, through project results frameworks and core sector indicators.

6. ***Results Measurement System.*** The IDA Results Measurement System (RMS) was launched in 2002 during the IDA13 replenishment and enhanced in IDA14 and IDA15 to strengthen IDA's focus on results monitoring and measurement. The RMS has provided a framework for IDA to track effectiveness at two levels. The Tier 1 indicators track development or country-level effectiveness (see Annex A)—that is, the achievement of sustainable improvements in outcomes on the ground in IDA countries (these broad results are not attributed to IDA support). The Tier 2 indicators track agency effectiveness—that is, the work IDA does to ensure that its business practices support principles of managing for development results, with enabling effects on country capacity and institutions that contribute to country-level effectiveness.

### A. Country Outcomes

7. While IDA contributes to country development outcomes (Tier 1), it cannot and does not seek attribution for these results; it does, however, monitor the progress and help countries strengthen their ability to manage for results, including enhancing their statistical capacity.<sup>4</sup> As the Special Themes paper indicates, IDA countries have made progress in all of the 14 development outcome indicators in Tier 1, although progress has been uneven across countries (see Annex A). The current rate of progress toward reaching the MDGs is adequate for access to an improved water source, but it would need to be increased to meet the goal of halving the poverty rate by 2015 or the goals related to under-five mortality, maternal mortality, and gender parity in education. In Sub-Saharan Africa (SSA), the data show lagging gross domestic product (GDP) growth rates, the highest rate of extreme poverty among IDA countries, no improvement in the rate of attended births, and the lowest primary completion rates. As the Special Themes

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<sup>4</sup> Section C provides more details on initiatives to strengthen statistical capacity in IDA countries.

paper and Annex A describe, changes to the Tier 1 indicators are being proposed for consideration by the Deputies.

## B. Program-Level Results: The CAS Framework

8. CASs are IDA's indicative business plans for countries. They bring together all Bank financial and knowledge resources around country-owned priorities to deliver results at the country level. IDA has brought a results focus to CASs, including through the two Tier 2 indicators related to results-based CASs.<sup>5</sup> Results-based CASs were piloted in 2002 and mainstreamed in 2005. All CASs are now results-based, drafted around a set of development outcomes that the Bank-supported program aims to influence. These outcomes and the results chains linking Bank-supported activities to these outcomes and country-level goals are presented in a results matrix, and updated at the midpoint of CAS implementation through the CAS Progress Report. By end-March 2010, a total of 60 IDA results-based CASs have been prepared for 52 IDA-eligible countries,<sup>6</sup> and the review of the CAS results framework has become standard in the corporate review process. The CAS Completion Report (CASCR), a tool for learning and accountability, was introduced in 2002 to capture lessons from a previous CAS to use in the formulation of a new CAS. In a CASCR, the country team uses the results matrix of the previous CAS to evaluate the program's performance and contribution to the country development goals; this self-assessment is independently validated by the Independent Evaluation Group (IEG).

9. ***Strengthening CASs.*** During the IDA15 period the Bank undertook a review of its CASs.<sup>7</sup> The study found that, in general, CASs continue to do a good job at setting out the country's development challenges and development priorities, and that the Bank's program of activities is well aligned with country priorities. It also underscored the need for continued flexibility in the design and implementation of CASs, so that implementation can be adapted to differing and evolving country and global circumstances. Finally, it proposed strengthening future CASs by more systematically including a gender assessment, integrating activities financed through trust funds (TFs) (see Box 1), identifying areas of support for building country statistical capacity,<sup>8</sup> discussing country systems, and mapping donor activities. Management will continue to focus attention on these areas of CASs and to strengthen their results frameworks to monitor the results of all IDA resources and programs.

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<sup>5</sup> The two indicators are (a) enhancing the quality of CAS Results Frameworks by strengthening the emphasis on results in the corporate review process, and (b) monitoring self-ratings in the CASCRs and their independent evaluation by IEG. It is not yet possible to use CASCR evaluations to consider the performance of results-based CASs over time, because to date only six are for results-based CASs. Over time, there will be enough CASCR evaluations to draw conclusions.

<sup>6</sup> Nine IDA countries have prepared "second-generation" results-based CASs: Armenia (FY04, FY09), Burkina Faso (FY05, FY10), Cameroon (FY04, FY10), Georgia (FY06, FY10), Mozambique (FY04, FY07), Nigeria (FY05, FY10), Sri Lanka (FY03, FY08), Yemen (FY06, FY09), and Zambia (FY04, FY08).

<sup>7</sup> *Country Assistance Strategies (CAS): Retrospective and Future Directions* (SecM2009-0441), September 10, 2009.

<sup>8</sup> To assist CAS teams in addressing statistical issues during the initial stages of the process, DEC and OPCS have prepared a guidance note that includes a simple checklist to help staff identify (a) key issues related to the supply and demand for official statistics in the country, and (b) sources of information and methods for assessing national statistical capacity. To complement this note, a brief statistical module is being designed for the "CAS Academy" training course, and a new "e-learning" course has been developed for potential task team leaders of statistical capacity-building projects.

**Box 1. Integrating Trust Funds (TFs) into the CAS Program**

Traditionally, CASs have focused on how IDA would use its resources to support the country's poverty reduction strategy. Increasingly, however, both the Bank and recipients recognize TFs as an integral part of overall Bank/IDA country programs; and since mid-2008 CASs are required to reflect how TF resources will be used to support the country's development objectives and the Bank's program to help achieve those objectives.<sup>a</sup> An analysis of 30 CASs and ISNs discussed in FY09 found that TFs were being integrated into country strategies, although with varying degrees of effectiveness. In many cases TF activities are beginning to be better integrated in terms of linkage with Bank and country programs, results matrices, and discussion of TF portfolio; but there are gaps. The Bank is focusing on consolidating TF programs around CAS outcomes at the country level, starting with selected countries and sectors: each Region will be asked to identify countries where proliferation of funds and grants is seen to constrain effective planning and management of resources and there is a commitment to collaborate in a consolidation initiative. In addition, the Bank continues to improve the TF data it provides to clients and country management teams to form a more meaningful basis for developing the Bank's country assistance program.

<sup>a</sup> The Trust Fund Management Framework (TFMF), focused on enhancing the effective use of TFs, has been under implementation since October 2007. An update on the TFMF is scheduled for Board discussion in June 2010. See *A Management Framework for World Bank-Administered Trust Funds* (TFMF 2007) (R2007-0198), October 9, 2007, and *Guidance Note on Integration of TFs in CAS Products* (July 2008). IEG is also conducting an evaluation of the use and impact of trust funds in the Bank.

## C. Project-Level Results

10. The development impact of IDA-supported operations has increased in the last decade, and there has been a corresponding emphasis on mainstreaming the measurement and monitoring of results throughout the project cycle, and improving the quality and use of results frameworks. The majority of projects prepared over the last three fiscal years have had a clear definition of their project development objective, and their associated indicators and activities have been well aligned to these objectives (see Annex B). The early availability of baseline data for most indicators is expected to strengthen implementation by boosting the ability of project teams to monitor development outputs and outcomes, rather than just inputs. This enhanced monitoring of project performance, coupled with the reforms to investment lending processes (e.g., changes to the results frameworks of Implementation Status and Results reports) is expected to enable more proactive support during project implementation (including restructuring or cancellation), which in turn will enable better use of IDA resources to achieve results. The use of data on development results throughout project implementation is already feeding into more robust project achievements, as the improving trend in ex-post evaluations shows.

11. **Results in Key Sectors.** In IDA15, the Bank began introducing core sector indicators that allow the aggregation of results achieved in active IDA projects in the education, health, roads, and water supply sectors. The preliminary data (see Box 2), show that ongoing projects financed under IDA14 and IDA15 have made important contributions in these four key sectors. Going forward, Management intends to expand reporting on core indicator data to three additional sectors of relevance to IDA (the urban, ICT, and micro and small/medium enterprise sectors) and to provide continued attention to data quality and reporting.

## **Box 2. Core Sector Indicator Data**

The latest available core sector indicator data show that active projects from the IDA14 and IDA15 portfolios are achieving significant results.

### **Education**

- Over 1 million additional teachers are qualified to teach at the primary level.
- Over 600,000 additional classrooms are now available for use through new construction or rehabilitation.

### **Health**

- 8 million people have access to a basic package of health, nutrition, or population services.
- 412,000 health personnel have received training.
- 2,200 health facilities have been constructed, renovated, or equipped.
- 7.9 million children have received a dose of Vitamin A, and over 12.6 million children have been immunized.
- Over 1.5 million pregnant women have received antenatal care.
- 27.9 million insecticide-treated malaria nets have been purchased and/or distributed.
- 28,600 adults and children with HIV have received antiretroviral therapy.

### **Road Transport**

- 3,793 km of rural roads and 1,891 km of non-rural roads have been constructed or rehabilitated.

### **Water Supply**

- About 11,600 community water points have been constructed or rehabilitated.
- About 334,000 new piped household water connections have been established, and another 157,000 have been rehabilitated.
- 1,280 water utilities and water service providers are being supported.

## **D. Country Statistical Capacity to Measure Results**

12. Given the importance of statistical monitoring, and the limitations on the availability and quality of data on country-level development results, IDA has provided considerable support to assist governments in strengthening their statistical capacity.

13. **Statistical Capacity Indicators.** The Bank compiles an annual composite statistical capacity indicator to provide an overview of the statistical capacity of each developing country based on three aspects: statistical methodology, source data, and data periodicity. The Bank's web-based database tool, the Bulletin Board on Statistical Capacity, which helps IDA countries identify weaknesses and plan remedial action, is now operational and available on the World Bank external website.<sup>9</sup>

14. **Partnerships for Statistical Capacity.** Almost all IDA countries now have a National Strategy for Development of Statistics (NSDS), thanks in large part to the Marrakech Action Plan for Statistics, and the support provided through the Partnership in Statistics for Development in the 21st Century (PARIS21) and its Accelerated Data Program in 35 countries. The World Bank's Trust Fund for Statistical Capacity Building has also provided small grants directly to countries for NSDS development. The Bank has also supported the Capacity Scan (CAP-Scan) effort in four IDA countries (Malawi, Mauritania, Niger, and Senegal) and the

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<sup>9</sup> The Bulletin Board on Statistical Capacity is available at <http://www.worldbank.org/data/bbsc>.

Statistics for Results Facility (SRF) which is funding pilot efforts in five IDA countries (Afghanistan, Democratic Republic of Congo, Ghana, Nigeria, and Rwanda).

15. ***IDA-Financed Operations.*** Consistent with the IDA15 recommendation to support investment in building statistical capacity, some countries have used IDA resources to support statistical capacity-building projects and the implementation of NSDSs.<sup>10</sup> As a result, there are now active projects in Burkina Faso, Kenya, Mongolia, Nigeria, Sri Lanka, and Tajikistan, and projects are being prepared for Bolivia, Ghana, India, Nigeria, and Tanzania. In addition, a review of FY09 IDA approvals shows that 73 percent of IDA operations used existing government systems to generate project-level data; and of the projects that had identified weaknesses in government monitoring systems, 80 percent provided resources to support and strengthen these systems.

## E. IDA16 Period

16. While significant progress has been made in strengthening the IDA RMS, several factors make it difficult for any indicator-based system to fully capture the multiple dimensions of IDA support, including the multisectoral efforts needed to achieve development outcomes and the difficulties in quantifying and capturing the direct or indirect impacts of nonlending IDA activities (such as IDA's advisory functions, its contribution to policy dialogue, its role in transferring cross-country and cross-sectoral knowledge and experience, and its convening power). Nevertheless, the IDA RMS has served as an example of best practice for other multilateral development banks, and has contributed significantly to strengthening the results orientation of IDA programs and projects. As part of this, the results frameworks of CASs deserve particular attention, and will continue to be strengthened in order to monitor the results of all IDA resources and programs.

17. ***Refining the RMS.*** IDA has been at the forefront of results monitoring and measurement through the IDA RMS. Advances made under IDA15, including the adoption of core sector indicators, enable IDA to improve RMS during IDA16.

18. For IDA16, Management is committed to improving and enhancing the structure, coverage, and relevance of the IDA RMS. To improve the structure, Management is proposing to change the IDA RMS from a two-tier to a three-tier structure, as depicted in Figure 1. Under this framework:

- the first tier would have the same purpose as the current Tier 1 of the IDA15 RMS and would capture high-level country development progress, without attribution to IDA; MDG-type indicators would be included in this tier.
- the second tier would focus on capturing those development results that are related to IDA programs, projects, and activities; data collected under core sector indicators—which will be expanded—would be reported on in this tier.

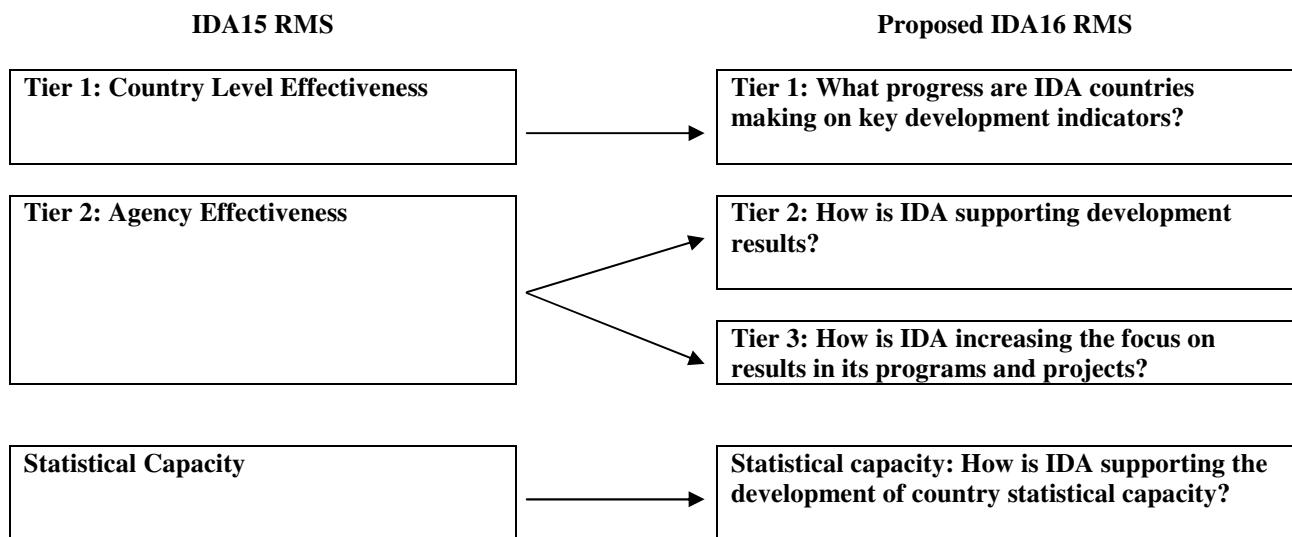
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<sup>10</sup> This has been financed either through the Bank's Statistical Capacity Financing Program or as part of larger operations. STATCAP is a horizontal adaptable program loan, approved in 2004, designed to simplify procedures for developing and implementing statistical capacity building projects.

- the third tier would concentrate on indicators that show IDA's internal results orientation and track improvements in the measurement and monitoring of results in IDA programs, projects, and activities; indicators of the quality of project results frameworks would be included in this tier.

19. This restructuring has several advantages: it will allow for a clearer distinction between development results in-country (in the new Tier 1 and Tier 2) and the internal results orientation of IDA (in Tier 3); it will allow for better attribution at country level (Tier 1), agency level (Tier 3) or jointly (Tier 2); and it will allow for greater harmonization with the approach that is being taken by other MDBs. Annex C shows the mapping of the current indicators to this new three-tier framework.

**Figure 1. Proposed Framework for the IDA16 RMS**



20. To improve the coverage of the IDA16 RMS, Management is proposing to add indicators in two areas where there are currently gaps: the use of country monitoring and evaluations systems for the collection and use of project-level monitoring; and the use of the project results framework during project implementation. To improve the relevance of the IDA16 RMS, Management is proposing to discontinue the monitoring of two activities in the IDA15 RMS that have been successfully mainstreamed. These are the discussion of CAS results frameworks during the corporate review process, and the quality of IDA ICRs. As discussed at the time of the IDA15 Mid-Term Review, there are three monitorable actions under review: the process for capturing AAA results and possible implications for Tier 2; capturing incentives for implementing the results agenda as part of any reform of the Strategic Performance Contract; and approaches to the assessment of quality at entry. Management will recommend a final list of indicators, including new ones, for the revamped IDA16 RMS. Progress on the proposed three-tier system will be reported to IDA Deputies at the IDA16 Mid-Term Review. IDA will also continue to report on progress in supporting country statistical capacity.

### **III. IDA'S ROLE IN THE INTERNATIONAL COMMUNITY**

21. In the increasingly complex global aid architecture, IDA plays an important role as a platform for the effective delivery of aid, which includes collaboration with other development partners at the global, regional, and country levels. The nature of the collaboration depends on IDA's comparative advantage as well as on what other donors bring to the table. At the global level, the Bank has championed support for the Paris Declaration and the Accra Agenda for Action in various capacities. In IDA countries, it has worked intensively to increase its collaboration and coordination with other donors, either in a leadership role or following the lead of others.

#### **A. Global Leadership**

22. The World Bank has supported the aid effectiveness agenda from the outset, exercising leadership to shape and champion the agenda, convene international players, and further multilateral deliberations. Today its contribution takes many forms: it may chair or co-chair international fora, convene special efforts, provide technical input to international working groups, influence the agenda through its advice and presence, or support efforts through funding and staff-level participation (see Box 3). The Bank is also called upon to lead by example, implementing cutting-edge policies to make the institution more effective. For instance, the World Bank is acknowledged as a front-runner in its Access to Information Policy, its good practices on conditionality, and its results frameworks.

### **Box 3. The World Bank and Global Leadership**

***Championing the Aid Effectiveness Agenda with the OECD-DAC Working Party (WP-EFF)***

- Active involvement since the early 2000s, preparing for and following up on Rome, Paris, and Accra; currently :
  - Co-vice chair of the WP and its executive committee.
  - In Cluster B (Strengthening and Use of Country Systems), chairs the two task teams (on procurement and financial management).
  - In Cluster C (Transparent and Responsible Aid), chairs task team on predictability/transparency and contributes to task team on conditionality.
  - In Cluster D (Monitoring and Assessing Progress), provides technical support in the form of a dedicated staff member, and conducts part of the Survey on behalf of the DAC Secretariat.
  - In Cluster E (Managing for Development Results), contributes significantly to all the results work, including the MDB Working Group on MfDR and the Africa Communities of Practice for South-South leaning on MfDR.
  - Under the auspices of the Task Team on South-South Cooperation, supported the Colombian government with an entire team from across the Bank leading up to, and looking beyond, the Bogotá High Level Event.
- In sum, playing a major role to provide a foundation for the discussions at the Seoul High Level Forum in 2011.

***Promoting International Initiatives***

Major contributions to efforts that promote aspects of aid effectiveness globally, including:

- those promoting greater coordination and standardization across the donor community, such as the International Aid Transparency Initiative (IATI) and the Legal Harmonization Initiative (LHI).
- those spearheading new approaches to aid delivery, such as the South-South Experience Exchange Trust Fund (SEETF);
- those supporting partner country capacity building in aid effectiveness areas, such as the Statistics for Results Facility;
- Memorandum of Understanding among donors and the International Organization of Supreme Audit Institutions (INTOSAI) on a coordinated approach to strengthening partner countries' external audit capacity; initial work on a similar arrangement with the International Federation of Accountants to strengthen the accountancy profession in partner countries.

***Leading MDB Groups***

- Champions initiatives and convenes fora to promote greater uniformity and information exchange across multilaterals, such as the MDBs' informal working groups on aid effectiveness, procurement, financial management, safeguards, and MfDR.
- Spearheaded the Common Performance Assessment System (COMPAS), a framework of self-reported and comparable data through which MDBs have, since 2005, tracked their capacity to manage for development results.

***Contributing to/Supporting other Initiatives***

- In a secondary role, supports the regional platforms in which partner countries come together to discuss issues—e.g., the Capacity Development for Development Effectiveness (CDDE) Facility.
- Supports CapScan process with UNDP and MCC to enable the development and implementation of MfDR frameworks.
- Jointly with IADB, coordinates the Latin America and the Caribbean Monitoring and Evaluation network for South-South learning.

## B. Leadership on Issues

23. A major theme of the Accra Agenda for Action is increased transparency of aid by all actors; transparency is seen as a strong enabler of country ownership, predictability and mutual accountability for results. More transparent aid means that countries—particularly IDA countries, where systems to produce and share information are often underdeveloped—have access to better information that they can use to manage aid more effectively. More transparent aid also means greater accountability: developing countries can benefit from better aid data to hold their governments accountable for the use of the resources they receive, while developed countries can show taxpayers what aid resources are financing and what is being achieved. The World Bank contributes to this agenda in several ways, responding to the transparency commitments it made in Accra.

24. ***Access to Information: Landmark Policy.*** The Bank's efforts to enhance transparency are embodied in its revamped Policy on Access to Information, which will take effect on July 1, 2010. At the core of the new policy is a shift from a “positive” list of information that may be disclosed to an approach under which the Bank grants access to all information other than a list of defined “exceptions” (e.g., deliberative, confidential, country-owned, and “third-party” information). The changes also include the provision of a right to appeal, a new Office of Access to Information, the clarification of procedures for disclosing information, and a timeline for declassifying much information that is not immediately disclosed. Other MDBs are considering following the Bank’s lead and adopting similar policies.

25. ***Open Data Initiative.*** As part of the Bank’s effort to provide more accessible information, the recently launched Open Data initiative provides free and easy access to statistics and indicators about development for all users through a new website.<sup>11</sup> Visitors to the site can search for, select, download, and then use and redistribute data from the World Bank’s databases. The initiative provides access to key development indicators in four languages: English, Spanish, French and Arabic. These indicators are carefully drawn from numerous data sources and statistical partners. The site includes tools with which users can find indicators and data quickly, with download and visualization options. Users can also find preformatted tables on different topics, on countries, or on specific indicators. One of the first examples of the new Open Data policy is the launch of the World Development Indicators 2010.

26. ***Championing Transparency.*** The Bank works actively with international initiatives to improve aid transparency. One such initiative is the International Aid Transparency Initiative (IATI), which aims to establish common standards for sharing aid data in a format that can be easily accessed by many different stakeholders, partner countries, donors and civil society organizations. Working with IATI, the Bank brings to the table its own experience with putting in place a far-reaching access to information policy; experience with managing aid data and information; and experience as a multilateral institution, including its institutional mandates, policies, and procedures, which are naturally different from those of the bilaterals.

27. ***Aid Predictability.*** In response to the Paris and Accra commitments, under the auspices of the WP-EFF the Bank is taking the lead in examining ways to improve aid predictability,

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<sup>11</sup> <http://data.worldbank.org>.

including identifying and disseminating good practices by partner countries and donors individually, and at the interface between the two. This work is particularly important for IDA countries, which are more heavily dependent on relatively fragmented and unpredictable aid. Improving aid predictability is also linked to ensuring that aid resources are included in the country's budget. The Bank is looking at its own practices with "putting aid on budget" in order to further improve its good performance in this area and come closer to the ambitious targets set in Paris and Accra.<sup>12</sup> Part of this effort is work to improve the measurement of aid predictability and aid on budget, to provide a more accurate assessment of performance.

### C. Country-Level Collaboration

28. Country-level collaboration is critical in IDA countries, because of their aid dependency, numerous donors, and large number of projects and donor activities, and IDA is a major proponent of collaboration at the country level. IDA is often the institution that country governments—and other donors—look to for leadership in technical areas and policy dialogue. Yet it requires a delicate balance to ensure that this leadership is viewed as supportive and collaborative and not dominating. IDA is expected to collaborate through the CAS process, its financial instruments and nonlending services, and overall aid coordination mechanisms. At times, meeting these expectations can be challenging, as some in-country donors have noted,<sup>13</sup> and IDA's own mandate and policies may in some cases prevent its full participation in certain partnership arrangements and collaborative processes (such as pooled financing of investment lending). Many factors at the country level determine the nature and level of IDA's collaboration; and even within a given country, IDA's collaboration may vary across sectors, thematic areas, and operations. There is no one model that defines good practice collaboration and an appropriate role for IDA.

29. **CASs in a Donor Context.** The CAS not only ensures that the IDA program is aligned with country priorities, but also serves to identify partner relationships at the country level. To strengthen this aspect of CASs, the Bank now requires all IDA CASs to include a section on donor mapping that shows the activities of other donors supporting the country's poverty reduction and development programs. Management has carried out a review of IDA CAS documents, to better describe information availability and existing practices, present the main ingredients of good donor mapping, identify good practices, and gather information on the variety of ways this information can be used to underpin IDA's own strategy (see Box 4). Drawing on this review, Management is preparing a good practice note to assist CAS teams.

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<sup>12</sup> Aid-on-budget performance for the World Bank, as measured by Indicator 3 of the Survey on Monitoring the Paris Declaration, shows that—against a 2010 target of 85% aid on budget—the Bank was at 66% in 2008, compared to the overall donor average of 45%. Aid predictability performance for the World Bank, as measured by Indicator 7 of the Survey on Monitoring the Paris Declaration, shows that—against a 2010 target of 71% aid predictability—the Bank was at 65% in 2008 compared to the overall donor average of 42%. The Bank is examining both these measures with a view to improving their relevance.

<sup>13</sup> The Bank was assessed in 2009 under the auspices of the MOPAN group. Findings of this study indicated that in-country donor perceptions of the Bank were less favorable than those of other donor groups and clients, and often focused on issues related to in-country coordination. See "Common Approach 2009: World Bank," February 19, 2010—<http://www.mopanonline.org/>.

**Box 4. Country Assistance Strategies: Good Practices in Donor Mapping**

IDA CAS documents should provide information on other donor support in the country. A review of IDA CASs between FY06 and FY09 suggests that CAS practices are varied, reflecting country circumstances and information availability. The sections on donors can include a range of information, such as the following:

- key traditional and nontraditional donors;
- all sectors and themes, mapping donors across them;
- government's strategy axes, mapping donors across them;
- funding amounts by sector and/or by donor;
- forward-looking indicative commitments, in some cases aligned with the timing of the government's planning cycle.

Different CASs feature different elements of good practice, depending on the country context and the information available. Many CASs include several of these good practice elements—for example, those for Afghanistan, Mauritania, Panama, Rwanda, and Senegal.

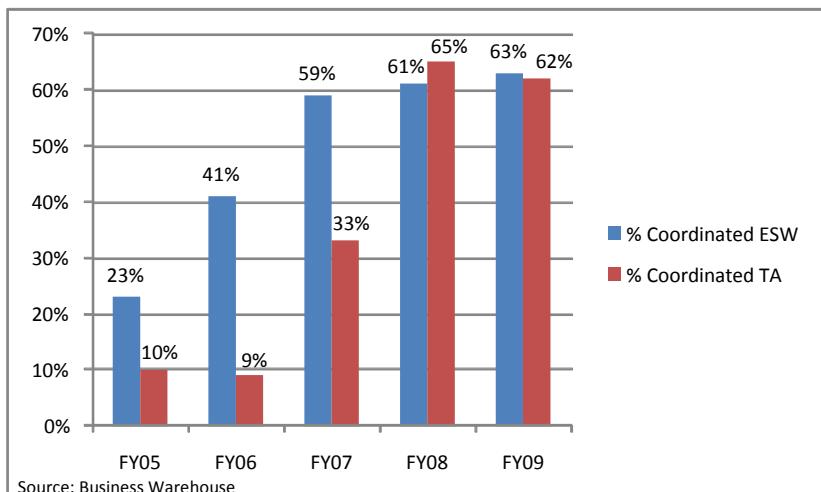
30. ***Financing with Partners.*** The Bank is increasingly working to collaborate with other donors by cofinancing operations with them. As reported at the IDA15 MTR, the Bank (in conjunction with the Legal Harmonization Initiative—LHI) undertook an assessment of joint financing operations, and concluded that—from the Bank's perspective—the majority of issues which have arisen pertain to investment lending and pooled financing. These issues are mostly related to fiduciary requirements and stem from differences in institutional mandates and policies. A process, under the auspices of the LHI, is now in place to develop frameworks which can be used flexibly by all donors. Similarly, for multi-donor budget support operations, there is a need to look closely at what has worked well and less well, especially as regards their flexibility to adapt to changing circumstances and align with evolving country priorities. As these operations are not pooled and do not need to be synchronized in timing, they may require a different solution to improve underlying frameworks.

- ***Common Financing Framework.*** One difficulty that often arises at the country level is how to create Memoranda of Understanding (MOUs) for all cofinanciers in a joint or collaborative operation. Under the Legal Harmonization Initiative (LHI), the Bank is working with several international financial institutions, bilateral aid agencies and UN agencies to harmonize and streamline legal tools across donors and with partner countries. A meeting in Rome in early 2010 paved the way for the development of common donor guidance for use by donors in joint financing operations. A first draft of a framework has been developed, along with a guide and template; it will be revised to reflect input from the larger LHI community. The draft template is intended to be flexible (with articles that may be updated to reflect experience on the ground or policy changes) and accommodating (to policies of both bilaterals and MDBs). The framework is expected to be particularly useful in IDA countries, where it is most crucial for donors to be able to collaborate in, and pool, financing activities.
- ***DPOs and Collaboration.*** Development policy lending allows for collaboration with other donors. As other donors respond to their commitments in the Paris Declaration and Accra Agenda for Action by increasing their budget support, the Bank is joining its

DPOs in IDA countries with financing from other donors either through multidonor budget support (MDBS) arrangements or by coordinating the policy dialogue and results frameworks. Such arrangements have brought numerous advantages, such as increased country ownership of reform programs, increased coordination in the actions to be supported, and the opportunity for the Bank to learn from others and to use its expertise and policy dialogue to leverage the resources of other donors. At the same time, there have also been some challenges in MDBS arrangements and processes. Management has launched a study to take stock of the experience with collaborative engagements and to draw lessons with a view to identifying ways to ensure that IDA can collaborate with development partners while remaining effective and flexible in its provision of policy-based assistance.

31. ***Coordinated Economic and Sector Work and Technical Assistance.*** The Bank's traditional nonlending products, country economic and sector work (ESW) and technical assistance (TA), encompass analysis, advice, and capacity building to client countries. In IDA countries it is particularly important that donors draw on each other's expertise and knowledge products, to avoid duplication and ensure that policy analysis and recommendations are broadly aligned. The Paris Declaration recognizes that donors have a responsibility to ensure that, to the extent possible, the analytic work they provide is undertaken in a coordinated fashion. Figure 2 shows that over the last five years there has been a steady increase in IDA's coordinated ESW and TA.<sup>14</sup>

**Figure 2. IDA's Coordinated Nonlending Services (IDA and Blend countries)**



32. ***Aid Coordination.*** In many IDA countries formal mechanisms and structures have been set up to (a) coordinate information flows on country issues; (b) align aid with government priorities; (c) provide coherence across development partners on policy reform goals and needs for institutional change, capacity development and investment; (d) strengthen government leadership of aid management; (e) reduce transaction costs for government; (f) increase

<sup>14</sup> A second measure of Bank performance has been undertaken through the 2008 Survey on Monitoring the Paris Declaration in which, for the 55 participating countries, the Bank reported 59 percent of its ESW as coordinated against a 2010 target of 66 percent.

selectivity and division of labor across development partners; and (g) increase the results orientation of government programs. Such structures have been useful in some areas, such as facilitating alignment with national strategies and providing coordinated support. At the same time, costs and inefficiencies appear to be associated with these processes, and it is not always clear what roles the government, the Bank, and other development partners should play. There is little basic information on aid coordination structures across countries; thus, after years of experience, it is time to take stock. Management has launched a study of country-level aid coordination structures to gather information and prepare notes on good practices.<sup>15</sup> The study will analyze the structure, characteristics, and performance of aid coordination mechanisms within and across IDA countries, as well as the role of the Bank. The results of the study will help better define the role that IDA should play in country-level coordination.

#### **D. IDA16 Period**

33. During the IDA16 period, the Bank will continue its close involvement with the international development agenda—especially as it relates to development effectiveness—providing leadership, partnership, and support as appropriate. In this effort, the Bank will continue to work with DAC donors and will strive to increase its engagement with non-DAC donors leading up to the Fourth High Level Forum on Aid Effectiveness. It will also continue to implement the Access to Information Policy, with its far-reaching implications, and, when requested, will assist other multilaterals as they proceed with expanding their disclosure policies. Some areas of particular focus include the following:

- **Aid predictability.** The Bank will continue to contribute to the predictability agenda globally, working with all development partners to collect and disseminate good practices on predictability from both donors and partner countries. Internally, the Bank will continue to improve its efforts by publishing more and better-quality data in a format that is easily accessible by various stakeholders. Furthermore, Management will review internal practices to ensure that more of IDA's resources are included in partner country budgets. Management will report on enhanced predictability indicators in conjunction with the 2010-11 Paris Declaration Survey.
- **Country-level collaboration.** Drawing on the studies of aid coordination and MDBs in IDA countries, Management expects to develop recommendations to better define IDA's collaborative roles at the country level, based on its comparative advantage; these will be reported to the IDA Deputies. A good practice note will also be produced on donor mapping in CASs. With other donors, Management expects to finalize and roll out the Common Financing Framework developed under the LHI. Finally, the Bank will continue to maintain its performance on coordinated ESW and TA and reach a steady state at internationally agreed target levels.

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<sup>15</sup> This work will complement several studies intended to monitor and evaluate various aspects of aid coordination: *DAC Working Party on Aid Effectiveness: Monitoring and Evaluating the Implementation of the Paris Declaration, Phase 2 Evaluation of the Paris Declaration, EU: Survey on Division of Labor, UNDESA: Mutual Accountability at the Country Level, IEG: Evaluation of Donor Coordination Low Income Countries, the World Bank's Africa Regional Learning Program review of "Good Practices in Managing Multi-Donor Operations."* The value-added of the IDA study is that it will attempt to collect comprehensive information across all IDA countries and will provide detailed insights into the Bank's role at the country level.

## IV. ENHANCING IDA'S EFFECTIVENESS

34. For IDA to sustain a high level of satisfactory performance in delivering results on the ground and adapt to changing circumstances, its internal systems and procedures must also function efficiently. Many of the Bank's services and processes—and particularly its lending instruments—were developed years ago to meet the specific circumstances of that time. The changing nature of client demand, the external environment, and the aid architecture have prompted the Bank to take a fresh look at its operational services and its own internal procedures to assess whether they are as effective and efficient as they can be in meeting the needs of borrowers today. During IDA15, Management has launched comprehensive Bankwide internal reforms that will increase IDA's flexibility, accountability, and transparency. This section describes the main elements of these reforms, including lending and nonlending services, the decentralization agenda, and the strengthening of IDA controls. Most of the activities have already commenced, and their implementation is expected to continue during the IDA16 period.

### A. Lending Services

35. The Bank provides funds to IDA borrowers mainly through two lending instruments—investment lending (IL) and development policy lending (DPL)—and through partial risk guarantees (PRGs) for private loans.<sup>16</sup> The Bank has undertaken a significant reform of its DPL instrument, and in recent months the Bank has been engaged in a concerted effort to modernize the IL instrument. The use of country systems agenda, which is related to the IL instrument, has been partially implemented but has been particularly challenging. For IDA guarantees, there is significant scope to modernize the instrument and increase its use.

#### *1. Investment Lending*

36. While the Bank's traditional IL model remains useful for many types of investments, it does not always meet the needs of Bank clients today. For example, IL is based on an infrastructure investment model using Bank systems, and it does not readily accommodate more recent needs such as coordinated financing with other donors. Task teams struggle to adapt this model--where the same rules and, often, the same budgets apply to all operations, regardless of risk, size, or sector—to newer contexts. The aim of the Bank's IL reform effort is to allow the Bank to respond more flexibly to clients' changing needs, coordinate with other partners in financing country development efforts, support country capacity building and ownership, and strengthen the focus on results.

37. **Initial Changes.** The Bank has already made several changes that have improved its ability to respond to client needs and use development funds more efficiently under IL, for example: (a) the introduction of additional financing has allowed the Bank to scale up well-performing projects quickly; (b) the policy on Rapid Response to Crises and Emergency has

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<sup>16</sup> IL, which accounts for three-fourths of IDA's annual commitments and over 95 percent of its active lending portfolio, provides financing for infrastructure and social development such as health and education, and is a vehicle for global knowledge, technical assistance, and institutional development. Development policy operations support clients in designing and implementing institutional strengthening and policy reform to achieve specific country development results. PRGs help clients mobilize commercial financing for private sector projects, notably in the infrastructure sector, where project viability depends greatly on the government's meeting its contractual obligations to the project.

allowed for faster processing of emergency lending across a wide range of crisis situations; (c) a simplified framework for restructuring poorly performing projects allows the Bank and Borrowers to better adapt such projects to changing circumstances and use the funds more effectively to achieve the projects' development objectives; and (d) a simple rule change—that IDA funds cancelled from a project need not be returned to the general pool of IDA resources for redistribution but can stay in the country program for recommitment to other activities consistent with the country strategy—has provided an incentive to better manage projects under implementation. In recent months, the introduction of a risk-based approach has provided the Bank and its clients with a new framework to design operations that better take into account the operating environment and link risk to achievable results and development objectives. This approach allows the Bank to differentiate project processing by risk and to move to a culture of implementation support (rather than supervision) in which Bank teams focus on helping clients address implementation issues and build capacity. Management has now begun looking at the Bank's policy framework for IL with the view of streamlining the policy statements (OPs/BPs) for this instrument.

38. ***Results-Based IL Option.*** As part of the IL reform effort, Management is working to develop a new results-based IL option (RBIL). This option is expected to be used to finance government expenditure programs, and to be linked to agreed measurable results. It would focus more on systems performance than individual transactions and would be used as a platform for enhancing donor coordination in support of improved efficiency and effectiveness. This is work for the medium term; Management expects to conduct broad-based consultations on this proposed option—within the Bank, with the Board, with external partners, and with client countries—before finalizing a proposal for Board approval.

39. ***Use of Country Systems.*** Promoting the use of the borrower's own systems—for procurement, financial management, and environmental and social safeguards—is core to improving the development effectiveness of a country's resources, regardless of the source of financing. The Bank has developed policy frameworks for reliance on country systems in all three areas and has set up work programs to move forward, focusing on (a) assessment/diagnostics of the robustness of the existing system; (b) capacity building to fill gaps; and (c) application of these systems as they are made more robust and reliable. Progress across the three types of country systems has been varied, and challenges remain.

- In *financial management*, Bank policy provides that the use of country systems is the default option (where circumstances permit). Management has issued interim guidelines (July 2009) for assessing fiduciary risks in the use of country FM systems on a countrywide basis. There has been considerable focus on both capacity building and use of certain aspects of country FM systems. Partnering with donors and others is also key, for instance, in efforts to strengthen audit and accounting capacity in partner countries, and—through the WP-EFF—to harmonize guidance on different aspects of the use of country systems.
- In *environmental and social safeguards*, the Bank continues to scale up from project to countrywide use of country safeguard systems. Under the pilot, the Bank considers the environment and social safeguard system to be “equivalent” (to the Bank's policy objectives and principles) if the borrower's system fulfills certain objectives and operating principles, and “acceptable” if it has appropriate institutional capacity and a

track record in implementation.<sup>17</sup> If elements of the system are not acceptable, the Bank can agree on implementation of gap-filling measures. The Bank has developed an assessment tool to make the determination (Safeguards Diagnostic Review).<sup>18</sup>

- In *procurement*, the Bank has launched a pilot program focusing on international competitive bidding procedures to complement the extensive use of country systems in national competitive bidding (see Box 5).

#### **Box 5. Status of Procurement Piloting**

In FY09 the Bank launched a piloting program for the use of country procurement systems in international competitive bidding (ICB). Any country that participates in the piloting program must meet a set of specific criteria under assessments conducted at two different stages: Stage I evaluates the country procurement systems against good international standards, and Stage II assesses the extent to which the country's policies and procedures are equivalent to the Bank's. Within each country, pilot projects are selected only after a review of the performance and overall capacity of the government implementing agencies responsible for the proposed projects.

The methodology was aimed at selecting 8 to 10 pilot countries, with at least one in each Bank Region. Implementation of the methodology has gone much more slowly than expected, partly because the international financial crisis left little time for the involvement of experienced procurement staff, and because reaching agreement with countries on how to address deficiencies revealed during the assessments took longer than expected. Of the 20 candidate countries that initially expressed an interest in the piloting program, only 14 have made significant progress, including 6 IDA countries (Bhutan, Burkina Faso, Ghana, Mongolia, Rwanda, and Senegal). And of the 14, only 3—Brazil, Rwanda, and Senegal—have progressed enough to request final approval from the Operational Procurement Review Committee before the end of FY10. In the meantime, additional countries have expressed interest in joining the piloting program.

As the assessments are being completed, it is becoming evident that not many countries will be able to meet all the required standards before project approval. This means that these countries will require some capacity development work and mitigation measures to address the gaps that are being identified. The Bank will differentiate between measures that are critical and must be implemented before introducing a country/project into the piloting program and those that could be implemented while the country proceeds with selected projects using national systems. The Bank will agree with each pilot country on the gap-filling capacity development activities and mitigation measures, and will collaborate with other development partners to ensure timely resources for successful implementation of these measures.

## **2. Development Policy Lending**

40. The Bank substantially reformed its policy-based lending instrument in 2004. It replaced adjustment lending with development policy lending focused on client ownership, selectivity, strong analytic underpinnings for policy choices, alignment with the country's development strategy, customization to country circumstances, coordination with other partners, transparency, and results orientation. Soon thereafter the Bank articulated good practice principles for the application of conditionality—reinforcing ownership, harmonization, customization, criticality,

<sup>17</sup> See OP/BP 4.0, *Piloting the Use of Country Systems to Address Environmental and Social Safeguard Issues in Board-Supported Projects*. Pilots have been implemented in Bhutan, Brazil, Egypt, Ghana, India, Jamaica, Romania, Tunisia, and South Africa.

<sup>18</sup> See *First Year Review of Implementation of Incremental Scaled-up Program to Pilot Use of Country Systems to Address Environmental and Social Safeguard Issues in Bank-supported Projects* (SecM2009-0367), July 16, 2009.

and transparency and predictability. As the Bank's recent DPL Retrospective confirmed, development policy operations (DPOs) continue to be prepared in line with these good practices and in accordance with the Bank's commitments on aid effectiveness, expressed in the Accra Agenda for Action.<sup>19</sup> For example:

- the policy and institutional actions used as prior actions in DPOs are based on national development strategies—often Poverty Reduction Strategy Papers (PRSPs)—and agreed with the government;
- all Program Documents (including all prior actions and tranche-release conditions) and Implementation Completion Reports for DPOs are disclosed to the public; and
- DPOs are results-based, and their design is based on results frameworks that are explicit and monitorable.

41. ***Other Findings.*** During the IDA15 period, there were two reviews of DPLs: the 2009 DPL Retrospective and the 2010 IEG evaluation of PRSCs. The Retrospective also highlighted the flexibility embedded in DPOs, which is critical for IDA to support partner countries in periods of crisis. In addition, the supplemental financing option for DPOs allowed IDA to respond quickly to help countries deal with unanticipated shocks and mitigate the negative impacts of the food, fuel and financial crises in 2008-2010. The DPL Retrospective found that there has been progress in using poverty and social impact analysis to inform DPOs. The Bank has reinforced its efforts in this area with the support of a multi-donor trust fund that became effective in April 2010. Feedback from in-country consultations conducted for the DPL Retrospective stressed that Bank DPOs have been successful in reinforcing country ownership of reform programs, and that the Bank has made good progress on harmonization, transparency, and predictability. In addition, consultation participants cited the good practices principles for the application of conditionality as a model for other aid institutions. The 2010 IEG evaluation of PRSCs largely confirmed the findings of the 2009 DPL Retrospective. It found that PRSCs – a subset of DPOs - have worked well and that they have incorporated many envisaged changes in design and implementation, including stronger country ownership, eased conditionality, and a shift of focus toward public sector management and pro-poor service delivery, echoing the findings of the DPL Retrospective. The Bank already implemented the majority of DPL-related commitments to the Executive Board, including strengthening results frameworks and ensuring country ownership and flexibility of implementation, and plans to continue monitoring closely the content and in-country use of DPL.

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<sup>19</sup> See *2009 Development Policy Lending Retrospective: Flexibility, Customization and Results* (SecM2009-0644), November 25, 2009.

### 3. IDA Guarantees

42. Guarantees can be an effective catalyst for raising private financing and for leveraging resources. As the 2009 Review of the IDA Guarantee Program noted, IDA guarantees have contributed to mobilizing private capital, enabling IDA client countries to leverage their IDA resources and marshal project financing of approximately 10 times the IDA commitment.<sup>20</sup> As part of the review of IDA guarantees, Management is exploring a possible future expansion of guarantees for IDA countries, beyond the existing private sector partial risk guarantees, to include partial credit guarantees and policy-based guarantees.<sup>21</sup>

## B. Nonlending Services

43. Global development knowledge is key to the Bank's future relevance and effectiveness. The Bank's distinctive role in adapting global development knowledge to local circumstances comes from its presence and experience on the ground and its world-class analytical skills on development thinking, and from building partnerships with others. To build the Bank's knowledge services, a Knowledge Strategy has been developed to improve the institution's responsiveness, flexibility, and global excellence; improve the impact and effectiveness of its knowledge portfolio, including country analytic and advisory activities; and strengthen the Bank's role as a global connector of knowledge. The Knowledge and Learning Council will be responsible for overseeing the implementation of the strategy.<sup>22</sup> Better mobilization of staff expertise globally, supported by improved technology, will be key to making this effort successful.

44. **Global Connector Role.** The World Bank Institute (WBI) is a vital component of the Bank's knowledge effort. WBI has begun a process of renewal, shifting capacity development from dissemination of knowledge toward a much more dynamic and transformative role. Going forward, WBI's main role is to capture and effectively catalyze the knowledge generated by development partners to produce institutional change. Results are at the core of WBI's renewal strategy. Over the IDA16 period its Capacity Development Results Framework should help WBI implement its paradigm shift from a focus on activities and outputs to a focus on outcomes. In its global connector role, the Bank will use a variety of approaches and platforms, such as South-South practitioner exchanges, innovation platforms, leadership and coalition building, and structured learning wholesaled through country and regional institutions and technology. One element of this effort, the South-South Experience Exchange Trust Fund, supports the sharing of development experiences across countries.<sup>23</sup>

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<sup>20</sup> *Review of the IDA Guarantees Pilot Program* (IDA/R2009-0137) March 20, 2009.

<sup>21</sup> Partial risk guarantees cover commercial lenders to a private sector investment project against default on a loan arising from a government-owned entity's failing to perform its obligations with respect to the private investment project. Partial credit guarantees (PCGs) primarily support public sector borrowing (through loans and bonds) from commercial creditors to finance public investment projects. They provide commercial lenders with partial coverage, as to a specific portion of debt service payments for an investment project. Policy-based guarantees are a type of PCG that covers a portion of debt service on government borrowing (through loans or bonds) from commercial creditors to support the government's program of policy and institution actions.

<sup>22</sup> See *Transforming the Bank's Knowledge Agenda: A Framework for Action* (SecM2010-0052), February 3, 2010.

<sup>23</sup> The South-South Experience Exchange Trust Fund (SEETF) is supported by a mix of traditional donors (Denmark, Netherlands, Spain, and UK,) and new donors (China, Colombia, India, Mexico, and Russia). The

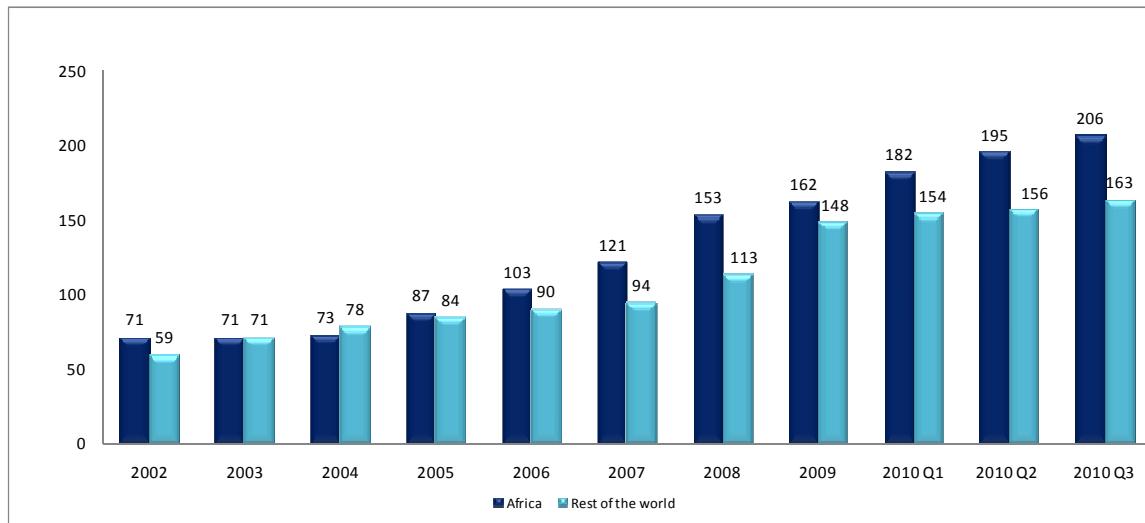
## C. Decentralization

45. The aid effectiveness agenda has underlined the importance of close on-the-ground collaboration with clients and other donors. To respond to these realities, the Bank has significantly expanded its decentralization of staff and decision making to improve IDA's delivery on the front line.

46. **Progress on Decentralization.** With a presence in more than 127 countries, and with the bulk of country management and about 5,000 staff outside Washington, the World Bank Group has made significant progress on decentralization.

- The bulk of decentralized staff is located in country offices in IDA countries (2,394 IDA and 656 IFC staff), of which 684 are located in fragile states (562 Bank and 122 IFC staff). The Bank is present in virtually all active IDA countries, except for Myanmar, Somalia, Djibouti and a few small island states.<sup>24</sup> IDA staffing in fragile states has increased between FY06-FY09—by 72 percent for internationally recruited staff (IRS) and by 30 percent for locally recruited staff (LRS).
- Decentralization in Regions overall has improved significantly in recent years. Figure 3 shows that the growth of GF+ IRS staff has increased annually over the past five years for all Regions and especially for IDA countries in Sub-Saharan Africa.

**Figure 3. Growth in GF+ IRS in IDA Countries in Sub-Saharan Africa and Rest of the World**



- In the last five years the Bank has taken solid steps to position professional staff in country offices: about 53 percent of all Regional staff at GE+—both IRS and LRS—are now based in country offices. Of the field-based IRS, about one-third are at level GH and

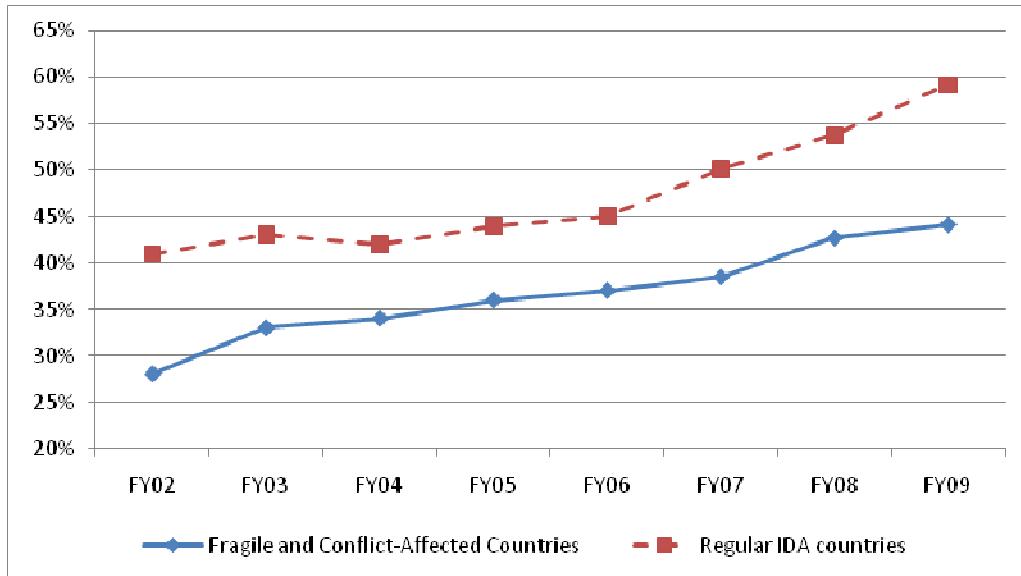
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facility responds directly, and at short notice, to specific demands from IDA countries for South-South learning opportunities.

<sup>24</sup> Comoros, Sao Tome and Principe, Kiribati and Tonga.

about half are at level GG. As more staff have moved to the field, so has more task management (See Figure 4).

**Figure 4. Devolution of Task Management by Client Group  
(Percent of lending, supervision and AAA managed in the field)**



47. **Continuing Focus.** The Bank's evolving decentralization strategy has both short- and medium-term components.

- In the short term, the Bank is focusing on strengthening its field presence and decentralizing decision-making authority in IDA countries, especially fragile states, specifically by increasing the number of country directors in Africa (from 11 to 15), moving more task management to country offices, moving sector management closer to decentralized staff in several regions to improve management oversight, moving technical support closer to clients, and establishing at least one sub-regional hub in Sub-Saharan Africa to serve fragile states.
- In the medium term, the Bank is examining alternative decentralization approaches that would allow enough flexibility to effectively respond to the needs of the various clients, while better integrating global and country issues and expertise and facilitating knowledge flows across units. Country offices will continue to be the foundation of service delivery to country clients, possibly enhanced by decentralized bases which would house staff with cutting-edge technical skills from key sectors and who have strong (geographical) familiarity with country clients. Management and the Board have discussed an initial feasibility analysis of three "stylized" options.<sup>25</sup> This

<sup>25</sup> See *Toward a Global Bank: Discussion Note* (SecM2008-0428), October 6, 2008, and *Toward a Global Bank: An Update* (SecM2009-0326), June 25, 2009. Management is considering three options: (a) extending the current model, (b) establishing regional and subregional hubs to complement Washington and country offices in

analysis is now being deepened based on actual business driven decentralization projections at the unit level and an extensive consultation process is underway on how best to expand decentralization. The next update to the Board, before the end of 2010, will report on the progress of the work program and on IFC's decentralization.

48. ***Supporting Reforms.*** Successful implementation of any medium-term approach to decentralization will require substantive parallel progress in internal reforms that together engender a strong corporate culture; clarify accountabilities; enhance staff mobility, connectivity, and knowledge sharing; and institute a Bankwide core learning program. In preparation, the Bank is engaged in a series of reforms to rebalance the matrix structure and to position information technology, human resources, and budget processes to address the needs of a more results-focused decentralized Bank. Particularly notable are efforts to manage talent more corporately, increase cross-support, increase the number of technical experts and Global Expert Teams as part of matrix rebalancing, and support the global Bank through HR reform.

#### D. IDA Controls

49. In FY09, Bank Management completed a comprehensive assessment of internal controls over IDA operations, fulfilling the commitment it made at the time of the IDA14 Replenishment. This review used the rigorous COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework and methodology to examine whether funds are used efficiently and for their intended purpose. This self-assessment was followed by a review by the Internal Auditing Department (IAD) and was evaluated by the Bank Group's Independent Evaluation Group (IEG).

50. ***Findings and Conclusions.*** All three parties—Management, IAD and IEG—reached a similar conclusion regarding the overall adequacy of the internal controls over IDA's operations. In IEG's words, "IDA's internal controls framework operates to a high standard overall, giving reasonable assurance that the controls operate effectively." Subject to identified exceptions, "the controls framework provides Senior Management and the Board with reasonable assurance that the three COSO objectives are being achieved: (i) reliable financial reporting, (ii) compliance with policies and procedures, and (iii) the efficiency and effectiveness of operations."<sup>26</sup> The review also identified a number of areas for further improvement, including better risk analysis, more attention to fraud and corruption risks, the need for policy and process simplification, and enhanced document retention.

51. ***Action Plan.*** Management is implementing a robust plan of actions to address the findings of the IDA Controls Review (see Annex D). Many of the actions have been completed, including actions related to the implementation of the Volcker Panel recommendations, the launch of the Governance and Anti-Corruption (GAC) strategy, and the establishment of a comprehensive framework for sanctions reform. Other actions are closely linked to the ongoing IL reform; for instance, a new framework for operational risk management and enhanced support to project implementation are scheduled for rollout in July 2010, and work is under way to

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serving clients from a closer range, and (c) establishing three new larger "global offices" in strategic locations to complement Washington and country offices in serving clients from fewer time zones.

<sup>26</sup> See *Review of Internal Controls: An Evaluation of Management's Assessment and the IAD Review: Report on the Completion of Part II* (AC2008-0147/CODE2008-0098) December 29, 2008.

consolidate and clarify the policy framework for IL. More importantly, systems and practices are being established that will help mitigate risks and minimize the chance of recurrence of the deficiencies detected by the review. During the summer of 2010 IAD and IEG will evaluate the implementation of the action plan and its effectiveness in addressing the weaknesses identified in the original assessment. Given the significant progress since 2008, Management hopes for a favorable evaluation.

52. ***Monitoring.*** Management has established an oversight body—a special Implementation Oversight Panel (IOP)—to monitor and periodically report to the President and the Audit Committee on implementation progress. The IOP is co-chaired by an outside party, the Bank’s Chief Financial Officer, and the Vice President for Operations and Country Services, with IAD, IEG, and INT participating as observers.

## E. IDA16 Period

53. The Bank’s internal reform agenda aims to achieve improved development results largely by improving the efficiency of the Bank’s internal processes. It is a package of corporate priorities that address the entire Bank. Although some of the components of internal reform are well under way, others are only beginning to be developed and will take time to mature. The agenda has its own results monitoring framework, which Management will use in periodic reporting to the Board on progress. This monitoring framework will be incorporated into a corporate scorecard that will measure more progress against institutional objectives. Broadly, Management expects to accomplish the following during the IDA16 period.

- ***Investment lending.*** The focus will be on (a) monitoring the rollout of IL reform (risk assessment, implementation support); (b) revising and consolidating OPs and BPs that govern IL; (c) developing the RBIL option; and (d) moving beyond the stage of assessing country systems, toward more systematically building capacity and ultimately using country systems as appropriate.
- ***Development policy lending.*** The Bank will focus on sustaining its progress related to development policy lending, including the use of poverty and social impact analysis and good practice principles for the application of conditionality. Management expects to carry out the next DPL retrospective during the IDA16 period, to take stock of progress and identify areas where more work is needed.
- ***IDA guarantees.*** The Bank will update its operational policy governing the use of guarantees to reflect changes in client needs and market conditions. One aspect of the update is expected to be the agreement on conditions for the possible use of partial credit guarantees and policy-based guarantees in IDA-only countries.
- ***Knowledge.*** Management expects to report regularly on progress in implementing the Knowledge Strategy in conjunction with annual reports on the status of the institution’s knowledge portfolio, including increased support for South-South knowledge exchanges.
- ***Decentralization.*** Next steps for decentralization include shorter-term measures to strengthen presence and move decision making authority in the field by increasing the number of country directors in Africa, moving more task management to country offices, moving sector management closer to decentralized staff, and establishing at

least one subregional hub in Africa to serve fragile states. In the medium term, the Bank will continue to develop the analytic framework for further decentralization.

- ***IDA controls.*** Management is implementing a robust plan of actions to address the findings of the IDA Controls Review. Many of the actions have been completed; others, especially those linked to the IL reform effort, are expected to be in place by July 2010. More importantly, systems and practices are being established that will help mitigate risks and minimize the chance of recurrence of the deficiencies detected by the review. Given the significant progress made since 2008, Management hopes for a favorable evaluation from IAD and IEG during the second half of 2010. Following the IAD/IEG evaluation, the process will revert to the normal monitoring and the newly established Integrated Risk Management Report.

## V. IDA IMPLEMENTATION FOLLOWING ACCRA

54. This paper has described the World Bank's reform efforts to enhance development effectiveness. During this period of reform, the Bank—and IDA in particular—remains focused on the key pillars of the Accra Agenda for Action: strengthening country ownership, building more effective and inclusive partnerships, and delivering and accounting for development results.

55. ***Country Ownership and Capacity.*** Many components of the reforms and initiatives will increase the Bank's ability to promote country ownership and build country capacity. For example, by creating a culture of implementation support as part of IL reform, the Bank will increase country ownership of projects and of their implementation process, and will help to strengthen countries' own systems. Development policy lending, which is based on the country's own development objectives, is aimed at strengthening the country's institutions and systems. Greater focus on knowledge also has the potential to significantly increase country capacity. And providing more extensive access to information also enhances the Bank's accountability to stakeholders—shareholders, clients, development partners, and civil society—leading to greater country ownership and better results.

56. ***Coordination.*** With the ongoing and planned reforms, the Bank will be able to have a stronger interface with clients and other donors. Increased decentralization is the principal avenue: locating staff in the field facilitates collaborative approaches with other donors and clients. In addition, attention to coordination in Bank CASs helps lay the foundations for strong partnerships at the country level; and as the Bank continues to use development policy lending in coordination with other donors, it will increasingly be able to promote alignment of donors to country priorities and results in an appropriately coordinated fashion. Similarly, the proposed results-based IL is expected to make it easier for the Bank to collaborate with other donors in financing investment operations. Finally, the Bank's ongoing work on aid coordination is expected to help identify good practices in aid coordination that will be disseminated for broader application. Overall, this work is expected to more clearly define an appropriate role for the Bank in leading the international community and collaborating with other donors—at the global, regional, and country levels—to support country ownership and develop government leadership to better manage aid.

57. **Results.** The IDA RMS has come a long way in changing the culture of the institution, which is now focusing solidly on the monitoring and measurement of outcomes and development effectiveness at all levels. The Bank will continue to refine the IDA RMS, to ensure that its indicators remain meaningful and used by staff and management. In addition, the Bank has been working to enhance its internal efficiency by reforming instruments and internal procedures. The results framework set out in the Internal Reforms paper will be used to track progress in the Bank as a whole, and will become a part of a corporate scorecard that will measure progress against institutional objectives more broadly.

## Annex A. IDA RMS Tier 1

**Table . Progress in Tier 1 Outcome Indicators for IDA-Eligible Countries (April 2010)**

	<i>Year of baseline value</i>	<i>Year of most recent value</i>	<i>Aggregate outcomes</i>		<i>Country-level outcomes</i>	
			<i>Baseline value</i>	<i>Most recent value</i>	<i>% of countries making progress</i>	<i>% of countries making substantial progress<sup>a</sup></i>
<b>Growth and Poverty Reduction</b>						
1. GDP per capita (constant 2000 US\$)	2005	2008	511	602	89	22
2. Population living on less than US\$1.25 a day (%) <sup>b</sup>	2002	2005	46.4	42.4	78	22
<b>Public Financial Management and Investment Climate</b>						
3a. Public financial management (number of HIPC benchmarks met) <sup>c</sup>	2001/02	2004	6	7	41	..
3b. Public financial management (CPIA 13 quality of budgetary and financial management rating (1=low to 6=high)) <sup>c</sup>	2005	2008	3.32	3.36	28	27
4. Cost required for business start-up (% of GNI per capita)	2006	2009	92	68	96	26
5. Time required for business start-up (days)	2006	2009	43	35	58	24
<b>Infrastructure for Development</b>						
6. Access to an improved water source (% of population)	2000	2006	73.1	78.4	75	39
7. Mobile and fixed line phone subscribers (per 100 population)	2004	2008	8	37	99	45
8. Access to an all-season road (% of rural population)	2000		61	..	..	..
9. Household electrification rate (% of households)	2004	2007	55.1	61.5	85	25
<b>Human Development</b>						
10. Under 5 mortality rate (per 1,000 live births)	2005	2008	111	104	91	21
11. Prevalence of HIV/AIDS (% adult population aged 15-49)	2004	2007	1.5	1.4	36	36
12. Births attended by skilled health staff (% of total births)	2003	2007	42.2	45.5	65	36
13. Primary completion rate, total (% of relevant age group)	2004	2008	72.6	80.4	64	37
14. Ratio of girls to boys in primary and secondary education (%)	2004	2008	87.9	90.7	74	39

*Source:* WDI 2010 and World Bank staff estimates. Please see Annex 1 and Annex 2 for more detailed information.

<sup>a</sup> Substantial progress is defined as the 75<sup>th</sup> percentile of progress observed in all developing countries.

<sup>b</sup>. The US\$1.25 a day poverty line (measured in 2005 prices) replaces the previous US\$1.08 a day poverty line (measured in 1993 prices). Due to this change and using the 2005 purchasing power parity data, poverty estimates are revised.

<sup>c</sup>. Indicator 3a (number of HIPC benchmarks met) has been discontinued and replaced by 3b (CPIA 13 quality of budgetary and financial management.)

(..) Data not available.

**Box 1. Tier 1: Going Forward**

Tier 1 indicators continue to evolve to provide relevant information on development effectiveness in country. Management is proposing the addition of an indicator on gender to the two that are already in Tier 1, and is reviewing indicators related to PSD and roads, with the aim to potentially upgrade these measures.

**Gender.** Given the importance of gender equality, and the interest of the Deputies in adding an additional Tier 1 indicator on gender to the two existing gender-related indicators ("Births attended by skilled health staff (% of total births)" and "Ratio of girls to boys in primary and secondary education (%)", Management proposes the addition of the indicator "Share of women in wage employment in the non-agricultural sector".

**PSD.** Currently, the two Tier 1 PSD indicators are: (i) cost required for business start-up (% of GNI per capita); and (ii) time required for business start-up (days). These two indicators are both relevant in measuring the ease with which businesses can be established in a developing country. The indicators are inter-related, with time as one of the main drivers of cost. In addition, since the cost indicator is benchmarked to the per capita GNI, changes in start-up costs may be masked by larger changes in per capita GNI. Management proposes that indicator (ii) time required for business start-up (days) be kept, and that indicator (i) be dropped. IDA and IFC have deepened their collaboration across a number of areas of relevance to private sector development, including in trade and finance. Management is currently reviewing four indicators, two in each area, to determine the robustness and replicability of the dataset. These indicators are: time to import/export (days); trade logistics index; firms using banking services (% of firms); and financial access.

**Roads.** Management has also reviewed the short and medium-term data availability for the 'Access to an all-season road (% of rural population)' Tier 1 indicator. At the time that the original IDA14 RMS was initiated, the use of existing survey information was the least costly approach to measuring this indicator. However, since then there has not been a systematic effort to incorporate the necessary questions in new household surveys, so that it has not been possible to maintain and update the indicator. Management has reviewed other transport indicators to see if this indicator can be replaced, but has concluded that at the moment this is the most meaningful indicator for use in the IDA RMS, and that one more serious attempt should be made to collect data on this indicator. Continuing improvements in the availability of geographic information systems may now allow more timely and less costly measurement of rural populations living in the vicinity of all weather roads. However, significant work will be required to establish such a system and the initial data quality may be weak. As a result, Management intends to undertake two studies: the first study will review whether it is possible to use Global Information Systems to generate data on this indicator; the second study will review the availability of data in government statistical and monitoring systems.

## Annex B. IDA RMS Tier 2

**Table 1. Tier 2 Monitorable Actions on Agency Effectiveness**

The 13 monitorable actions agreed at the time of the IDA15 replenishment are:

- i. Enhance quality of Country Assistance Strategy (CAS) Results Frameworks by strengthening the emphasis on results in the corporate review process (NEW);
- ii. Monitor self ratings in Country Assistance Strategy Completion Reports (CASCs) and their independent validation by the Independent Evaluation Group (IEG) (NEW);
- iii. Monitor and report percent of IDA projects with satisfactory quality at entry;
- iv. Monitor and report percent of operations whose outcome indicators in the Project Appraisal Document (PAD) (for investment lending) and in the Program Document (PD) (for development policy operations (DPOs)) cover key aspects of the Project Development Objective (PDO) (NEW);
- v. Monitor and report percent of first Implementation Status and Results Reports (ISRs) submitted during the fiscal year with adequate baselines for key outcome indicators;
- vi. Monitor and report percent of ISRs with satisfactory outcome baseline data (i.e. baseline availability for either one outcome or one intermediate outcome indicator) (NEW);
- vii. Develop a list of uniform/standard output indicators for 4-5 sectors (NEW);
- viii. Monitor percent of IDA projects with satisfactory Implementation Completion and Results Report (ICR) quality;
- ix. Monitor percent of IDA ICRs that report on key outputs and outcomes from the results framework (NEW);
- x. Monitor percent of IDA projects with satisfactory outcome ratings; and
- xi. Monitor progress on selected aggregate project outputs in four sectors: health, education, transport, and water.
- xii. Continue to improve staff and Management incentives for implementing the results agenda by aligning performance to results.
- xiii. A summary assessment of previous analyses of the AAA, current issues, future directions, and implications for Tier 2 metrics.

**Table 2. “Second Generation” Results-Based CASs for IDA-Eligible Countries**

<b>Country</b>	<b>FY of First Results-Based CAS</b>	<b>FY of Second Results-Based CAS</b>
Armenia	FY04	FY09
Burkina Faso	FY05	FY10
Cameroon	FY04	FY10
Georgia	FY06	FY10
Mozambique	FY04	FY07
Nigeria	FY05	FY10
Sri Lanka	FY03	FY08
Yemen	FY06	FY09
Zambia	FY04	FY08

Source: OPCS Review, April 2010.

**Table 3. Indicator (i) Discussion of CAS Results Frameworks at Corporate Review Meetings (FY08-FY10 to end-March 2010)**

<i>Meeting Type</i>	<i>Number of Minutes Available</i>	<i>Number of Minutes Which Indicate Results Framework Discussed</i>	<i>Percentage</i>
Upstream Corporate Review	30	23	77%
Final Downstream Corporate Review	23	22	96%
Either Upstream or Final Downstream Review	32	30	94%

Source: OPCS Review, April 2010

**Table 4. Indicator (ii) Ratings in CASCAs Based on RBCASs (FY08-FY10 to March 16, 2010)**

<i>Country</i>	<i>Date of Evaluation</i>	<i>Self Evaluation Rating</i>	<i>IEG Evaluation Rating</i>
Armenia	FY09	Satisfactory	Satisfactory
Burkina Faso	FY10	Satisfactory	Marginally Satisfactory
Nigeria	FY10	Marginally Satisfactory	Marginally Satisfactory
Sri Lanka	FY08	Marginally Satisfactory	Marginally Unsatisfactory
Yemen	FY09	Marginally Satisfactory	Marginally Satisfactory
Zambia	FY08	Marginally Satisfactory	Marginally Unsatisfactory

Source: IEG, April 2010.

**Table 5. Indicator (iii) Quality at Entry for IDA Operations**

<i>IDA Period</i>	<i>Number of IDA Projects Reviewed</i>	<i>Number of Projects Rated HS/S/MS*</i>	<i>Percentage Rated HS/S/MS*</i>
IDA11 (FY97-99)	111	87	78.4
IDA12 (FY00-02)	91	80	87.9
IDA13 (FY03-05)	124	109	87.9
IDA14 (FY06-07) Partial	63	56	88.9

\*HS means highly satisfactory, S means Satisfactory, and MS means Marginally Satisfactory.

Source: Data from Quality at Entry Assessments, August 21, 2009.

**Table 6. Indicator (iv) Quality of Results Frameworks (FY08-FY10 to February 25, 2010)**

<b>Number of Investment Lending Projects Reviewed</b>	<b>403</b>
PDO – Target Group Specified	90%
PDO – Expected Change in Behaviour of Target Group as a Result of the Project	75%
PDO – Benefits Measureable and Specific	85%
PDO – Good Alignment Between PDO and Project Activities	98%
Outcome Indicators Capture All Aspects of the PDO	89%
Outcome Indicators Capture At Least One Aspect of the PDO	99%
Outcome Indicators Measure Uptake, Adoption, or Use of Project Outputs by Target Group	88%
Outcome Indicators are Clearly Defined and Measureable	93%
<b>Number of Additional Financing Operations Reviewed</b>	<b>107</b>
Results Framework of Original Project Updated	97%
Results Framework Improved	96%
PDO – Target Group Specified	99%
PDO – Benefits Measureable and Specific	99%
<b>Number of Emergency Recovery Operations Reviewed</b>	<b>56</b>
PDO – Target Group Specified	95%
PDO – Defined in Terms of Improved Access to Services or Goods	91%
PDO – Defined Key Output Indicators Only	21%

Source: OPCS Review, April 2010.

**Table 7. Indicator (v) First ISRs with Adequate Baselines for PDO Indicators (FY07-FY10 to March 31, 2010)**

<b>Category</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>
	<b>Number</b>				<b>Percentage</b>			
Number of First ISRs Filed in the Fiscal Year	149	160	150	62				
First ISRs in Which All PDO Indicators Have Baselines	80	93	88	37	53.7%	58.1%	58.7%	59.7%
First ISRs in Which At Least One But Not All PDO Indicators Have a Baseline	42	41	39	20	28.2%	25.6%	26.0%	32.3%
First ISRs in Which None of the PDO Indicators Have Baselines	27	26	23	5	18.1%	16.3%	15.3%	8.1%

Source: OPCS Review, April 2010.

**Table 8. Indicator (vi) Projects Updated with Baseline Information in the Latest ISR (FY07-FY10 to April 1, 2010)**

<b>Approval FY</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>Total</b>
<b>Number of Projects Without Baselines in the First ISR</b>	24	15	25	64
<b>Number of Projects Updated With Baseline Information in the Latest ISR</b>	24	15	20	59
<b>Percentage of Projects Updated With Baseline Information in the Latest ISR</b>	100%	100%	80%	92%

Source: OPCS Review, April 2010.

**Table 9. Indicator (viii) Satisfactory IDA ICR Quality**

	<b>FY99</b>	<b>FY00</b>	<b>FY01</b>	<b>FY02</b>	<b>FY03</b>	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>Total FY99-FY09</b>
<b>Exemplary or Satisfactory</b>	118	126	120	108	121	120	140	120	115	95	35	1218
<b>Unsatisfactory</b>	9	10	10	13	20	22	15	19	11	6	3	138
<b>Not Rated</b>	44	39	42	30	36	15	6	3	0	0	0	215
<b>Total Rated</b>	127	136	130	121	141	142	155	139	126	101	38	1356
<b>% Exemplary or Satisfactory</b>	93%	93%	92%	89%	86%	85%	90%	86%	91%	94%	92%	90%

Source: Business Warehouse, April 7, 2010.

**Table 10. Indicator (ix) IDA ICRs that Report on Key Outputs and Outcomes**

	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>Total</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>Total</b>
<b>Number of ICRs</b>	110	88	72	270				
<b>ICR Reports on Data Related Directly to Achievement of PDO</b>								
<b>Full Data</b>	82	73	47	202	75%	83%	65%	75%
<b>Partial Data</b>	20	9	16	45	18%	10%	22%	17%
<b>ICR Uses Data To Assess PDO</b>								
<b>Full Data</b>	59	46	45	150	54%	52%	63%	56%
<b>Partial Data</b>	37	32	24	93	34%	36%	33%	34%
<b>Output Data is Available</b>								
	72	56	65	193	65%	64%	90%	71%

Source: OPCS, April 2010.

**Table 11. Indicator (x) Satisfactory Outcomes at Exit Based on IEG Evaluations**

<b>IDA Period</b>	<b>Exit Fiscal Years</b>		<b>Approval Fiscal Years</b>	
	<b>Satisfactory Outcomes at Exit</b>	<b>Number of Projects Evaluated</b>	<b>Satisfactory Outcomes at Exit</b>	<b>Number of Projects Evaluated</b>
IDA11 (FY97-FY99)	64.4%	379	72.3%	264
IDA12 (FY00-FY02)	71.2%	392	73.8%	206
IDA13 (FY03-FY05)	74.2%	430	79.3%	88
IDA14 (FY06-FY08)	75.6%	332	86.8%	33
IDA15 (FY09 Partial)	75.6%	37	n/a	n/a

Source: IEG Data in Business Warehouse, August 17, 2009, for IDA11-14 data; April 7, 2010, for IDA15 data.

**Table 12. Indicator (xi) Outputs Table**

<i>Sector</i>	<i>Indicator</i>	<i>Unit of Measurement</i>	<i>FY01-03</i>	<i>FY04-05</i>	<i>FY06-08</i>	<i>FY09-10<sup>a</sup></i>
Output examples in Health	Hospitals built or rehabilitated	Number	79	97	12,804 <sup>b</sup>	1,187
	Health professional trained	Number	41,300	75,000	146,424	8,089
	Children de-wormed	Number	(...)	67,000	69,044	1,770,400 <sup>c</sup>
	Insecticide treated bed nets distributed	Number	(...)	10,000,000	684,115 <sup>d</sup>	260,600
	Childhood vaccines purchased or distributed <sup>e</sup>	Number	(...)	(...)	509,000,000	(...)
	Vitamin A doses purchased or distributed	Number	(...)	(...)	186,697	(...)
Output examples in Education	Classrooms built or rehabilitated	Number	60,900	50,000	695,491 <sup>f</sup>	177,053
	Teachers trained	Number	47,500	263,000	603,165	259,770
	Teachers recruited	Number	(...)	37,500	926,889 <sup>f</sup>	18,736
	Textbooks purchased and distributed	Number (mill.)	25.9	4.2	233.6 <sup>f</sup>	4.7
	Pupils benefiting from school feeding programs	Number	(...)	210,000	114,448	(...)
	Pupils receiving scholarships	Number	(...)	24,600	87,059	40,455
Output examples in Water Supply & Sanitation	Beneficiaries from water supply or sanitation interventions	Number	7,545,000	4,760,000	11,900,666	6,628,120
	New water connections	Number	(...)	15,000	101,996	284,407
	New sanitation facilities	Number	61,900	111,600	94,883	160,880
	Sewers constructed	km	79	106	396	195
	Sewer household/communal connections	Number	7,800	14,000	200,002	14,952
	Total roads built	km	21,600	5,200	11,886	243
Output examples in Transport	Total roads rehabilitated and/or maintained	km	138,200	39,700	112,160	859,285
	Total railroad constructed or rehabilitated	km	1,205	900	70	263
	Total culverts built or rehabilitated	Number	(...)	3,079	902	53
	People that gained increase access to services (e.g., health facilities, schools, markets)	Number	(...)	2,600,000	2,039,000	444,000

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*Source:* Staff calculations from Implementation Completion Reports (ICR) of IDA financed operations (does not include analytic works). (...) stands for “not available”.

Notes:

<sup>a</sup> At the time of the review (February, 2010) only 48 ICRs out of a total of 62 FY09 exiting investment lending projects and 2 ICRs out of 60 FY10 exiting investment lending projects relevant to health, education, water and transport sectors were available.

<sup>b</sup> This figure includes hospitals, clinics, health posts and other health care facilities constructed, rehabilitated and/or newly equipped; however, it does not include blood banks, VCT centers, nutritional sites, or laboratories.

<sup>c</sup> This figure includes more than 1.7 million school age children treated for schistosomiasis.

<sup>d</sup> Four operations reported purchase of 684,115 ITNs. 4 other operations also reported to have supported Malaria prevention, but no specific numbers of ITNs procured were indicated.

<sup>e</sup> This figure represents the number of Oral Polio Vaccine (OPV) doses financed.

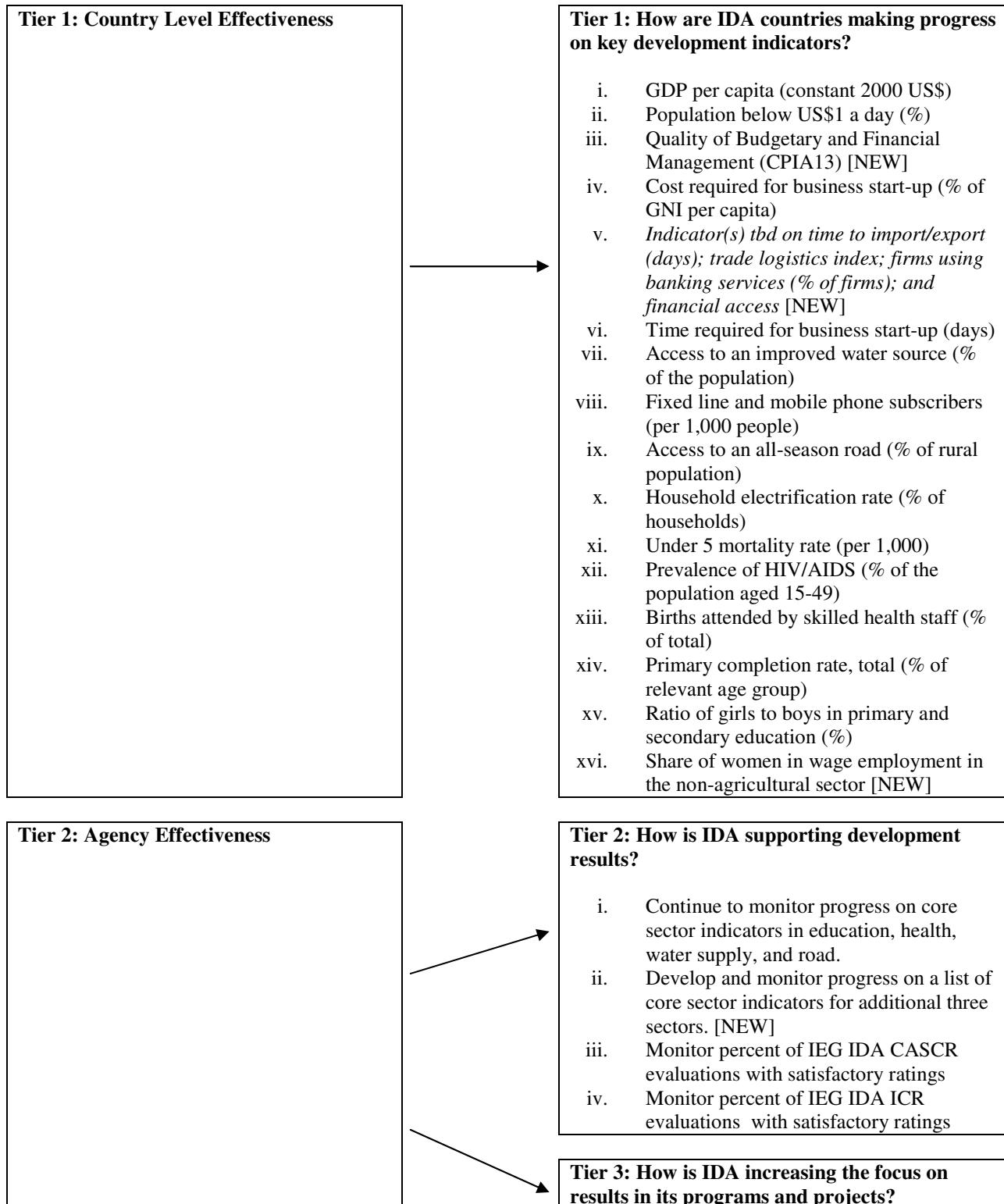
<sup>f</sup> These figures include 650,442 classrooms constructed and 795,000 new teachers appointed and 220 million text books distributed through one SWAp education project with domestic financing and external donor financing including IDA. Simply based on the financing amount, the pro-rata share of IDA could be 41,765 classrooms constructed and 51,047 new teachers appointed and 15 million textbooks distributed.

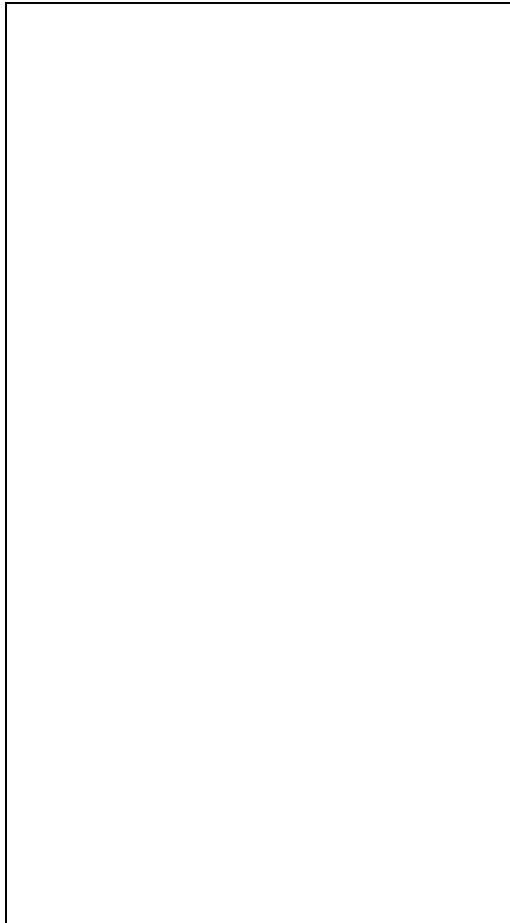
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### Annex C. IDA15 RMS vs. Proposed IDA16 RMS

#### IDA15 Results Measurement System

#### Proposed IDA16 Results Measurement System



**IDA15 Results Measurement System****Proposed IDA16 Results Measurement System**

- v. Monitor and report percent of investment lending operations whose outcome indicators in the Project Appraisal Document (PAD) cover key aspects of the Project Development Objective (PDO)
- vi. Monitor and report percentage of Development Policy Operations that have monitoring indicators with baselines and targets
- vii. *Indicator tbd on use of country monitoring and evaluation systems for collection and use of project-level monitoring [NEW]*
- viii. Monitor and report percent of first Implementation Status and Results Reports (ISRs) submitted during the fiscal year with adequate baselines for key outcome indicators
- ix. Monitor and report percent of ISRs with satisfactory outcome baseline data (i.e., baseline availability for either one outcome or one intermediate outcome indicator)
- x. *Indicator tbd on use of the project results frameworks during project implementation [NEW]*
- xi. Monitor percent of IDA ICRs that report on key outputs and outcomes from the results framework

**Statistical Capacity****Statistical capacity**

How is IDA supporting the development of countries' statistical capacity?

## Annex D. IDA Controls: Management Five-Point Action Plan

Problem Identified	Corrective Action (*)	Status (as of June 2, 2010)
<b>Inefficiencies and gaps in control framework governing investment lending (IL)</b> (i) non-rationalized “one-size-fits all” requirements irrespective of risks (ii) over-focus on project preparation at the expense of implementation, and (iii) outdated and complex policy framework	<b>I. Improve efficiency, effectiveness and controls for IL</b> 1. Match the demands of the process to the level of risk and focus resources on higher risk projects 2. Strengthen IL supervision by increasing resources, support and management oversight of project implementation 3. Tailor design and financing options under the IL instrument more closely to the needs, capacity and risk profile of clients 4. Consolidate multiple rules into clear key principles to inform design and processing	Under Implementation Under Implementation Under Implementation (**) Under Implementation (**)
<b>Diffused management and staff accountability and responsibilities for operational quality</b> <b>Inadequate mechanisms for institutional risk identification monitoring and management</b>	<b>II. Strengthen risk management capacity, incentives and accountability at the project and institutional levels</b> <i>At the project level:</i> 5. Review lines of accountability at the management and staff level 6. Introduce incentives and greater management support and oversight and communicate expectations to staff <i>At the institutional level:</i> 7. Prepare an annual Integrated Risk Report 8. Review QAG, to inform a broader assessment of gaps and overlaps	Under Implementation (**) Under Implementation Implemented Implemented
<b>Inadequate integration of fraud and corruption issues in daily operations</b>	<b>III. Better integrate fraud and corruption prevention into operations</b> 9. Establish clear responsibilities and accountability for addressing F&C issues 10. Establish appropriate protocols of cooperation between INT and the regions 11. Promote ‘good practices’ across the Bank Group’s work 12. Improve tools such as smart project design 13. Prepare and monitor specific action plans for following up on INT reports 14. Issue OPCS Guidance on addressing GAC issues in projects.	Implemented Implemented Under Implementation Under Implementation Implemented Implemented
<b>Issues relating to fiduciary controls in the areas of financial management and procurement, particularly during project implementation</b>	<b>IV. Tighten Fiduciary controls: *</b> <i>In financial management (FM)</i> 15. Institute corporate monitoring of quality 16. Integrate IT systems tracking project performance 17. Ensure that all records relating to quality arrangements for FM are maintained and up to date <i>In procurement</i> 18. Ensure more consistent follow through and establish clear mechanisms to resolve disagreements between procurement staff, task team & sector managers 19. Update procurement policy to incorporate risk management, enhance complaints handling and mainstream risk-base procurement assessment	Implemented Under Implementation Implemented  Under Implementation Under Implementation

Problem Identified	Corrective Action (*)	Status (as of June 2, 2010)
<b>IT system vulnerability</b> Difficulties in timely accessibility to operational documents Mismatch between AAA types & processes	<b>V. Strengthen role of IT in risk management and improve AAA processes :</b> 20. Prevent password sharing and strengthen controls to privileged systems 21. Improve accessibility of operational documents through automation 22. Rationalize processes and controls governing AAA, address compliance issues identified by IEG and QAG; improve system support and monitoring	Implemented Under Implementation Under Implementation (**)

**Notes:**

- (\*) In addition to the 22 Corrective Actions, Management re-tested the 10 controls that had been assessed as “failed” in 2008, and all of these controls have now been found to be operating effectively.
- (\*\*) Full implementation of these actions will extend beyond September 2010, and mitigating actions are in place to address risks.