Appendix A. Summaries of 10 Country Case Studies

Independent Evaluation Group (IEG) evaluators prepared case studies of 10 countries in the first half of 2014. The countries were selected from a population of 144 countries comprising all International Development Association (IDA), International Bank for Reconstruction and Development (IBRD), and blend countries. The selection is purposive and does not aim to fully represent the various categories of countries. It tries to cover a range of countries at different income levels to reflect the differing approaches and challenges to poverty reduction in countries at different levels of development. The case study countries were selected to roughly reflect regional balance. During the selection process, countries were first grouped according to (i) regions; (ii) income level; and (iii) whether or not they are classified as fragile and conflict affected states (FCS). An emphasis was placed on countries with significant Bank engagement (lending and nonlending activities). To provide lessons that reflect a wide range of operational experience, the final selection of countries also took into consideration variations in the number of poor people and in poverty rates, and potential lessons for learning in consultation with external experts and senior Bank staff. The 10 countries selected for study are Bangladesh, Egypt, Guatemala, Lao People’s Democratic Republic (Lao PDR), Malawi, Nigeria, Peru, the Philippines, Romania, and Senegal. Focusing on FY2004-12, each case study consisted of desk reviews, structured interviews with Bank staff, and in-country consultations with stakeholders.

The overarching question they sought to answer was: “How, and how well, does the World Bank focus its programs on reducing poverty in partner countries?” To address this issue, they asked the following questions:

- Did the Bank have the appropriate data to understand the nature of poverty and provide an information base for robust analytical work on poverty?
- Did the Bank’s diagnostics guide development programs to effectively reduce poverty?
- Have Bank country strategies adopted the findings of analytical work on poverty to help prioritize and guide policy dialogue and lending?
- Have interventions—operations, technical assistance, and capacity building—reflected the strategic priorities for poverty reduction?
- Has the Bank collected and drawn lessons from poverty reduction interventions to strengthen feedback loops and improve the effectiveness of its country strategies and programs? If so, how did it do so?
These questions, detailed in the Approach Paper, formed the basis of the evaluation exercise. During their field visits, each of the 10 evaluation teams closely followed the country case study protocol. The countries were selected to reflect all regions as well as different income levels, numbers of poor people, and poverty rates. Countries of special interest (e.g., International Bank for Reconstruction and Development [IBRD], International Development Association [IDA], fragile states, small states) are represented. The case studies illustrate variations in country program work in poverty reduction, given different institutional and political contexts. Comparative tables are presented at the end of this appendix.

All country case studies were prepared after a thorough review by IEG evaluation teams of related Bank documents as well as reports or documents prepared by country authorities. These reviews were then followed by field visits and in-country consultations with stakeholders as well as Bank managers and staff working on the 10 countries.

The evaluative evidence provided by the 10 country case studies yields a rich and complex picture of the World Bank’s support and its dynamics in the areas of poverty data, poverty diagnostics, and formulation and implementation of poverty reduction strategies through the Bank’s lending and non-lending portfolio during the evaluation period of FY2004–12. Differences in implementation capacity, political commitment, political cycles, and the Bank’s own strategy and technical quality explain much of the cross-country differences in the Bank’s performance and the effectiveness of its support to the poverty reduction strategies of the 10 countries. External shocks also seem to have played an important role in determining the quality and nature of Bank support, as shown by the impact of the 2008–09 global financial crisis on the Bank’s portfolio in each of the following summaries of the country case studies for this evaluation.

Summary of Country-Specific Findings

The evidence provided by the 10 country case studies yields a rich and complex picture of the World Bank’s support and its dynamics in the areas of poverty data, poverty diagnostics, the formulation and implementation of poverty reduction strategies, and the related feedback loops, through the Bank’s lending and nonlending portfolio during the evaluation period of FY2004–12. Differences in implementation capacity, political commitment, political cycles, and the Bank’s own strategy and technical quality explain much of the cross-country differences in the Bank’s performance and the effectiveness of its support to the poverty reduction strategies of the 10 countries. External shocks also seem to have played an important
role in determining the quality and nature of Bank support. The 2008–09 global financial crisis resulted in a marked change in the Bank’s planned portfolios for its clients (as envisaged in Country Assistance Strategies [CASs] and Country Partnership Strategies [CPSs]), including an increase in the ratio of fast-disbursing operations to all commitments as well as some changes in project lending and analytical and advisory assistance (AAA) in response to clients’ needs.

Seven of the 10 case study countries—Bangladesh, Guatemala, the Lao People’s Democratic Republic, Malawi, Peru, Romania, and Senegal—received more calibrated and sustained support from the Bank for their poverty measurement efforts. In these seven countries plus the Philippines, the Bank’s poverty-related diagnostic work, which included recommendations, helped create strong results chains with respect to the formulation and implementation of poverty reduction strategies. In all of these countries (albeit with significant variance in terms of the quality and timeliness of outcomes), Bank support helped countries produce and maintain good-quality poverty data and prepare relevant, timely, and sound diagnostic work on a more or less sustained basis.

In Bangladesh, Lao PDR, Malawi, and Senegal, where local capacity was weak, the Poverty Reduction Strategy (PRS) process seems to have played an important role by focusing the attention of policy makers and the donor community and directing their financial and technical assistance toward meaningful measurement and analysis of poverty efforts, with key targets and instruments that underpinned an actionable overall poverty reduction strategy over time.

In Bangladesh, Lao PDR, Malawi, and Peru, strong data and diagnostic work enabled the Bank to formulate poverty reduction strategies that were calibrated to the realities on the ground and reflected the key findings and recommendations of poverty diagnostic work. Bank support of strategy implementation and feedback loops (from results to data analysis to diagnostics to strategy formulation and so forth) was more nuanced in these countries. Its effectiveness depended on a variety of internal and external factors, including the election cycle, political commitment, the administrative and technical capacity of counterparts, and external shocks. The quality and effectiveness of the Bank’s overall support for poverty reduction appears to have been somewhat stronger in Lao PDR and Peru, particularly recently, though support to Bangladesh, Malawi, and Romania was also significant, relevant, timely, of good quality, and appreciated by counterparts.

In contrast, the overall quality and effectiveness of the Bank’s support for poverty reduction in Guatemala, Nigeria, the Philippines, and Senegal was moderate/fair. In Guatemala and Senegal, the quality of poverty-related data support and diagnostic
work was strong, but in-country capacity limitations and other constraints, such as budgetary pressures, limited the Bank’s effectiveness. Bangladesh, Lao PDR, and Malawi had reasonably strong feedback loops from data to diagnostics to strategy formulation and implementation of Bank country strategies. Feedback loops in the other cases study countries were weaker, often as a result of inadequate monitoring and evaluation (M&E) systems at the project and program levels.

In Nigeria — home to the world’s third-largest population of people in extreme poverty — no local champions demanded poverty data and diagnostics. As a result, data quality issues persisted, and Bank-financed, poverty-focused interventions were small relative to the size and complexity of the problems and the government’s own resources. The Bank’s poverty diagnostics generally made good use of available data, which expanded over time, and included disaggregated poverty profiles. But the Bank’s poverty diagnostics did not drive the strategies, because governance issues became an institutional priority.

In the Arab Republic of Egypt, the country with the weakest and most limited poverty reduction strategy among the 10 country case studies. The government gave priority to areas other than poverty reduction during the evaluation period. It adversely affected the availability of poverty data. It was not possible to assess the quality of the data due to the limited data accessibility. Weak data made it difficult for the Bank to conduct good-quality diagnostics in a timely fashion, although it did end up producing a few high-quality diagnostic reports during the review period. In both Egypt and Nigeria, the political economy context appears to have constrained the strategy space in which the Bank operated. Because of the nature of the client, the Bank’s country strategies for Egypt and Nigeria did not include clear road maps or integral and consistent visions of the sustained interventions needed to reduce poverty, and implementation deviated widely from the plans set forth in the Bank’s strategy documents.

This comparative summary of the findings of the country case studies yields very broad conclusions. The 10 case studies suggest that Bank support for poverty reduction had a positive impact on various components, such as poverty data, poverty diagnostics, and strategy formulation and implementation, even though results chains and feedback loops were weak in a number of cases. Most countries in the sample responded positively to the Bank’s efforts, taking advantage of the Bank’s technical expertise to improve the quality and timeliness of their poverty data, aligning their development strategy with the strategy implied by the Bank’s diagnostics, and defining (in some cases redefining) their national poverty goals. Most of these countries also allowed some recalibration of the Bank’s project and program portfolio to refocus on areas where poverty was deeper or where a
significant portion of the population did not share the prosperity generated by the economic growth process at the national level.

Cross-Cutting Themes

The country case studies address a number of cross-cutting issues that have direct bearing on the nature of Bank support for poverty reduction and strategy formulation. This section provides a brief summary of two of these issues—income inequality and social inclusion—which are likely to become increasingly important to the implementation of the Bank’s strategy going forward.

INEQUALITY

In many economies, growth in the incomes of the poor is accompanied by falling inequality, as witnessed in many Latin American countries during the past decade. Some rise in inequality may be necessary to generate growth—by creating incentives that reward innovation and risk-taking, and inducing firms and individuals to invest in human and physical capital. This phenomenon occurred in a number of East Asian countries a few decades ago, when income growth of the bottom 40 percent was rapid but still lagged the growth of average income. Income growth of the bottom 40 percent that is consistently lower than average should be a cause for concern—not only on sheer equity grounds, but also because the resulting rise in inequality could eventually slow the pace of overall growth, by affecting the quality of institutions, creating or increasing political and social instability, and reducing mobility in society. Sustained progress in shared prosperity is incompatible with a long-term increase in inequality: no country has transited beyond middle-income status while maintaining high levels of inequality. One could, therefore, argue that where inequality is high, boosting shared prosperity is likely to require that the income of the bottom 40 percent grow faster than average income.

Between the early to mid-1990s and 2012, poverty headcounts declined significantly, albeit to varying degrees, in all 10 countries studied. In contrast, income inequality, as measured by the Gini coefficient, fell in only six countries (Egypt, Guatemala, Malawi, Nigeria, the Philippines, and Senegal). Inequality rose in Bangladesh, Lao PDR, Peru, and Romania.

A somewhat different picture emerges from comparison of inequality in the early 2000s and the latest level available, which overlaps with the period of this evaluation. Over this period, inequality as measured by Gini rose in Lao PDR, Malawi, Nigeria, and Senegal. The rise in inequality in the three Sub-Saharan countries is particularly disconcerting, as it was already high before the recent rise.
The trend reflects both slow growth and slow poverty reduction between 2009 and 2013, in the aftermath of the global crisis.

As measured by the share of income or consumption of the top 10 percent of the population relative to the share of income or consumption of the bottom 40 percent, inequality rose in Lao PDR, Malawi, Nigeria, Romania, and Senegal during the same period. Among the 10 country cases, inequality has been highest (with Gini in the range of 40 to 52) in Guatemala, Malawi, Peru, the Philippines, and Senegal, where issues of exclusion, ethnicity, and lagging regions, have not been addressed effectively, at least until recently. In Egypt the apparent increase in inequality and vulnerability of the population, particularly among domestic migrants and informal workers may not have been adequately captured by the official poverty data prior to the 2010–11 revolution, which, until recently, had indicated a significant decline in both extreme poverty and inequality between 2000 and 2008.

Distribution of the fruits of growth is a major issue in many countries, although the poor quality of data in some cases casts doubt on the evidence. When the initial level of income or non-income inequality is high, the growth rate is lower and has a more subdued effect on poverty.

**INCLUSION**

Spurring shared prosperity requires mechanisms that ensure that the poor and the dispossessed are integral to the growth process. No single institutional arrangement for ensuring such inclusion will be optimal for all societies; how a society provides these opportunities will be context- and time-dependent and critically linked to the country’s political economy and power-sharing arrangements, and whether poor and disadvantaged people have a voice in determining national or regional economic policies.

The notion of shared prosperity requires that progress be sustainable over time and across generations, in terms of the environment, social inclusion, and fiscal prudence. However, ensuring inclusion of the poor in the growth process requires investments that improve opportunities for all citizens, including women and youth, and provide safety nets to protect the vulnerable against extreme deprivation and shocks. The social contract must also include adequate mechanisms to raise resources to support these policies, including a tax system that creates incentives for economic growth and promotes fairness.

Regional income disparity is a major issue in Egypt, where wide disparities persist between Upper Egypt and Lower Egypt, and between rural and urban populations. The highest poverty rates are in Upper Egypt, where 44 percent of the rural
APPENDIX A
SUMMARIES OF 10 COUNTRY CASE STUDIES

Population was living in poverty in 2009, compared with the national average of about 25 percent. Egypt’s growth spurt in 2003–08, which helped reduce poverty at the national level, by and large bypassed rural areas and the south. The strategies of both the Bank and the government in dealing with this important issue, which was identified in the Bank’s diagnostics work, proved ineffective.

Similar issues weakened the link between economic growth and poverty reduction in certain regions of Guatemala, Nigeria, Peru, and Romania, particularly remote places with inadequate connectivity and lack of access to social services. In Guatemala, geographic, ethnic, gender, and rural-urban disparities in social indicators are large. The incidence of child malnutrition—particularly stunting (height-for-age)—is the highest in Latin America and among the highest in the world. It is especially high among rural and indigenous groups, with a concentration in the northern and northwestern regions. The Bank and the government did not pay adequate attention to ethnic issues or the empowerment of indigenous communities during the evaluation period.

In all case study countries, the Bank’s strategy formulation, which benefited from good-quality diagnostics, emphasized social inclusion and inclusive growth. Implementation of the strategy and the lending portfolio were slow to be fully calibrated to deal with the lack of inclusiveness of growth in an effective manner, however.

Ending extreme poverty and spurring shared prosperity requires mechanisms that ensure that the poor are integrated into the growth process. Social development lies at the heart of meeting the unique, though heterogeneous demands of disadvantaged groups (including women, youth, ethnic minorities, and others). In many developing countries, the better-off have living standards that are similar to the average in the developed world; it is the poorer segments of the population that lag behind. Focusing on protecting the vulnerable from extreme deprivation, particularly irreversible human capital damage, is critical for equitable and sustainable poverty reduction.

Bangladesh

CONTEXT

Bangladesh’s location and high population density results in high vulnerability to natural disasters, particularly floods and cyclones. Limited and poorly performing infrastructure, and a confrontational political environment, with associated
weaknesses in government capacity, exacerbated by high levels of corruption, have contributed to a challenging development environment.

Given these challenges and the depth of poverty and famine Bangladesh faced in the 1970s, performance has far exceeded expectations. Economic growth has accelerated by about one percentage point in each decade since independence in 1971, averaging about six percent a year during the past 10 years. Growth has also been relatively stable, with lower fluctuations than many other rapidly growing low-income countries. Over the period 2003–13, gross domestic product (GDP) per capita grew by an average of 4.9 percent. Gross national income (GNI) per capita (in purchasing power parity) reached $1,940 per capita in 2011. Despite these achievements, Bangladesh remains home to about five percent of the world’s poor.

Bangladesh dramatically lowered the share of people living on less than $1.25 per day, from 58.6 percent in 2000 to 43.3 percent in 2010—a rate that was 60 percent faster than the rate of poverty reduction in the rest of the developing world, excluding China. As the share of people living on less than $1.25 per day is about 40 percent, a focus on reducing extreme poverty is at the same time a focus on promoting shared prosperity for the bottom 40 percent of the population. The two World Bank Group goals thus come together.

Bangladesh has sharply improved its social indicators. It is expected to partially achieve the Millennium Development Goals (MDGs) for poverty reduction and primary school enrollment, and it is on track to achieve the MDGs for gender parity in education; child mortality; maternal health; and HIV/AIDS, malaria, and tuberculosis. The contributors to these achievements include Bangladesh’s attention to health outcomes, elementary education, family planning, and gender equality (especially in education and workforce participation), all supported by (mostly female) grassroots workers and organizers mobilized by the government and leading world nongovernmental organizations (NGOs), such as BRAC, and a vast network of microfinance institutions led by the Grameen Bank.

The World Bank is Bangladesh’s single-largest development partner, allocating 23 percent of all IDA resources disbursed between 1971 and 2012 to Bangladesh. During the period 2006–14, the Bank committed $8.8 billion in IDA funds to 62 projects in Bangladesh.

**Poverty Data**

Poverty data in Bangladesh are generally of high quality and have improved over time. The Household Income Expenditure Survey (HIES) data provide robust estimates of both extreme and general poverty. Although it is conducted only every
five years, it appears to be timely for capturing the impact of structural changes, though not for documenting the impact of short-term crises or immediate responses to policies or programs.

The HIES is the main data set used for poverty headcount estimates and for linking poverty incidence with other characteristics. Because it has used a comparable set of questions and sample frame in the last three rounds (2000, 2005, and 2010), it has facilitated a robust framework for analyzing both the incidence and the drivers of poverty over this period. Nevertheless several World Bank staff, researchers, and policy analysts noted that the five-year gap between surveys was a long period in relation to monitoring the impact on poverty of programs and short-term interventions. Although past efforts to design and implement a reliable but more frequent poverty monitoring instruments were not successful, there is strong demand for greater frequency in poverty headcount estimates. Therefore, there is strong demand for interim poverty data.

The Bangladesh Bureau of Statistics (BBS) is pursuing one approach to linking policy targeting and monitoring with the implementation of a poverty database project. It will develop a proxy means test score that can be applied to every household and used for more effective policy targeting. The Bank is supporting this activity with a $40 million component to its Social Safety Nets (SSNs) Project. The BBS also conducts a number of sample surveys every year, either as a regular activity or on an ad hoc basis. These surveys include the Agriculture Crop Production Survey and the Survey of Current Industrial Production. At different intervals it conducts important sample surveys regularly, such as the HIES and the Labor Force Survey. Interviews and other sources of information suggest that stakeholders do not regard many of these other surveys as having the same robustness as the HIES.

Overall, the Bank has been involved with the development of the HIES since the 1990s. It has played a significant role in building capacity in Bangladesh to carry out the surveys, disseminate results, and prepare poverty maps. Since 2000, improvements in survey questionnaires have allowed extensive longitudinal analysis, and the data and other basic survey results have been made widely available. Nevertheless, the timing of the survey is not well coordinated with the country’s planning cycle, and important poverty-related data (Labor Force Surveys) receive less attention and are regarded as less reliable.

**Diagnostics**

The Bank produced comprehensive poverty assessments following the HIES rounds in 2000, 2005, and 2010. Each of these assessments exploited the available data and provided a rich profile of the poor and of key drivers of poverty and poverty
reduction in Bangladesh. Because of the comparability of survey design over the decade, successive poverty assessments were able to look in detail at the dynamics of the incidence and determinants of poverty and provide a rigorous analysis of interactions between them. Although the focus of each poverty assessment varied, they all examined the major programs affecting poverty dynamics, with a focus on improving targeting of government programs and strengthening governance to reduce leakages in safety nets. As the Bank had long supported health and education through multidonor, sector-wide approaches (SWAps), the poverty assessments focused more on the institutional framework governing social protection and support for the private sector-led growth process in Bangladesh.

The diagnostic work of the poverty assessments included close collaboration with BBS and benefited from the support of other development partners, such as the UK Department for International Development (DFID) for specialized funding or detailed analytic inputs. Poverty analysis and diagnostics are a major focus of all stakeholders in Bangladesh, many of whom, such as the Center for Policy Dialogue, have produced significant independent pieces of analysis. United Nations (UN) agencies are also involved in poverty diagnostics through such work as the Bangladesh Human Development Report and the Child Equity Atlas of the United Nation’s Children Fund (UNICEF). BRAC, the world’s largest NGO, with an extensive network of grassroots workers in Bangladesh, is also a major source of situational, qualitative, and quantitative poverty diagnostic work.

Although the recommendations of these poverty diagnostic reports have tended to become less specific over the past decade, their policy impact has probably increased over time, thanks mainly to the consistency of policy messages across the poverty assessments and increased activity by the Bank in social protection. These diagnostic reports have tended to coincide with the Poverty Reduction Strategy Paper (PRSP) process since 2002 and have facilitated considerable interactions between the government, the Bank, other donors, and local think tanks. Although the Bank has continued to support Bangladesh with diagnostics and analytical reports related to human development, safety nets, disaster preparedness, and poverty-linked rural investments, it did not prepare a Public Expenditure Review (PER) because of the lack of demand by the government (since the Bank’s policy-based lending halted as a result of major policy differences between the government and the Bank). Key stakeholders and development partners regretted the absence of a PER by the Bank.

**Strategy Formulation, Implementation, and Feedback Loops**

Overall, the Bank’s role has been central to the analysis of income poverty in Bangladesh. Stakeholders defer to the Bank’s diagnostic capacity even though perspectives on underlying causes and interrelationships vary. The links between
data, diagnostics, and strategy formulation in Bangladesh have grown stronger over time. In the case of the FY2006–09 and FY2011–14 CASs, the relevant PRSPs were consistent with the data and diagnostics of the relevant poverty assessments. These strategies emphasized private sector led growth, human development, and, more recently, vulnerability with links to climate change and disaster preparedness and management. The formulated strategies were consistent with the relevant poverty diagnostics.

Regarding CAS implementation, the poverty focus of the Bank program in Bangladesh benefited from a diverse and strong analytic base, especially before and during the initial years of the FY2006–09 CAS. However, the analytic base weakened somewhat as linkages with policy-based lending and government dialogue weakened. By the time of the FY2011–14 CAS, a complicated policy dialogue with a new government put policy-based lending on the back burner, although the strategy did include a broad sectoral mix of investments, such as assistance to the transformative $1.2 billion Padma Bridge Project, which clearly addressed the issues of regional integration that the 2008 poverty assessment had highlighted. However, because of allegations of intended corruption involving senior government officials, the Bank cancelled the bridge project. It also withdrew from all other infrastructure and energy projects, with the potential Poverty Reduction Support Credits (PRSCs) an additional casualty.

The Bangladesh program is characterized by a large number of follow-on and additional financing operations. Over the period FY2006–13, almost half (44 percent) of all IDA operations were follow-on projects or additional financing. These operations included sequences of Development Support Credits and support to the health and education SWApS. Another follow-on project that the CASs identified as building on good performance during the previous period was the Reaching out of School Children Project, which was initially funded as a $50 million pilot. It received additional financing of $30 million and was followed by a second $130 million project. A notable example of building on a successful intervention is the support to employment generation safety nets, which began as technical support to the 100–day Employment Guarantee Program of the government late in the FY2006–09 CAS period, followed by $150 million project support early in the FY2011–14 CAS period. The FY2011–14 CAS indicated that successful experience with that project would trigger a scaled-up, follow-on operation, which materialized in FY2012, with the $500 million SSNs Project for the poorest. This sequence is a good example of the effective interaction of analytic, technical, and financial support.

There is little direct evidence on the sustainability of Bank-supported activities implemented during the FY2006–09 and FY2011–14 CAS periods, as most activities
linked to poverty reduction received continuing support over multiple periods. Bangladesh’s low revenue generation suggests a lack of fiscal space. Most observers do not regard finance as the binding constraint, however, they regard capacity and institutional issues as more significant, and pointing out that in spite of low revenues, Bangladesh’s investment program traditionally underspends. However, Bank staff cite sustainability concerns as a major program risk, and the frequency of additional financing and follow-on operations suggest that the lack of fiscal space is an important constraint.

The Bank’s country strategies in the FY2006–09 and FY2011–14 CASs were well aligned with Bangladesh’s national poverty reduction strategy, as articulated in the relevant PRSPs. The CASs supported all four pillars of the PRSPs (i.e., macroeconomic stability; sector growth strategies, including infrastructure; safety nets; and human development). They also focused on governance, which the PRSPs treated as a cross-cutting issue. PRSP I (2005) had a particularly thorough discussion of poverty evidence and diagnostics, which put the Bank focus on supporting the reduction of income poverty in a broader context. Of course, ownership is the key to actually implementing a national strategy. Many observers question the extent of PRSP ownership in Bangladesh. Ownership certainly varied over the three regimes holding power during the past 10 years, with the technocratic caretaker government most committed to PRSP policies and programs, particularly on the cross-cutting governance issues. The current government has reverted to national five-year plans as the mechanism to articulate its national vision and strategy. The Sixth Five-Year Plan (2011–15) is a much broader document than the PRSP, but it still retains a strong focus on poverty reduction, including an analysis of poverty diagnostics from the 2010 HIES. Noting that a new five-year plan was under preparation to take effect from 2016, the CAS Progress Report (CASPR) extended the Bank program by one year to coincide better with the Bangladesh planning cycle. However the disconnect between the next round of the HIES and the government and Bank’s planning cycles will continue, as the 2015 HIES results will not be available during the plan preparation period.

The sequence from data to diagnostics to strategy formulation and implementation varies across sectors. In some cases, feedback loops are strong. In the Social Protection Program, for example, a history of good analytic work feeding into the poverty assessments contributed to a well-prioritized set of operational recommendations focusing on efficiency, efficacy, and targeting. This then formed the basis for dialogue with the key implementing agencies and project interventions when circumstances were ripe. Feedback loops are also relatively strong in education. A focus on improved targeting of education stipends to increase girls’ school attendance led to the realization that attendance rates for boys were falling.
and stipend programs were adjusted to tackle the problem. Poverty-focused feedback loops have been weaker in infrastructure lending, although there is growing interest in these sectors (notably rural roads and rural electrification) in drawing on impact evaluations to improve project design and ultimate service use.

Several elements worked reasonably well in Bangladesh but could have worked better. Bank support to the various survey rounds (BBS and HIES) over a 20–year period created a strong database and effective partnership, which could have expanded earlier to include other key surveys (such as labor force surveys) and more general strategy formulation and capacity building at BBS. The Bank could have supported broader and easier access to BBS data and devoted more attention to the challenge of poverty monitoring between the five-year HIES rounds. Poverty assessments closely followed the HIES rounds with strong analytic and research links and consistent messages; a programmatic approach to them might have provided more timely inputs into strategy formulation. The alignment of the CASs with the Bangladesh PRSPs facilitated a strong poverty focus, but the results chain could have been more explicit in sectors having a more indirect influence on poverty reduction. If the Bangladesh CASs had presented and analyzed poverty reduction more rigorously, the poverty focus would likely have been more clearly linked to the growth objective, with the probability of stronger results. Country management and the country team succeeded in preserving a poverty focus to the Bank program following the cancellation of the Padma Bridge Project, but this episode suggests that the Bank’s reputational risk assessment could have been more effectively managed so as not to sacrifice impact on key development outcomes and poverty reduction.

**Summary Assessment**

In terms of the Bank’s contributions to Bangladesh’s goal of poverty reduction, many aspects of the Bank’s program over the period of this evaluation worked reasonably well, but they could have worked better. Bank support to the various survey rounds and the HIES over a 20–year period created a strong database and effective partnership that could have expanded earlier to include other key surveys (such as labor force surveys) and more general strategy formulation and capacity building at the BBS. The Bank could have supported broader and easier access to BBS data more strongly and devoted more attention to the challenge of poverty monitoring in between the five-year HIES rounds. Poverty assessments closely followed the HIES rounds, with strong analytic and research links and consistent messages. A programmatic approach to poverty assessments could have provided more timely inputs for strategy formulation. The alignment of the CASs with the Bangladesh PRSPs facilitated a strong poverty focus, but the results chain could
have been more explicit in sectors with a more indirect influence on poverty reduction. If the Bangladesh CASs had applied a poverty reduction more rigorously, the poverty focus would likely have been more clearly linked to the growth objective, with the probability of stronger results. Country management and the country team succeeded in preserving a poverty focus to the Bank program following the cancellation of the Padma Bridge project, but this episode suggests that the Bank’s reputational risk assessment could have been more effectively managed so as not to reduce the impact on key development outcomes and poverty reduction.

**Arab Republic of Egypt**

**CONTEXT**

Before the political changes began taking shape in 2009–10, Egypt’s economy was strong in many respects. The economy was growing at a fairly rapid pace, averaging five percent a year between 2000 and 2010. Starting in 2004, the government pursued wide-ranging structural reforms—including tariff reduction, privatization of state-owned enterprises, and reduction in regulation of the private sector—that aimed to improve the business environment and make Egypt’s economy more competitive. During 2003–13, GDP per capita growth of Egypt averaged about 1.7 percent a year, and its GNI per capita reached $6,120 in 2011.

However, behind strong growth and significant capital inflows during the first decade of the 2000s, Egypt’s economy faced a number of vulnerabilities. Average Egyptians saw little immediate benefit from economic reforms. Growth had done little to reduce persistently high unemployment, which averaged about 10 percent during the 2000s (with youth unemployment approaching 40 percent in more recent years). Poverty headcount, as measured by the national poverty line, increased from 19.6 percent in 2005 to 21.6 percent in 2009 and to 25.2 percent in 2011 (Source: WDI).

The revolution in Egypt unraveled the conditions underpinning growth in the 2000s and brought potential vulnerabilities to the forefront. Economic growth has fallen to about two percent a year, and unemployment has continued to rise.

Egypt made good progress toward achieving several non-income MDGs since 2000. In the past decade (between 2000 and the latest date for which data is available), the average primary school enrollment rate rose from about 85 percent to about 93.8 percent, the ratio of girls to boys in primary schools rose from 92 percent to 97 percent; the under-five mortality rate fell from 45 percent to 21 percent; and the
maternal mortality ratio fell from 75 to 50 per 100,000 live births. There were also improvements in access to safe water and to sanitation facilities.

However, according to diagnostic reports by the Bank, these improvements in averages mask substantial regional and income disparity in progress toward the MDGs. Wide disparities persist between Upper Egypt (the south) and Lower Egypt (the north) and between rural and urban populations. The highest poverty is concentrated in Upper Egypt, where 43.7 percent of the rural population was living in poverty in 2009 and where 95 percent of Egypt’s poorest villages are located. Although only a little more than half of the population lives in rural areas, more than 78 percent of the poor and 80 percent of the extreme poor live there. These income disparities are reinforced by gaps in social indicators: virtually all health indicators and literacy rates are worse in Upper Egypt than in Lower Egypt and worse in rural areas than in urban areas. Illiteracy rates among young women in Upper Egypt are twice the rates of their male counterparts.

Despite the rise in poverty in recent years and large disparities across regions and income groups, the Gini coefficient for Egypt (0.307) is only among the lowest in developing countries. Moreover, it shows a decline over the past decade, which contradicts with the perceived level of inequality by Egyptian experts. This likely points to underestimation and possible data quality issues. Some recent estimates indicate that if the data corrected for under-reported or unreported top incomes, the estimated Gini coefficient may rise significantly.

**Poverty Data**

The poverty and inequality issues in Egypt are tied to the political discourse used by successive governments. The Central Agency for Public Mobilization and Statistics (CAPMAS) is not an independent statistical agency and this is an important issue. International organizations, including the World Bank, and the public do not have access to the full dataset. Full access to the raw data is controlled through “trusted” consultants, and only relatively small samples (typically 20 percent) are made public. This lack of access compounds the observation that there is a concentration of households at relatively low levels of consumption, and numbers are likely to vary considerably with slight variations in the poverty lines.

The HIES estimates released by CAPMAS and repeated in the 2011 World Bank poverty assessment suggest that, during the later years of the evaluation period, there was no substantial increase in poverty or inequality (poverty remained virtually unchanged between 2004–05 and 2008–09 in urban areas and increased slightly in rural areas, and Gini coefficients in both urban and rural areas declined). However, data from nutritional surveys suggest a significant increase in child
wasting and stunting since 2003. Moreover, recent estimates released by CAPMAS show a steady increase in poverty, with absolute numbers doubling between 2004 and 2014.

The HIES data most likely miss the tails of the size distribution and are less able to capture nonwage income. Consequently, conclusions concerning inequality using the HIES should generally be treated with caution, as several researchers have pointed out. The troubling independent anthropometric data—especially the trends on the deterioration of standards since the early 2000s—should have been available to Bank staff. These data—and the clear increase in the number of the extreme poor—should have tempered the story on no increase in poverty or inequality.

As pointed out in the discussion during the University of Cairo launch of the recent Bank monograph on poverty and inequality, the CAPMAS data likely underestimate both tails of the size distribution and are unable to capture the extent of nonwage income, particularly from financial assets. There is clearly a distrust by some academics and economic experts of the poverty and income inequality estimates presented in the Bank report, especially given the perception that disparities are clearly visible but not picked up by the incomplete data. More troubling from a policy perspective is the Bank’s observation that there is limited mobility among Egyptian households. This observation is not consistent with the perception that mobility is high wherever there is an expectation of employment opportunities, both in urban areas in Egypt and abroad. Indeed, some of the informality in housing as well as the labor market reflects mobility of some but not all members of extended-family households. Anthropological work in Egypt suggests that women seldom leave their family homes, as it is difficult to establish property rights in new locations. Moreover, some family members are needed to work on small farms and maintain their homes. Consequently, the structure of formal households remains remarkably stable, leading some observers to believe that there is relatively little mobility in Egypt. Yet men typically migrate to find employment, either seasonal or longer term.

In addition to the HIES, specific village-level studies have established that many women and children in Upper Egypt live in abject conditions. These vulnerable groups may also be affected by a shock in urban areas that affects informal employment, which may also affect the income of the extended household, particularly the build-up of assets and remittances sent to rural family members.

The Bank’s recent work on the labor market, however, suggests that there is considerable informality and vulnerability in Egypt, including in the “large-scale or established sector,” as is seen in other middle-income countries, such as Mexico.
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Much of this type of informal labor force is urban-based and reflects firms’ concealment of labor use, outputs, and profits. Informal workers are also likely to be most affected by relative price changes, including changes in the prices of food and energy.

Reducing inequality is important to ensure that the benefits of growth are not captured by the elites, fanning the flames of resentment in the aftermath of the Arab Spring. Given the extent of informality and likely concealment by firms in the formal sectors, it may be necessary to splice the HIES data, reflecting the middle ranges of the size distribution, together with information from other data sources. Thus, a possible reconciliation of the phenomenon of evident poverty in Upper Egypt with the new appreciation of informality and vulnerability is likely to be important, as it will also guide the design of policy responses. Further work on diagnostics is needed, including a careful juxtaposition of the data from the HIES and the labor force and other surveys, and sophisticated econometric assessments.

DIAGNOSTICS

Substantially less AAA were undertaken in Egypt than proposed in the various strategy documents. Notably absent were the core diagnostics of a Public Expenditure Review and a social and structural review. Consequently, it was convenient that poverty assessments suggested the incidence was low and stable and concentrated in the rural areas of Upper Egypt, and only modest increases had occurred in poverty based on national poverty line or inequality during the period of 2005–2009. Other indicators of poverty, basic needs, and informality suggested that the situation was not so positive. By missing out on the increasing vulnerability of informal migrants in urban areas, the CAPMAS estimates—although correctly identifying poor households in Upper Egypt—may not have provided the government the needed information for policy making.

The recent release of new data for 2012–13 and previous years by CAPMAS cast further doubts on the Bank’s 2011 poverty assessment and raises further questions concerning a recent Bank report on income inequality. It suggests a continuous increase in poverty since the early 2000s, with absolute numbers doubling between 2004 and 2012–13, and the proportion of the population below the poverty threshold increasing from 16.7 percent in 1999–2000 to 26.3 percent in 2012–13. The big question remains whether the numbers accurately reflect the number of poor inhabitants in metropolitan area slums.

A conundrum in the CAPMAS data is that the percentage of people living in extreme poverty—people spending less than Egyptian Pound LE 214 a month (or LE 2,570 annually)—declined after 2008. The proportion fell from 6.1 percent in 2008–09
to 4.8 percent in 2010–11 and 4.4 percent in 2012–13. Although these figures are higher than the 1999–2000 figure of 2.9 percent, the implications need to be thought through and investigated further.

The recent jobs and informality report by the Bank is the second serious analytical report that breaks new ground in an innovative manner. However, like the equally innovative and interesting economic geography report by the Bank in 2012, it relied on an unsatisfactory overall assessment of the governance framework that basically assumes that the modernization of the public finance management (PFM) and tax agendas are well in hand. But perhaps the most serious drawback of both reports is the assumption that mobility in Egypt is low, which is not the case, particularly given the large outflow of labor to the other parts of the Middle East and North Africa Region.

One of the most important contributions of the Bank’s report on jobs and informality (2014) is that it introduces realism on labor market conditions. As in many other middle-income developing countries, like Mexico, informality covers more than just people selling cigarettes on street corners. Large, formal sector firms often hire informal workers: the 51 percent share of informal workers in formal firms is remarkable. The report points to the complex nature of need and vulnerability—and the prospect that a broader approach to long-term poverty reduction may be needed than providing cash transfers to the population in Upper Egypt. The economic geography report (2012) provides an analytical framework that could be recalibrated by tweaking the assumption of limited internal migration. It reveals a more complex and diverse nature of vulnerability and need than the assumed concentration in Upper Egypt and a much more difficult PFM and governance environment than assumed in the report.

**STRATEGY FORMULATION, IMPLEMENTATION, AND FEEDBACK LOOPS**

The Bank’s Board discussed the last CAS for Egypt in May 2005. In July 2008 the Board discussed Egypt’s CASPR, and the then-current CAS was extended to the end of FY2009. An Interim Strategy Note for Egypt, covering the period June 2012–December 2013, was presented to the Board in May 2012. The work on a new CPS, which started in 2010, was suspended in 2011 because of the political upheaval in Egypt. The new CPS will cover FY2015–18.

The CAS Completion Report (CASCR) for the FY2002–04 CAS noted that although the overarching objective was to reduce poverty and unemployment, poverty may have increased. Substantially less AAA was undertaken than proposed, and notably absent were the core diagnostics of a PER and a social and structural review. It also noted that with IBRD terms, the government was able to borrow more cheaply,
including from the U.S. Agency for International Development (USAID) for an information infrastructure project. Budgets were not consolidated, and megaprojects, wages, and subsidies led to a spiraling deficit. Consequently, the Bank delivered a small portion of the economic and sector work (ESW) program and a large loan (Cairo airport) to meet its lending target. A similar pattern was repeated with the FY2006–09 CAS. Despite the clear statement of the poverty focus in the well-argued FY2006–09 CAS, the subsequent choice of projects suggests that any linkage with poverty is purely coincidental.

Attempts to design and implement development policy loans (DPLs) have foundered on the issue of overall macroeconomic imbalances and the absence of an agreement between the Egyptian authorities and the International Monetary Fund (IMF). The spiraling fiscal deficit is caused in large part by the system of administered prices, especially for energy products. As shown in work by both the IMF and the Bank, the bulk of the benefits of such policies now accrue to the relatively well-off and the middle classes, especially in urban areas. This evidence lends support to the public perception that inequalities have increased. Until the recent election, governments lacked either the political legitimacy or adequate appreciation of the situation to take corrective measures. Typically, inaction is justified on the grounds that price adjustments would hurt the poor—but the reality is that powerful middle-class interests are likely to be affected.

A question that has been asked in Egypt and within the Bank is whether conditional cash transfers (CCTs) could be used as part of a strategy of energy price rationalization, as often recommended by both the IMF and the Bank. Clearly, CCTs have a role to play in empowering rural women and encouraging girls to go to school, as part of a permanent social safety net for the poorest groups in society. There has been considerable research in Egypt on this issue. However, these groups are distinct from those who have to adjust as a result of the relative price changes. People affected by price changes are not just the poorest; CCTs could cause labor market distortions and become an entitlement that cannot easily be removed; diminish the intended reduction in incentives to adjust spending in response to higher prices; and with weak PFM mechanisms are subject to leakage and abuse.

In the absence of a PER, the likelihood of the government endorsing the tax and PFM infrastructure (a Treasury Single Account [TSA]) appeared unlikely, although the overall fiscal fragility was recognized. “Silos” among donors do not help. The IMF seems to have principal responsibility for advice on tax policy, including property tax, and budget and treasury design (the Government Finance Statistics Manual framework and TSA). However, USAID has been assisting with implementation (of the Government Financial Management Information System
[GFMIS] and tax administration). The apparent failure of the GFMIS and the inability to implement a TSA could have serious consequences for the Bank’s support for a poverty reduction strategy. Similarly, it is becoming increasingly clear that an effective system of local property taxation has to be linked to local service delivery and access to credit for local infrastructure. These are not issues with which the IMF typically deals.

Regulatory costs and bureaucratic hurdles are high in Egypt. As described in a 2012 World Bank report, 120 industrial zones and numerous cities have been developed in several phases. All were established on public land, with relatively poor linkages and connectivity and considerable regulation. Few have been successful, and the incentives for different players (firms and workers) are poorly aligned. Any new initiative to create growth hubs—say, along the Suez corridor—would have to simplify regulations, establish an incentive compatible tax regime, and provide workers with adequate housing and services as well as the infrastructure needed for stepped-up investments.

The quality of poverty data in Egypt during the period of this evaluation is questionable. The full sample is made available only to select groups of consultants and researchers favored by the government, and it is not possible to assess the quality of the full set of data. The data that are publicly available do not seem to capture the new type of poverty that has been building up around the major metropolitan areas and in major shanty towns, thus leading to a serious underestimation of the extent of poverty in Egypt. Although the quality of the Bank diagnostics has been generally good and the topics covered relevant, they may have been based on questionable data. In addition, the government has not allowed the Bank to prepare important analytical pieces, such as PERs or Public Investment Reviews, which are highly relevant to any government’s poverty reduction strategy formulation and related policy design. The strategy formulated by the Bank over the years attempted to include some focus on poverty, but the government in power during most of the evaluation period (2004 to February 2011) did not wish to borrow from the Bank for supporting its development programs in the social sectors. Moreover, implementation of the strategy (in terms of the Bank’s portfolio of projects and program) deviated from the agreed plans in the various strategy documents, resulting in an even weaker focus on poverty during the implementation phase.

During much of the period covered by this evaluation, the Bank tried to engage and maintain a working relationship with a reluctant but strategically important client who was not committed to the goal of poverty reduction and did not want to borrow from the Bank for the purpose of poverty reduction or developing its social
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sectors. Despite these difficulties, the Bank made a few successful attempts (mainly through analytical reports) to highlight the daunting challenge of poverty, including its strong regional dimension. Its efforts did not result in a strategic shift toward a greater focus on poverty and inclusion, however, until after the revolution of 2010–11. It is expected that the newly elected government of Egypt will pay greater attention to poverty and inclusion issues than previous governments ones did.

SUMMARY ASSESSMENT

The quality of poverty data in Egypt during the period of this evaluation is questionable. The full sample was made available only to select groups of consultants and researchers favored by the government, and the data that were publicly available do not seem to accurately capture the new type of poverty that has been building up around major metropolitan areas and in major shanty towns, thus leading to possible serious underestimation of the extent of poverty in Egypt. Although the quality of Bank diagnostics has been generally good and the topics covered have been relevant, the Bank may have been using questionable data. The government has not allowed the Bank to prepare important analytical pieces, such as PERs, which are highly relevant to any government’s poverty reduction strategy formulation and related policy design. Although the strategy formulated by the Bank over the years has attempted to include some focus on poverty, previous governments in Egypt during the evaluation period had generally different priorities than focusing on poverty. In general, the government that was in power during most of the evaluation period (2004 to February 2011), did not seem to focus on poverty and related issues. Moreover, implementation of the strategy underpinning the Bank’s portfolio of projects and program deviated from the agreed plans in the various strategy documents, resulting in an even weaker focus on poverty during the implementation phase of strategy.

During much of the period covered by this evaluation, the Bank was trying to maintain a working relationship and be responsive to the requests of a reluctant but strategically important client who had different priorities than poverty reduction and did not want to borrow from the Bank for the purpose of reducing poverty or developing its social sectors. Despite these difficulties, the Bank made a few successful attempts (mainly through its analytical reports) to highlight the daunting challenge of poverty, including its strong regional dimension, facing Egypt. Its efforts never resulted in a strategic shift toward a greater focus on poverty and inclusion until after the revolution of 2010–11, however.
Guatemala

CONTEXT
Guatemala grew by about 4.5 percent a year until it was hit by the global financial crisis in 2008–09 and a serious of natural disasters in 2010–11. Average annual growth in 2003–13 was about 3.5 percent (1 percent in per capita terms). GNI per capita was about $4,760 in 2011. Although Guatemala’s economy is the largest in Central America and its per capita GDP is close to the regional average, it has one of the highest levels of poverty (especially in rural and indigenous areas) and income inequality in the region. Moreover, poverty indicators have changed very little over the past decade in spite of positive average economic growth. Although some modest gains appear to have been made in reducing extreme poverty, the lot of the nonindigent poor has not improved and may have even worsened. The overall national poverty headcount rate declined from 56 percent in 2000 to 51 percent in 2006, but it rose to 54 percent in 2011, yielding an overall reduction of only 2.5 percentage points over the decade. Moreover, the relation between poverty indicators and economic growth appears to be very weak. Guatemala’s social indicators exhibit a somewhat steadier picture of gradual progress over time, although huge gaps remain across ethnic, gender, geographic, and rural and urban divides. Most worrisome is the persistence of child malnutrition indicators: with about 50 percent of its children malnourished, Guatemala continues to lag behind some of the poorest countries in world in this indicator. On the positive side, the national household surveys suggest that there has been a substantial decline in inequality between 2003 and 2011. However, questions remain about the accuracy of the figures on distribution based on these household surveys.

POVERTY DATA
Starting in the late 1990s, the Guatemalan authorities, with Bank and other donor support through the Mejoramiento de las Encuestas de Hogares y la Medición de Condiciones de Vida program, pushed to strengthen the main public institutions in charge of carrying out living standards surveys and generating reliable poverty-relevant data. Living Standard Measurement Surveys (LSMSs) were carried out in 2000, 2006, and 2011. During this period, Guatemala also carried out two National Maternal and Child Health Surveys in 2002 and 2008/09, and annual labor surveys that complement the findings from the LSMSs. This capacity-building effort helped create a critical mass of technical expertise in the National Statistics Institute and the government’s planning secretariat, resulting in a vast improvement in the quality of data, greater transparency in the management of data, a broad consensus on how to measure poverty, and widespread consciousness of the importance of having reliable, objective poverty data. In addition to the technical and financial support
provided, the Bank played a critical role in helping achieve public consensus on the measurement of poverty, based on objective technical criteria instead of political ones.

The advances made in strengthening Guatemala’s capacity to produce high-quality poverty statistics may not be sustainable. Despite their tremendous success, the technical assistance programs that supported the production of good poverty statistics expired at the beginning of this decade, and the prospects of future support with resources from the national budget remain uncertain. The Bank may have underestimated the need for continued institution-building support to guarantee sustainability, as there are already signs that the institutional capacity that was built up over the previous decade has begun to decline, compromising the ability to continue generating good poverty statistics in the future.

Although providing solid analytical work, the poverty assessments for Guatemala were not uniformly consistent in proposing actionable recommendations and assessing institutional capacity-building needs. The 2003 poverty assessment provided a number of detailed recommendations for addressing poverty in Guatemala; the subsequent two assessments limited themselves to broad strategic recommendations. More detailed recommendations for addressing labor and product market rigidities might have been useful. Even so, the poverty maps and proxy-means testing formulas developed as part of the Bank’s diagnostic work have played an important role in the government’s strategic planning processes and in the design of public programs. These instruments either did not exist in Guatemala or existed only in very rudimentary form until the 2003 poverty assessment was prepared. The Bank’s poverty diagnostic work played an important role in bringing the topic of poverty reduction into the national political discourse from a technical perspective. Before this work, this topic was considered too sensitive to discuss in view of the country’s historical and political circumstances.

**Diagnostics**

The Bank’s poverty diagnostic work has improved the government’s and donors’ understanding of the main drivers of poverty by identifying the contribution made by different sources of income on the reduction of poverty. It also points toward structural rigidities that may have prevented faster poverty reduction. The 2005 Country Economic Memorandum (CEM) found that two of the most important factors responsible for this relatively slow growth performance are low education attainment levels and poor public infrastructure, which in turn reflect low public sector spending levels. The Bank’s PERs have raised questions about the quality of public expenditures, particularly in the social sectors, noting problems related to geographic targeting and technical efficiency. In particular, the 2013 PER found no
clear relationship between the level of public spending and student achievement in education. Health outcomes also did not appear to be strongly linked to health expenditures. The general absence of quantitative links between recommended measures and poverty reduction is a significant limitation of the Bank’s diagnostic work. Although existing diagnostic work makes a convincing case that certain interventions, such as measures leading to improvements in social indicators, contribute to poverty reduction, it provides little help in estimating the degree to which poverty rates may decline in response to certain sector outcomes and thus offers little guidance in choosing the appropriate balance between interventions that promote growth, improve social indicators, and redistribute incomes to reduce poverty in the most efficient manner.

**Strategy Formulation, Implementation, and Feedback Loops**

All three country strategies produced by the Bank since 2004 refer to poverty reduction as the underlying objective and draw on the findings from the latest poverty assessments, CEMs, and PERs to propose interventions designed to reach that objective. The Bank prepared three country strategies during this period: the FY05–08 CAS, the FY09–12 CPS, and the FY13–16 CPS. All recognize the importance of economic growth as a necessary condition for achieving faster poverty reduction and point toward low education attainment and poor productive infrastructure as key obstacles to faster growth. In addition, all three strategy documents recognize that unequal access to social and productive public services has been a major obstacle to poverty reduction, independent of the poverty-growth nexus. Accordingly, all three strategies propose measures to promote faster sustained economic growth and new operations designed to increase access to social services and public infrastructure services, with particular attention on groups that have traditionally been underserved.

Although sharing these common elements, the three strategies exhibit differences in emphasis that respond to new developments and new insights gained from successive poverty diagnoses. The FY05–08 CAS focused mainly on DPL-supported actions meant to promote growth and competitiveness, coupled with investment loans to strengthen the education, health, and rural infrastructure sectors to provide better structural underpinnings for faster economic growth. In contrast, the FY09–12 CPS supported a program of conditional cash transfers, with the aim of reaching the pockets of poverty that the 2006 LSMS had revealed to be unresponsive to economic growth. The FY13–16 CPS focused on the need to address crime and violence as increasing threats to economic growth and poverty reduction in Guatemala and the need to strengthen institutional capabilities to improve the quality of public spending, in parallel with efforts to raise fiscal revenues further (as recommended in
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the 2013 PER). The Bank strategies also adapted to different priorities across government administrations. The greater focus on growth-promoting reforms in the FY05–08 CAS and FY13–16 CPS also reflect the greater priority given to improved governance and competitiveness by the administrations in power, while the focus on conditional cash transfers in the FY09–12 CPS coincides with the administration in office at that time and its greater emphasis on social inclusiveness and reducing inequality.

The FY09–12 and FY13–16 CPSs called for a larger share of lending in the form of fast-disbursing support, for reasons in part unrelated to poverty reduction. In the case of the FY09–12 CPS, more lending in the form of DPLs was called for to address fears of illiquidity triggered by the then emerging global financial crisis. The FY13–16 CPS proposed to maintain a very DPL-intensive lending portfolio, less because of crisis-related fears and more because of increasing operational obstacles to the implementation of investment projects in Guatemala. A preference for DPLs over investment lending on account of the latter’s greater implementation difficulties, however, is difficult to justify on poverty grounds and ultimately becomes counterproductive if it threatens to undermine fiscal sustainability.

Bank interventions proposed for Guatemala reflect the Bank’s priorities, as expressed in the results framework of each country strategy. The new lending operations proposed in each strategy document are closely aligned with the main recommendations that emerged from previous diagnostic work. In addition, the Bank proposed an extensive program of nonlending AAA activities to complement its poverty-related loan portfolio, anchored in periodic poverty assessments and poverty assessment updates that were included in the CAS and CPSs. The 2003 poverty assessment recommended actions in the areas of economic growth, education, health and nutrition, rural infrastructure, public sector management, and the targeting of interventions on the poor. The 2009 poverty assessment added the recommendation to strengthen the CCT program. Even though not all the proposed interventions have a direct poverty-reducing objective, each has a proposed loan or loan component that can be mapped to each of the main recommendations highlighted in the poverty assessments.

Programmatic series of DPLs played a major role in all the CASs/CPSs prepared since 2004, accounting for at least half of the total proposed lending. The DPLs have been broadly justified as vehicles for supporting structural reforms to promote faster growth as the key underpinning for poverty reduction. Beyond that indirect link, only very small portions of the DPL-supported programs address poverty reduction. The only policy objective that is remotely linked to poverty reduction in the first series of DPLs (2005–07) was the raising of total social spending to at least 6 percent.
of gross domestic product (GDP). Concerns about sustainability have influenced the operations included in the Bank’s country strategy to reduce poverty.

Two developments in the composition of lending operations implemented between 2005 and 2012 are the hugely increased proportion of lending through fast-disbursing DPLs and the decline in lending devoted to poverty-related investment projects. The share of DPLs increased from 55 percent of total lending during the FY05–08 CAS period to 83 percent of total lending during the subsequent CPS period. The FY05–08 CAS was implemented during a period of favorable macroeconomic conditions, marked by modest economic growth and a stable external environment. As a result, the actual lending program turned out to be fairly close to the planned base-case program envisioned in the FY05–08 CAS. Although most of the lending and nonlending targets in the FY05–08 CAS were achieved, project implementation problems led to uneven achievement of the poverty-related development outcomes. Most lending and AAA outputs proposed in the FY05–08 CAS were delivered, and the bulk of the expected outcomes from Bank-supported interventions were achieved. As a result, the Independent Evaluation Group (IEG) rated achievement of development outcomes of the CAS overall, as well as the Bank’s contribution to those outcomes, as moderately satisfactory. The weakest performance was in the development outcomes associated with the most poverty-relevant projects. IEG rated these outcome as moderately unsatisfactory in its CASCR review of 2008.

The FY09–12 CPS was implemented in much more difficult economic and political circumstances, resulting in significant program deviations. In contrast to the FY05–08 CAS period, the CPS period of FY09–12 saw the global financial crisis, a food price crisis, rising drug-related violence, and several Guatemala-specific natural disasters in 2010. As a result, much of the proposed lending program was redirected toward other priorities. A major setback to Bank efforts to support poverty reduction was the cancelation of a project to support the government’s flagship CCT program. Despite considerable differences between the originally planned and implemented portfolio during this CPS period, however, the Bank’s performance was considered moderately satisfactory. The CPS Completion Report (CPSCR) rated both Bank performance and the achievement of results as moderately satisfactory. The CPS outcomes as redefined by the progress report were, for the most part, achieved or partially achieved.

The project implementation problems that led to the cancelation of the CCT project appear to have worsened over time. These problems are largely attributable to an increased reluctance to borrow by a very conservative Congress, as well as to increasing institutional obstacles that have led to long delays in project
implementation. After the Bank approves a loan, it takes Guatemala’s Congress an extremely long time to ratify it. As a result, many projects need to be restructured by the time they become effective. Once they become effective, most projects face further implementation delays, brought on by a combination of weak institutions, overly centralized public management, complex procurement rules, inflexible administrative procedures and high staff turnover in government.

The Bank has produced considerable evidence on poverty reduction in its programs and adjusted its programs in response to that evidence, but it does not target poverty indicators directly. Neither the CAS nor the two CPSs prepared since 2004 present poverty indicators in their results frameworks, and changes in poverty indicators are not targeted as part of the monitoring and evaluation (M&E) framework. Most Bank-supported operations reviewed for this task include M&E systems to assess project impact or contain provisions for building capacity to put such systems in place. Nevertheless, it is widely perceived that a culture of systematic evaluations still remains to be created across the public sector.

The feedback loops characterizing World Bank operations in Guatemala—from data production to poverty diagnostics to country strategy and implementation—have not been strong in all areas. The Bank seems to have done an excellent job in supporting the generation of poverty data and in preparing poverty diagnoses over the past decade, so that lack of adequate data and diagnostics do not stand out as major obstacles in addressing poverty in Guatemala. Concerns have subsequently arisen about the sustainability of past capacity-building efforts in Guatemala’s statistics-producing institutions. These concerns were not pertinent for most of the period covered by this analysis; rather, they may become a problem for future operations. The CAS/CPSs and choice of planned lending and non-

Lending operations appear generally well aligned with the poverty diagnostics in seeking to address the key bottlenecks to poverty reduction. A potential thematic disconnect between poverty diagnostics and the choice of programs and projects does not stand out as a major problem. The area in the feedback loop where the Bank’s support for antipoverty efforts appears to have been least successful during the past decade is country strategy implementation. The result has been overreliance on DPLs with limited links to poverty reduction. Although this lack of success was partly caused by unforeseen external circumstances, it also reflects both institutional impediments that paralyze the public sector’s capacity to function and an inadequate fiscal framework that undermines sustainability.
SUMMARY ASSESSMENT

The feedback loops characterizing Bank operations in Guatemala—from data production to poverty diagnostics to country strategy formulation and implementation—have not been evenly strong in all areas. The Bank seems to have done an excellent job in supporting the generation of poverty data and in preparing poverty diagnoses over the past decade, so that lack of adequate data and diagnostics do not stand out as major obstacles to addressing poverty in Guatemala. Concerns have arisen about the sustainability of past capacity-building efforts in Guatemala’s statistics-producing institutions. These concerns were not pertinent for most of the period covered by this analysis but rather may become a problem for future operations. The CAS and CPSs and the choice of lending and nonlending operations appear generally well aligned with the poverty diagnostics; a thematic disconnect between poverty diagnostics and the choice of programs and projects does not stand out as a major problem. The one area in the feedback loop where the Bank’s support for anti-poverty efforts appears to have been least successful during the past decade is country strategy implementation. This difficult in project implementation has resulted in an overreliance on development policy loans (DPLs) with limited links to poverty reduction. Although this lack of success was caused partly by unforeseen external circumstances, it also reflects both institutional impediments that paralyze the public sector’s capacity to function and an inadequate fiscal framework, which undermines sustainability.

Lao People’s Democratic Republic

CONTEXT

During the review period, the Lao People’s Democratic Republic enjoyed annual GDP growth of about 8 percent (5.7 percent in per capita terms), and the poverty headcount rate continued its long-term decline, falling from 33 percent in 2002/03 to 28 percent in 2007/08 and 22 percent in 2012/13. GNI per capita reached $2,580 in 2011. Progress was also achieved on primary education and basic health care (life expectancy, for example, increased from 46 years in 1970 to 67 years in 2011). The share of rural households with access to electricity expanded from 16 percent in 1995 to 45 percent in 2004 and about 80 percent more recently.

However, there are real threats to maintaining macroeconomic stability and growth and therefore to achieving further reductions in poverty. Although primary school enrollment rose from 75 percent in 2000 to 96 percent in 2012 and the under-five mortality rate fell from 120 to 72 (per 1000 live births), progress on achieving some of the other MDGs is inadequate. Growing fiscal deficits threaten macroeconomic stability in the near term, and the overly rapid expansion of foreign direct
investment in hydropower, mining, transport, and agricultural projects may produce negative social and environmental impacts. Significant disparities in economic growth and poverty reduction persist across the country’s diverse ethnic groups and geographical regions, and it appears likely that some of the nutrition, universal primary education, child mortality, maternal health, and environmental sustainability MDGs will not be met.

POVERTY DATA

The Bank country team has had adequate survey and administrative data of sufficient quality to carry out detailed poverty diagnostics and support the poverty reduction focus of the country program for the Lao People’s Democratic Republic. The five Lao PDR Expenditure and Consumption Surveys (LECS) (undertaken in 1992/93, 1997/98, 2002/03, 2007/08, and 2012/13) are nationally representative household surveys of consumption expenditure and a wide range of socioeconomic information. The Lao PDR Statistical Bureau has conducted all of the LECS surveys. The Bank and other development partners have provided extensive technical and financial support to the LECS surveys since 1991. Although there are some concerns about the quality, accessibility, and timeliness of the LECS survey data, the data have been sufficient and played a core role in the preparation of the Bank’s poverty diagnostics during the review period. The Bank and other development partners provided extensive technical and financial support over the review period to improve the quality, availability, and timeliness of administrative data on educational attainment, health outcomes, nutritional status, and other indicators. These additional data have allowed for deeper and more multidimensional poverty diagnostics work.

DIAGNOSTICS

The Bank’s poverty diagnostics work was of good quality and demonstrated good practice in most, but not all, areas. The good practice elements of the poverty diagnostics work include (i) collaborating and sharing with the government and development partners all aspects of the poverty diagnostic work; (ii) building Lao PDR capacity for gathering and analyzing poverty data; (iii) making full use of the available survey and administrative poverty data to provide a comprehensive and multidimensional poverty profile that assessed poverty trends over time, across Regions, and across social groups; (iv) assessing the key drivers of poverty reduction including growth, access to social services and basic infrastructure, agricultural productivity and rural development; (v) examining the poverty reduction impact of relevant government poverty reduction programs, funding, and sectoral policies; and (vi) encouraging deep country ownership of the poverty analytics and seeking full consistency with the government’s poverty reduction strategy.
The Bank team’s poverty diagnostic work was closely tailored to country specifics, such as the inclusion of an examination of the special concern of unexploded ordinance. It provided a good understanding of extreme poverty and the special concerns of poor women and upland ethnic minority groups, and it consolidated list of priority poverty reduction measures. The shortcomings of the work include the limited analysis of the government’s poverty reduction institutions and the limited integration of the results of available participatory and qualitative poverty assessments. Although the consolidated list of priority poverty reduction measures was not as specific, actionable, time-bound, or costed as it might have been, these weaknesses did not in any way thwart or limit the poverty reduction focus of the Bank’s country program.

**Strategy Formulation, Implementation, and Feedback Loops**

Poverty reduction is a central focus of the Bank’s country program in Lao PDR. The FY05–08 CAS and FY12-16 CPS fully reflect the Bank’s poverty diagnostics and have a sharp focus on poverty reduction. There is a near exact fit between the recommendations of the 2006 poverty assessment and the FY12-16 CPS; the one important exception is fully explained in the FY12-16 CPS and by the division of labor agreed to under the 2006 Vientiane Declaration on Aid Effectiveness. There is a favorable balance of analytical work, technical assistance, and project work, and the results chain is evident. The FY12-16 CPS does an excellent job of mapping all aspects of the country program into the government’s poverty reduction strategy and is fully consistent with the development partners harmonization explicated in the 2006 Vientiane Declaration. The key elements of the poverty focus of the Bank’s country program include (i) the lynchpin Nam Theun 2 Project (NT2) and the closely associated Poverty Reduction Support Operation (PRSO) projects; (ii) the Poverty Reduction Fund and Khammouane Development Projects; (iii) education and health projects; (iv) rural electrification, transport, and agricultural development projects; and (v) the extensive analytical work and technical assistance programs associated with these activities.

The core poverty reduction results chain of the programs of AAA, technical assistance, and project activities in the FY05-08 CAS and FY12-16 CAS was clear and strong throughout the review period and very closely mapped to the government’s poverty reduction strategy. The poverty reduction results chain is sustaining strong economic growth through improved economic management, regional integration, private sector development and competitiveness, and natural resource management and development. It is improving social outcomes and reducing vulnerability through strengthened public financial management and public service delivery, improved infrastructure services in transport and energy,
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and targeted poverty reduction programs. Adequate quality poverty data and extensive and good-quality poverty diagnostics underpinned this results chain throughout the review period.

The poverty diagnostics work showed that extreme poverty, ethnic minorities, and other disadvantaged groups are concentrated largely in first-priority districts—those districts with high poverty headcount and receiving high priority for antipoverty programs. As nearly all of the Bank’s support for basic infrastructure, education, health, and other social services; poor area development programs; and natural resource development and management activities is concentrated in these districts and some other lagging regions, much of the country program has disproportionally benefitted the extreme poor, ethnic minorities, and other disadvantaged groups.

The FY05–08 CAS takes explicit note of the major risks of possible loss of government commitment to continued policy reform and weak implementation capacity as well as poor performance of the NT2 program. The FY12–16 CPS goes a step farther by stating that the FY05–08 CAS “included some bold and potentially risky activities, most obviously the NT2 project, but also commitments to budget support operations, community driven development, and policy reforms in a low capacity environment.” The Bank’s country program did indeed embark on a high-risk and high-reward poverty reduction path during the review period, and the FY12–16 CPS concluded that “performance was impressive.” This favorable performance in very large part reflected the fact that the country program was designed to mitigate these risks through a strong focus on capacity building and the concentration of much of the Bank’s resources on the core NT2 program. The FY12–16 CPS correctly concluded that “this success in turn demands raising the level of engagement” during FY12–16. The risks to the country program are now at least as great as they were at the outset of the FY05–08 CAS. Looking forward, there are signs that the growing fiscal deficit and weak management of the rapidly expanding investment in, and land concessions for, hydropower, mining, and agricultural activities have the potential to undermine the achievements made during the review period.

Interviews and the review of documents by the IEG team provide additional details on these risks to the poverty reduction focus of the country program. First, the growing inflow of foreign direct investment (FDI) for hydropower development is part of the rapidly growing FDI for mining, transport, and agricultural projects, which is contributing to the surge in government expenditure and the fiscal deficit. This process appears to be overwhelming the government’s economic management capacity, contributing to threats of inflation, an unsustainable debt overhang, and
the potential for Dutch disease. Second, as stated in the FY12–16 CPS and the 2010 Lao PDR Development Report, the good practice standards established by NT2 for large-scale infrastructure projects appear to be weakening under the onslaught of escalating FDI. Third, during the two years since the FY12–16 CPS, the government was not in full compliance with the reporting and auditing requirements of the NT2 Revenue Management Agreements. However, the most recent IEG team interview suggests that this problem may have been corrected by mid-2014. Overall, the interviews for this case study confirmed that the Lao PDR country team and government are well aware of these issues and are now actively collaborating on measures to control these risks.

IEG identified two additional concerns. First, although the Bank country team’s decision to forgo more active engagement in agriculture is understandable, a strong case is to be made for engaging in efforts to better mitigate the negative impacts on the well-being of the rural population of land concessions for hydropower, mining, transport, and agricultural projects. Although some of these land concessions may have benefits to the rural population that exceed their costs, in many and perhaps most cases this has not been true. Several interviewees suggested that rural inhabitants adversely affected by such land concessions are now becoming the poorest of the poor. Consistent with the Bank’s core mandate of poverty reduction, it seems essential that its country team fully engage on this key issue. A promising option is the approach being developed under the Northern Uplands Development Program. This approach reportedly includes a politically appropriate program to better protect the welfare of the rural population giving local governments several politically safe options for better containing or perhaps even reversing the potentially negative impact of land concessions on the rural population.

A second potential weakness in the current approach appears to be related to the fact that the Bank’s country team has not actively examined labor mobility as a priority poverty reduction measure. International experience has shown that labor mobility has been a powerful poverty reduction mechanism. (The outflow of more than 200 million rural migrant laborers in China, for example, played perhaps the lead role in that country’s extraordinary success in poverty reduction over the past 30 years.) Some work on skills training for labor mobility is being undertaken as part of the upcoming Lao PDR Development Report, but it would appear that more ambitious analytical work on this topic is merited.

The feedback loop of the core elements of the poverty reduction focus in the Bank’s country program is strong and clearly evident. The country team produced, or helped produce, sufficient evidence on poverty reduction and made good use of this evidence in the design, implementation, and evolution of the poverty reduction
focus of the country program. Given the programmatic nature of most of the core elements of the poverty reduction focus, there has been a continual learning process and feedback loop. This programmatic nature has facilitated the evolution of the country program and its poverty reduction focus. For example, the government and the Bank felt that the sectoral coverage of PRSOs 1–3 was too broad and that PRSOs 4–7 concentrated their sectoral coverage on improving the delivery of basic education and health services to the rural poor. This narrowed focus on just education and health services for the rural poor also included a strong emphasis on improving provincial reporting of basic education and health sector performance indicators, including improved management information systems for tracking education and health outcomes.

**Summary Assessment**

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The Bank and other development partners have worked intensively to improve the quality and accessibility of statistical capacity in Lao PDR. The main objective of the 2013 Strengthening the National Statistical System Project is to “improve the capacity of the Lao PDR national statistical system to produce and disseminate reliable and timely macroeconomic and poverty statistics in accordance with international standards and in response to user needs.” Strong Bank and development partner support has also played an important role in improved monitoring and evaluation (M&E) capability in at least several Bank-supported projects and activities in Lao PDR. For example, interviews by the Independent Evaluation Group confirmed the vital role that an AusAid trust fund plays in the M&E system in the Poverty Reduction Fund (PRF) 2 Project. Similarly, the Policy
and Human Resources Development Fund financed a socioeconomic survey of electrified and un-electrified villages and households undertaken during preparation.

**Malawi**

**CONTEXT**

Malawi is a poor, landlocked, primarily agricultural, aid-dependent country of 16 million people in southern Africa. It experienced significant economic growth in most of the past decade, averaging 7 percent over 2006–10. Most farms in Malawi are less than 1 hectare and focus on maize for food security (given past famines). There has been slow progress on diversification including away from burley tobacco (which had helped move many smallholders out of poverty). The economy is highly vulnerable to climatic, price, and political shocks, compounded by high HIV incidence. Between 2005/06 and 2010/11, the national poverty headcount fell from 52.4 percent to 50.7 percent. It declined from 25.4 percent to 17.3 percent in urban areas and rose from 56.2 percent to 56.7 percent in rural areas. The rural poverty results in particular disappointed the development community, given several pro-poor elements in the strategy. The Gini coefficient increased from 0.39 to 0.45.

The subsequent period was marked by macroeconomic imbalances, falling donor inflows, and little growth, which are likely to have worsened poverty. Progress on the other MDGs during the assessment period was mixed. Between 2000 and 2012, the primary completion rate rose from 65 percent to 74 percent, the ratio of girls to boys in primary and secondary schools rose from about 96.6 percent to 103.7 percent, and the under-five mortality rate declined from 174 to 71 per (per 1000 of live births). Child mortality, malnutrition, and HIV/malaria targets are likely to be met by 2015. In contrast, maternal mortality and primary enrollment progress has been slow, and their targets will be missed.

**POVERTY DATA**

The data effort in Malawi is well above average for Sub-Saharan Africa, especially for small poor countries. Household survey data is solid, collected roughly every five/six years by National Statistical Office (NSO). Results between 2005/06 and 2010/11 (the latest round) are fully comparable and representative at the national and three sub-regional levels as well as urban/rural. Data are disaggregated, including by the gender of the household head. The surveys are well documented, accessible on both the Bank and NSO websites, and made available after formal release roughly within two years of data collection. Access has steadily improved. A
Poverty statistics were calculated from consumption basket of food and nonfood components to the poverty line. There is a national poverty line as well as an ultra-poor poverty line based on the food poverty line. The national line is generally slightly below the international extreme poverty line, although the methods are not strictly comparable. The data include both income and non-income poverty indicators, including nutrition, infant mortality, and access to safe water, disaggregated by region, rural or urban area, and gender. Modules are comprehensive. There is little divergence between income and non-income indicators, with the possible exception of nutrition. Although there are different ethnic groups across regions, there is not an ethnic diversity dimension to poverty.

The government has been keen to track poverty, especially rural poverty, as has its vast development partner community. The Bank has maintained an active research LSMS technical team throughout the period in its Development Economics (DEC). Malawi has received substantial financing and technical support from donors—in particular the government of Norway (lead donor), the Bank, DFID, Irish Aid, and Millennium Challenge Corporation—for poverty data. The donors have good mechanisms for coordination and technical discussions. On technical assistance from the Bank, the Bank LSMS Measurement Study Team in DEC has been collaborating with NSO on a multiyear program, with the objective of designing and implementing the Integrated Household Survey (IHS) in 2013. NSO and the broader stakeholder community is appreciative of the technical support, which is steady and collegial. However, capacity remains thin, as the capacity-building effort has not resulted in sustained domestic capacity, with high staff turnover and limited domestic skills. Nonetheless, Malawi is a model of how to ensure high-quality poverty data despite capacity constraints, through a combination of coordination within the Bank and with other donors.

Despite attention in the context of the Millennium Development Goals (MDGs), the PRSP, and the Common Approach to Budget Support and effective coordination by Economic Planning and National Development, parts of the M&E system remain weak. For example, administrative data on education inputs and outcomes remains elusive, and agricultural production data are notoriously weak. The Bank is now stepping up its broader support efforts, including to NSO.

**Diagnostics**

The poverty diagnostic work for Malawi has been of good quality, with the Bank carrying out major exercises upon availability of the IHSs. These surveys were
available for the CAS FY07–10 (extended to FY12). A programmatic poverty work program was initiated in 2014, drawing on IHS3 2010/11. For the CPS FY13–16, a poverty update was carried out using preliminary results of IHD3. These poverty analytics link data and diagnostics, noting the high quality of the data, including poverty profiles and maps. The diagnostics made use of available data and supported enhanced data collection efforts in order to be able to not only to monitor poverty trends and guide development programs but also to evaluate at a more granular level.

The Bank diagnostic reports discuss the key drivers of income and non-income poverty at the national level and for different segments of the population. They draw on sources such as a five-year rural panel data set from the International Food Policy Research Institute and the Center for Social Research. They discuss poverty trends over time and provide explanations of changes in the incidence and characteristics of the poor at the individual and regional levels. The Bank diagnostics are particularly strong on issues of poverty mobility and vulnerability.

The diagnostics discuss interlinkages such as the growth-inequality-poverty nexus, especially in rural areas. Analysis of the incidence of growth shows that real incomes of the rural poor are falling and only better-off households are experiencing some growth in real expenditures. This result raises concerns about the impact on poor rural households of the Farm Input Subsidy Program, introduced in 2005/06, on poor rural households and specifically the beneficiary targeting methodology. The diagnostics are rich in gender-specific content.

The Bank’s diagnostic work provides concrete recommendations to address obstacles to reducing poverty, organized by themes, taking into consideration the Malawian context and drawing on a broader body of analysis conducted outside the Bank. The diagnostics reveal breadth of coverage, with a strong team leader facilitating collaboration among a cross-sectoral team, although inevitably some parts of the country team engaged more than others. Poverty diagnostics have generally flagged important gaps in the understanding of poverty reduction, guiding the AAA program. The 2006 poverty assessment also flagged the institutional developments needed to improve M&E. Additional notes continued to update the Bank’s understanding of what works and what doesn’t in selected areas. Close collaboration with DEC helped ensure that some of its research was policy and program relevant. Other integrative pieces touched on poverty. From example, the 2010 Growth CEM included in-depth work on smallholder agriculture, and the 2007 and 2013 PERs included benefit incidence analysis in their treatment of the health, education, social protection, roads, and agriculture sectors.
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STRATEGY FORMULATION, IMPLEMENTATION, AND FEEDBACK LOOPS

The Bank’s strategy as laid out in the FY07–10 CAS and FY13–16 CPS reflected the poverty diagnostics and made good use of the recommendations of the poverty diagnostics, which were timely and perceived to be of good quality. The strategies were consistent with the direction and recommendations, of the poverty diagnostic work. The CASs and CPSs clearly lay out components that directly and explicitly address poverty, namely, nutrition; agriculture, including smallholder support, land, irrigation; and education quality and access. A specific example of the influence of the diagnostics was the inclusion of nutrition in the FY07–10 CAS. The 2006 poverty assessment sharply highlighted the extent of stunting in Malawi and its links to achieving progress on a broad range of fronts. Other components had been the staple of the Bank’s program over a longer period of time.

For a small poor country such as Malawi, poverty considerations are inevitably central for the Bank. With two-thirds of the population below the international extreme poverty line and roughly half the population below the country’s own definition of poverty line, the broad based issues of growth and governance have a huge indirect poverty dimension. Another reason for the consistency of the poverty strategy with the diagnostics is that the government’s explicit strategy has tended to focus on its rural and poor population. Although actual practice may deviate and have different consequences, at least on paper, it is more straightforward to align than in a country that is heavily urban or in which explicit poverty reduction is absent in the country’s stated objectives.

The road map for poverty reduction laid out in the country strategy had to be in the context of a large presence of donors, relief agencies, and humanitarian NGOs and strong commitment by the Bank to working within a broader development partner framework. Hence, at the same time as the Bank was linking its strategy to the diagnostics, it had to be increasingly selective and partial in the scope of its programs and nonlending activities. These choices were informed by poverty diagnostics but made largely based on evaluation of comparative advantage and gaps and encouragement by the broader community (government, other donors, civil society) for the Bank to focus on specific areas, including several with a more indirect impact on poverty.

The CAS had an integral and consistent vision of the interventions needed within this broader partnership framework. The Bank’s strategies are explicit in explaining why other issues important for poverty reduction are excluded in the Bank program. The FY07–10 CAS reduced the Bank’s role in health to a junior one, concentrating on fiduciary capacity for the SWAp and malaria booster program. The Bank’s financial
support to the sector was not renewed once the two health projects expired (at the end of FY08).

For intergovernmental fiscal finance and strengthening of local governments, at the coal face of service delivery to the poor, the Bank ceded leadership to the German Agency for Technical Cooperation, later replaced by the German Agency for International Cooperation. It kept the links to the broader budgetary and expenditure management intervention as well as design dialogue for the Malawi Social Action Fund (MASAF, later the Local Development Fund). These strategic selectivity choices have not been amiss, as progress in health MDGs is more or less on track and decentralization seems to be proceeding better in Malawi than elsewhere. The Bank remains heavily engaged in nutrition, where there are few partners and successful models need support in scaling up. However, the Bank continues to be spread too thinly; more tough choices will need to be made if the Bank is to ensure effective support in key areas. The results chain laid out in the CAS and CPS was convincing in relation to the projected activities and the supported outcomes based on the best knowledge at the time of formulation. In both the FY07–10 CAS and the FY13–16 CPS, the critical areas and drivers of poverty, as developed in the rich diagnostic program, are identified and explored at length.

There was a good balance between lending (both budget support and investment lending) and AAA. For vulnerability, for example, a block of policy dialogue under the development policy operations (DPO) series was devoted to effective targeting issues. The investment lending vehicle MASAF3–4, HIV/AIDS MAP (to which the Bank contributed), and the Irrigation and Rural Livelihoods Project (IRLDP) supported programs of public works and social cash transfers. The AAA program included work on specific thorny issues, such as effectiveness and allocation across programs (including relief), the targeting of Farm Input Subsidy Program, and options for exploiting data for a more accurate common targeting system. Bank support blended policy dialogue under DPOs (such as land tax) with specific poverty-targeted investments (such as Lilongwe Rural Development Project) with technical assistance and other convening functions (such as the Land Governance Assessment Framework).

In many indirect areas, the CASs and CPSs identify the links to poverty reduction. For example, macroeconomic stability is explicitly linked to budget allocations and expenditure execution critical to primary service delivery.

There have been some synergies across programs. The Bank has tended to concentrate its policy dialogue underpinning DPOs, including PRSCs, in areas where sectoral teams also are active in lending and nonlending services, as
suggested above for social protection and agriculture. SWAps have been effective in coordinating implementation of interventions but less so in integrating policy dialogue. Nonetheless, cross-sectoral interactions within the Bank team have been more episodic than systematic.

The CASs and CPSs made explicit provisions for scaling up by maintaining presence in a subsector over an extended period. (Examples within the Bank’s portfolio, such as small-scale irrigation IRLDP, public works MASAF, and nutrition, are described below under feedback loops.) The Bank’s strategy was well aligned with the Malawi’s own strategy. The government’s priorities for poverty reduction are officially and technically stated in the Malawi Growth and Development Strategy for 2006/07–2010/11, which underpins the FY07–10 CAS, and the Malawi Poverty Reduction Strategy II, which underpins the FY13–16 CPS; the congruence and alignment of the Bank’s strategy with the government’s stated priorities are complete. However, there are important deviations, especially with what might be deemed to be actual government priorities. The 2010 CASPR determined that despite the changes in the external environment resulting from the global downturn, the strategy remained appropriate.

Results have been achieved in several areas, leading to scaling up. One example is IRLDP. Intermediate outcome indicators pointed to likely positive results, which led to additional financing in both FY12 and FY13, including a scaled-up input-for-assets program to cushion the effect of the global and Malawi macroeconomic crisis on the rural poor and enhance the developmental impact of small-scale irrigation. Another example is the MASAF public works program. On the capacity-building side, the Bank has been involved in strengthening the broader M&E system of the government, of which poverty dimensions are one part. This complex undertaking links poverty outcomes with program inputs and outputs and further scales it up to cross-sectoral and cross-cutting decision making.

During the assessment period, CASPRs needed to reflect both external shocks (the 2008 global food and fuel price shocks and the 2009 global economic crisis) and changes in internal circumstances during the assessment period (inappropriate responses to external shocks under the 2005–11 government and a new government in 2012 upon the president’s death). In particular, the Bank’s strategy had to be modified in a significant way in 2010–12. Although there was not a perceived need to change the strategic focus on poverty, there were adjustments in DPOs and Bank-financed programs targeting poor households. On the AAA side, the Malawi program intensified dialogue on the poverty impacts of macroeconomic developments and alternative response measures, drawing on both recent Malawi
household-level data and other country experience, which were well communicated at senior levels.

Feedback loops in the Malawi country strategy from poverty data to poverty diagnostics to strategy formulation and implementation have been strong. It is not clear what the answers are, however, in a country with such severe challenges. There has been progress in certain areas: maternal and child health and nutrition indicators have improved; moderately poor households have moved out of poverty through farm and nonfarm diversification and improved access to irrigation and other agricultural services; and there has been no repeat of famine in the country. Yet the poverty challenges have only been exacerbated over time: population growth is putting further pressure on limited land resources in a situation of land threshold effects; the mix of competitive politics and continuing patrimonial attitudes of the elite is not having the hoped for impact on government institutions and accountability; and a crowded aid support network has its own unintended adverse consequences on institutional development and norms. The increase in rural inequality and the large share of ultra-poor is disappointing but perhaps not surprising.

Larger country programs and the evolution of global practices can learn from the connectedness of the program and attention to learning that has been taking place in Malawi. One example is the usefulness of the DPO instrument, including PRSCs in a poverty reduction context to round out sectoral programs on the policy and budgetary resources front. In addition to cross-cutting public expenditure and financial management issues, the Bank has concentrated its policy dialogue underpinning DPOs in areas where sectoral teams are active in lending and nonlending services—namely, agriculture and vulnerability. SWAs have helped on the coordination front for implementation of interventions; they have been less successful in integrating a policy dialogue. The PRSC series has been assessed as satisfactory in its development effectiveness. Another example of good practice is the sharing of successful delivery mechanisms for targeted programs across the various sectoral teams working on Malawi. Being a smaller program may have facilitated this knowledge exchange.

**Summary Assessment**

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other agricultural services; there has been no repeat of famine in the country. Yet the poverty challenges have only been exacerbated over time. Population growth is putting further pressure on limited land resources in a situation of land threshold effects; a mix of competitive politics and continuing patrimonial attitudes of the elite are not having the hoped for impact on government institutions and accountability; and a crowded aid support network has its own unintended adverse consequences on institutional development and norms. The increase in rural inequality and share of ultra-poor is disappointing but perhaps not surprising.

Nigeria

CONTEXT

Nigerian statistics reveal a puzzling contrast between rapid economic growth and minimal welfare improvements for much of the population. Annual GDP growth rates that average more than 7 percent in official data during the last decade place Nigeria among the fastest-growing economies in the world. GNI per capita reached $2,580 in 2011. This rapid growth has been concentrated particularly in trade and agriculture, which would suggest substantial welfare benefits for many Nigerians. Nevertheless, improvements in social welfare indicators have been much slower than would be expected in the context of this growth. Poverty reduction and job creation have not kept pace with population growth, implying social distress for an increasing number of Nigerians. Progress toward many of the MDGs been slow, and the country ranked 153 out of 186 countries in the 2013 United Nations Human Development Index. Nigeria weathered the 2008–09 crisis, the sharp fall in petroleum prices, and the virtual collapse of parts of the banking sector well. The government drew on the special stabilization account established in 2004 from oil revenues to maintain public expenditures and finance a stimulus package. Although nonoil growth continued at a robust pace and real GDP grew at 7 percent between 2009 and 2012, with average per capita income growth reaching 4.3 percent, well above the average of about 2.2 percent per year in 2003–13, it had a limited impact on poverty, which remained very high (54 percent of the population at a poverty line of $1.25 a day in 2011).

Nigeria is unlikely to meet most of the MDGs, with the primary school enrollment rate stuck below 65 percent, an under-five mortality rate of about 124 per 1,000 live births, and a maternal mortality ratio of 610 per 100,000 live births, one of the highest ratios in the world. Access to improved sanitation and safe water remain appallingly low at 28 percent and 64 percent, respectively.
Comparison of poverty estimates using adult-equivalent welfare measures and absolute poverty lines for 2004 and 2010, with only a modest decline in national poverty headcount from 48 to 46 percent, along with modest declines in the poverty gap and severity of poverty, raises questions about the quality of the consumption data. Both biases in the surveys themselves and changes that introduced comparability issues have undermined the quality and reliability of poverty data. Poverty may have been slightly overestimated in 2010 compared with 2004. Even if the figures are overestimated, however, poverty is still high. Poverty is much higher in rural areas and in northern states, and inequality has been rising. There is also a large North–South divide in terms of education, health care, and the condition of women.

**POVERTY DATA**

During the period of this review, the Bank began to obtain survey data in Nigeria to carry out poverty diagnostics and guide development programs on poverty reduction. The comprehensive living standard survey (Harmonized Nigeria Living Standard Survey, HNLSS) is well designed being representative, timely, and distinguishing different degrees or levels of poverty, including extreme (food) poverty. Nonetheless, official statistics in general and the results of the large 2009/10 HNLSS survey in particular lack credibility. Data are considered insufficient for strategic purposes. It appears increasingly likely that the 2009/10 survey underestimated consumption and hence overestimated poverty rates in Nigeria. Inadequate data reflect a combination of the change in the consumption estimation method and the way in which the survey was carried out (including nonpayment of enumerators in the later phase of the survey, given the shortfall in the government’s budgetary contribution), as acknowledged by both the National Bureau of Statistics and the Bank. Technical problems with the first 2003/04 survey were discovered only recently. To reinforce the principle of cost sharing, as agreed to before the survey, the DFID, which financed the survey, chose not to fill the financing gap.

Data concerns extend to other components relevant for understanding the drivers of poverty. At least for the HNLSS, the Bank teams have access to the raw data, something they lack for other critical core statistics (including the recent GDP rebasing exercise). Population numbers are very outdated. For non-income poverty indicators, there are multiple sources and conflicting trends. Agricultural data are weak, with the recent GDP rebasing exercise resulting in much lower agricultural growth rates. The Bank is working with multiple partners to provide technical assistance on several aspects of these data series.
The poverty assessment and other ESW made good use of available data, which expanded over time and include disaggregated poverty profiles. The availability of comprehensive household survey data was a major contributing factor. Notes and assessments were completed two to three years after the surveys, about a year after the release of major poverty data sets, which were available at the time of strategy formulation. The 2004 poverty assessment, conducted in the context of country reengagement, drew on limited qualitative and quantitative surveys. A relatively comprehensive poverty assessment was carried out in 2006/07, taking advantage of the 2004 household survey. It was a more traditional and comprehensive, including on policy recommendations, drawing on sectoral reports produced jointly with development partners. The 2013 Poverty Note used analysis of the comprehensive household survey of 2009/10. The chapter on poverty in the 2014 Nigeria Economic Report draws on the panel surveys of 2010/11 and 2012/13. Partners look to the Bank’s diagnostics for guidance and leadership on the poverty agenda.

The poverty diagnostics’ assessment of the adequacy of the Nigeria’s institutions, programs, funding, and M&E arrangements was partial and stronger in some areas than in others. A major contributing factor was the fact that the Bank’s diagnostics have generally narrowed explicit poverty considerations to the human development sector and to a lesser extent agriculture, as in the major 2007 poverty assessment. This poverty assessment was of high quality in its analysis and actionable recommendations. The 2004 and 2013 poverty assessments made broader links (namely, macroeconomic stability as well as growth and employment, respectively) but at a high level of generality. The 2013 poverty assessment also used the data to confirm that poverty correlates by and large had not changed.

In a country as large and complex as Nigeria, other diagnostic work would have been expected to drill down on key poverty reduction issues and inform both the client and the Bank on how to operationalize their strategies. Notable in this regard was the public expenditure and monitoring work on basic health (for example, the 2005 Health Status Report) and education services (for example, the 2008 Review of Costs and Financing of Public Education). Other reports included the 2006 Getting Agriculture Going report, the 2009 Employment and Growth study, and the 2013 Social Safety Net Stocktaking. Although not explicitly included in the poverty assessment narratives, the Bank continued to work on fiscal management of oil wealth at both the federal and state level, with a focus on macroeconomic stability and sustainability for indirect poverty impact. Overall, the Bank’s analytics are held in high regard.
Even if the totality of the poverty diagnostics had represented a more integrated package, the major weakness of the Bank’s poverty diagnostics would still have been the effectiveness of those diagnostics. The Bank focused more heavily on the technical quality of the work than on following up and communicating with stakeholders, resulting in much more limited awareness of the Bank’s work than necessary to have impact in a large and complex country like Nigeria. There is a relatively low level of understanding of poverty analysis and only limited Bank efforts at outreach. No interviewee outside the Bank referenced the Bank’s 2004, 2007, or 2013 poverty assessments. Weaknesses in the data (i.e., no comprehensive survey available in 2004, the absence of multiple surveys in 2007 to analyze drivers of poverty, and the underestimation of consumption in 2013) limited the ability to draw strong conclusions or make credible recommendations on several issues. The poverty diagnostic work has not been used to derive action plans for future poverty reduction work and the country’s poverty strategy, although elements are contained in select sectoral components. The diagnostics did not explain how and when such an action plan or updated strategy will be developed.

The character and extent of poverty in Nigeria did not change much during the decade. The Bank’s strategy partly reflected the poverty diagnostics. Each of the strategies focused on similar issues, including areas highlighted by the poverty evidence and diagnostics as key to poverty reduction. The country strategy tended especially to emphasize the human development component of the poverty agenda, in particular expanding social service delivery in health and education, with a focus on states but spanning federal, state, local and community levels. Another issue with significant poverty focus was agriculture productivity, as a subset of the nonoil growth agenda. The regional differentiation issue, also underpinned by the poverty diagnostics, was flagged in the strategies, usually as part of the governance agenda.

STRATEGY FORMULATION, IMPLEMENTATION, AND FEEDBACK LOOPS

The FY05–09 CAS put poverty front and center in its motivation and context setting. It noted that Nigeria had 70 million people in poverty, the third largest number in the world after China and India, and drew on the 2004 poverty assessment and other findings for details. Given these levels of poverty, the poverty assessment was an advocacy document for more international support, noting that official development assistance was only $2 per person in Nigeria versus $28 for Africa. It made the case for consideration of debt relief, noting the government’s commitment to use the proceeds for MDG-related efforts, even if funding is fungible. The strategy articulated poverty links to individual components of the strategy, but a results chain was not explicitly developed. It identified gaps in knowledge and proposed to fill them through poverty assessment and statistical capacity building.
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The FY10–13 CPS provided an update on the poverty context in Nigeria and made general observations about the importance of nonoil growth to poverty reduction. It was less explicit about how the individual strategic components related to the poverty challenges (something that was never asked for in the corporate context of that time), so there was no explicit results chain relating projected activities to poverty reduction at the national or sector levels. These, however, can be inferred. Midway through this period, the CPS shifted slightly to support priorities of the new government, including the agriculture transformation agenda, which had some pro-poor focus.

The poverty diagnostics did not drive the strategies. Several other considerations drove the strategies, particularly the centrality of governance, which was a Bank institutional priority, and the political economy context, which constricted the strategy space in which the Bank operated. Because of the nature of the client, the Bank’s country strategies did not have had an effective road map or integral and consistent vision of the interventions needed to reduce poverty. Notably, governance and corruption issues associated with a resource-rich state and the complexities of federalism and regional differentiation, as well as the potential for conflict along ethnic, religious, and regional lines, in Africa’s largest country meant significant divergence between the country’s stated objectives and actual Nigerian policy and program implementation.

Although the country strategies made explicit provision for scaling up, the Bank struggled to find financing modalities that actually worked to produce basic service delivery results in the Nigerian government structure. The social community-driven development (CDD) programs are not having the hoped for scaling up through effective local government linkages, despite project components aimed at doing so. Building on a decade of Bank knowledge-sharing on social protection, CDD safety net components are being supported in states with demonstrated ownership of reforms. This approach builds on existing modalities, including the government’s conditional grant scheme, including those with a focus on youth employment. Support to nonoil growth has been a second component of the Nigeria country strategies.

In both diagnostics and strategy formulation, nonoil growth was deemed as having strong synergies and complementarities with the social service delivery agenda: the poor can realize benefits of services only in the face of economic growth. The poverty reduction case for support to agricultural productivity was more central, given the larger rural nature of poverty in Nigeria. This is home to the productive CDD Fadama projects, which have explicit poverty focus. They have been successful in raising incomes in supported communities and been scaled up across Nigeria.
The case for addressing the huge infrastructure deficit for growth was compelling, for example, power sector reforms where the Bank has played a transformational role, although the poverty-focused elements were more limited in projects such as rural roads and Lagos urban transport (e.g., lowering bus costs for poor). The focus on geographic growth poles made sense from an aggregate growth perspective, but with the caveat that these growth poles were not primarily in those parts of the country with the greatest poverty headcount percentages, although some were in largely populated areas with large numbers of poor.

The Bank CPS adjustment in the face of the global economic crisis included a DPO supporting financial and PFM reforms without poverty linkages. The adjustment of the CPS midway, as reflected in the CPSPR, including the agricultural DPO series, was aimed at getting behind the Johnson government’s reforming Agriculture Transformation Agenda (ATA), which included at least some pro-poor elements. However, Fadama is not yet supported with the government’s own sizable resources. In addition, the trade-offs, if any, between a focus on growth (agricultural commercialization and growth poles) and poverty reduction, let alone the distinction between moderately and core poor, were less explicit in the strategy. One component of the DPO that is explicitly pro-poor is the elimination of the government’s direct fertilizer procurement and distribution system.

Another potential synergy in the strategies that has not been realized is geographic. The Bank has only recently made an effort to systematically link its rural interventions, including the agricultural market-focused Rural Access and Mobility Project, with the successful scaling up of a pilot to other states. Notable from the poverty perspective is that the additional financing for Fadama 3 focuses on linking Fadama groups to the ATA commercialization agenda and coordination.

The apparent increase in income equality suggests the centrality of a focus on broader based nonoil growth. The nonoil growth story also needs to be nuanced from the geographic perspective: the national average hides large differences across regions. Preliminary evidence from the (more reliable) panel survey suggests that parts of the country, such as the Southwest, have also experienced rapid declines in poverty. In parts of the North, growth has been more modest and accompanied by worsening inequality — notably in the Northeast — and hence worsening poverty.

Feedback loops on poverty reduction from data to diagnostics to strategy formulation and implementation have been incomplete in Nigeria. There were no Nigerian champions demanding data and diagnostics. The Bank-financed explicit poverty-focused interventions were of small scale relative to the problems and the government’s own resources, even though several demonstrated strong technical
and interpersonal approaches to evaluation. Lending programs for Nigeria required attention, as the largest IDA program for the Africa Region, but “projectizing” drained energy and incentives away from a more concerted effort to help build a constituency for poverty reduction. It may be too much to expect that the Bank could ever have the instruments and leverage to be transformational in this country, so expectations need to be tempered. However, not all options have yet to be explored.

There appear to have been few champions or strategists in Nigeria who were linking their growth-oriented agenda more strategically to poverty consideration including jobs, urbanization and agricultural commercialization agendas, compounded by the competitiveness difficulties facing any resource-rich economy. The lack of clear evidence of poverty reduction in official numbers after strong nonoil growth—combined with concern with Nigeria’s image from unrest in poorer parts of the country—might represent a window of opportunity for a more transformational approach to poverty reduction in Nigeria than has been possible in the past. The Bank’s articulation of such growth-poverty links could help move forward this bigger picture and get more traction with leadership, going beyond targeted focus on safety nets and social service access. This goes well beyond technical foundations usually covered by poverty assessments and calls for blending political economy analysis, microeconomic poverty analysis, pragmatic knowledge sharing and effective communication within the Bank’s wider program.

Evidence on poverty reduction in the Nigeria program was modest. Explicit attention to poverty reduction objectives was either at a high level of generality (as in debt relief or nonoil sector growth) or detailed in only a subset of the program (as in CDD programs). The Bank program for Nigeria did monitor the MDGs, which include an indicator on income poverty. However, in general, the Bank did not produce substantial information on poverty reduction that would lead to M&E. In neither of the CASs under review was poverty included in the proposed outcomes and results to be monitored as part of assessment of the Bank’s program, including within a sectoral context.

The Bank’s country programs evolved, although there were no major deviations of the implemented operations addressing poverty from the original CAS and CPS. Given the governance challenges and need to focus on champions of reform, the Bank shifted its programs accordingly. For example, it continued to stay engaged in health, enabled by pockets of reform champions at both the federal and state level, notably for maternal, child, and other basic health services that are pro-poor. The Bank responded to the global crisis with a (financial-sector/PFM) DPO combined with ramping up of social safety net dialogue to increase the visibility of the
weaknesses in Nigeria. The slight pro-poor shift was enabled by a strong Bank team, which once again is receiving a little more attention in light of unrest in the Northeast. Other obstacles in implementing the Bank’s strategy (for example, lending delays because of disagreements between the executive and legislative branches) were unrelated to the poverty focus.

**Summary Assessment**

The Bank is a small player in financial terms in resource-rich Nigeria, with annual lending level representing roughly 2 percent of federal revenues. This has seriously constrained the ability of the Bank to build effective poverty reduction into its strategy. The Bank has likely had a greater impact on poverty reduction through reliance on champions—and there are committed counterparts, despite the aggregate picture. Support to champions went beyond financial resources. Some of the highest-impact interventions provided knowledge and technical support to motivated Nigerian teams within sectors and states, getting behind reform teams with solid analytics and practical support (on issues ranging from debt relief, fiscal reform, and a virtual poverty fund to impact evaluation of primary health care services at the federal level and from procurement to education learning outcomes in states). The Bank appears to have become less risk averse over time, engaging more actively on the petroleum subsidy and publicly flagging the extent of poverty in Nigeria, but its efforts have probably been excessively balanced in favor of lending over AAA. The Bank will need to play an even more prominent advocacy role, putting the poverty issue in a context that promotes domestic dialogue and debate; for example, couching it in terms of inequality or jobs or peace and security. A possible lesson is that AAA and advocacy may be even more important in a resource-rich country, especially if the timing and approach are well informed. The importance to the overall lending program of a large country such as Nigeria cannot be allowed to overshadow this imperative.

Feedback loops on poverty reduction from data to diagnostics to strategy formulation and implementation have been incomplete in Nigeria. There were no Nigerian champions demanding data or diagnostics. The Bank-financed poverty-focused interventions were of small scale relative to the scale of the problems and the government’s own resources, although several demonstrated strong technical and interpersonal approaches to evaluation. The lending program for Nigeria required attention as the largest IDA program for the Africa Region, but “projectizing” drained energy and incentives away from more concerted efforts to help build a constituency for poverty reduction. It may be too much to expect that the Bank could ever have the instruments and leverage to be transformational in
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Nigeria, so expectations may need to be tempered. However, not all options have yet to be explored.

There appear to have been few champions or strategists in Nigeria who were linking their growth-oriented agenda more strategically to poverty considerations, including jobs, urbanization, and agricultural commercialization agendas, compounded by the competitiveness difficulties facing any resource-rich economy (from Dutch disease). The lack of clear evidence of poverty reduction in official numbers after strong nonoil growth—combined with concern with Nigeria’s image from unrest in poorer parts of the country—may represent a window of opportunity for a more transformational approach to poverty reduction in than has been possible in the past. The Bank’s articulation of such growth-poverty links could help move forward this bigger picture and get more traction with leadership, going beyond a targeted focus on safety nets and access to social services. The approach goes well beyond technical foundations usually covered by poverty assessments and calls for blending political economy analysis, microeconomic poverty analysis, pragmatic knowledge sharing, and effective communication within the Bank’s wider program.

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Peru

Context

Peru grew steadily at about 6 percent a year during the last decade, and GDP per capita grew at an annual rate of about 5 percent. GNI per capita reached $9,440 in 2011. The poverty incidence fell from about 58 percent to 31 percent during 2004–2012, with the incidence of extreme poverty falling from 17 percent to 10 percent. The stability of economic policies at the macro and regulatory level has created good incentives for domestic and foreign direct investment, which a benign external scenario has also helped. According to the latest IMF Article IV report, Peru has been one of the best macroeconomic performers in Latin America over the past decade. It continued to be a leader in high growth and low inflation in the region, thanks to prudent macroeconomic policy implementation, a far-reaching structural reform agenda, and a benign external environment. Not least because of these factors, the economy came out virtually unscathed from the 2008–09 global financial crisis, with growth rebounding to nearly 9 percent growth in 2010 and being sustained at high levels in 2011–12.

There is a strong consensus among Peruvian experts that growth has been a key driver of poverty reduction across income groups and regions. However, large regional differences remain, in both poverty rates and non-income indicators. The incidence of extreme poverty is three times the national average in the rural sierra and twice the national average in the jungle. The incidence of malnutrition in children under the age of five is 38 percent in the lowest income quintile and 2 percent in the highest quintile (the average for the entire population is 17.5 percent).

Poverty Data

Between 2000 and 2012, Peru carried out 12 National Household Surveys and seven nationally representative Demographic and Health Surveys to assess the health and nutritional status of the population. The evolution of the national statistical system faced some significant challenges; the Bank played a critical role in reforming the system. In 2004 several changes in the methodologies for the National Household Surveys took place, resulting in changes in poverty estimates. As a consequence, no official poverty estimates were made publicly available between 2004 and 2007, which added to the loss of credibility of the poverty data and of the National Institute of Statistics. The authorities requested technical assistance from the Bank to address the methodological problems and to help restore public trust. Rather than providing solely traditional technical assistance, in 2007 the Bank set up an external expert advisory committee to help reach consensus on best methodological practices to produce comparable poverty estimates. Under this new initiative, the Instituto
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Nacional de Estadística e Informática (INEI) was able to issue comparable poverty figures for all years between 2001 and 2010. The communication of the results was transparent, the figures were not contested, and public trust was restored. In 2011 new methodological changes were adopted to better reflect the profound socioeconomic changes experienced by Peru during the past 15 years. As a result of the Bank’s technical assistance, INEI has become institutionally stronger, and transparency has increased substantively.

DIAGNOSTICS

Three sets of diagnostic work were available before the two CPSs during the period of this evaluation: the 2005 poverty assessment, the 2006 New Social Contract for Peru, and public finance studies, such as the Decentralization Process and the Public Expenditure Process and the PER of 2012. In general, these studies were of high quality in terms of the meaningful use of empirical evidence (including good-quality statistics), relevance, timeliness, depth of analysis, and identification of policy directions.

A major contribution of the poverty assessment is the integrated (general equilibrium) nature of the analysis. The assessment recognizes the role of growth and sustainability issues and provides a taxonomy of the most binding constrains on urban employment expansion and the productivity growth of poor farmers. It then turns to the provision of social services to the poor and the role played by low-income households’ demand for those services. The emphasis on non-income aspects of poverty is critical in Peru, because some of these indicators are lagging with respect to improvements in incomes. For example, although children malnutrition has been reduced, it remains high, despite income growth of the poorer segments of the population, particularly in isolated rural areas.

The discussion of the demand side is important and innovative. A large proportion of the poor is concentrated in indigenous groups, whose demand and use of social services depends highly on the degree to which these services are aligned with their cultural practices. There is consensus in Peru that a key issue is the fact that the remaining pockets of extremely poor are increasingly concentrated among rural indigenous groups.

The New Social Contract is a good-quality diagnostic report relevant to the delivery of social services to poor families. The five-year Accountability for Social Responsibility (RECURSO) programmatic AAA program played a critical role in the diagnosis and what is needed to move the delivery system out of a low-equilibrium trap. It calls for action across a wide front, ranging from the need for standards, transparent information, and better ways to monitor quality to a new a system of
incentives and accountabilities to improve incentives on the supply side. This work supported the dialogue with the incoming authorities at the time and was disseminated widely in Peru, helping create consensus on the major areas of reform in the social sectors. This strong effort at dissemination is an especially positive aspect of the Bank’s diagnostic work in Peru.

The work on public finances undertaken in 2010 and 2012 focuses on the regional dimensions of poverty. It also updates the expenditure incidence analysis, calling attention to the relatively small size of the more poverty-targeted programs compared with other social transfers. The study is candid about the fact that the fiscal rules guiding the allocation of mineral revenues may not be reducing regional inequalities. The Bank’s diagnostic reports for Peru were innovative and candid, and they were disseminated widely in the country.

**Strategy Formulation, Implementation, and Feedback Loops**

The FY07–11 CPS followed the key areas identified in the diagnostic work: widening the base of growth (in particular rural infrastructure in poor areas), promoting a new social contract in the delivery of social services, and addressing the challenges of decentralization and the new responsibilities of local governments. However, the CPS had a cryptic discussion of social assistance in Peru, and the targeted programs represented only a small share of GDP compared with the rest of the Latin American and Caribbean Region. The CPS did stress some specific areas of urgency raised in the diagnostic work, such as infant malnutrition; educational quality, which has become a major priority; and the system of fiscal transfers, which may have accentuated regional inequalities.

The FY12–16 CPS has a significant degree of continuity with the previous strategy, but it has a sharper focus on extreme poverty, with an emphasis on reaching the rural poor. It explicitly acknowledges the significantly higher level of poverty and child malnutrition in rural selva (jungle) areas than in the rest of the country, and it identifies a set of priorities targeted to these groups. The CPS also identifies more specific areas of targeted interventions than the earlier CPS. These targeted interventions reflect the priorities of the new administration.

Overall, the proposed portfolio of lending and nonlending activities in the two CPSs is consistent with the diagnostic work and the formulated strategies. The FY07–11 CPS envisaged a series of three social sector DPLs to support key policy steps in the social sector delivery in the context of the announced decentralization of services. In spite of their potential systemic importance, there are no details on the specific policy steps to be supported by these DPLs. This area remains vague, an important shortcoming of the FY07–11 CPS. There are no efforts to develop a results chain
linking these operations to objectives in this area. The strategy also contains a follow up of the RECURSO AAA program, which seems highly relevant to poverty and potentially to the design of the social DPLs. However the CPS missed an opportunity by not integrating well the discussion of the diagnostic work with the lending operations. Similarly, the program envisages five DPLs in the area of fiscal management and competitiveness, with an emphasis on examining public expenditures and result-based systems. These operations could potentially be good vehicles to address the inequalities created by fiscal transfers and to reallocate resources to the most targeted social transfer programs. Another major shortcoming of the FY07–11 CPS was the lack of reference to the special situation of the indigenous populations and ways to adapt basic education and health interventions to meet the need of these groups.

In contrast, the FY12–16 CPS envisages new initiatives to help consolidate the dispersed programs targeted to the poor and make Juntos, the main CCT program, the centerpiece of such assistance. The initiative is to be implemented with a tight timetable, and the CPS envisages a possible DPL or SWAp, accompanied by strong technical assistance. A SWAp in the area of nutrition (not originally planned in the first CPS) is to support expansion of Juntos in this area. An important piece of AAA, RECURSO V, is to study (through a survey) the extent to which better parental knowledge on the effect of nutrition could enhance the impact of Juntos. The envisaged activities in this area thus incorporate important complementarities between lending, technical assistance, and AAA, with a clear result chain of outcomes and milestones of progress.

At the sectoral level, the FY12–16 CPS also included a new Health Reform III project to reach poor rural mothers and children, making health facilities culturally appropriate for potential beneficiaries. The explicit objective is to increase the number of institutional rural births in the nine poorest regions of the country. An education SWAp envisions introducing a result-based system involving the participation of families and communities, with the objective of improving learning outcomes of children from rural and indigenous communities. Thus in both health and education, the interventions proposed were highly targeted to the poorest families.

Both CPSs also included activities to provide better infrastructure to the rural poor and help them get better connected to markets and services. The FY07–11 CPS envisaged operations to reach the rural poor in the Sierra and assist the rural transport decentralization process. The Sierra projects aimed at enhancing the connectivity of farmers to markets, which seemed to be relevant interventions. However, there is no discussion of how these isolated or pilot type interventions
would be replicated or scaled up when Bank funding ceases; a result chain in addressing this issue was missing in the CPS.

The FY12–16 CPS has a richer set of proposed interventions in rural infrastructure. Projects on decentralized rural transport seek to strengthen the role of the Provincial Road Institutes and promote microenterprises in the routine maintenance of rural and provincial roads. However, the discussion does not provide information on the extent to which these interventions will focus on poorer rural areas or how the project will mobilize resources through microenterprises beyond the project period. A similar problem emerges in the discussion of projects in electricity and communications. The CPS, however, does include a targeted initiative in water and sanitation aimed at poor populations in peri-urban and rural areas, including the efficiency of small and medium-size water utilities. The results chain incorporates outcomes and milestones, as well as possible scaling up by the International Finance Corporation (IFC), providing advisory services to support public-private partnerships at the subnational level.

Finally, the FY12–16 CPS discusses some activities to strengthen local government and advance the decentralization agenda. The idea is to identify key bottlenecks according to the different capacities and needs of local governments, probably through some technical assistance activities. This activity seems to be a highly relevant given the new responsibilities of local governments. However, the discussion is not sufficiently specific and does not elaborate on how priorities will be determined.

The CPS documentation suggests that the operational strategy contains a more explicit and clearer set of interventions to reach the poor in the social sectors and safety nets than in the physical infrastructure sector, including the issues of scaling up and sustainability. The FY12–16 CPS also includes a richer description of envisaged operations to reach the most vulnerable groups. The support given by the Bank to the social sectors represents a significant share of its total support in Peru. Social sector DPLs accounted for about 25 percent of total lending to Peru during the review period, and the RECURSO programmatic AAA accounted for the largest bulk of the analytical work. Based on the project documentation approved and discussions in the field, the portfolio had significantly more coherence, clarity, and synergisms than what was described in the CPS documents.

Several positive features characterize Bank support for the social sectors in Peru. These features, which were acknowledged explicitly in the field by Peruvian counterparts, include (i) strong complementarity (stronger than envisaged in the CPS) between the DPLs, AAA, and technical assistance, with a high level of
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participation by Peruvian counterparts; (ii) good synergism between the steps supported by the DPL series and the individual operations in the sectors; and (iii) consistency between the design of projects in health, nutrition, and education and the diagnostic work on poverty, in particular in better targeting resources to the poorest households, particularly indigenous populations in rural areas that required special design features. Child malnutrition, infant mortality rates, and maternal mortality ratios were special areas of focus. The health project targeted reducing maternal and infant mortality in the nine poorest regions in the country.

Peru seems to have valued most the convening role and know-how of the Bank—much more than its financing contribution. The DPLs and SWAps were very small relative to the Peruvian economy and relative to the scope of the technical assistance operation. The Bank team working with the Peruvian authorities had a high level of expertise and commitment to the Bank’s program of support for Peru, which was critical given the strong and innovative nature of the analytical work, the quality of the dialogue, and the degree of trust that was generated. Most Bank task team leaders remained engaged with Peru for at least five years. Peruvian counterparts unanimously acknowledged this commitment.

Efforts to better connect the poor to services and markets focused on pilot projects that could lead to innovation, learning, and scaling up. Project documents contained result chains identifying modalities to facilitate financial sustainability, mobilizing the willingness to pay from rural communities together with some transparent subsidization to allow reaching poor groups (such as localities increasingly dispersed and far from the grid). Mobilizing private investment was important to ensure scaling up and sustainability. Peruvian experts explicitly acknowledged these efforts, particularly on roads. However, there are some concerns about scaling up and sustainability, which are explicitly discussed in project documents.

Overall, the portfolio of approved operations contained a much clearer articulation of the poverty objectives and result chains than was described in the CPS documentation. There was also a positive change over time: the second CPS has a clearer articulation and poverty focus than the FY07–11 CPS, and the operations in the social services area were better aimed at reaching the poorest groups.

The Bank’s self-evaluations based on CAS and CPS Progress Reports and Completion Reports, as well as status reports of individual projects, converge in the three important operational messages. First, the process of regional decentralization has made efforts to reach the poorest and more isolated rural populations more challenging. Weak institutional capacity at the local level, particularly in the poorest municipalities, limits the effectiveness of additional transfers to these municipalities.
Replacing traditional investment loans by technical assistance and capacity-building activities targeted to local governments may remedy the situation. Second, the challenge of reaching the more isolated rural populations is manifested particularly by the difficulties of achieving major improvements in maternal and child health. Neonatal mortality, early malnutrition, slow improvements in breastfeeding practices, and the slow expansion of laboratory testing for pregnant mothers are some examples of problem areas that call for solutions that need to be fine-tuned at the local level. Third, the challenges of reaching more dispersed rural groups are detected in some of the rural community development projects and electrification projects. These projects require significant coordination across levels of government, the mobilization of local finance. Subprojects play a critical role in scaling up and sustaining these investments.

These messages seem to suggest the importance of experimenting with local pilot projects, complemented by technical assistance to local municipalities and incentives to scale up pilots by mobilizing resources at the local level. A distinctive contribution of the Bank program was to help Peruvian households monitor progress in the social sectors themselves. Enhancing local M&E capabilities to gauge service quality and delivery has become a major priority in Peru, with the issue raised by many stakeholders during the field visit. Creating metrics and standards to better inform users and local authorities is seen as critical. The Bank seems to have played a major role in empowering poor families by producing and disseminating information on nutrition standards and learning outcomes as a means to evaluate outcomes and the quality of social services at the local level. For example, the Bank team worked to develop easy-to-understand metrics for education and health services. The My Future, My First Centimeters initiative showed that children everywhere in the world have the same growth potential in the first five years of life and that bad nutritional practices and lack of information can contribute to stunting. The program led to a wider recognition and understanding of inequality in nutritional status and educational outcomes across localities.

Since 1985 Peru has consistently collected household survey data to assess living standards and provide the evidence necessary to design social policy. The process has improved over time; today the information system is continuously up to date. The surveys include both income and non-income indicators and provide nationally and regionally representative data on different aspects of livelihood. The diagnostic reports prepared by the Bank covered the most relevant issues of poverty in Peru. Overall, the studies were of a very good quality in terms of meaningful use of empirical evidence (complemented with good-quality statistics), relevance and timeliness, the depth of analysis, and identification of policy directions. The most
recent CPS has a stronger link to poverty issues in Peru and better reflects the findings and recommendations of the Bank’s diagnostic work. A key issue in Peru has been the significant divergence between the planned portfolio, as reflected in the CPSs, and the implemented portfolios. The situation improved in more recent years, particularly with the FY12-16 CPS, and there is now strong complementarity between the Bank’s poverty-related lending and nonlending activities.

Key features of the Bank’s program of support have been strong complementarity between AAA and technical assistance, with a high level of participation of Peruvian counterparts; good synergy between the steps supported by the Results and Accountability (REACT) DPL series, the Ministry of Development and Social Inclusion (MIDIS) DPL, and individual operations in the sectors in which these DPLs supported the introduction of standards and monitoring systems to start strengthening beneficiaries’ power and hold providers more accountable; strong complementarity between DPLs and technical assistance; and the specific design of projects in health, nutrition, and education, which was consistent with the diagnostics work on poverty. The Peruvian counterparts seemed to have valued the most the convening role and the know-how of the Bank over its financing contribution. The DPLs and SWAps were very small relative to the Peruvian economy, except for REACT II, which was approved during the 2009 global crisis (and consisted largely of a deferred drawdown option [DDO] with a contingent component). The lack of interest in large loans became more apparent as growth in Peru resumed and its external finances improved.

**SUMMARY ASSESSMENT**

Since 1985 Peru has consistently collected household survey data to assess living standards and provide the evidence necessary to design social policy. The process has improved over time; today the information system is continuously up to date. Household surveys covers both income and non-income indicators and provide nationally and regionally representative data on different aspects of livelihood.

The diagnostic reports prepared by the Bank covered the most relevant poverty issues in Peru. Overall, these studies were of a very good quality in terms of meaningful use of empirical evidence (complemented with good-quality statistics), relevance and timeliness, depth of analysis, and identification of policy directions. The most recent CPS had a stronger link to poverty issues and better reflected the findings and recommendations of the Bank’s diagnostic work.

A key issue has been a divergence between the planned portfolio, as reflected in the CPS, and the implemented portfolios. The situation has improved in more recent years, particularly with the FY12-16 CPS, and there is now strong complementarity...
between the Bank’s poverty-related lending and nonlending activities. Detailed review of the formulated CPSs and their implementation reveals that the operational strategy contains a more explicit and clearer set of interventions to reach the poor in the social sectors and safety nets than in the physical infrastructure sectors. In addition, concerns about scaling up and sustainability emerge from many of the interventions in infrastructure—at least in the way these interventions have been discussed in the CPS documents.

Key features of the Bank’s program of support have been the strong complementarity between AAA, technical assistance, and lending with a high level of participation of Peruvian counterparts. Moreover, synergies between the steps supported by the REACT DPL series, the MIDIS DPL, and the individual operations in the sectors where these DPLs supported the introduction of standards and monitoring systems to start strengthening beneficiaries’ power and hold providers more accountable.

Other important synergies included: (i) the strong complementarity between DPLs and technical assistance; (ii) the design of projects in health, nutrition, and education, which was consistent with the diagnostic work on poverty; and (iii) the fact that Peruvian counterparts seem to value the technical expertise and know-how, as well as the convening role of the Bank over its financing contribution. The DPLs and sector-wide approaches were very small relative to the Peruvian economy, except for REACT II, approved during the 2009 global crisis (and consisting largely of a development policy loan with a draw down option with a contingent component). Peru’s lack of interest in large loans grew as growth recovered and external finances improved.

An important factor in the success of Bank support in Peru seems to have the fact that the Bank mobilized a team with a high level of expertise and commitment. Most of the Bank’s task team leaders remained engaged with Peru for at least five years. Its commitment and expertise seems to have been critical for the strong and innovative nature of the analytical work, the quality of the dialogue, and the high degree of trust that was generated.

Philippines

Context

The Philippines experienced moderate annual growth of 4–5 percent during the early 2000s that recently accelerated to 7–8 percent. GDP per capita grew by an average of 3.5 percent a year during 2003–13. GNI per capita reached $4,140 by 2011.
Despite this good growth performance, the poverty headcount changed very little in the past decade, inequality has remained stubbornly high, and progress toward achieving the MDGs has been mixed. Although the country remains on track to achieve goals related to gender equality, infant and child mortality, and access to safe water, it is lagging on indicators related to basic education and maternal health. Although the under-five mortality rate declined from 40.4 per 1,000 live births in 2000 to 29.8 in 2012, the maternal mortality ratio remained stuck at 120 per 100,000 live births. Roughly one in four Filipinos (24 million people) continue to live below the national poverty line, most of them concentrated in rural areas (working in the agricultural sector or living in conflict-affected areas of Mindanao). In 2012 the incidence of food poverty (or national extreme poverty) was estimated at about 10 percent of the population, meaning that roughly 10 million people did not have sufficient income to meet their basic food requirements. About 10 percent of the population is at risk of falling into poverty and especially vulnerable to natural disasters or economic crises. Between 2003 and 2009, one in three of the poor was persistently poor, and two-thirds were transient (meaning they fluctuated in and out of poverty). As weather patterns shift the path of seasonal natural disasters, the poorest regions of the country are faced with increased vulnerability to shocks.

In the second half of the decade, the economy was hit by multiple shocks, including the food and fuel price shocks, the global financial crisis, the global recession, and a series of deadly typhoons. The occurrence of the global financial crisis, the food and fuel crisis, and several highly destructive typhoons in 2008–09 was estimated to have increased poverty by nearly 4 percentage points, or an additional 3 million people. The economy has been resilient, however, rapidly recovering from these crises.

The reason why growth in the Philippines has failed to translate into poverty reduction is puzzling. One of the major contributors to this mystery is that the stubbornly high level of income inequality in the Philippines (the Gini coefficient hovers at about 0.45) limits the growth elasticity of poverty reduction. Another primary constraint to translating growth into poverty reduction is the high fertility rate (particularly among the poorer segments of the population). Frequent natural disasters, including deadly typhoons that disproportionately hit poor regions, push vulnerable groups into poverty and jeopardize long-term human capital development.

**Poverty Data**

The Bank has provided considerable support to the Philippine Statistics Authority, contributing to the improvement of poverty data collection and management as well as the strengthening of the methodology for estimating poverty. Given the capacity constraints of the national statistical agencies, the necessary reforms on survey
design and data management have not been pushed through. The quality and timeliness of poverty data in the Philippines constrains the construction of poverty estimates as well as the monitoring of progress on poverty reduction.

There are multiple sources of administrative and survey data available for constructing poverty estimates, including the Family Income and Expenditures Survey (FIES), the Labor Force Survey, and the Annual Poverty Indicators Survey. The FIES, which is the basis for computing poverty estimates, is carried out every three years. Mainly because of the limited capacity and fragmentation of the national statistical agencies, the design of the FIES survey has contributed to delays in data processing and release. The sharp decline in the number of staff in the national statistical agencies has exacerbated problems of timeliness: on average, it takes roughly two years after the completion of an FIES survey to clean the raw data, significantly undermining the timeliness of poverty estimates. There are also concerns about the quality and reliability of the FIES poverty data and the national account data. There are inconsistencies between the definitions of rural and urban in the 2003 survey round and later rounds. The lack of clarity in the methodology for establishing poverty lines, particularly related to regional price selection, renders the poverty trends not fully comparable over time. On the non-income poverty side, there is also variation in the availability and quality of data. Non-income poverty data at disaggregated levels (urban, rural, and agriculture) are particularly inadequate.

Methodological problems with the construction of the national poverty lines have undermined the comparability, and thus quality, of constructed poverty statistics. Recognizing the constraints posed by quality issues, the Bank has been at the forefront of supporting the improvement of data quality in the Philippines. The Bank has full access to the raw survey data, albeit with large delays because of data-processing problems. Although there is a clear indication of appreciation from the government statistical agencies for Bank technical assistance and close collaboration at the technical level, real improvements in the timeliness and quality of poverty data are still lacking.

**Diagnoses**

Stakeholders, including representatives from the government, development partners, academia, NGOs, and civil society organizations, consider the Bank’s knowledge products on poverty to be of high quality. Overall, the quality of Bank poverty diagnostic work on the Philippines has been good, given the data quality and availability.
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The Bank’s poverty diagnostic work generally made good use of the data available between 2005 and 2012, providing a reasonably complete picture of both income and non-income poverty. However, the absence of a full poverty assessment or poverty update during the entire period of evaluation limited the comprehensiveness and depth of the analytical work on poverty. Its absence, the lack of timeliness of survey data, and the delayed release of key pieces of Bank analysis limited the effectiveness of Bank poverty diagnostic work in contributing to policy dialogue. The latest poverty assessment was conducted in 2001, using 1997 FIES data. The poverty assessment planned for 2006/07 was included as a chapter in a report on inclusive growth and released only in 2010.

In the absence of a full poverty assessment, the empirical underpinnings of the drivers of poverty and the unique challenges facing the extreme poor were limited in depth and breadth. Between the 2001 poverty assessment and the 2010 report on inclusive growth, poverty diagnostic work was embedded in many other pieces of analytical work produced by the Bank, including the annual Philippines Development Report, Discussion Notes, and Development Policy Updates. The Bank also conducted a series of PERs to examine the efficiency of public spending in priority areas and identify ways to improve pro-poor public actions. The most recent PER, prepared in 2011, highlighted the fact that data gaps limit the scope for analysis and the M&E of public revenues and expenditures.

STRATEGY FORMULATION, IMPLEMENTATION, AND FEEDBACK LOOPS

The Bank had two country strategies during the period of evaluation: the CAS for FY06–09 and the CAS for FY10–13. Both reflected the broad recommendations of the poverty diagnostics available at that time and were closely aligned with the strategies of the Philippine government. The focus in the FY10–13 CAS on the distributional aspects of growth was supported by considerable analytical underpinning, despite the absence of a formal poverty assessment or poverty update since 2001. However, the lack of timeliness of poverty data and its limited representativeness translated into similar issues with the diagnostic work, which to some extent undermined its usefulness, particularly for monitoring the effectiveness of Bank interventions. The absence of a poverty assessment or poverty update between 2001 and 2010 limited the scope and depth of poverty analysis that the FY06–09 CAS could draw from. However, as the challenges the country faced with respect to poverty reduction remained largely unchanged overall, the negative effect of the poor timeliness of poverty diagnostic work on the Bank’s country strategy formulation was limited.

Seizing the window of opportunity opened by the government, the Bank focused primarily on supporting the piloting and scaling up of the conditional cash transfer
program and CDD programs, including the Kapitbisig Laban Sa Kahirapan-
Comprehensive and Integrated Delivery of Social Service (KALAHI-CIDSS) CDD program. The Bank also supported the development of the National Household Targeting System for Poverty Reduction, which has become the main system of identifying the poor, providing objective information for the CCT, CDD, and national health projects. The Bank also supported several CDD programs that targeted conflict-affected areas of Mindanao including the Autonomous Region in Muslim Mindanao Social Fund, Mindanao Trust Fund for Reconstruction and Development, and the Mindanao Rural Development Program 2.

In FY06–09 there were major deviations between the CAS program that was planned and that which was implemented. Only five of the 15 projects listed under the base-case lending scenario materialized. The bulk of the lending interventions occurred in response to government demands to shift from pure investment lending to sector-wide national program support initiatives. One DPL, prepared in 2006, was implemented during this period; it was planned only as a possibility for the high lending scenario in the CAS. The results framework was clearer than in the previous CAS, with a stronger causal link to poverty.

In FY10–13 there were major deviations between the planned and actual CAS programs, for both lending and nonlending. In the CAS, some 36 percent of lending was allocated to reducing vulnerability, 25 percent to macroeconomic stability, 21 percent to improvements in the investment climate, and 17 percent to public services. In actuality, two-thirds of the lending portfolio was allocated to macroeconomic stability, because of implementation of a series of DPLs and the Catastrophe DDO (CAT-DDO) in response to global economic crises and natural disasters. The Bank responded swiftly to support the Philippine government respond to natural disasters. The disbursement of both the emergency DPL and the CAT-DDO occurred with record speed, helping fund normal expenditures, including social expenditures. However, several stakeholders expressed concerns that the money was sitting at the national level and not used to support the poor in a timely manner.

The Bank has provided considerable support to the Philippines concerning poverty data improvement, including data collection and management and the strengthening of the methodology for estimating poverty. Despite this support, the Bank has not been able to strongly influence the introduction of necessary reforms on data management and analysis. The lack of timeliness and quality of poverty statistics remains a constraint in monitoring the progress of poverty reduction. The Bank’s poverty diagnostic works were of high quality and provided strong analytical underpinnings for policy making and strategy formulation. The absence
of a full poverty assessment or poverty update since 2001 limited the depth of the work in certain aspects, including in identifying the drivers of poverty at a disaggregated level and tailoring recommendations to overcome obstacles. The CASs were closely aligned with government strategies. There were, however, significant deviations between envisaged and actual implementation of country programs. The M&E system improved both at the country program level and the project level, though it continues to focus on national level and intermediate outcomes.

**Summary Assessment**

The Bank has provided considerable support to the Philippine Statistics Authority, contributing to the improvement of poverty data collection and management and strengthening the methodology for estimating poverty. Despite this support, the Bank has not been able to strongly influence the introduction of necessary reforms on data management or analysis. The timeliness and quality of poverty statistics remain a constraint in monitoring the progress of poverty reduction. The Bank’s poverty diagnostic works were of high quality and provided strong analytical underpinnings for policy making and strategy formulation. The absence of a full poverty assessment or poverty update since 2001, however, limited the depth of the work in certain aspects, including in identifying the drivers of poverty at a disaggregated level and tailoring recommendations to overcome obstacles. The CASs were closely aligned with the government’s strategies. There were, however, significant deviations between the envisaged and implemented country programs. The M&E system improved at both the program and the project level, though it continues to focus on national-level and intermediate outcomes.

The Bank team in the Philippines has a strong sense of being a small player in a middle-income country with challenging political economy issues and deeply rooted vested interests. The main themes of the CASs—“islands of good governance” and seizing the window of opportunity to help “make growth work for the poor”—indicate the Bank team’s clear view of engagement in select areas. One of the key challenges the Bank faces is achieving an appropriate balance between supporting government priorities in reducing poverty and laying the groundwork to institutionalize difficult reforms needed to foster more sustained and inclusive growth.
Romania

**Context**

Romania experienced rapid growth during 2003–08, with GDP per capita growing by about 8 percent a year. However, following the severe downturn in 2008–09, the Romanian economy contracted sharply, and the pace of growth in 2009–13 has been very slow (0.2 percent a year in per capita terms). Romania’s GNI stood at $15,700 in 2011. The post-crisis recovery remains fragile and the outlook is challenging. With strong trade and financial sector linkages to the euro area, Romania has been and remains vulnerable to the regional economic slowdown. Although the economy is expected to grow at a moderately faster rate, growth momentum has been weak and lags most other emerging economies in Europe. Difficulties in absorbing structural funds from the European Union and frequent delays in advancing the structural reform agenda are weighing on the economy’s potential growth.

Romania’s absolute poverty (national line) fell sharply from 30.6 percent of the population in 2001 to 4.4 percent in 2009. Despite this progress, the consumption deficit, which also had fallen, rose to more than 22 percent of the population. Inequalities remain an important issue, as the difference between poverty rates in rural and urban areas increased from 10 to more than 20 percentage points.

Good progress was made in reaching the MDG targets. Between 2001 and 2009, the proportion of underweight children under the age of five fell by more than 50 percent, under-five mortality rate fell from more than 26 per 1,000 live births in 2000 to slightly more than 12 in 2012, and the maternal mortality ratio fell from 53 to 30 per 100,000 live births.

In Romania, the second largest ethnic minority (and by some estimates the largest) is Roma. Most of the Roma are poor, vulnerable, and socially excluded. Among the non-Roma population of Romania, 31 percent are at risk of poverty; the figure for Roma is 84 percent. The secondary school completion rate for the Roma is only 10 percent, compared with 58 percent for non-Roma. A meaningful poverty reduction strategy must address the situation of the Roma.

**Poverty Data**

By 2006 Romania had a well-developed information base for poverty monitoring and analysis. It included credible household, living conditions, and labor force surveys as well as two censuses (2002 and 2011) that, combined with the household surveys, allowed for the estimation of poverty and living conditions at the local level.
The Bank has been involved in Romania’s data development since the 1990s. Its involvement began with the first poverty assessment, conducted in 1993, which provided an input into the development of data sets and methods of calculating absolute poverty when the first representative survey was implemented in 1994. Romania continued with the implementation of the survey. As new needs were identified, it added new modules, temporarily or permanently. The Bank assisted during the process.

**Diagnostics**

During the period covered by this evaluation, the Bank engaged in significant capacity-building efforts. In 2007–08 it prepared three poverty reports in close collaboration with the Ministry of Labor, Family, Social Protection, and Elderly Persons and the National Institute of Statistics. These reports included the 2007 poverty assessment and two 2008 reports, one on inclusion and social protection, the other on labor market vulnerabilities. The Bank supported the government with technical assistance throughout the preparation of these reports. Preparation of the 2007 poverty assessment included analytical workshops that focused on impact evaluation and evidence-based policy making and poverty measurement. The Bank’s credibility on technical issues, built over the years; its pioneering work on poverty as Romania transitioned from a centrally planned to a market-based economy; and the deepening of poverty as a social program were largely responsible for partnering with the government on poverty data, measurement, and policy issues.

The Bank’s focus on increasing the volume and coverage of data and improving the targeting of social transfers is implicitly a recommendation to improve the equity of income after transfers. As its poverty assessments documented, the Bank paid attention to regional and urban/rural inequalities through multivariate analysis and poverty maps (showing high significance of geographic income disparities). Bank efforts on poverty monitoring covered the impact of the 2009 global crisis on poverty and focused increasingly on local conditions and exclusion. A joint Bank-UNICEF report provided a rapid assessment of the impact of the 2009 crisis. The Bank updated Romania’s poverty map with the use of 2011 census data. A recent report supported the development of poverty and inclusion indicators as the subnational level, including data on marginalized communities. These efforts responded partly to an increased focus on inclusion.

The Bank’s diagnostic work was thorough and of good quality, contributing to credible and widely shared findings on the drivers of poverty. Both the 2003 and the 2007 poverty assessments conducted multivariate analyses of the predictors of adult-equivalent household consumption and reported the effects of geographic
(urban or rural area, region) and household conditions (including ethnicity, gender of household head, and other variables). The 2003 poverty assessment provided information on deprivation (nutrition, durables, housing); education, health, and employment; and social capital (from a specially designed survey). The poverty assessments also produced poverty maps. The Bank continued supporting the production of poverty and exclusion maps following these poverty assessments, using census data together with household surveys.

The Bank assessed the adequacy of the country’s poverty reduction institutions, programs and funding, and poverty monitoring and evaluation arrangements. In early 2009, it prepared a set of policy notes for the government covering all sectors with a role in poverty reduction. Both in its poverty assessments and through its more direct advice to the government, the Bank proposed broad as well as specific and actionable recommendations to reduce poverty. The Bank’s broad approach was to combine measures to accelerate growth with measures to reach those vulnerable groups that would be unlikely to be reached by growth alone. The poverty assessments and sector AAA developed specific and actionable recommendations. Policies to reduce poverty through higher growth remained high on the list, with the 2004 CEM covering structural reforms across a wide range of areas. Several Bank reports covered policies on social protection, a focus of Bank support since its reengagement with Romania in the early 1990s, and developed actionable recommendations to improve the coverage, targeting, and integration of social protection arrangements. The Bank proposed actions to increase equity and quality in schooling, both regular and vocational. The Bank’s functional reviews probed deeply into delivery systems in these and other areas. The Bank earned its credibility in Romania partly by sharing international knowledge and working closely with local consultants and government line ministries and agencies.

**Strategy Formulation, Implementation, and Feedback Loops**

Through its past engagement, the Bank provided input into the government’s poverty strategies (1998, 2002, 2009). Good as the Bank diagnostic work has been, it must not obscure the contribution of other players. Before the review period of this report, the United Nations Development Programme and other United Nations agencies also supported poverty reduction efforts.

The FY06–09 and FY09–13 CPSs, as well as the FY02–04 CAS and the FY14–17 CPS, consistently defined three pillars of overall Bank assistance with some variations in phrasing: growth, public sector, and poverty reduction and inclusion. Under the results chain articulated in the FY06–09 and FY09–13 CPSs, increased growth was to be achieved through privatization and improvements in the investment climate, the financial system, education and skills building, agricultural productivity, transport...
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(roads and rail), and energy. The FY09–13 CPS sought improved public sector performance through better public financial management and civil service administration. Both CPSs were to support poverty reduction and inclusion through improvements in social protection, programs for the most disadvantaged and vulnerable people, increased effectiveness of health services, and reductions in regional disparities. The employment dimension of the poverty reduction vision was to be achieved through increased growth (particularly nonagricultural growth) and some direct interventions to bolster the formal economy and improve employability. The CPSs’ broad results chain was reasonable, although perhaps more attention could have been afforded to addressing the jobless growth record of past performance.

Through their three pillars, the CPSs were broadly consistent with the vision emanating from poverty diagnostics that identified growth, employment, and social protection as the critical targets of public policy for poverty reduction. This vision was underpinned by the poverty assessments’ diagnosis that growth was critical but not sufficient for poverty reduction, because it was unlikely to reach disadvantaged groups. Accordingly, a social protection component was critical for a comprehensive poverty reduction strategy.

To achieve results under the road map to poverty reduction, interventions under the two CPSs relied on the broad results chain outlined above, although details in the two CPSs differed. Both CPSs aimed Bank inputs at similar outcomes: inclusion, improved living and social standards, human development, and reduction of urban, rural, and regional disparities. Under the FY06–09 CPS, the Bank planned three key lending inputs toward its poverty and inclusion objectives: a series of human development DPLs, a social inclusion loan, a rural and regional development loan, and a second mine closure project. The planned portfolio was complemented by AAA covering poverty, rural and regional development, and policy notes on the human development areas. Under the FY09–13 CPS, the Bank planned a DPL series that would reflect the intended content of the human development DPLs that had not materialized under the 2006 DPL. Planned AAA covered the same areas as in the FY06–09 CPS, except for rural and regional development. The country program underpinning the FY09–13 CPS appeared to have a stronger commitment to inclusion, possibly as a result of the effects of the crisis on the poor. The Bank accordingly included a social inclusion pillar. Toward the end of the CPS period, the government hired the Bank to prepare its poverty strategy.

The FY06–09 CPS period was marked by a halt in Bank lending. After loan approval and effectiveness of 8 of 19 planned operations in 2006–07, little else took place on lending. As the CPSCR indicated, “Following accession and a change in the
governing coalition, interest in borrowing from the Bank waned rapidly … as Romania rapidly adjusted its financing strategy toward increased use of market finance, investment loans from the European Investment Bank and Structural and Cohesion grants from the EU [European Union].” Furthermore, continuing macroeconomic weaknesses, slippages in the reform agenda after accession, and lack of attention to strengthening institutional capacity derailed the program from a high- to a low-case lending scenario (as specified in the CPS). The quality of the portfolio declined as government interest in new loans weakened. The Bank remained engaged only through a low-case program of AAA.

Bank engagement recovered under the FY09–13 CPS, as the 2009 global financial crisis raised Romania’s financial needs and reform stance. Therefore, the Bank implemented only part of its planned new lending under the FY06–09 CAS (but with some with delays), as well as preexisting projects and an unplanned operation. Preexisting projects the Bank implemented or closed during the two CPS periods accounted for the bulk of implementation. The Bank dropped 11 of the 19 planned new projects, including 3 human development DPLs, a rural and regional development project, two infrastructure projects (energy and transport), 3 programmatic policy loans, and a business environment project.

Similarly, the Bank cut short the delivery of AAA under the FY06–09 CPS, after delivery of 7 of the 20 AAA it planned. Delivered activities with high poverty relevance included three poverty monitoring reports and a rural and regional technical assistance activity. Dropped activities with high relevance from the poverty perspective included a poverty monitoring note, a CEM, and three macroeconomic assessments. Unplanned delivered AAA with high poverty relevance covered (education and health), social protection, agriculture and rural development, and public expenditure.

Planned and delivered lending picked up during the FY09–13 CPS period. The Bank planned and approved three DPLs with human development components and a health sector reform operation. It also approved an unplanned Social Assistance System Modernization Project. Planned AAA (28 activities) under the FY09–13 CPS was generally delivered; it covered most poverty-related sectors (poverty monitoring, social protection, health, and education). At the end of the CPS period, the Bank was implementing several reimbursable technical assistance activities covering a broad range of areas. Other projects had no obvious poverty reduction effects but could be argued to have some poverty impact. The 2006 Transport Sector Support Project, for example, while not a poverty-focused operation, is expected to provide access to schools, health, and jobs, especially in rural areas, with road and railway works generating employment. The CPS did not monitor those effects.
Evidence on sustainability is spotty. Some investment projects, such as the Social Fund and Municipal Services projects, indicate continued reliance on external funding. In the case of the Social Fund, such funding came from a different donor after the Bank project closed.

DPLs that supported reforms with good project ratings may prove to have sustainable development outcomes. Two poverty reduction areas deserving more attention are skills development and employment and regional development. The Bank has explored these issues in the past, but it has not achieved the kind of engagement demonstrated in health or social protection. Efforts on employment, mainly analytical, emphasized the need to strengthen formal labor markets through tax and regulatory changes; promote economic growth through changes in the investment climate; and improve the links between education/training and employment. Efforts on regional development have yet to develop a good paradigm for action, although recent work on cities and “growth poles” shows promise. These efforts need Romania’s own efforts to develop policies in these areas, where much remains to be done.

The Bank monitored overall poverty reduction outcomes closely, through its work with the Ministry of Labor, covering both the national and municipal levels (through poverty maps). Evidence from the poverty assessments and other diagnostic work informed the design of its programs. This evidence includes evidence on poverty drivers as an underpinning for support to disadvantaged groups; evidence on the relationship between growth and distribution, to underpin a strong emphasis on the growth pillar as a way of reinforcing more direct poverty reduction efforts; and more recently, evidence on the Roma, to underpin a progressively stronger focus on this population.

The FY06–09 CAS articulated poverty-related targets from its projects under its Targeting Poverty Reduction and Promoting Social Inclusion pillar. These targets covered extreme poverty, living conditions at the local level and for the Roma population, delivery of early childhood education in selected communities, the quality of services to persons with disabilities, the youth employment rate, medical care of the poor, and the quality of infrastructure in rural and economically depressed areas. Under its inclusion pillar, the FY09–13 CPS monitored project targets, including Roma living conditions, the payment of benefits under the guaranteed minimum income (GMI) program and adequacy of GMI benefits, and the targeting of social assistance. The CPSs also monitored other poverty-related indicators, such as the costs of means-tested programs, consolidation of social assistance programs, and the efficiency and quality of health services. Except in follow-up projects (for example, the 2005 Mine Closure Project, which scaled up
activities under its predecessor), it is unclear how the Bank used the project monitoring data. CPSPRs and CPSCRs referred to the CPS indicators and provided updates and comments on progress with regard to the indicators.

There is room for improvement of monitoring poverty outcomes at the project level. With the databases that the Bank has developed at the local level, the poverty focus of projects could be more systematically measured, even for projects that are not designed with a poverty focus. More systematic measurement of poverty impacts could strengthen the feedback loops that help inform the poverty content of new programs and operations.

Overall, the Bank responded to changing conditions. Its programs changed as a result of Romania’s accession to the EU, in particular by supporting Romania on EU issues with analytic activities linked to its programs. Nevertheless, planned DPLs under the FY06–09 CPS did not go forward, as government interest in borrowing from the Bank waned. Nevertheless, the Bank responded to the effects of the 2009 global crisis, under its FY09–13 CPS, by finding an opportunity to provide DPL support that addressed both Romania’s financing needs and reform priorities. Its reform priorities included poverty-related issues, including health, education, and social protection, as the crisis briefly raised poverty numbers. The feedback loops were strong in response to findings from analytical work, perhaps less so from project M&E. Feedback loops from AAA worked in Romania primarily because the Bank has been a credible counterpart that built its reputation on poverty issues over the years with a strong record of work on data, poverty measurement, and poverty diagnostic issues. It also helped that the Bank gained traction on policy advice because of its role as an impartial observer in a very fluid political environment. The Bank could perhaps learn more about poverty by strengthening the poverty-related M&E of projects and extracting more lessons from its project experience.

**Summary Assessment**

The Bank already had a long-standing engagement on poverty in Romania by the time it prepared its FY06–09 CPS. In 1991, following a nine-year hiatus in support to Romania, the Bank prepared social protection and health services operations, beginning a long-term engagement in these sectors. As poverty was not acknowledged, let alone measured, by Romania at the time, the Bank provided support on data collection and poverty indicators, partly to underpin its support for social transfer arrangements. As the Bank identified economic growth as a key driver of poverty reduction, Bank support for structural reforms also deserved attention from the poverty reduction perspective.
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The Bank monitored overall poverty reduction outcomes in Romania closely through its work with the Ministry of Labor, which covered both the national and municipal levels (through poverty maps). Evidence from the poverty assessments and other diagnostic work informed the design of its programs. Evidence was gleaned from the following areas: poverty drivers as an underpinning for support to disadvantaged groups; the relationship between growth and distribution to underpin a strong emphasis on the growth pillar as a way of reinforcing more direct poverty reduction efforts; and more recently, focus on the Roma to underpin a progressively stronger focus on this sizeable minority group.

The FY06–09 CAS articulated poverty-related outcome targets from its projects under its Targeting Poverty Reduction and Promoting Social Inclusion pillar. They included the project targets and covered extreme poverty, living conditions at the local level and for the Roma, delivery of early childhood education in selected communities, the quality of services to people with disabilities, the youth employment rate, medical care of the poor, and the quality of infrastructure in rural and economically depressed areas. Under its inclusion pillar, the FY09–13 CPS monitored project targets, including Roma living conditions, the payment of benefits under the guaranteed minimum income (GMI) program and the adequacy of the GMI benefits, and the targeting of social assistance. The CPSs also monitored other poverty-related indicators, such as the costs of means-tested programs, the consolidation of social assistance programs, and the efficiency and quality of health services.

There is room for improvement in monitoring poverty outcomes at the project level. With the databases that the Bank has developed at the local level, the poverty focus of projects could be more systematically measured, even for projects that are not designed with a poverty focus. More systematic measurement of poverty impacts could strengthen the feedback loops that help inform the poverty content of new programs and operations.

The Bank responded to changing conditions, in particular by supporting Romania on European Union issues with analytic activities linked to its programs. Nevertheless, planned DPLs under the FY06–09 CPS did not go forward, as government interest in borrowing from the Bank waned. The Bank did respond to the effects of the 2009 global crisis, under its FY09–13 CPS, by finding an opportunity to provide DPL support that addressed both Romania’s financing needs and reform priorities. The latter included in particular poverty-related issues, including health, education, and social protection, as the crisis briefly raised poverty numbers. The feedback loops were strong in response to findings from analytical work, perhaps less so from project M&E. Feedback loops from AAA worked in
Romania primarily because the Bank has been a credible counterpart that built its reputation on poverty issues over the years with a strong record of work on data, poverty measurement, and poverty diagnostic issues. It also helped that the Bank earned traction on policy advice thanks to its role as an impartial observer in a fluid political environment. Perhaps more could be learned by the Bank (and the client) about poverty by strengthening the poverty M&E in projects and by drawing lessons from the experience. There is scope for strengthening the M&E of the poverty impacts from projects. Several projects that were not explicitly poverty focused had likely effects on poverty reduction.

**Senegal**

**CONTEXT**

Following the devaluation of the CFA franc in 1994, the Senegalese economy experienced high levels of economic growth for a decade. From 1995 to 2005, annual GDP growth averaged 4.5 percent, and inflation remained in check. Growth peaked at about 6 percent in 2003 and 2004, thanks mainly to favorable weather conditions, external environment, and domestic policies. Since 2006 the country has been buffeted by a series of domestic shocks (poor rains in 2006–07, floods and droughts in 2009 and 2012) and external shocks (world food and fuel price shocks in 2008, the global financial crisis of 2008–09). These shocks have put Senegal in a low-growth equilibrium, with average annual GDP per capita growth of only 1.3 percent between 2003 and 2013. GNI per capita stood at $1,940 in 2011.

Senegal has a population of about 10 million, almost half of whom are poor. The proportion of the population living below the national poverty line decreased from 67.9 percent in 1994 to 48.3 percent in 2005–06 and 46.7 percent in 2011. The level of extreme or food poverty remained relatively unchanged throughout the entire period at 15 percent. Because of continued growth in the population (estimated at 2.5 percent a year), the number of people living below the national poverty line in Senegal has increased since 2001.

Senegal has made some progress toward other MDG targets. Between 2000 and 2012, the prevalence of undernourishment declined from 24.4 percent to 21.6 percent, primary school enrollment rose from 57.4 percent to 73.3 percent, under-five mortality rate declined from 139 to 59.6 per 1,000 live births, and the maternal mortality ratio fell from 480 to 360 per 100,000 live births.

Income distribution is highly unequal, with the Gini index estimated to have fallen from 39.2 in 2001 to 37.4 in 2005 and 37.8 in 2011. The lowest income quintile in 2011
accounted for 5.2 percent of total consumption while the highest income quintile accounted for 50 percent. Senegal’s Human Development Index was 0.459 in 2012—about average for Sub-Saharan Africa (0.463), ranking it 155 out of 187 countries.

**POVERTY DATA**

Poverty data in Senegal are generally of high quality and have continuously improved over time, thanks in part to the support provided by the Bank. The main limitations to income poverty data are that they are collected only once every five years; they are not sufficiently disaggregated (for example, to the village level); and raw data are not accessible to the public. The Bank (and other donors) put in place a capacity-building effort at the national statistical agency that supported the collection of income poverty data, the implementation of household consumption and poverty surveys, and the preparation of reports that present the outcome of the surveys. Non-income poverty data are abundant, but they are dispersed across the various ministries without any central depository.

The National Statistics and Demographics Agency (NSDA) is responsible for household survey design and data collection in Senegal. Three principal surveys were conducted during the period under review: the 2001/02 Senegal Household Survey (ESAM II), the 2005/06 Senegal Poverty Monitoring Survey (ESPS I), and the 2011 Senegal Poverty Monitoring Survey (ESPS II). The surveys cover the entire country. The data can be broken down by area, allowing for the construction of a poverty profile. Beginning in 2008, survey data are available at the administrative unit level, which for the first time permits the creation of a poverty map. There are also limitations to the survey data: the three surveys are not fully comparable, the poverty indicators are estimated on the basis of consumption rather than income, the data are collected only once every five years, and there were long lags between the completion of the surveys and the availability of the results. Sector ministries conduct their own non-income surveys regarding sectoral data, often in collaboration with regional and international organizations. Perception surveys capture households’ perceptions of poverty.

The NSDA is well staffed and well financed. Household surveys and poverty surveys are well documented and broadly in line with international standards. Survey reports are available on the NSDA website, but the underlying micro data are not readily available for use by other government officials, development partners, and civil society. The NSDA is also responsible for overseeing the quality of non-income poverty data collected by ministries, but it has yet to create a central depository for such data.
The Bank and other donors have been strengthening government statistical capacity through the Trust Fund for Statistical Capacity Building. The ANSD (National Agency of Statistics and Demography) financed throughout the period under review. Bank staff have been working closely with the ANSD regarding both the survey methodologies and the preparation of survey analyses and poverty diagnostics.

**Diagnostics**

Since the onset of the PRSP process in Senegal, in 2001, the government entity in charge of poverty monitoring has prepared good-quality poverty diagnostics and assessments, undertaken in close collaboration with the Bank. More recently, Bank support for diagnostics (including inputs for the PRSP process, poverty assessments, and poverty notes) was stepped up, with joint Bank and government poverty diagnostics underpinning preparation of the country’s poverty reduction strategies. Despite these efforts, there is no evidence that the government used the diagnostics to craft action plans for future poverty work, the preparation of subsequent PRSPs, or the design and targeting of specific interventions. There is also no evidence of linking the diagnostic to the selection of any particular intervention.

Both government officials and other donors concurred that the Bank was the preeminent and lead expert regarding poverty analyses and hence used the Bank diagnostics for internal purposes. Representatives from civil society, however, complained that they were unaware of or did not have access to these diagnostics, underscoring an apparent communication gap, as these documents were in the public domain.

The Bank carried out three main poverty diagnostics during the period under review: the 2004 poverty report (“La Pauvreté au Sénégal”); the 2008 poverty report (“Sénégal: Diagnostic de la Pauvreté”); and a collection of poverty notes prepared by Bank staff in 2011 (the overview diagnostic document is entitled “Poverty, Inequality, and Gender”). The 2004 report, a joint report by the Bank and the government, provides comparable estimates of poverty using survey data from the 1994/95 ESAM I and the 2001/02 ESAM II. The 2008 poverty report, also carried out jointly by Bank staff and government counterparts, provides an overview of poverty in Senegal, an analysis of employment, and a diagnostic of the education and health sectors using the 1994/95 ESAM I, the 2001/02 ESAM II, and the 2005/06 ESPS I. It develops a poverty profile and for the first time a poverty map, with data disaggregated down to the local community level.

The 2013 study “Poverty, Inequality, and Gender: An Overview” uses data from the 2011 ESPS II. It derives a poverty line consisting of both a food and a nonfood
component and includes an assessment of inequality. Its main findings include the following: diagnostics have tended to be completed “just in time” before the Bank country team require it as an input into CAS and CPS preparation; the methodology for deriving Senegal’s poverty indicators is well documented and in line with international standards; development partners relied on Bank poverty diagnostics for their country strategies, but civil society appears to be unaware of the diagnostics available for its use; the poor can be characterized as people living in rural areas without access to local basic infrastructure; with a large number (10 or more) of household members; and with a head of household who is a man with a primary or lower level of education and seeking employment or economically inactive.

The 2004 diagnostic was mainly descriptive. The 2006 and 2011 diagnostics conducted additional and deeper analysis of policy options available to the government. They did not rank or prioritize the policy options. None of the diagnostics discussed explicitly the impact of growth and income distribution on poverty reduction or discuss obstacles to poverty reduction or identify the constraints to address these obstacles. They did, however, discuss gender-specific components of poverty in the context of the poverty profile and the drivers of poverty.

**Strategy Formulation, Implementation, and Feedback Loops**

Although the available poverty data and poverty diagnostics underpinned the Bank’s strategy, there is no evidence that the activities proposed under the strategy were directly linked to or evolved from the diagnostics. Although the CAS/CPS used the information provided by the household surveys and diagnostics as inputs to their descriptive background chapters, they did not draw on the diagnostic’s findings in justifying its activities. Despite the weak link between diagnostics and strategy formulation and implementation, aspects of the Bank portfolio (such as rural and agricultural sector development) were in areas identified in the diagnostic work as being where the poor are located.

Three CAS and CPSs were prepared during the period under review: the CAS for FY03–06, the CAS for FY07–10, and the CPS for FY13–17. The FY03–06 CAS was aligned with Senegal’s first PRSP. It focused on wealth creation, capacity building and social services, assistance to vulnerable groups, and implementation of the strategy and monitoring of its outcomes.

The FY07–10 CAS was fully aligned with Senegal’s second PRSP. The FY13–17 CPS supported Senegal’s priorities as presented in its National Economic and Social Development Strategy for 2013–17 (or PRSP III), which builds on the government’s political program (the Yonnu Yokute), the joint action platform of civil society (the
Assises Nationales), and the earlier Accelerated Growth Strategy. Its three main pillars are growth, productivity, and wealth creation; human capital and sustainable development; and governance, institutions, peace, and security.

The Bank’s assistance and partnership strategies for Senegal during the review period drew on the poverty data and poverty diagnostics available at the time. The poverty profile remained broadly the same, with a higher incidence of poverty in households that were large; rural; and headed by a man with low education who worked in the agriculture sector but who was currently unemployed or looking for work. The formulated strategies had a strong focus on results and articulated a reasonable results chain linking IDA interventions to desired outcomes to higher-level country goals. They presented a logical sequence of the problems facing the country and the expected outcomes of IDA involvement, including linking the proposed projects and AAA to the specific outcomes being sought. The Bank assistance strategies were aligned with Senegal’s PRSPs and selective, focusing on areas of Bank expertise and comparative advantage and given other donor interventions. However, the CAS and CPS discussion of trends in poverty incidence and the poverty profiles were largely descriptive. No attempt was made to link the proposed set of interventions to the findings of the diagnostic. They did not discuss whether or how the proposed strategy and set of interventions evolved from the poverty data and diagnostics. They did discuss targeting the poor and the most vulnerable.

The CAS and CPS adopted a two-tier approach to poverty reduction. Income poverty was to be addressed through a set of interventions to stimulate private investment and private sector development under the growth and wealth creation pillars. Non-income aspects of poverty were to be addressed through activities in support of pillars on improving public service delivery, particularly in basic education, health services, and water and sanitation. None of the Bank strategy documents identified gaps in knowledge about poverty arising from the poverty data and diagnostics or proposed filling any such gaps.

Implementation of Bank interventions was broadly consistent with the available poverty data and diagnostics as well as the Bank’s strategy. Projects that focused on rural areas, basic education, and the vulnerable parts of the population were particularly consistent with the poverty data.

Overall, the Bank’s programs and projects were implemented as planned and hence reflected the strategic priorities for poverty reduction as outlined in the CAS and CPS, even though the feedback loops from data to diagnostics to strategy formulation and implementation in Bank country strategies for Senegal were weak.
Deviations from the interventions proposed in Bank strategies largely reflected support measures aimed at cushioning the impact of the global financial crisis and new government priorities. Although the CAS and CPS were prepared with input from the Bank’s poverty and sector specialists, the country management unit largely drove the process, and the specialists felt that they had little impact on decisions. There were also concerns over the dominant role of the country directors and the regional vice president regarding the direction and selection of Bank activities. Although other stakeholders (financial and technical partners, civil society organizations, and others) participated in discussions with Bank staff regarding the CAS and CPS, these discussions were more informational than consultative. There is a general perception by both Bank staff and development partners that once the Bank’s strategy was completed, it was placed on the shelf and it was “back to business as usual until the next progress report or completion report.”

The CASCR and the IEG CASCR Review of the CAS FY03–07 concluded that its implementation was moderately satisfactory. On wealth creation, efforts to improve the climate for private sector development yielded mixed results. The Bank was successful in improving the private sector development environment, but progress was slow on measures involving entrenched interests, customs, and development of institutions. Bank support to improve public expenditure management contributed to better budget management, but it was undermined by off-budget spending and other special arrangements. Good progress was made on the capacity-building and social services pillar on extending access to primary and secondary education and improving gender parity in primary and secondary education, but little was achieved with regard to efficiency, quality, or learning outcomes. Bank support in health had mixed results, but considerable progress was made on improving access to water and sanitation. Progress in improving the living conditions of the vulnerable was positive, thanks to the Social Fund and rural infrastructure projects. Nonlending services were delivered roughly as planned, with emphasis in the early part of the period on core diagnostics to underpin planned use of the subsequent DPL instruments.

IEG rated the overall outcome of the FY07–10 CAS as moderately unsatisfactory, in line with the CASCR rating. Most objectives were only partially achieved, and some were not achieved at all. Under the growth pillar, little progress was made toward removing key transport and energy bottlenecks, and the overall business environment deteriorated, despite some promising regulatory reforms. Under the human development pillar, good progress was made in broadening access to education and closing the gender gap, but there was no indication of improvement in quality. In health and nutrition, there was a large disconnect between the positive results at the project level and the disappointing outcomes. A child-focused social
cash transfer project achieved good results, but there was no information on the welfare of street children. Most of the nonlending activities were delivered, albeit with some delay.

Overall, there was no significant change in the poverty focus of Bank CAS, CPS, and lending and nonlending activities during implementation, and the proposed set of interventions envisaged in the Bank’s programs was broadly consistent with the results chain in the CAS and CPS. New and unplanned activities arose largely because of new priorities of the government and in response to domestic and external shocks. Only some of these unplanned activities had an explicit poverty focus. Budget support operations were key instruments for poverty reduction, but there was no planned dialogue or conditionality in budget support operations regarding the reallocation of public spending toward programs reaching the poor. The Bank effectively leveraged its assistance, by financing pilot projects, co-financing Bank projects with other donors, and financing projects with other Bank Group entities (IFC and the Multilateral Investment Guarantee Agency).

As the draft report for Senegal points out, during the period covered by this evaluation, the Bank provided strong support to Senegal for generating good-quality poverty data and diagnostics. Senegal’s government appeared to be committed to poverty reduction and made good use of the technical support provided by the Bank (and other donors) for its poverty data, poverty diagnostics, and preparation of its PRSPs. However, the feedback loops from data to diagnostics to strategy formulation and implementation in Bank country strategies were weak, and there is a widespread belief that the Bank’s strategy was not closely monitored by the government or the Bank’s own staff.

**Summary Assessment**

There was no significant change in the poverty focus of Bank CASs and CPSs and lending and nonlending activities during implementation. The proposed set of interventions envisaged in the Bank’s programs was broadly consistent with the results chain in the CAS and CPS. New and unplanned activities arose largely because of new priorities of the government or in response to domestic and external shocks. Only some of these unplanned activities had an explicit poverty focus. Budget support operations were key instruments for poverty reduction, but there was no planned dialogue or conditionality in budget support operations regarding the reallocation of public spending toward programs reaching the poor.

The Bank effectively leveraged its assistance, by financing pilot projects, co-financing Bank projects with other donors, and financing projects with other Bank Group entities (IFC and MIGA). Implementation of Bank interventions was broadly
consistent with the available poverty data and diagnostics as well as the Bank’s strategy, as there was no significant change in the composition of the implemented portfolio. Projects that focused on rural areas, basic education, and the vulnerable parts of the population were particularly consistent with the poverty data.

During the period covered by this evaluation, the Bank provided strong support to Senegal for generating good-quality poverty data and diagnostics. The government appeared to be committed to poverty reduction and made good use of the technical support provided by the Bank (and other donors) for its poverty data, poverty diagnostics, and preparation of its PRSPs. However, the feedback loops from data to diagnostics to strategy formulation and implementation in Bank country strategies have been weak, and there is a widespread belief that the Bank’s strategy was not closely monitored by the government or the Bank’s own staff.

Table A.1. Selected Development Indicators for the 10 Case Study Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Population (millions)</th>
<th>Population density (people per sq. km of land area)</th>
<th>GNI per capita (constant 2011 PPP $)</th>
<th>Poverty Headcount ratio 2005 PPP and 1.25/day poverty line (% of pop.)</th>
<th>Poverty Headcount ratio 2005 PPP and $2.00/day poverty line (% of pop.)</th>
<th>Population growth rate (% per annum)</th>
<th>Average GDP per capita growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High income OECD countries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 Country Case Studies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bangladesh</td>
<td>156.6</td>
<td>1,203.0</td>
<td>3,082</td>
<td>43.3d</td>
<td>76.5c</td>
<td>1.2</td>
<td>4.9</td>
</tr>
<tr>
<td>Egypt</td>
<td>82.1</td>
<td>82.4</td>
<td>10,443</td>
<td>1.7f</td>
<td>15.4f</td>
<td>1.6</td>
<td>2.7</td>
</tr>
<tr>
<td>Guatemala</td>
<td>15.5</td>
<td>144.3</td>
<td>6,901</td>
<td>13.7</td>
<td>29.8e</td>
<td>2.5</td>
<td>0.9</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>6.8</td>
<td>29.3</td>
<td>4,402</td>
<td>30.3a</td>
<td>62.0a</td>
<td>1.8</td>
<td>5.7</td>
</tr>
<tr>
<td>Malawi</td>
<td>16.4</td>
<td>173.6</td>
<td>730</td>
<td>72.2c</td>
<td>88.1c</td>
<td>2.8</td>
<td>2.4</td>
</tr>
<tr>
<td>Nigeria</td>
<td>173.6</td>
<td>190.6</td>
<td>5,166</td>
<td>62.0e</td>
<td>82.2c</td>
<td>2.8</td>
<td>6.0</td>
</tr>
<tr>
<td>Peru</td>
<td>30.4</td>
<td>23.7</td>
<td>10,821</td>
<td>2.9a</td>
<td>8.0a</td>
<td>1.3</td>
<td>5.1</td>
</tr>
<tr>
<td>Philippines</td>
<td>98.4</td>
<td>330.0</td>
<td>7,598</td>
<td>19.0a</td>
<td>41.7a</td>
<td>1.7</td>
<td>3.5</td>
</tr>
<tr>
<td>Romania</td>
<td>19.9</td>
<td>86.8</td>
<td>18,410g</td>
<td>0.0a</td>
<td>1.6a</td>
<td>-0.6</td>
<td>4.4</td>
</tr>
<tr>
<td>Senegal</td>
<td>14.1</td>
<td>73.4</td>
<td>2,143</td>
<td>34.0d</td>
<td>60.3e</td>
<td>2.9</td>
<td>1.3</td>
</tr>
</tbody>
</table>

b. Based on OECD definition: percent of population with household incomes of less than 50 percent of OECD median income (or less than PPP $25/day).
c. Arithmetic averages.
d. Information for 2011.
e. Information for 2010.
g. GNI per capita, PPP (current international $).

Table A.2. Selected Millennium Development Goals for Developing Countries and the 10 Case Study Countries, 2000–2012

<table>
<thead>
<tr>
<th></th>
<th>School Enrollment Primary (net, %)</th>
<th>Mortality Rate, under-5 (per 1,000 live births)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing countries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle Income Countries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low Income Countries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bangladesh</td>
<td>82</td>
<td>86</td>
</tr>
<tr>
<td>Egypt</td>
<td>94</td>
<td>94</td>
</tr>
<tr>
<td>Guatemala</td>
<td>86</td>
<td>94</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>75</td>
<td>79</td>
</tr>
<tr>
<td>Malawi</td>
<td>65</td>
<td>67</td>
</tr>
<tr>
<td>Nigeria</td>
<td>98</td>
<td>97</td>
</tr>
<tr>
<td>Philippines</td>
<td>57</td>
<td>70</td>
</tr>
</tbody>
</table>

b. Information for 2011.

d. Information for 2011.
e. Information for 2010.
g. GNI per capita, PPP (current international $).

Table A.3. GDP Per Capita Growth, Poverty Headcount Ratio and Gini Coefficient in the 10 Case Study Countries 2003–2013 (percent per annum or percentage)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>4.9</td>
<td>40.0a</td>
<td>33.2a</td>
<td>5.0</td>
<td>31.5b</td>
<td>32.1b</td>
</tr>
<tr>
<td>Egypt, Arab Rep.</td>
<td>3.7</td>
<td>19.6a</td>
<td>32.1a</td>
<td>1.5</td>
<td>21.6c</td>
<td>30.8d</td>
</tr>
<tr>
<td>Guatemala</td>
<td>1.4</td>
<td>51.0a</td>
<td>54.11</td>
<td>0.3</td>
<td>53.7g</td>
<td>39.0g</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>5.5</td>
<td>27.6a</td>
<td>35.5j</td>
<td>6.0</td>
<td>27.6*</td>
<td>36.2i</td>
</tr>
<tr>
<td>Malawi</td>
<td>2.6</td>
<td>52.4a</td>
<td>39.9k</td>
<td>2.3</td>
<td>50.7l</td>
<td>46.2l</td>
</tr>
<tr>
<td>Nigeria</td>
<td>8.6</td>
<td>48.4a</td>
<td>40.0k</td>
<td>2.9</td>
<td>46.0j</td>
<td>42.9j</td>
</tr>
<tr>
<td>Peru</td>
<td>5.7</td>
<td>58.7a</td>
<td>53.8l</td>
<td>4.3</td>
<td>23.9</td>
<td>45.3i</td>
</tr>
</tbody>
</table>
## APPENDIX A
### SUMMARIES OF 10 COUNTRY CASE STUDIES

<table>
<thead>
<tr>
<th>Country</th>
<th>Poverty Head Count</th>
<th>GDP per Capita Growth</th>
<th>Inflation Rate</th>
<th>Unemployment Rate</th>
<th>GDP per Capita</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philippines</td>
<td>3.5</td>
<td>44.5f</td>
<td>3.5</td>
<td>25.2i</td>
<td>43.0i</td>
<td>2012</td>
</tr>
<tr>
<td>Romania</td>
<td>7.9</td>
<td>29.9f</td>
<td>0.3</td>
<td>22.6g</td>
<td>27.3j</td>
<td>2005</td>
</tr>
<tr>
<td>Senegal</td>
<td>2.1</td>
<td>39.2i</td>
<td>0.3</td>
<td>46.7h</td>
<td>40.3g</td>
<td>2011</td>
</tr>
</tbody>
</table>

**Source:** World Bank, World Development Indicators 2014.

**Notes:** Poverty head counts are based in each countries national poverty line; the information from Lao PDR is from the 2013 Expenditure and Consumption Survey. GDP per capita growth in Nigeria in 2004 is reported as 30.3 percent.

b. Information for 2010.
c. Information for 2009.
e. Information for 2006.
g. Information for 2011.
h. Information for 2008.
i. Information for 2007.
j. Information for 2012.
l. Information for 2010.
### Table A.4. Measures of Inequality in the 10 Case Study Countries: Gini and Palma

<table>
<thead>
<tr>
<th>Country</th>
<th>Survey Type</th>
<th>Base Year</th>
<th>Gini base year</th>
<th>Palma ratio base year</th>
<th>Pov. head count ratio base year ($1.25)</th>
<th>Pov. head count ratio base year ($2.50)</th>
<th>Mid-year</th>
<th>Gini mid-year</th>
<th>Palma ratio mid-year</th>
<th>Pov. head count ratio mid-year ($1.25)</th>
<th>Pov. head count ratio mid-year ($2.50)</th>
<th>Latest year</th>
<th>Gini latest year</th>
<th>Palma ratio latest year</th>
<th>Pov. head count ratio latest year ($1.25)</th>
<th>Pov. head count ratio latest year ($2.50)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>Consumption</td>
<td>1991</td>
<td>27.6</td>
<td>0.997</td>
<td>70.2</td>
<td>96.7</td>
<td>2000</td>
<td>33.5</td>
<td>1.361</td>
<td>58.6</td>
<td>90.8</td>
<td>2010</td>
<td>32.1</td>
<td>1.272</td>
<td>43.3</td>
<td>86.2</td>
</tr>
<tr>
<td>Egypt, Arab Rep.</td>
<td>Consumption</td>
<td>1990</td>
<td>32.0</td>
<td>1.261</td>
<td>4.5</td>
<td>36.9</td>
<td>1999</td>
<td>32.8</td>
<td>1.323</td>
<td>1.8</td>
<td>37.6</td>
<td>2008</td>
<td>30.8</td>
<td>1.194</td>
<td>1.7</td>
<td>32.0</td>
</tr>
<tr>
<td>Guatemala</td>
<td>Income</td>
<td>1989</td>
<td>59.6</td>
<td>5.975</td>
<td>28.4</td>
<td>50.7</td>
<td>2000</td>
<td>54.8</td>
<td>4.189</td>
<td>11.8</td>
<td>33.9</td>
<td>2011</td>
<td>52.4</td>
<td>3.594</td>
<td>13.7</td>
<td>40.5</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>Consumption</td>
<td>1992</td>
<td>30.4</td>
<td>1.169</td>
<td>55.7</td>
<td>91.5</td>
<td>2002</td>
<td>32.5</td>
<td>1.289</td>
<td>41.2</td>
<td>85.2</td>
<td>2012</td>
<td>36.2</td>
<td>1.555</td>
<td>30.3</td>
<td>75.2</td>
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<tr>
<td>Malawi</td>
<td>Consumption</td>
<td>1997</td>
<td>50.3</td>
<td>3.159</td>
<td>83.2</td>
<td>96.1</td>
<td>2004</td>
<td>39.9</td>
<td>1.867</td>
<td>74.9</td>
<td>94.4</td>
<td>2010</td>
<td>46.2</td>
<td>2.574</td>
<td>72.2</td>
<td>92.4</td>
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<tr>
<td>Nigeria</td>
<td>Consumption</td>
<td>1992</td>
<td>44.9</td>
<td>2.563</td>
<td>61.9</td>
<td>86.9</td>
<td>2003</td>
<td>40.0</td>
<td>1.863</td>
<td>61.8</td>
<td>89.6</td>
<td>2010</td>
<td>42.9</td>
<td>2.189</td>
<td>62</td>
<td>88.4</td>
</tr>
<tr>
<td>Peru</td>
<td>Consumption</td>
<td>1994</td>
<td>44.9</td>
<td>2.514</td>
<td>9.81</td>
<td>32.4</td>
<td>2000</td>
<td>50.9</td>
<td>3.481</td>
<td>12.5</td>
<td>30.8</td>
<td>2012a</td>
<td>45.3</td>
<td>2.435</td>
<td>2.9</td>
<td>11.6</td>
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<tr>
<td>Philippines</td>
<td>Consumption</td>
<td>1991</td>
<td>43.8</td>
<td>2.284</td>
<td>33.2</td>
<td>68.7</td>
<td>2000</td>
<td>46.1</td>
<td>2.578</td>
<td>24.6</td>
<td>58.3</td>
<td>2012</td>
<td>43</td>
<td>2.189</td>
<td>18.9</td>
<td>53.4</td>
</tr>
<tr>
<td>Romania</td>
<td>Income</td>
<td>1992</td>
<td>25.5</td>
<td>0.856</td>
<td>0.4</td>
<td>2.4</td>
<td>2001</td>
<td>29.4</td>
<td>1.069</td>
<td>2.5</td>
<td>22.3</td>
<td>2012b</td>
<td>27.3</td>
<td>0.945</td>
<td>0</td>
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</tr>
<tr>
<td>Senegal</td>
<td>Consumption</td>
<td>1991</td>
<td>54.1</td>
<td>4.089</td>
<td>65.7</td>
<td>86.8</td>
<td>2001</td>
<td>41.3</td>
<td>0.712</td>
<td>44.1</td>
<td>80.7</td>
<td>2011</td>
<td>40.3</td>
<td>1.901</td>
<td>34.1</td>
<td>86.8</td>
</tr>
</tbody>
</table>

Source: Povcalnet, as of Nov. 24, 2014. Palma ratio calculated on the basis of Povcalnet data.

a. Indicates income data.
b. Indicates consumption data.

c. The IBRD, IDA, and blend country classification is up to date as of October 2013.
d. The government mainly focused on its own development priorities, which were tilted towards large infrastructure projects and did not prioritize the “inclusiveness” of the economic growth process.