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Implementation Challenges and Promising Approaches for the Comprehensive Development Framework

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Preface

Despite the potential benefits of globalization and technological change, world poverty has increased and growth prospects have dimmed for developing countries during the 1980s and 90s. The Comprehensive Development Framework (CDF) was launched by the World Bank in January 1999 in response to these difficult circumstances. It has evoked considerable interest throughout the development community as an approach that can address the increasingly intertwined challenges faced by development practitioners. Its basic elements are not new. What is new is their joint articulation as a framework to guide development assistance. The first point is that development constraints are structural and social, and cannot be overcome through economic stabilization and policy adjustment alone—they require a long-term and holistic vision of needs and solutions. Second, policy reform and institutional development cannot be imported or imposed; without domestic ownership, reforms and investments are not sustainable. Third, successful development requires partnership among government, local communities, the private sector, civil society, and development agencies. And fourth, development activities must be guided and judged by results.

In this context, the *1999 Annual Review of Development Effectiveness* (ARDE), authored by Nagy Hanna under the guidance of Robert Picciotto, set out to examine development experience through the lens of CDF principles. A number of papers were commissioned to support the ARDE by providing in-depth review of evaluation and research findings that assess the relevance of the CDF principles and constraints as well as promising approaches to their implementation.

Introduction

This paper draws on many of the OED working papers that were prepared for the World Bank's *1999 Annual Review of Development Effectiveness*. It identifies the key challenges and tensions that are likely to arise in the implementation of the Comprehensive Development Framework (CDF) and outlines some promising approaches for addressing them. Several key tensions are at play at the sectoral, thematic, and country levels. Resolving such tensions lies at the core of the effective management of aid in development.

Challenges in Sectoral and Thematic Programs

Tensions at the sectoral and thematic level include short versus long term, comprehensiveness versus selectivity, speed versus broad-based ownership, partnership versus country capacity, and accountability for results versus local capacity.

Short versus Long Term

Many factors contribute to the short-term orientation of development efforts: the project approach, financial crises, political instability, the election cycle, and the incentive systems of the civil service in developing countries, as well as the incentives and planning processes of donors and the Bank. Yet the most fundamental problems of development, such as institutional development and governance, require long-term strategies and sustained efforts.

A long-term perspective is especially important in dealing with the structural dimensions of reform. Among recent examples of failures to take the long view are privatization in transition economies, civil service reform, and deregulation of the financial sector (World Bank 1998a, Stiglitz 1998). Privatization increases inequality if the appropriate regulatory framework and environment for private sector development are missing. In transition economies the rush to mass privatization, without establishing the underpinnings of capitalism, led to corrupt sales, lack of restructuring, insider-dominated transactions, and unregulated actions by investment funds.

The more ambitious the reform, the more time and resources that are needed to prepare the way. A long-term commitment is essential to success. A World Bank evaluation study of operations dealing with the financial sector found that countries with unsatisfactory outcomes averaged only 1.5 reform operations over a 12-year period; countries with satisfactory outcomes averaged 2.3 operations. Equally, resettlement operations call for involvement of affected communities many years before the infrastructure investments take place (World Bank 1998c).

Comprehensiveness versus Selectivity

More comprehensive approaches frequently imply greater complexity and implementation difficulties for sectorwide and multisectoral programs. Thematic, cross-sectoral, and structural dimensions are particularly challenging for sector-bound aid agencies and government ministries. For example, it took decades of external pressure and top management leadership to bring environmental considerations into the Bank's operations. Gender, public sector management, and private sector development issues raise similar challenges (World Bank 1997a). Cross-sector themes are often ignored or resisted by sector-bound organizations, both within the Bank and in developing countries.

Following the debt crisis of the 1980s, the Bank broadened its view to address systemic financial sector problems. But with increased comprehensiveness, the success rate of financial sector operations dropped to 50 percent (World Bank 1998c).[1] A World Bank review of recently closed operations supporting financial sector reforms found that success is often attributable to government ownership and commitment, consensus-building, favorable political climate, and good policy dialogue (World Bank 1998c).

A focus on discrete investments rather than integrated packages of investments has been common in multisectoral programs, as noted in a recent World Bank review of social fund activities. Going around ministries has advantages, but sustainability often suffers. Services provided through social fund agencies are particularly vulnerable because of the programs' weak links to existing government structures. The Bolivia Social Fund's emphasis on speed and autonomy from line ministries worked against fitting projects into sectoral plans. The assessments for social funds in Armenia, Ecuador, and Peru highlighted the need for complementary actions, such as funding educational material, equipment, and other inputs along with infrastructure in school projects or including training in water and sanitation projects. The Ecuador beneficiary assessment concluded that if the social fund does not permit the financing of complementary works, serious consideration should be given to not financing the project. That is, inattention to complementary requirements can put the impact of the project at risk, not to mention the satisfaction with, use, and maintenance of projects.

Multisectoral program services have been difficult to sustain without good coordination with ongoing programs of sectoral ministries. In Mali's Integrated Health, Population, and Rural Water Supply Program, implemented by several line agencies, the population and water supply components were not always well coordinated with the health component. Involvement of many agencies made programs difficult to monitor and implement. The challenges of managing multisectoral, multiagency programs were compounded by weak incentives and mechanisms for intersectoral coordination within countries and within the Bank (World Bank 1999a).

Integrated programs may also generate tensions between line agencies and ministries of finance or other oversight bodies. Activities requiring recurrent funding can create ownership conflicts between central and local governments, especially in non-revenue earning operations such as highways. Implementation of a Thailand highways project, an integrated intervention designed to address cross-sectoral issues, was marred by conflicts among different agencies. Implementing agencies were strongly committed to the physical works but less committed to policy reforms, in part because policymaking rested elsewhere in the government (World Bank 1997a). Similarly, urban development projects involving multiple sectors have provoked detrimental competition among oversight agencies, making them unmanageable. Though the Bank has approved no new integrated urban development projects since 1986, performance on some recently completed operations, such as the Brazil Salvador Metropolitan Development, suffered from needlessly complex designs involving disparate activities implemented by too many agencies.[2]

Sector-wide approaches are necessarily ambitious, complex, and demanding of Bank involvement, especially supervision. In the energy sector, for example, both the sector development model and the Bank's agenda have grown in complexity. The global move from public monopolies toward privatization and deregulation has required tackling a much broader range of issues: sector unbundling, private participation, regulation, competition, interregional trade, resettlement, environment, access by the poor, and renewable energy sources, among others.

Operationalizing a sectorwide approach through programmatic lending has had mixed results. Energy sector loans to Pakistan, the Philippines, and Turkey fell short of their objectives because they were too complex—the fiscal 1989 Pakistan energy sector adjustment loan for instance, had more than 40 conditions. Phased or incremental approaches have been more successful. In China a succession of incrementally more policy-intensive power sector operations succeeded because of a realistic assessment of institutional capacity, judicious use of technical assistance loans to build greater capacity, and effective use of economic and sector work. But a gradualist and sustained assistance is not the preferred option for episodic, short-term oriented aid agencies.

Speed versus Broad-Based Ownership

The lack of government ownership of reforms or community ownership of local projects has undermined development efforts. World Bank evaluations show that ownership is difficult to achieve in sectors that have a broad array of stakeholders with different interests, such as health and education; in thematic and structural areas, such as environment, rural development, and civil service reform; and in sectors like agriculture, where resources provided through state channels are under pressure. Partners may have different views of the roles of the state, the private sector, and civil society. Coalition building and media campaigns to overcome vested interests or hold the bureaucracy to account may not be feasible. Thus governance reforms may be required to institutionalize participation, and this may take decades to accomplish.

Speed often compromises ownership. In a spirit of priority setting and capacity building, the Bank has helped a number of governments address environmental issues through National Environmental Action Plans and programs for strengthening national and local environmental institutions. But a 1996 World Bank review reveals that, for the most part, the environmental plans had not elicited local ownership. Many of the plans were prepared in haste and driven by deadlines that left little time for participation.[3] Making the plans a requirement for lending further eroded country support.

The interests of different ministries (and the priorities of center and districts) can vary and even conflict. Uneven stakeholder commitment and weak capacity can pose risks. World Bank evaluators found that the success of health sector projects was significantly correlated with how well program designers had assessed ownership by key stakeholders, including concrete evidence of commitment (World Bank 1999a).

In education, too, the number of stakeholders is very large, with many agencies and institutions involved in executing policies. Responsibility for selecting policy reforms and deciding on mechanisms to encourage support for them must come from within the country and be grounded in broad-based support for reform. The clear implication is that borrowers should be encouraged to take a leadership role in the preparation of projects and that all stakeholders, including women and the poor, should be fully engaged. But this takes time and sustained commitment from reformers and donors.

Thematic strategies of cross-cutting areas like environment or rural development have a better chance of being successfully implemented when a range of public and private stakeholders participate. Lessons from the Gambia, Ghana, Madagascar, and Mauritius suggest this for the environment. In Madagascar and Mauritius, National Environmental Action Plans were able to increase local environmental capacity more than in some other countries because of substantial local ownership (Margulis and Bernstein 1995). The more participatory plans were also successful in information gathering and public education.

Partnership versus Country Capacity and Transaction Costs

Partnerships with external partners may be essential for coordinating sectorwide programs and reducing demands on government capacity. World Bank evaluators have highlighted examples of effective coordination with donors in transport, telecommunications, and energy. In many other areas, however, partnerships have a long way to go, especially in rural development, education, and private sector development.

While aid coordination can reduce demands on government capacity, a lack of implementation capacity can still undermine reform. An evaluation of the Ghana Private Sector Adjustment Project (C2718) concluded that "required expertise should be on board before the process begins, and potential legal issues, like land transfers, which proved problematic in Ghana, should be carefully reviewed in advance."[4] An evaluation of Jamaica's Private Sector Development Adjustment highlighted the need to assess borrower capacity to implement reforms as well as borrower commitment. The borrower's own evaluation was highly critical of unrealistic demands by the Bank on Jamaica's weak implementation capacity.[5]

Partnership and aid coordination may increase transaction costs. In a Ghana health operation the Bank adopted a sectorwide approach but provided only marginally higher supervision resources than for a conventional investment project (World Bank 1999a). This limited the Bank's ability to establish local presence, include appropriate technical expertise in supervision missions, or adequately participate in coordination meetings.

A better approach may be to promote strategic selectivity by sharing responsibility for sector-wide assistance among donors, relying more on pooled technical assistance support under government control, and resisting the inclination to take on all tasks and cover all bases.[6] More intense supervision of increasingly complex Bank-assisted projects will undoubtedly raise their effectiveness, but complex projects also involve opportunity and transaction costs for governments: senior officials' attention is directed to Bank missions at the cost of neglecting other, possibly more pressing issues. Donor pressure also diverts a disproportionate share of scarce local budgets and staff to service a bewildering number of donor projects.

Accountability for Results versus Local Capacity

In tracking the development impact of projects, the Bank has been weak almost across the board (World Bank 1998f). Monitoring and evaluation for results has been easier to achieve in infrastructure lending than in structural (institutions, public and private sector development) or social (health, education) and thematic (environment, rural development) lending. Aid agency evaluators have consistently identified weak monitoring and evaluation capacity (even for tracking inputs and outputs) and the need for greater attention to sectorwide and thematic efforts.

Decentralization, privatization, and weak regulation have raised new challenges for monitoring and evaluation. Chile's power sector is typical: the combination of unbundling, privatization, and weak regulation led to a deterioration in monitoring and evaluation (World Bank 1996). A clear lesson is that aid agencies should focus on sectorwide monitoring and evaluation as an integral part of their assistance in setting up regulatory frameworks.

Identification of relevant indicators has been a technical and negotiating challenge (balancing process with outcome indicators, ensuring coverage of key issues, and agreeing on a limited list among key stakeholders). A concern expressed in Ghana's health sector program was that the indicators emphasized the priorities of donors more than the priorities of national stakeholders or consumers. In addition, institutional mechanisms have rarely been created for improving performance incentives at district and facility levels. Too much emphasis on process indicators (decentralization, budget allocations) may compromise achievement of outcomes, as in health projects in Zambia (World Bank 1999a).

Monitoring and evaluation has also been weak in newer dimensions such as gender, informatics, and the crosscutting areas of environment and poverty. The Bank has rarely used its lending portfolio to systematically collect evidence on what works in reducing poverty, what does not, and why. Few rural projects have supported those who work with the poor or enhanced the monitoring of resource allocations to the poor. Indicators used were generally input measures such as the number of personnel trained or wage expenditures rather than outcomes.

Challenges at the Country Level

At the country level, the CDF principles pose important challenges as well. Here the tensions include ownership versus conditionality, country-led partnerships versus commitment, poor accountability record versus scaling up, and country focus versus globalization.

Ownership versus Conditionality

How should the apparent conflict between country ownership and donor interest in performance (often enforced through conditionality) be resolved? How should the need for ownership be reconciled with the need for policy reform and sound development priorities when country commitment is lacking?

Conditionality is widely viewed as a crude attempt to generate policy reform in exchange for grants or loans. Research and evaluation findings have shown that when applied as a one-sided, coercive instrument, conditionality can be counterproductive and incompatible with ownership. Some observers have rushed to declare all forms of conditionality a failure, a conclusion unsupported by the evidence. But the principles of ownership and partnership clearly call for reconciling the accountability of donors and countries through reciprocal commitments and adaptive conditionality.

Country-Led Partnership versus Country Commitment

How should donor demands for financial accountability be reconciled with client-led partnership, particularly when countries lack capacity for aid coordination and/or commitment to reforms? How can we reconcile the principle of having "the country in the driver's seat" with donors' accountability for aid effectiveness?

Two enabling conditions for country-led partnership are often missing: country commitment to sound policies and development priorities, and institutional capacity to manage and coordinate aid (World Bank 1999b). Two donor-related barriers to country-led coordination are donors' onerous and varied administrative procedures and the numerous missions that countries must accommodate. For highly aid-dependent countries, these burdens can add up to thousands of reports and missions each year. The World Bank is not exempt from the charge of imposing high transaction costs on borrowers.

Poor Accountability Record versus Scaling Up

Despite evaluation evidence of the importance of monitoring and evaluation for learning and accountability, the record remains far from satisfactory. The international development goals and recent attention to governance reinforce the need for enhanced accountability for results.

Past activities to build monitoring and evaluation capacity have focused on the project level, to satisfy donor requirements. The resulting lack of domestic ownership of monitoring and evaluation has undermined the use of its findings and the acceptance of performance measurement for sound governance (World Bank 1994). The limited capacity created through donor-driven, project-based monitoring and evaluation has been dissipated at project completion. The CDF raises the bar by emphasizing learning and accountability for results at all levels—well beyond projects.

Country Focus versus Increasing Globilization

With globalization, development problems increasingly require multicountry efforts and strengthened links between national strategies and international policies and programs. How can international efforts aimed at global public goods complement national efforts through the CDF?

As global integration deepens, the number of development problems calling for supranational policy responses grows. These cross-border challenges arise from a combination of market failure, government failure, and systemic failure. The challenge of overcoming such failures creates a new role for development assistance. The country focus remains critical, but official development finance also must help meet the growing deficit in the supply of international public goods and global policies and standards.

Global forces (including technological change) are creating not only far-reaching growth opportunities, but also a host of potential problems—capital flight, financial contagion, illicit drug trade, cross-border environmental problems, the spread of disease, waves of migrants and refugees, and loss of biodiversity and cultural heritage. Building purposeful and inclusive partnerships is as important in addressing these transboundary development challenges as it is in tackling national challenges.

Promising Approaches

Some promising approaches are emerging for addressing the challenges and tensions at the project, sector, and country levels (box 1). These approaches are synthesized from the lessons of experience of developing countries and evaluative evidence of aid agencies. More systematic learning is needed to enrich the toolkit and assess the strengths and limits of these approaches.

Learning Process, Not Blueprints

The blueprint approach has been a common pitfall—it seems to simplify decisionmaking and reduce uncertainties, particularly for donors and lending institutions. But it imposes standard solutions on poorly understood sociopolitical issues and varied local realities and ignores social capital and local institutions, sustainability and learning, and the capacity to adapt during implementation.

OED lessons indicate that adaptive experimentation and sustainable learning through multiple rapid-results initiatives give better outcomes than a one-size-fits-all, "best practice" comprehensive blueprint.[7] A learning process means starting small, building in a

Box 1. Challenges and Promising Approaches

Challenges and tensions	**Promising approaches**
Short versus long term Comprehensiveness versus selectivity	Learning process, not blueprints Sequencing interventions within a long-term strategy Comprehensive analysis and selective actions Sectorwide approaches tailored to countries and sectors
Ownership versus conditionality Speed versus broad-based ownership	Adaptable conditionality for a mutual commitment process Time for building consensus Broadening of participation
Accountability for results versus local capacity Poor accountability record versus scaling-up	Information for accountability and learning Capacity building to manage for results
Partnership versus country capacity and transaction costs Country focus versus globalization	Investing in partnerships and sharpening comparative advantages Links between global and country strategies

bias for action and avoiding new bureaucracies. It emphasizes flexible, evolutionary, participatory, goals-oriented, and client-driven processes. It calls for thinking thematically and managing across sectors without undercutting professional rigor and accountability. Building capacity to learn and act strategically is at least as important as preparing plans.

There are inevitably tradeoffs between detailed analysis and up-front design on the one hand and adaptation during implementation on the other. The new approach implied by the CDF requires a significant shift of resources from program design to implementation support, and participatory monitoring and evaluation. A fundamental lesson from both development planning and corporate experience is that strategies emerge from continuous interactions of top-down and bottom-up learning processes. Top-down approaches are best combined with bottom-up approaches to enable local initiatives, identify and scale up successes, promote stakeholder commitment, and ensure learning and adaptation over time.

Adaptable program lending embodies some aspects of the learning process approach—agreement on long-term objectives and broad directions, with design limited to startup processes and institution building. A learning process was embedded in Brazil's Water and Sanitation Program for Low-Income Settlements (PROSANEAR). Design was demand-based and iterative, shaped during implementation by beneficiary participation, feedback, and learning (OED 1999). The program developed partnerships among residents for the selection and management of water and sanitation systems. Community mobilization and group decisionmaking were carried out differently in each community depending on levels of social cohesion and organization and other factors. The program encouraged ongoing evaluation of each community's experience for rapid feedback to the next subproject, in an adaptive learning approach.

Use of Sequencing to Manage Complexity

Projects have become more complex since the early 1990s, along with Bank thinking about development. Managing the tradeoffs between comprehensiveness and selectivity requires an understanding of the sources of complexity. Insufficient "upstream" sector work before project preparation and appraisal leads to inadequate selectivity. Fiduciary requirements are becoming more demanding. There is pressure to add components to deal with the Bank's expanding agenda and survive the internal approval process. Career and budgetary incentives encourage the design of large projects and discourage priority setting (World Bank 1997). At the country level there is often a desire for large resource transfers, full-scale national coverage, and "empire building" by the implementing agency.

One way out of the complexity trap is to take a long-term view, sequencing a series of projects within a long-term strategy that builds on past learning. The real issue is often *premature* complexity. Projects that build on past learning and are integrated into existing practices can be complex and successful, as the Bangladesh Population Project and the Brazil Health Program show (World Bank 1997). "Repeater" projects have higher rates of success, especially when carried out within a strategic and long-term framework.

Another promising approach is to phase in coverage and expand geographical scope in line with government capacity to manage policy reform and implement the program. Accordingly, growth and poverty alleviation interventions should be piloted regionally and progressively tailored and broadened. This regional-focus approach is enhanced by explicit attention to capacity building and decentralization, as implied by the Bank's Rural Vision to Action Strategy. Learning and innovation loans offer a suitable tool for managing complexity by starting small. Adequate implementation support, and monitoring and evaluation resources should be available to ensure learning during implementation.

Comprehensive Analysis and Selective Actions

Comprehensive analysis can be combined with strategic investments. Comprehensive analysis is best conducted with key partners with a view to exercising selectivity in interventions in line with donor comparative advantage, country capacity and commitment, and the likely development of such interventions.

Through participatory approaches, poor people can analyze their realities, express their priorities, and make explicit their choices and tradeoffs, thereby improving selectivity and results. The Participatory Poverty Assessment process holds promise, as evidenced in Ghana and Uganda, where it brought the realities and priorities of the poor to the attention of national policymakers. For participatory approaches to lead to superior selectivity and results, participants must have access to information, options, and learning experience, as social fund programs have shown. However, ensuing effective participation presents additional challenges. The community does not demand some types of social fund projects such as family planning, although these activities may have high social returns. The poor in a community do not come forward with proposals because they have limited capacity to propose projects.

The sustainable livelihoods approach provides an analytical structure for understanding the factors influencing poverty and identifying where interventions might best be made. It emphasizes people-centered development in a holistic framework. This approach has been adopted by the UK Department for International Development, the United Nations Development Programme, and CARE, among others. It proposes an integrated and dynamic way of understanding poverty and thinking about poor people's livelihoods—the capabilities, assets (human, natural, financial, social, and physical), and activities required to earn a living. The approach builds on what people have and how they live their lives to add to their accumulation of assets and remove barriers to the realization of their own livelihood choices.

Central to this approach is a recognition of people's diverse livelihood goals—such as health, income, reduced vulnerability—and the complex household strategies adopted to meet them. Strategies are driven by preferences and priorities shaped by vulnerability to shocks and seasonal variations. Options are also influenced by structures (the form and organization of government and the private sector) and processes (policies, laws, institutions). Selectivity is thus exercised by the community, and is based on a broad understanding of poor people's diverse livelihood strategies.

Sectorwide Approaches

A sectorwide approach provides an opportunity to shift attention from inputs to monitoring against agreed intermediate and outcome indicators. The Ghana and Bangladesh sectorwide approaches are good examples. They have been supported by two programmatic investment instruments: sector investment and maintenance loans and adaptable program loans. The sector investment and maintenance loan is intended to bring sectoral investments, policies, and performance in line with economic priorities and to ensure efficient operation and maintenance of investments. The focus is on institutional capacity to plan, implement, and monitor investments.

Adaptable program loans are especially well suited to the support of sectorwide approaches that require embodying flexibility in what is financed. A recent review concluded that several operations would probably not have been brought to the approval stage without this new instrument, because of the difficulty in accurately predicting activities, costs, implementation arrangements, and results beyond three or four years.

Moving from projects to a full-scale sectorwide approach (with pooling of donor finances) is risky if done prematurely. Properly implementing such a change takes time and systematic capacity building. Its pace should vary according to the quality of macroeconomic and public expenditure management, sector policies and resources, quality of sector management, degree of aid dependence, and other country- and sector-specific factors. Because sectorwide approaches add to program complexity for donors, more resources are required for implementation assistance. Risks should be managed by supporting capacity building, setting clear performance targets and safeguards, strengthening financial accountability, and emphasizing monitoring and evaluation.

The fiduciary risks are likely to be higher for sectorwide or programmatic lending than for project lending since more fungible forms of financing are included. But these risks should be balanced against the costs of business as usual. The proliferation of projects puts an enormous burden on weak administrations, often undermining local capacity building and sustainability.

Adaptable Conditionality for a Mutual Commitment Process

Conditionality should be understood as a credible indicator of commitment by the Bank and its partners, not an attempt to force externally designed policy changes on unwilling governments. The Bank and external partners act as enabling agencies to support the country's motivation for a reform process that is guided by genuine learning from successes and failures. This type of conditionality is agreed and consensual. It represents a policy compact based on mutual commitment.

Support for conditionality as a commitment process comes from a recent study on high impact adjustment lending and a reevaluation of the Dollar and Svensson (1998) data using the country as the unit of observation (World Bank 1999). In both studies past success is shown to be a highly significant predictor of future success. This result supports the view of conditionality as a process of mutual commitment, since the Bank can refer to lending history in formulating future conditionality. Such conditionality is adapted as a country increases its ownership of reform, assisted by capacity building to achieve parity in the relationship. Ongoing reformers can be offered the option of ex post conditionality, while credible new reformers might choose to adopt floating tranche loans, as in the high impact adjustment loan approach in Africa. Furthermore policy reform conditions should take more flexible and adaptable forms than is currently practiced, to allow room for local learning, adaptation, and innovation. Blueprint approaches to institutional reform, in particular, are unlikely to be helpful or sustainable.

Conditionality should be part of a policy reform compact: the Bank and the borrower develop and then nurture mutual trust and commitment as reform proceeds. Conditionality is the Bank's side of a continuing relationship, while ownership is the country's side. A model for this approach is the relationship between a commercial bank and its customers: as long as the customer projects a credible path of earnings, lending continues.

Assessing ownership should lead to the use of selectivity to time and reinforce reform. Taking advantage of India's decentralized decisionmaking to demonstrate the benefits of reform, the Bank shifted its policy dialogue from the federal to the state level and engaged only reforming states. Ownership and partnership were strengthened by waiting until the climate was right. The Bank halted lending to the power sector in India for three years until it found evidence of real ownership of policy reform in selected states. With other partners, it then engaged in capacity building to solidify local ownership. Subsequent lending produced more sustainable results than the earlier approach.

Time for Building and Institutionalizing Consensus

Mobilizing the support of beneficiaries cannot start early enough. Pilot projects do not always proceed smoothly, even when rooted in strong community support. Flexibility is essential, along with a willingness to listen and develop a program incrementally in light of lessons learned.

Recent World Bank–financed irrigation operations in India, the Philippines, and Turkey show the importance of allowing time for interventions to take effect on a socially appropriate scale:

- In Andhra Pradesh, India, in the early 1990s irrigator groups were formed around pipe committees of 20–100 farmers. This group size allowed the local elite to continue to dominate and led to water allocation disputes between pipe committees. The democratic election of much larger groups in the late 1990s overcame this problem.
- In the Philippines large national irrigation schemes were effectively no more than fee collection groups for the government agency and had limited responsibility for operations and maintenance. Water user groups were more successful in small communal irrigation projects that had more autonomy.
- In Turkey these lessons were taken into account. Efforts were made to build a consensus among stakeholders—a process greatly facilitated by the World Bank Institute—before irrigation systems were turned over to water user groups. Larger groups were also more likely to be financially viable and could be built around existing institutions such as municipalities.

A key challenge to aid agencies is to find ways to localize and institutionalize the processes of consensus building and beneficiary participation. These processes should not be viewed as on-off or donor-driven. They should be anchored in local institutions and democratic processes. A related challenge is to find ways to deepen consensus and broaden participation beyond government, without undermining the often fragile public institutions and home-grown democratic processes. Much more needs to be known about building coalitions to initiate and sustain reforms and development programs for poverty reduction—the political will and social consensus to alleviate poverty cannot be taken for granted.

Broadening Participation

How should participation be broadened across various interest groups and scaled up to the national level? Extensive evaluation and research findings point to several lessons.

Integrate a learning process. A well-known success in broadening participation in a government bureaucracy is the Philippines National Irrigation Administration, which adopted a step-by-step approach to building user associations' capacity to manage local irrigation systems.

Beware of procedural inflexibility. Changing organizational systems and procedures to facilitate participatory development is complex. But the costs of not doing so can be heavy, as in the government of Uttar Pradesh's Doon Valley Project in the Himalayas (Shepherd 1999).

Avoid rushing. Participation cannot be rushed—and the larger the scale, the greater the risk. When the Indonesian government tried to institute nationwide village development planning in less than a year in 1995–96, there was little or no ownership of the process at the village level. Too little time was spent on building partnerships with NGOs, whose skills might have enabled the government to do a better job.

Persevere. The district-level Rural Integrated Project Support Program in the Lindi and Mtwara regions of Tanzania has evolved over time into a holistic program involving local government, agriculture, natural resource management, transport and marketing, education, savings and credit, health, and water components. This broad participation emerged from the accumulated experience of repeated mistakes and learning over 25 years.

Identify a champion. A pronounced shift toward participation by government or NGOs can often be traced to a single leader or strong alliance of supporters. Taking the lead, these champions have often battled against institutional inertia and political pressures from wealthy elites.

Change attitudes and behavior. For participatory approaches to work, attitudes and behavior need to change among all actors and at all levels (Blackburn and Holland 1998). The bottom line in participatory change is individual and personal.

The CDF challenges the ability of the Bank to better deal with difficult governance issues that often involve stakeholders other than government. For example, the Bank's concerns for honest government and improved public financial accountability extend well beyond government to other elements of the state, such as the watch dog agencies and charged with monitoring and protecting the public interest, civil society, and media. The judiciary and legislature also take on new emphasis in capacity building.

A recent World Bank study finds mixed results for efforts to broaden NGO interventions (Gibbs and Fumo 1998). Many NGOs are reluctant to increase the scope of their operations or to enter large-scale partnerships. Scaling up can pose a challenge to an NGO's management capacity and create obligations to members that are difficult to sustain. Thus any scaling up initiative must be preceded by an assessment of capacities and commitment. A critical step is to involve all stakeholders in developing performance indicators, a process that clarifies expectations and priorities.

While the World Bank is a leader in policy formulation, it is often a laggard in attitude and behavior. Unless changes in attitude and behavior become a priority in the Bank, the CDF could be perceived as an exercise in domination rather than a move toward principled partnership.

Information for Accountability and Learning

Targets for monitoring progress are effective tools for guiding decisionmakers during implementation. For example, recent Bank-financed education projects have invested heavily in setting and monitoring targets. The Mozambique Second Education Program used indicators to help sustain the operation after the credit closed. It used targets set at appraisal and added new ones to establish a five-year plan agreed with the borrower. The project also identified outstanding policy and implementation issues, leading to agreement on remedial actions.[8]

Experience in health, nutrition, and population projects also shows the importance of effective monitoring and evaluation designs. Selecting a limited number of well-chosen indicators and paying attention to capacity for data collection and analysis increase the focus on results and the likelihood of achieving development impact. Strengthening borrower systems for collecting, analyzing, and using health information in policymaking takes time. It requires devoting adequate attention and resources during program design and implementation and strengthening incentives for achieving results and using information.

Capacity Building to Manage for Results

Developing results-oriented public management is a key challenge in many developing countries. An initial focus on performance monitoring in particular sectors or ministries can create a demonstration effect. This would prepare the way for a more comprehensive public evaluation program (Marcel 1999).

The emphasis on managing performance for projects and programs is being complemented by a wider focus on governance and intersectoral synergies. Dissemination of monitoring and evaluation information on government performance can support the active involvement of civil society in the assessment of government performance. Civil society also has a role to play in influencing the evaluation agenda.

Key stakeholders such as NGOs, the media, and parliaments—particularly those representing and empowering the poor—gradually learn about how to use performance concepts and tools and to understand their limitations and weaknesses. Donors and governments can help build such capacities among these stakeholders.

Participatory monitoring and evaluation is one step toward building the capacity to learn and manage for results (Gaventa and Estrella 1998). As multiple stakeholders work together to develop indicators of success, their differing expectations and priorities are brought into the open. Stakeholders must then negotiate to develop a more common framework, thereby building up ownership of outcomes and reflecting partnership in the assessment itself. Participatory monitoring and evaluation also allows for tracking holistic goals, both tangible and intangible. Developing large-scale participatory monitoring and evaluation requires different skills from those needed for traditional evaluation. Stakeholders need help to acquire skills in indicator development, monitoring, facilitation, and conflict resolution (Van Wicklin forthcoming).

From Aid Coordination to Development Partnership

Effective aid coordination guides countries and donors toward agreement to accept mutual responsibility and distinct accountability for development outcomes. For countries, this requires a commitment to developing sound policies and effective institutions. For donors, this requires adopting a development orientation, being selective in ways that reflect comparative advantage, accommodating country-led efforts to achieve coherence and selectivity, and providing effective capacity-building assistance to create a level playing field among partners.

Although many countries have expressed a strong desire to take the lead in aid coordination, only a few, such as the Republic of Korea, Malaysia, and Thailand, can be said to have fully assumed the role. Many countries lack the capacity to take the lead, and some still lack the commitment and resolve to do so. A logical and critical step is for the Bank—in consultation with other donors and countries—to make country led aid coordination a reality. The chief role of aid agencies should be to support country leadership and help build the capacity to exercise that leadership effectively. By giving the country a chance to exert leadership, aid agencies would be better positioned to assist in building long-term capacity, in concert with the principles of the CDF.

The costs of poor partnership and inefficient aid coordination—costs in decisionmakers' time, gaps in assistance, and distortions in country priorities—are borne primarily by developing countries. For donors and aid agencies, the tensions between practicing partnership and reducing the transaction costs involved may be high in the short term. There are up-front costs, but these should be viewed as long-term investments in building the infrastructure of partnership and creating skills, trust, and learning. And the costs are likely to decline sharply if partnerships are pursued selectively and strategically. The monitoring and evaluation of partnership and coordination can be strengthened to assess the cost-effectiveness of different approaches. Much can be learned from private firms' experience in selecting and building strategic alliances (Doz and Hamel 1998).

Linking Global and Country Strategies

Mission-oriented transnational networks addressing highly visible and urgent human priorities—such as the Onchocerciasis Control Program and the Consultative Group on International Agricultural Research—can serve as a rallying device for contributing partners. Selectivity is ensured up-front by the choice of public goods to be created. Shared learning occurs as a matter of course. Motivation and coordination among donors and partners may be achieved more readily than in multisectoral national programs.

Attention needs to be given to the interface between international and national public goods—a new dimension of aid coordination. The implication is not that investments in international public goods should wait until conditions are right in most countries. It is that conditions need to be nurtured through transnational collaboration programs.

The CDF provides guidance. Efforts to build regional and global partnerships should follow its key tenets of inclusiveness and comprehensiveness. Setting priorities at the national level under the CDF can help identify areas where international programs are needed to supplement national efforts. And building capacity in national and local institutions (government and nongovernment) will be critical for achieving the development goals of global programs.

Implications for Aid Agencies

The CDF calls on aid agencies to move into uncharted territory. To equip themselves to implement the framework effectively, they will have to jointly and continuously examine the results of ongoing CDF experiments.

The CDF principles call for new development assistance practices with institutional implications for aid agencies. A one size fits all mentality should be replaced by a customization mindset. Every effort should be made to ensure that the CDF does not become another blueprint, repeating the pattern of the planning and adjustment eras. And the framework will have to be continually adapted. Rigidity is a real implementation risk.[9]

Learning should complement dissemination. Too often in the planning and adjustment eras, donors and central governments adopted a hegemonic planning mentality that excluded vital local knowledge and practical knowhow.[10] Similarly, in the adjustment era it was assumed that the Bretton Woods institutions or the big donor agencies had all the answers. The only problem was to sell those answers to developing countries through conditionality. Under the CDF these institutions can no longer pretend that they are a storehouse of universally applicable knowledge. Instead, their staff should work to empower their country counterparts and in the process, enhance mutual learning.

The CDF is also bound to increase the demand for nonlending tools and advisory services—to engender ownership, partnership, and long-term holistic thinking. Depending on the skills and attitudes of users, these tools can either empower clients or lead to their cognitive dependency. Tendencies toward bureaucratization and excessive documentation—the pitfalls of the planning era—will need to be overcome by participatory and creative approaches to strategy development. Donor-led economic and sector reviews and policy prescriptions—the hallmarks of the adjustment era—will increasingly be displaced by country-led approaches that build on local processes and experience and develop commitment for policy reforms.

The processes and instruments aid agencies have been attuned to a different paradigm and will have to change to implement the CDF. A survey of World Bank staff (and local donor representatives) found that more than half did not consider an active government role a prerequisite for in-country aid coordination (World Bank 1999b). Institutional changes within the aid agencies and multilateral institutions, both subtle and demanding, will be necessary to fulfill the potential of the exposed new principles of development assistance.[11]

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Endnotes

1. A World Bank review issued in 1998 on Bank assistance to financial sector reform found that of 23 countries to which the Bank had provided support since 1985, only 12 had satisfactory performance. The East Asian crises are thought to have affected the performance ratings of 3 of the 23 countries found to have satisfactory overall ratings (Indonesia, Republic of Korea, and the Philippines).

2. Brazil: Salvador Metropolitan Development Project (C 2681). For more details, see World Bank 1994a.

3. The donors urged that National Environmental Action Plans be completed for all IDA recipients by June 30, 1991, or at the latest before the end of the IDA-9 period, with priority given to countries where major problems have been identified, and that the results be incorporated into country lending strategies.

4. Evaluation Summary for the Ghana Private Sector Adjustment Project, OED, World Bank. Section on Lessons of Broad Applicability.

5. Evaluation Memorandum for the Jamaica Private Sector Development Adjustment Project, OED, World Bank.

6. Other partners perceive a tendency for the Bank to send large missions for too short a time, to produce bulky aide memoirs and then disappear, leaving a shell-shocked local government to make sense of the contents and action plans. Rather than facilitating partnership, this increases the transaction costs for clients and partners.

7. For example, World Bank 1993. Within the framework of flexible program design, the better performing activities consistently departed from their original design, led by dynamic managers and local involvement.

8. The Mozambique Second Education Program (C 2200), Evaluation Summary, 1999.

9. The Bank, International Monetary Fund, United Nations Development Programme, and others should exercise caution in introducing too many planning and programming instruments. Developing countries should have a voice in shaping and harmonizing the design and use of these tools.

10. For example, Scott (1988). Such hegemonic planning and social engineering approaches reflect little confidence in the skills, initiative, intelligence, and experience of the beneficiaries. The precision and authority of such approaches depended not only on bracketing contingency, but also on standardizing the subjects of development.

11. Some of the recent organizational changes in the Bank may actually increase the tensions and challenges in implementing the CDF. For example, some budgetary and personnel policies and the contracting out of technical services may reinforce rather than alleviate short-term orientation and incentives, promote specialization rather than integration skills, and link budgetary resources more closely to lending rather than recognizing the growing importance of knowledge, facilitation, and advisory services.