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Achieving Development Outcomes: The Millennium Challenge

The development community is aligned around the Millennium Development Goals (MDGs) in an unprecedented manner. By focusing on the achievement of quantified and time-bound development targets covering income and non-income measures of well-being, the MDGs provide a unique opportunity to make headway in the fight against poverty. But they also entail risks and challenges, notably the risk of non-attainment and the challenge of localizing them to individual country conditions. What do the MDGs mean as a benchmark for development effectiveness? How has the Bank addressed the MDGs? And what are the implications for the future work of the Bank and other donors?

The MDGs as a Benchmark for Development Effectiveness

The MDGs are a set of 8 goals, 18 targets, and 48 performance indicators relating to poverty reduction, including income and non-income measures of well-being. Endorsed by all 189 United Nations member states in the 2000 Millennium Declaration, they represent unprecedented agreement within the development community about key development outcomes.

The themes and issues embedded in the MDGs are not new for the Bank. The first of the MDGs, poverty reduction, has been the Bank's overarching objective since 1990. The focus on education and health has been a main tenet of the basic needs

approach followed by the Bank since the early 1970s. Furthermore, gender and environmental sustainability have been important components of the Bank's strategy since the 1990s.

The newness of the MDGs lies in three main dimensions. First, by incorporating quantitative and time-bound targets, the MDGs demand specificity in development actions and emphasize systematic measurement. Second, by defining the goals in terms of outcomes—as distinct from inputs and outputs—the MDGs draw attention to the multi-sectoral determinants of outcomes. Third, by including Goal 8, which aims at developing a global partnership for development, the MDGs



emphasize the role of both developed *and* developing countries. These new elements may warrant changes and innovations in some Bank practices and programs.

The MDGs serve as a visionary challenge to help galvanize new energies and resources for the development agenda, with a focus on outcomes. At the same time, the adoption of the MDGs entails risks and challenges for the World Bank and the larger development community. Since it is already clear that, given current trends, many countries and regions will not achieve the MDGs by 2015 (figures 1 and 2), the risk of disappointment and cynicism must be mitigated. And there are other challenges: customizing the MDGs to local conditions, harnessing contributions from sectors without explicit MDG goals or targets, focusing on outcomes among poor countries and population groups rather than on average outcomes, and addressing incentives for both achieving and monitoring *outcomes*.

How the Bank Has Addressed the MDGs

Even though the Bank is working in partnership with other donors and cannot *alone* be held accountable for achieving the MDGs, it is still important for the Bank to consider how effectively its assistance is contributing to progress toward the agreed goals.

The Bank's country, sector, and global programs are consistent with the MDG themes, and there has been continuity in the Bank's support for them. At the project level, the performance of Bank-financed projects continue to improve. Of the projects that exited in FY01, 77 percent had satisfactory outcomes, exceeding for a second year the Strategic Compact target of 75 percent, as shown in figure 3. This solid performance at the individual project level must be sustained. At the same time, the Bank must scale up *impact* to help clients achieve country-level improvements in economic well-being, human development, environmental sustainability, and other relevant development outcomes. The MDGs offer the potential—backed by international support and common understanding—for the Bank to sharpen its focus on such outcomes.

Country Programs. In the past few years, the Bank's country assistance programs have increasingly focused on poverty reduction, but the objectives of these programs are usually expressed in terms of *directions* of change rather than achievement of specific *targets*. The Bank needs to define the objectives and targets of its country programs with greater specificity, based on national targets established by countries in light of global MDG goals, and using the Poverty Reduction Strategy Paper (PRSP) where appli-

cable. Better analytical work, including stronger poverty analysis and development of outcome-oriented strategies, would also help improve the quality of the Bank's country programs.

Sector Programs. Sector programs pay increasing attention to poverty linkages, a change from earlier programs where such linkages were not always explicit. The Bank's sector strategies are consistent with the MDGs and rightly place them alongside other sector goals in a broader development framework. But the Bank's sector strategies can contribute more effectively to the Bank's country programs in two ways. They can provide guidance on (1) how specific sectors, subsectors, regions, or population groups should be prioritized in different country settings, and (2) how cross-sectoral complementarities can be effectively exploited in order to effectively design and implement outcome-oriented strategies.

Special funding initiatives related to the MDGs—for example, the Education Fast Track Program or the Africa Multisectoral AIDS Program—could entail allocation or reallocation of lending resources. Such allocations should take account of each country's likelihood of using the funds effectively, as well as its distance from the MDGs. Any implications for the Bank's geographic and sectoral allocation of resources resulting from such initiatives should be systematically assessed, and tradeoffs carefully considered. Finally, achieving and sustaining MDG outcomes will require significant additional recurrent financing, for which provision needs to be made.

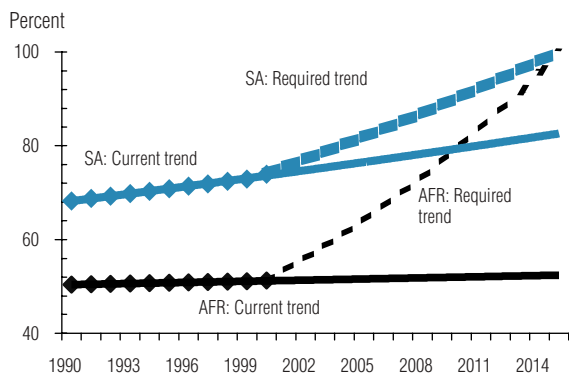
Global Programs. The realization that many development problems require collective action at the global level to supplement traditional country- and project-level approaches has led to increasing Bank support for global programs. All global programs broadly support MDG Goal 8—"Developing a global partnership for development"—and many also support other MDGs. Few of the global programs yet involve developing countries, civil society organizations, or the commercial private sector in their governance and management. And few focus on global public policy formulation involving the policies of developed countries. Bank-supported global programs have not so far had much influence on developed country policies through advocacy or other means. While global programs have been effective instruments of resource mobilization, the proliferation of global initiatives has exceeded the Bank's institutional capacity to manage and monitor them effectively. Global programs as a group are no better than other development efforts at monitoring and evaluating the

Together, we have set 2015 as the deadline for our results. We must now, together, move beyond words and set deadlines for our actions. . . . What must the Bank do? Focus on implementation of our promises to work towards the Millennium Development Goals . . . we must measure our results more rigorously and, with others, we must be held accountable in the context of broader country goals and the Millennium Development Goals.

James D. Wolfensohn, Annual Meetings Speech, The World Bank, 2002

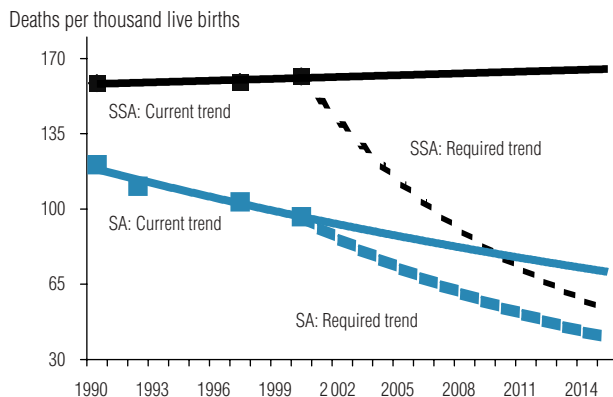
Current Trends Will Need to Shift

Figure 1. Primary School Completion Rates in South Asia (SA) and Africa Regions (AFR) (population weighted)



Source: 1990–2000 figures provided by the World Bank Human Development Network, Education Sector. The required trend lines are based on exponential extrapolation.

Figure 2. Under-Five Mortality in South Asia (SA) and Sub-Saharan Africa (SSA)



Source: Data for 1990 and 2000 are from World Development Indicators 2002. The required trend lines are based on exponential extrapolation.

outcomes and impacts of their activities. Capitalizing on the comparative advantage of individual partners, better linking global programs with related country-level activities, and situating them within the framework of a larger global strategy would help strengthen outcomes.

Future Directions

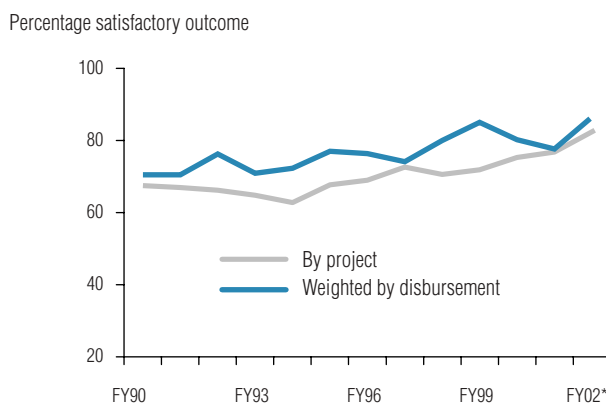
Improve Measurement. By specifying *quantitative* and *time-bound* targets, the MDGs emphasize systematic measurement—and the Bank has launched new initiatives to better monitor, measure, and manage for results. These initiatives will be particularly helpful if they result in clearer and more specific objectives and targets at the country, sector, and global levels. Clients’ capacity and incentives to monitor and evaluate development outcomes also need significant strengthening, and work is needed to identify intermediate indicators for measuring gains on the ground and to monitor the progress of Bank assistance. The latter is of particular importance because the Bank’s instruments have a shorter time frame than the 15-year horizon set for achieving most MDGs. Lessons can be sought in failure as well as success. The monitoring process should be designed to yield information that provides a sound and continuing basis for informed decisionmaking and learning.

Implement Cross-Sectoral Strategies. The MDGs draw attention to the multisectoral determinants of outcomes. The Bank’s programs increasingly recognize these interrelationships; they now need to take the next step and develop and implement cross-sectoral strategies to help clients achieve intended outcomes. Multisectoral strategies do not necessarily imply multisector projects. Developing multisec-

toral strategies will require effective coordination between the Bank’s country and sector units and among sector units to design and implement outcome-based, cross-sectoral country strategies. A more effective institutional mechanism is needed to foster the design and implementation of cross-sectoral strategies to deliver specific development outcomes.

Assess and Address MDG Implications. Achieving MDG outcomes by 2015—and sustaining them beyond 2015—will require a break from historical trends in a number of countries. “Business as usual” is unlikely to suffice for either countries or donors. Signing on to global targets without determining the priority to be attached to individ-

Figure 3. Project Outcomes Show an Upward Trend



* Partial.
Source: Business Warehouse, World Bank 2002.

ual targets in specific circumstances, or developing more feasible alternative targets, is risky for donors and developing countries alike. There is also a risk that the MDGs will lead to the mechanical adoption of specific indicators—or to an over-emphasis on easily monitored targets to the neglect of qualitative dimensions of development.

The first step in better managing these risks and challenges would be to systematically assess and understand the implications—at the corporate, country, sector, project, and global levels—of the MDGs. A determination will then have to be made about how priorities are to be set, key choices made, and any resulting tensions and tradeoffs addressed. Over two years after the Bank's endorsement of the MDGs, such efforts are only just beginning in the Bank, especially at the sectoral (Network) level. Rising to the challenge of the MDGs will require continuity in some areas of Bank work, increased emphasis in others, and may warrant a departure from some current Bank practices and programs. The exact nature of the necessary changes can be determined only through a systematic analysis of the implications of the MDGs at the corporate, country, sector, and global levels. Assessing and addressing these implications should be a priority for the Bank.

Executive Directors' Perspective

The World Bank's Board of Executive Directors and the Committee on Development Effectiveness (CODE) endorsed the main findings of the 2002 ARDE. Their discussion highlighted four main issues. The first was the need for the Bank to systematically assess and address the implications of the MDGs for Bank procedures, lending, and administrative resources beyond the broad directions represented in its strategic documents. The second was the usefulness of using the MDGs as broad development goal posts, and of ensuring that the MDGs are localized, country-owned, and tailored to the circumstances of each country. The third matter considered was the importance of more results-oriented country assistance strategies with time-bound, quantified indicators. And finally, the need for sector strategies to address more explicitly inter-sectoral complementarities and tradeoffs was discussed.

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► This *Précis* is based on the 2002 *Annual Review of Development Effectiveness—Achieving Development Outcomes: The Millennium Challenge*, by Soniya Carvalho.

► The full report is available at:
<http://www.worldbank.org/oed/arde2002>

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