



# OED REACH

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## The IDA10-12 Partnership for Poverty Reduction

- Over the past seven years, IDA has strengthened its poverty reduction mission, repositioned its country assistance programs to better respond to development priorities, introduced new lending instruments, and accelerated its efforts in aid coordination.
- IDA project performance has improved steadily. Outcomes of completed projects have risen to over 70 percent satisfactory, and institutional development impact and sustainability have also improved, although from low levels (see figure, below).
- To deepen and broaden the gains from the existing policy framework, IDA should concentrate on implementation, adequately aligning resources to strategic priorities, and consolidating its mandates in keeping with CDF principles and countries' poverty reduction strategies. This calls for a strong focus on IDA's strategic-level areas of comparative advantage and capacity building, greater monitoring of results, and taking on a more proactive role in aid coordination at the country and global levels.

### The Study

At the request of IDA's donor governments and its executive directors, OED carried out a review of IDA's implementation performance during IDA10-12. OED found the IDA10-12 replenishment commitments highly relevant and timely, but extraordinarily demanding for both IDA and its borrowers. The commitments include: (1) sharpening the poverty focus of support for country development; (2) expanding access to social services, fostering broad-based growth, promoting good governance, and integrating gender and environmental considerations into development efforts; and (3) increasing its development effectiveness through more selective, more participatory, and better-coordinated CASS.

### IDA's Performance

Overall, OED finds IDA's performance in relation to its replenishment undertakings to be satisfactory, but with qualifications. IDA has done much to sharpen the poverty focus of its analytical work, policy dialogue, and lending. It has established a strong presence in the social sectors. Recently, it has brought governance to the fore and markedly expanded its work on public sector management. At the same time, the quality of lending and nonlending services has improved. Yet it has made limited progress in integrating private sector

development, gender, and environmental sustainability into its country programs. Taking account of a host of factors not under IDA's control, the development outcomes of IDA programs are rated partially satisfactory. Much remains to be done by IDA and its partners to meet the multifaceted challenge of supporting sustained, pro-poor, broad-based growth.

### Next Steps

In moving forward, IDA should focus on implementation of its existing policy framework, align resources with strategic priorities, and consolidate its mandates. IDA should concentrate more on its areas of comparative advantage—work at the strategic level in support of economy-wide, sector-wide, and government-wide reforms—and make capacity building a core dimension of every aspect of its work. With the full support of its shareholders, it should also play a more proactive role in fostering aid harmonization and coordination—at the global and country levels—to reduce the high transaction costs of aid for borrowers.

This will require greater country and program selectivity; expanded work in the critical areas of governance and institutional development; and a joint commitment with partners to move from ad hoc to structured coordination of aid programs. Internally it will also require reinvestment in IDA's analytical

work; strengthened accountability for policy compliance; and full, multi-year funding of Country Assistance Strategies.

IDA would also benefit from adjusting the replenishment process. Three changes would improve the process: developing a longer-term vision, focused on results; engaging developing countries in setting priorities and monitoring IDA performance; and defining commitments in terms of monitorable and achievable objectives, with realistic costing, focused on agreed indicators of development progress.

### Project Outcomes, Institutional Development, and Sustainability Improving

