



OED REACH

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Achieving Development Outcomes: The Millennium Challenge

Based on the *Annual Review of Development Effectiveness 2002*.

Available at:

<http://www.worldbank.org/oed/arde2002/>

- Having endorsed the Millennium Development Goals (MDGs), the Bank has also put in place a corporate strategy aligning Bank Group efforts with the MDGs and providing an overall framework for addressing them. Yet, the Bank needs to more fully assess and address the implications of the MDGs, especially for its use of lending and administrative resources.
- The Bank's country, sector, and global programs are consistent with the MDG themes and have increasingly focused on poverty reduction. This focus can be greatly enhanced by defining quantified and time-bound country targets for poverty reduction and other relevant outcomes, and helping client countries design strategies to achieve them. Trade-offs between regions, sectors, and sub-sectors will inevitably arise, given finite resources and institutional capacity, and must be effectively addressed.
- The performance of Bank-financed projects continues to exceed the Strategic Compact target of 75 percent satisfactory. The MDGs now challenge the Bank to demonstrate improvements at the country level – in economic well-being, human development, and environmental sustainability. This will require outcome-focused, cross-sectoral strategies that capitalize on the comparative advantage of partners. “Business as usual” by countries and donors will not suffice.

Opportunities, Risks and Challenges

Endorsed by all 189 United Nations member states in the 2000 Millennium Declaration, the MDGs represent an unprecedented agreement among the development community about key development outcomes. The themes 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 newness of the MDGs lies in their focus on outcomes (not just inputs or outputs), on quantitative and time-bound development targets, and on developed country obligations in a global partnership for development. These new aspects of the MDGs present an opportunity to increase the results focus of country and donor programs, to address the multi-sectoral

determinants of outcomes, and to improve the measurement and monitoring of outcomes.

At the same time, the adoption of the MDGs entails risks and challenges for the Bank. Based on current trends of progress, many countries will not achieve the MDGs by 2015, and this poses a risk of disappointment and cynicism. There are also challenges: localizing the global MDGs to country conditions, harnessing the contribution of sectors without an explicit MDG goal, focusing on outcomes among poor countries and population groups rather than on global outcomes, and identifying the results chain and monitoring appropriate intermediate indicators. The Bank's effectiveness in addressing the MDGs will depend on how well it manages these risks and challenges.

Findings

ARDE 2002 finds that the Bank's country, sector, and global programs are consistent with the MDG themes and that the Bank's support for them has been continuous. Moreover, performance at the individual project level shows an upward trend, as shown in the figure below. The Bank must now scale up impact to the country level. While the Bank's Country Assistance Strategies have increasingly focused on poverty reduction, their goals are expressed more frequently in terms of directions of change than of achieving specific targets. Poverty Reduction Strategy Papers, on the other hand, provide a clearer set of targets, although the realism and achievability of the targets can be improved. The Bank needs to define the objectives and targets of its country programs with greater specificity, deriving these from national targets established by countries in light of global MDG goals, and using the PRSP where applicable. Better analytical work including stronger poverty analysis is required.

The Bank's sector strategies show increasing attention to poverty linkages. While they also increasingly recognize the multisectoral determinants of outcomes, they do not yet provide guidance on how to develop multisectoral strategies to achieve specific outcomes in various country settings. A more effective institutional mechanism is needed to foster the design and implementation of cross-sectoral strategies.

All Bank-supported global programs broadly support the MDGs. But few yet involve developing countries in their governance and management, and few focus on global public policy formulation involving developed country policies. Complementary country-level investments have received insufficient attention. Global programs are no better than other development efforts at monitoring and evaluating their activities—typically monitoring funding inputs but not outcomes.

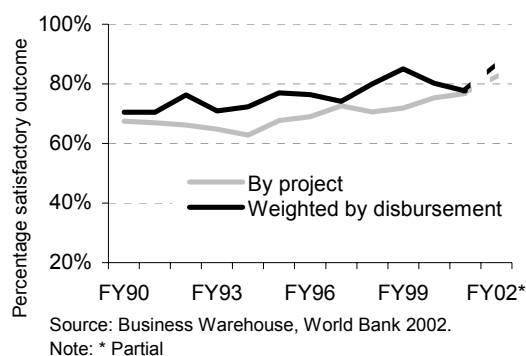
Implications

The monitoring of both outcomes on the ground and the effectiveness of Bank programs in addressing the MDGs needs strengthening. The Bank should pay greater attention to helping clients improve the quantity and quality of relevant data to measure and improve progress

towards the MDGs. In addition, the following actions would help enhance the effectiveness of Bank assistance.

- *Corporate level.* The Bank must systematically assess and address the implications of the MDGs including any changes in the sectoral and geographic composition of lending.
- *Project level.* The Bank should ensure continued good project performance and scale up impact to help clients achieve country-level improvements in economic well-being, human development, environmental sustainability, and other relevant outcomes.
- *Country level.* Since tensions and trade-offs between sectors, sub-sectors, and regions can most effectively be addressed only at the country level, a better definition of relevant country outcomes and targets – quantified and time-bound – is needed.
- *Sector level.* The Bank's sector strategies should provide more guidance on how to prioritize sectors and subsectors and develop cross-sectoral strategies in different groups of countries.
- *Global level.* The Bank's global programs should pay more attention to developed country obligations – including through stronger advocacy. The Bank should ensure that global programs are complemented by appropriate country-level investments.

Project Performance Shows an Upward Trend



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