

IEG

INDEPENDENT EVALUATION GROUP

World Bank Country-Level Engagement on Governance and Anticorruption:
An Evaluation of the 2007 Strategy and Implementation Plan

Approach Paper

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ABBREVIATIONS AND ACRONYMS

AFR	Africa
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
CAE	Country Assistance Evaluation
CAS	Country Assistance Strategy
CASCR	Country Assistance Strategy Completion Report
CoST	Construction Sector Transparency Initiative
CPIA	Country Policy and Institutional Assessment
DAC	Development Assistance Committee
DIR	Detailed Implementation Review
DPL	Development Policy Loan
EITI	Extractive Industries Transparency Initiative
EAP	East Asia and the Pacific
ECA	Europe and Central Asia
ESW	Economic and Sector Work
GAC	Governance and Anticorruption
GPF	Governance Partnership Facility
IBRD	International Bank of Reconstruction and Development
ICR	Implementation Completion Report
IDA	International Development Association
IEG	Independent Evaluation Group
IL	Investment Loan
INT	Institutional Integrity Unit
IP	Implementation Plan
LAC	Latin America and the Caribbean
MENA	Middle East and North Africa
MeTA	Medicines Transparency Alliance
OECD	Organization of Economic Cooperation and Development
ORAF	Operational Risk Assessment Framework
PAD	Project Appraisal Document
PEA	Political Economy Analysis
PPAR	Project Performance Audit Report
SAR	South Asia
StAR	Stolen Asset Recovery Initiative
QAG	Quality Assurance Group
WBI	World Bank Institute

INDEPENDENT EVALUATION GROUP (IEG)

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Approach Paper

1. For over a decade, the World Bank has sought to make governance and anticorruption an integral part of its work to help reduce poverty and promote growth in developing countries. Governance and anticorruption refers an *objective* of Bank assistance to countries in developing capable and accountable public institutions that formulate and implement sound policies, provide public services, set rules governing markets, and combat corruption. It also refers to an *approach* to development assistance – one that enlists countries and their partners in ensuring that development resources are channeled to their most effective use and protected from fiduciary risks relating to weak governance and corruption.

2. The Bank is currently implementing its 2007 strategy, *Strengthening World Bank Group Engagement on Governance and Anticorruption* (henceforth the GAC strategy). Management has reported extensively on GAC implementation efforts through a series of annual progress reports as well as several Board discussions. The Independent Evaluation Group (IEG) plans to carry out an evaluation of this strategy, to be completed in the third quarter of FY11, in order to precede and inform Management preparation and Board discussion of a planned second phase of the GAC strategy. This Approach Paper discusses the evolution of the Bank’s work on governance and salient features of the 2007 GAC strategy and implementation plan, and then presents the proposed evaluation objectives and scope, framework, questions, and methods.

Evolution of World Bank Group Engagement on Governance and Anticorruption

3. The current strategy follows a long history of Bank engagement on governance issues. The Bank’s work in these areas dates back to the late 1980s and can be viewed in three stages:

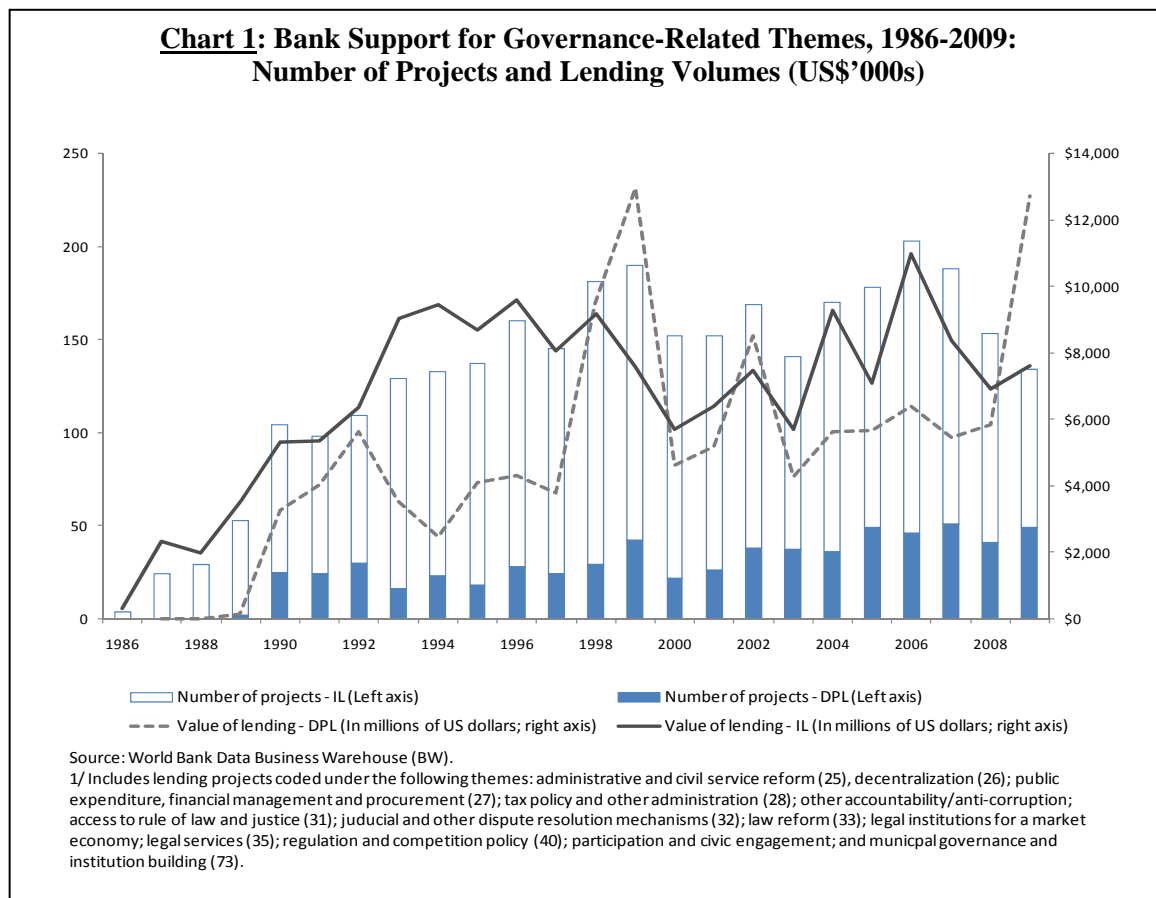
- i) From the mid-1980s through the mid-1990s, the Bank began to support public sector management reform as a component of structural adjustment. At the same time, questions were raised about the quality of governance in poor countries. This led to a clarification of the legal basis for the Bank’s involvement in governance issues and an expansion of support for institutional capacity building issues, particularly in Africa.¹
- ii) During a watershed period in the mid-1990s, in recognition of the deleterious impact of systemic corruption on economic development, the Bank committed to tackling the “cancer of corruption” in its own projects and to expanding its support for country-led efforts to promote good governance.² This era witnessed a further expansion of Bank lending and knowledge work on a range of governance issues – from public sector reform to investment climate issues, from local empowerment to measurement of institutional quality. It was also marked by a commitment to adopt effective aid modalities in line with the Paris Declaration, for example, through the use of country systems.

¹ World Bank (1999b) and (2000); Thomas (2007).

² Wolfensohn (1996); World Bank (1997b), (2000a), and (2000b).

iii) By the mid-2000s, GAC issues – in particular, issues of aid selectivity and fiduciary risk management – gained renewed focus, and culminated in the 2007 strategy.³ This strategy reiterates the Bank Group’s long-term commitment to engage countries in addressing their diverse governance challenges, while enhancing the integrity of its operations and its approach to risk management.⁴

4. The evolution reflected advancements in knowledge on the role of institutions in economic development;⁵ shifting preferences from shareholders (on how to address governance in client countries); advocacy from an increasingly vocal and diverse group of external stakeholders; growing awareness that the choice of aid modalities can help or hinder country efforts to improve governance; and the lessons learned from evaluations of Bank operations. At each stage, the Bank increased its financial assistance for governance reforms and capacity building across core public sector institutions, in the sectors, and the private sector. Bank lending for public sector governance-related themes has continued to grow over the past two decades (Chart 1). The Bank has also sought to build knowledge of country-level governance and to strengthen measurement of governance performance.



³ Wolfowitz (2006).

⁴ In parallel, a 2006 legal opinion by the Bank’s Chief Counsel concluded that the Bank’s Articles of Agreement permitted, but did not mandate, action on the part of the Bank in relation to human rights. See Palacio (2006).

⁵ World Bank (1997a), (2002), (2004), (2005a), (2005c).

Salient Features of 2007 GAC Strategy

5. Currently under implementation, the 2007 strategy was based on seven key principles, which are intended to govern the Bank Group's approach to GAC issues across developing countries (Box 1). It also committed to ensuring consistency of treatment across countries, setting lending envelopes using rules-based criteria such as IDA's Performance Based Allocation system, and choosing entry points for governance reforms in different country settings (for example, building state capacity and accountability, expanding private sector engagement, or engaging multiple stakeholders). More than earlier attempts, the 2007 GAC sought to strengthen the Bank's approach to managing operational risks, and in particular, meeting its fiduciary obligations.

Box 1: Principles of World Bank Group Engagement on Governance and Anticorruption

1. The WBG's focus on GAC is rooted in its mandate to reduce poverty - a capable and accountable state creates opportunities for the poor.
2. The WBG's GAC work must be country-driven.
3. Implementation is adapted to individual country circumstances.
4. The WBG will remain engaged even in poorly governed countries so "the poor do not pay twice."
5. The WBG aims to engage in its GAC work with a broad array of stakeholders.
6. The WBG will strive to strengthen, not by-pass, country systems.
7. The WBG will work with governments, donors, and other actors at the country and global levels to ensure a harmonized and coordinated approach.

Source: World Bank

6. An implementation plan (IP) sought to define concrete steps for "what the World Bank Group *itself* will do to support the GAC agenda, and how it will work with governments, domestic stakeholders, and development partners to support country-level governance improvements and regional and global initiatives." The IP's success was to be measured by (i) a significant and growing number of countries seriously addressing key governance impediments to development effectiveness and poverty reduction; (ii) Bank-supported projects and programs increasingly addressing GAC impediments; and (iii) countries and global partners valuing and respecting the Bank's capacity in this area.⁶ To this end, it proposed a range of guidance materials, tools, trainings, and strategic staffing efforts to deepen Bank engagement as follows:

- i) *Country-level GAC*. Country-GAC (CGAC) processes – comprising joint workshops, peer-to-peer learning events, clinics, and upstream assessment activities – were intended to help Bank teams systematically diagnose governance challenges, and identify ways of addressing them through CAS design, sector strategies, and project preparation. As such, they would deepen the Bank's understanding of what can be done to strengthen GAC in Country Assistance Strategies (CASs) and help identify governance entry points (for example, core public management and accountability institutions, private sector engagement, and demand-side capacities and frameworks). In the first year, Management reported that CGACs were launched in 27 countries.⁷

⁶ World Bank (2007a).

⁷ World Bank (2008a).

- ii) *GAC-in-Sectors and GAC-in-Projects*. Similar efforts relating GAC-in-sectors and GAC-in-projects sought to strengthen incentive and accountability frameworks in sector dialogue and project design, and systematic upstream risk assessment and mitigation (for example, through the use of upstream political economy analysis, actionable governance indicators, “smart design,” demand-side measures). Operational support would include diagnostic work and toolkits relating GAC in the social sectors and infrastructure as well as GAC in thematic areas such as the demand for good governance.⁸ Also envisaged were tools and training to support preventive efforts in mitigating fraud and corruption risks in projects. A 2009 QAG survey of FY08 approved projects was intended to establish a baseline for incorporation of a set of standardized GAC elements in projects.⁹

- iii) *Global GAC Efforts*. The GAC strategy planned to increase Bank involvement in peer learning networks and collaborative governance initiatives that aim to promote good governance and combat corruption. Among those cited in the strategy were the Extractive Industries Transparency Initiative (EITI); global and regional legal conventions such as the Stolen Asset Recovery (StAR) Initiative;¹⁰ the Medicines Transparency Alliance (MeTA) and the Construction Sector Transparency Initiative (CoST). In addition, the strategy sought to harmonize the Bank’s GAC policies and procedures with those of other multilateral development banks, and to establish common response principles for high-risk countries under the auspices of Gov-Net.

- iv) *Related Corporate Initiatives*. The GAC agenda included plans strengthen the Institutional Integrity Unit (INT) through the implementation of recommendations by an independent panel chaired by Paul Volcker.¹¹ Also considered were the World Bank Institute’s plans to focus its efforts in governance *inter alia* though support for multi-stakeholder platforms.¹² Finally, GAC implementation was to be integrated with other Bank-wide initiatives such as an updated disclosure policy and a new *Operational Risk Assessment Framework* (ORAF) launched in the context of investment lending reform.¹³

7. *Resourcing the Strategy*. In addition to incremental budgetary resources, the \$85 million Governance Partnership Facility (GPF) was to provide the funding for GAC implementation. This multidonor trust fund would support Bank and recipient-executed GAC activities (Annex 1).

⁸ Over the past decade, the Bank has sought to systematize the measurement of country-level governance performance. In recent years, the Bank has emphasized the use of actionable governance indicators that are linked to specific governance reforms. See World Bank (2008b) and (2009b); Arndt, Christiane and Charles Oman (2006).

⁹ According to QAG, overall 46 percent of operations approved in FY08 were responsive to the GAC agenda. GAC in fiduciary aspects was the highest scoring dimension Bank-wide, with a baseline 64 percent of operations being responsive. Forty-six percent were responsive in terms of attention to governance and political economy issues, while 42 percent were responsive to the demand side of governance. See World Bank (2009e).

¹⁰ Closely related were efforts to help strengthen the integrity of financial sectors in developing countries including a sound Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) regime.

¹¹ Volcker Panel recommendations included the establishment of an Independent Advisory Board; appointment of an external member of the Sanctions Board as the chairperson; development of a confidentiality protocol; transfer of the responsibility for staff misconduct from INT to the Ethics Office; enhancement of selected staff rights to improve fairness of internal investigations; expansion of the PSU; strengthening of communication between INT and the Regions; and refinement of INT result metrics. See Volcker et al (2007).

¹² World Bank (2009a).

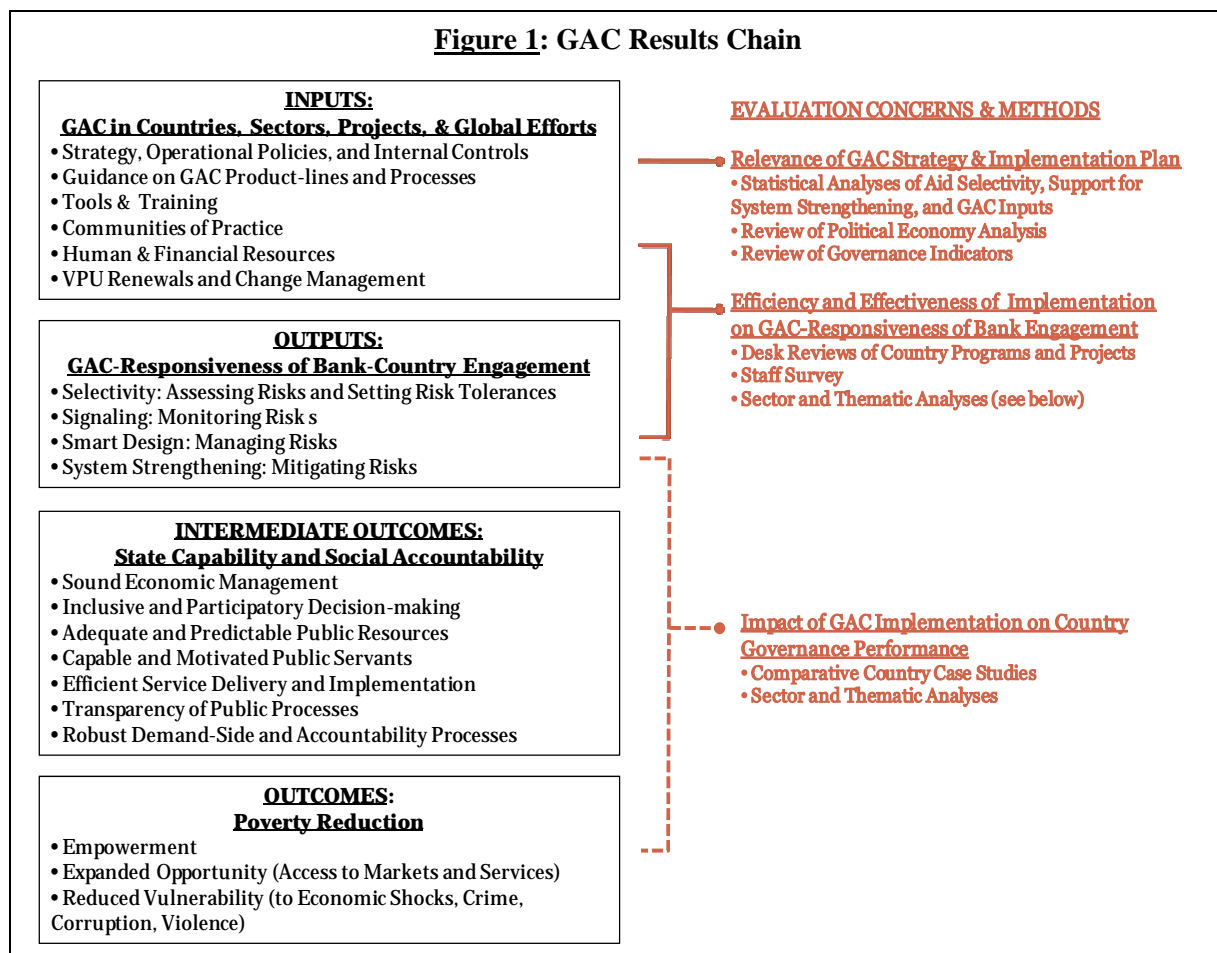
¹³ Four out of the 11 risks identified by the ORAF relate to GAC: country, sector/multisector institutional, implementing agency governance, and implementing agency fraud, and corruption risks.

8. *Change Management Arrangements.* GAC implementation was viewed as a significant change management agenda for the Bank. Change management arrangements were to include an apex GAC Council comprising all the Vice Presidents and chaired by the Managing Directors on a rotating basis. The Council would be supported by a Secretariat and focal points across the Bank’s regional and network anchor units. Regular consultations would be held with external advisory bodies including a Group of External Advisers, an Independent Advisory Board (that advises the President and Audit Committee on INT performance), and an International Technical Advisory Group (that advises on the *Use of Country Systems pilot*). Management would report to the Board on an annual basis on implementation progress.

Evaluation Framework

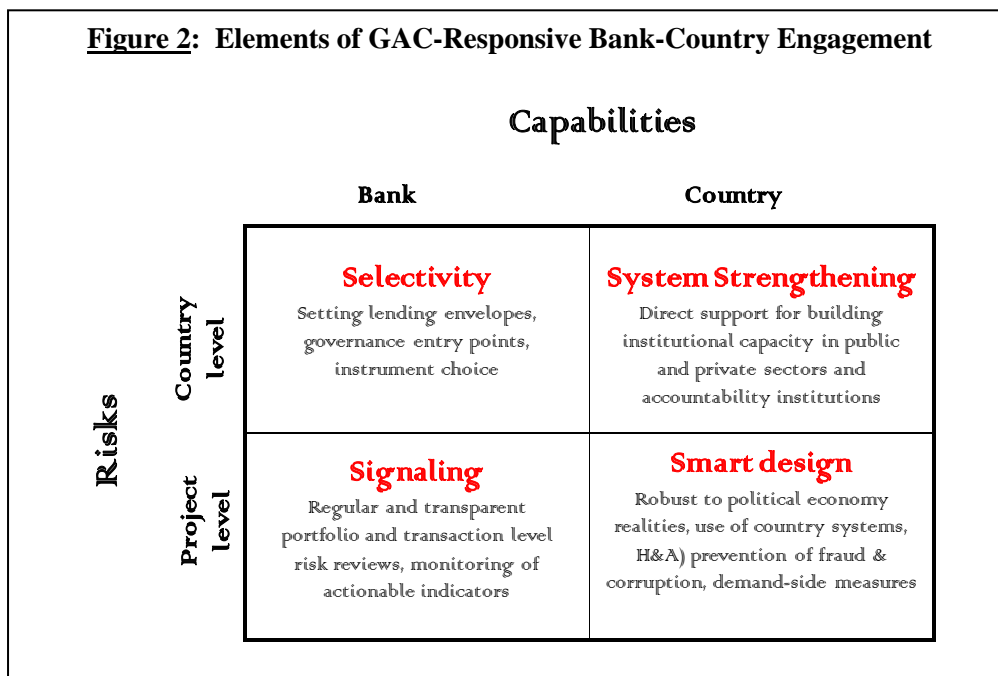
GAC Results Chain

9. While allowing for the dynamic nature of complex change initiatives, any evaluation of the GAC strategy should be based on a logical framework and results chain. For the purposes of evaluating the 2007 GAC, such a results chain should link the strategy and IP (*inputs*) to the quality of Bank-country operational engagement (*outputs*), country governance performance (*intermediate outcomes*), and poverty reduction (*outcomes*). This framework is illustrated in Figure 1 and described below:



10. *Inputs -- GAC Strategy and Implementation Activities.* The strategy and rolling implementation plan provide the key inputs designed to improve the Bank’s ability to deal with GAC issues at the country, sector, and project levels as well as in international efforts. The GAC inputs are *inter alia* GAC strategic principles along with supporting operational policies and internal controls; guidance and support for upstream and downstream risk review processes (for example, CGAC processes, governance filters, red flags); development of new product-lines (for example, political economy analysis), provision and roll-out of operational tools (for example, actionable governance indicators), training and advisory activities, knowledge and operational support for communities of practice on GAC themes (for example, GAC-in-projects, the Demand for Good Governance, and Political Economy Communities of Practice), global programs and partnerships, institutional renewals of relevant Bank units, and the provision of human resources (for example, GAC Advisers) and financial resources (for example, incremental budgetary resources as well as proceeds from trust funds) to support implementation efforts. Inputs also include change management arrangements and efforts.

11. *Outputs -- GAC Responsiveness of Bank Engagement.* The above-mentioned inputs should help build Bank and country capacity to systematically address GAC-related concerns and risks at the country/sector and project levels, as well as GAC-related barriers to poverty reduction in developing countries. The outputs of implementation efforts are: (i) improved “GAC-responsiveness” of Bank-country engagement, that is, programs, projects as well as analytical and advisory activities that consistently incorporate GAC elements in a consistent and *cost effective* manner (Figure 2); and (ii) enhanced quality of Bank country and sector portfolios, using conventional portfolio quality measures.



12. First, a *GAC-responsive* approach to Bank-country engagement would be characterized by *enhanced selectivity, improved signaling, smarter design, and effective system strengthening*.¹⁴ These are described below.

- i) *Enhanced selectivity of Bank country strategies and programs.* In more selective Bank programs, candid assessments of governance and political economy risks would shape decisions regarding lending levels and composition (or aid selectivity),¹⁵ explicit choice of governance entry points (for example, focusing on the core public sector versus private sector engagement), mix of financial and knowledge instruments (for example, development policy versus investment lending in country portfolios), and identification of results measures (for example, using actionable governance indicators).
- ii) *Improved signaling of GAC concerns and risks through Bank portfolio processes.* GAC-responsive Bank portfolios, risks should be regularly and rigorously monitored over the course of implementation (for example, through early warning of fraud and corruption risks). They would also track the progress of governance reforms at the sector and project levels *inter alia* through the use of portfolio management and actionable governance indicators. Disclosure of portfolio reviews and efforts to engage interested stakeholders in progress monitoring should be designed to signal progress on GAC issues and promote proactive management of risks by borrowers and the Bank.
- iii) *Smarter design of programs and projects by countries.* As a result of dialogue with the Bank, client countries should become better equipped to design innovative or “smarter” projects and programs that are cognizant of GAC issues. A “smarter” approach would ensure *inter alia* that project design and implementation arrangements are robust to political economy realities. It would also seek to limit fraud and corruption risks, use country systems, and utilize transparency measures such as third party monitoring so that citizen stakeholders are empowered to hold state actors and service providers accountable.¹⁶ Smarter project design therefore should be results-oriented – focused on tracking intermediate governance outcome as well as higher-order development outcomes.
- iv) *A focus on country system strengthening.* GAC responsive Bank programs are characterized by borrower-led efforts to systematically strengthen country systems. These include capacity building of cross-cutting and sectoral state institutions (for instance, civil service and budget management systems, revenue administration, local governments, ministries and agencies), accountability institutions (for instance, judiciaries, supreme audit, and anticorruption bodies), and the private sector and civil society.¹⁷

13. Enhancing GAC-responsiveness may come at a certain cost to the Bank and its borrowers. Therefore, the *cost-effectiveness* of these efforts (for example, in terms of time required for project processing, incremental costs of due-diligence) will be important to consider.

¹⁴ Adapted from QAG. See World Bank (2009e).

¹⁵ Risk tolerances (that is, lending envelopes and trust fund grant commitments) are set and appropriately adjusted in a manner consistent with established rules-based criteria (for example, the Performance-Based Allocation framework for IDA countries) to ensure scarce aid resources are channeled to their most effective use.

¹⁶ Adapted from QAG. See World Bank (2009e).

¹⁷ World Bank (2005c).

14. Second, more GAC-responsive Bank programs will contribute to better quality Bank portfolios overall. In other words, improvements in generic measures of portfolio quality should also be considered outputs of GAC implementation. For instance, upstream diagnostic GAC efforts are expected to contribute to better risk monitoring and management, better design, and therefore, better performance in terms of conventional measures of project performance. These include not only Development Objectives and Implementation Progress, but also the Realism and Proactivity Indices, as well as commitments and projects at risk.¹⁸

15. *Intermediate Outcomes – Country Governance Performance.* Over time, GAC-responsive Bank support to countries should contribute to more capable and accountable states that create opportunities for the poor.¹⁹ These governance improvements generally involve increasing the ability of states to *correct market failures* through the provision of public goods (for example, basic social and infrastructure services) and regulation of markets. In carrying out these public functions, governments are also responsible for mitigating *government failures* or weaknesses in formulating and implementing sound policies, providing public services, setting and enforcing rules governing markets, and combating corruption.²⁰ In recent years, development practitioners have made steady improvements in measuring the quality of public institutions (for example, through CPIA and other governance indicators).

16. *Outcomes – Poverty Reduction.* GAC outcomes in theory are also poverty reduction outcomes such as achievement of Millennium Development Goals. Specifically, they include: (i) empowerment of citizens, in particular the poor; (ii) expansion of opportunities through providing access to markets and essential services; and (iii) provision of security from vulnerability (including economic shocks, as well as crime, corruption, and violence).²¹

Evaluation Objectives and Audiences

17. The main objective of the evaluation is to help enhance the World Bank Group’s approach to governance and anticorruption in developing countries, and to improve its effectiveness in assisting countries develop capable and accountable states that create opportunities for the poor. Pursuant to this objective, the evaluation will assess (i) the relevance of the 2007 GAC strategy and implementation plan; and (ii) the efficiency and effectiveness of implementation efforts in making Bank-country engagement more responsive to GAC concerns. It will also attempt, where feasible, to assess the impact of GAC efforts in discrete areas of country governance, and to identify what works and what doesn’t in developing capable and accountable states.

18. A diverse group of stakeholders within and outside the Bank Group was consulted in the formulation of the 2007 GAC strategy and contributed to shaping it. These stakeholders will make up the multiple audiences that this evaluation will target. They include the Bank’s diverse shareholders – borrowing governments and diverse in-country stakeholders (for example, in the executive, legislatures, civil society, academia, and media), as well as donor countries and their interested domestic constituencies (for example, civil society organizations and think tanks). Equally important is Bank staff involved in various aspects of GAC implementation.

¹⁸ World Bank (2009f).

¹⁹ World Bank (2002).

²⁰ World Bank (1997a), (2004), and (2005a).

²¹ World Bank (2002).

19. In preparing this Approach Paper, therefore, IEG has consulted extensively with some of these stakeholders, including former and current senior management of the Bank, the GAC Group of External Advisers, as well as staff involved in GAC implementation. These consultations point to four areas where the evaluation could add value. First, it could offer a framework for benchmarking progress on GAC implementation at the country, sector, and project-levels. Second, in addition to verifying findings of Management progress reports, it could investigate the root causes of implementation challenges so that they can be resolved in the second phase of the GAC. Third, it could identify good – or at least better – practice in certain aspects of GAC work. Fourth, given the “real-time” nature of the evaluation, periodic dissemination on preliminary findings could help inform Management’s plans for GAC Phase 2.

Evaluation Questions

20. Pursuant to the above-mentioned objectives and based on the feedback received from key stakeholders, the evaluation will address the following three groups of questions:

Relevance of the GAC Strategy and Implementation Plan

21. **To what extent was the Bank’s 2007 GAC strategy relevant?** In assessing the relevance of the strategy, the evaluation will aim to answer the following questions:

- i) Were the objectives, rationale, principles, and scope of the 2007 GAC strategy coherent, internally consistent, and realistic? Did the strategy have a logical results framework?
- ii) To what extent was the strategy based on a convincing diagnosis of the constraints to the Bank’s effectiveness in fulfilling its poverty reduction mandate, and consistent with the priorities and needs of client countries?
- iii) To what extent was the 2007 GAC strategy consistent with the Bank’s prevailing external authorizing and operating environment, and in particular the following:
 - the role of other development partners in the larger aid architecture, their relative risk tolerances in channeling aid resources to different country settings, and their likely strategic responses to the Bank’s re-positioning on GAC issues;
 - the complex – and on occasion, competing – preferences of Bank shareholders and their constituencies with regards to GAC issues;
 - the state of knowledge and practice on governance issues including lessons learned from the Bank’s previous experience.
- iv) Did the strategy acknowledge or seek to address potential trade-offs in pursuing GAC objectives and principles at the country level (for instance, trade-offs between a risk adjusted operational response and a commitment to consistency of treatment across countries; between a focus on project-specific fiduciary safeguards and the use of country systems; and between exercising selectivity in allocating aid and strengthening the Bank’s response in fragile and conflict-affected states)?

22. To what extent was the IP relevant in operationalizing the 2007 GAC strategy? To determine whether the IP did the “right things,” the following issues will be addressed:

- i) Were GAC inputs supported by the IP (in particular those financed by incremental budgetary resources and the GPF trust fund) consistent with the objectives of the strategy? To what extent did these inputs balance the following priorities:
 - building internal Bank GAC capacities versus building country capacities,
 - assessing risk upstream of operations versus managing risks downstream,
 - supporting GAC work at country level versus supporting GAC-in-sector and projects?
- ii) Was the distribution of GAC inputs in line with the principle of ensuring consistency of treatment across countries, or the principle that “GAC is everybody’s business’ (that is, all sectors)? To address this question, the evaluation will assess *coverage* of GAC activities and funding – in particular, operational and knowledge support relating to CGACs, GAC-in-projects and GAC-in-sectors – by regions and countries, as well as by sectors and thematic areas. It will attempt to determine whether the Bank rolled out GAC implementation in balanced way, for instance, between priorities in:
 - public sector reform versus private sector development;
 - the social sectors versus infrastructure;
 - middle income versus lower income countries; and
 - fragile states versus higher performing IDA countries?
- iii) The evaluation will also review the *quality* of knowledge and operational support in high priority GAC areas, and their implications for the Bank’s operational and risk management frameworks. In particular, given its prominence in the IP (and in terms of GPF funding), the evaluation will review in detail the Bank’s approach to **political economy analysis** (PEA) work across countries and sectors.²² To what extent was guidance and support based on a coherent intellectual framework (based on relevant theory), rolled-out in a client-oriented manner, and designed to deliver operational impact?
- iv) To what extent did funding arrangements under the GPF help support mainstreaming of GAC efforts and help clarify lines of accountability related to GAC implementation? Were potential dependency risks of donor funding acknowledged and managed?²³

Efficiency and Effectiveness of GAC Implementation

23. To what extent were 2007 strategy implementation efforts efficient and effective in enhancing the “GAC-responsiveness” of Bank-country engagement? This question will be addressed in the following ways:

- i) To what extent has the Bank addressed GAC concerns more systematically in an increasing number of countries and sectors since the launch of the 2007 GAC strategy? To address this question, the evaluation will assess the following:

²² The evaluation will review the Bank’s conceptual framework for PEA; the quality of guidance and tools; the demand-responsiveness, value-added, and lessons of actual PEA analyses; the financing of PEA work in the context of 2007 GAC strategy; and emerging issues in dissemination and disclosure of these analyses.

²³ World Bank (2007c).

- Were Country Assistance Strategies increasingly *selective* in engaging GAC issues along the following dimensions: setting levels and changing the composition of all Bank financial support (for instance, both IDA and trust funds); clearly identifying governance entry points (for example, public sector capacity building, private sector engagement); choosing an appropriate mix of financial and knowledge instruments (for example, DPLs and ILs); and defining GAC-related results?
 - Did CASs include sequenced support for *strengthening of country systems* (for example, for the core public sector such as civil service systems, public finance management, decentralization, revenue administration; sectoral institutions; accountability institutions such as legislative oversight bodies; and the private sector and civil society)? Which approaches to sequencing worked better than others?²⁴
 - Did projects across sectors reflect “*smarter*” approaches to design – that is, more likely to be fitted to political economy realities, and more likely to incorporate demand-side measures and fiduciary safeguards? Were certain types of institutional arrangements projects more robust to political economy realities than others?
 - Were country programs and projects more effective in *signaling* of GAC risks and concerns downstream (for example, through portfolio processes, implementation support, analytical and advisory work, or use and dissemination of governance indicators)? Did Bank support include multistakeholder engagement efforts to bring into public debate the implications of government policies and actions for the poor?
- ii) To what extent did CGAC processes and related GAC inputs contribute to GAC outputs – that is, more GAC-responsive Bank support at the country, sector, and project levels? Did they contribute to improvements in the risk profile and quality of operations (at entry and during implementation), the quality of economic and sector work (ESW), and portfolio performance? Which aspects of GAC engagement worked well, and which ones didn’t?
- iii) How effective change management in ensuring the value-added of CGAC and related GAC roll-out efforts? To assess this dimension, the evaluation will seek to gauge the perceptions of staff, donors, and clients towards Bank engagement on GAC issues. In particular, it will seek to understand better the reported risk aversion of Bank staff and their perceptions of incentives to address GAC issues systematically.²⁵

Impact of GAC Implementation

24. To what extent did the Bank contribute to improved governance in countries?

Evaluating the impact of GAC efforts poses two challenges. The 2007 GAC strategy is still in the early stages of implementation. Country-level impact of GAC efforts over the FY2008-10 period is, in most cases, too early to measure. Second, it is difficult to attribute improvements in country governance *writ large* to Bank support given the myriad of other donor-supported and indigenous efforts in client countries. Therefore, this question will be addressed in two parts:

- i) To what extent did client countries experience improvements in selected sectors and thematic areas over the FY2004-10 period (see para 28)? Specific indicators of

²⁴ World Bank (2002) and (2005b).

²⁵ World Bank (2009b).

improvement in sectoral governance or cross-cutting institutional performance will need to be developed (including types of corruption and institutional dysfunction). Where feasible, existing quantitative and perception data (for example, drawn from household and firm-level surveys) will be used.

- ii) Which aspects of Bank assistance – and “GAC-responsive” programs – contributed to actual governance improvements? Using the logical framework, the evaluation will seek to determine partial and plausible lines of causation between country governance patterns and Bank and donor support. It will also examine whether there were any unintended consequences of GAC efforts for Bank-country engagement.

25. In assessing the results, the evaluation will attempt to identify lessons regarding what works in terms of Bank support for governance reforms in client countries. It will also seek to determine whether the linkages between GAC-responsive programs and *intermediate outcomes* (relating to state capability and social accountability) are stronger in certain areas compared with others. It will also attempt to identify strengths and limitations of Bank-supported GAC efforts and make recommendation on how such efforts can be prioritized going forward.

Scope of the Evaluation

26. The multi-dimensional and wide-ranging nature of the GAC strategy poses important challenges for scoping the evaluation. The proposed approach addresses three key scope issues:

27. *Balancing Global, Institutional, and Country-Level Concerns.* Evaluating the full range of GAC-related interventions – for instance, the restructuring of WBI and INT, launch of the StAR Initiative, introduction of a new disclosure policy, or IFC corporate efforts – is neither practical nor cost-effective. Therefore, the evaluation will not cover specific VPU restructuring efforts or global programs. Rather, it will confine itself to reviewing GAC through *the prism of Bank country-level engagement*.

28. *Selection of Sectors and Themes.* The 2007 strategy has sought to make GAC “everybody’s business.” Therefore, the roll-out of GAC activities was intended to expand into sectors and thematic areas (for example, in health, education, and infrastructure). While the evaluation will assess the relevance, efficiency, and effectiveness of GAC activities *across all sectors*, it will undertake a more in-depth analysis of implementation and impact in a few discrete areas: service delivery in the *roads* and *primary education sectors*,²⁶ and *accountability institutions* (that is, non-executive institutions such as supreme audit, legislative oversight, other independent oversight bodies, as well as social accountability networks).²⁷ Criteria for selecting these sectors and thematic issues were *inter alia* the focus of early GAC-in-sectors efforts, perceived risk exposure of Bank lending and donor assistance; as well as potential for building on existing IEG evaluations.

²⁶ Reviews of Bank support for GAC-in-sectors will involve literature reviews of GAC issues in primary education and roads; assessments of sector-specific guidance to Bank staff and clients on GAC issues; and analyses of GAC-responsiveness of projects and their implications for service delivery in each of these sectors. Country case studies will also review the role of PEA and governance analyses in each of these sectors.

²⁷ Review of Bank support for anti-corruption commissions and the judiciary are covered in other IEG work.

29. *Defining a Period of Review.* The period of implementation of the 2007 GAC strategy has been FY2008-10. This will be focus of the assessment of *relevance* of the strategy and IP. However, to assess *effectiveness* and to assess *impact* (where feasible), the evaluation will cover the period FY2004-10 in order to carry out before-after comparisons across CAS cycles.

Methods of Analysis

30. To address the above-mentioned questions, the evaluation will employ multiple analytical methods: (i) statistical analysis; (ii) desk reviews; (iii) comparative case studies; (iv) sectoral and thematic analyses; (v) surveys, structured interviews, and facilitated discussions with stakeholders; and (vi) process and budget reviews. These are described below:

31. *Statistical Analysis of Aid Selectivity, Bank Support, and GAC Inputs.* As part of the assessment of relevance of the Bank's 2007 strategy, the evaluation will undertake statistical analyses of the following:

- i) *Selectivity of aid flows through the Bank compared with those flowing through other donor and official channels.* The evaluation intends to determine whether the 2007 GAC strategy helped maintain the Bank's policy of channeling scarce aid resources to its most effective use (that is, countries with better policies and institutions). Pursuant to this objective, the evaluation will assess the degree to which aid flows through the Bank over the FY2004-10 period were (more or less) selective relative to other channels.²⁸ The analysis will draw on the existing literature as well as OECD DAC and related data sources to capture overall aid flows. Aid flows channeled through the Bank will include IDA, trust funds, and IBRD resources. The CPIA and other measures of governance performance will be considered as well.
- ii) *Selectivity of Bank support for strengthening country systems relative to other donors.* Drawing on OECD DAC and related data sources, the evaluation will also analyze the roles of various donors in directly supporting system strengthening for core public sector, sectoral, and accountability institutions and civil society (for example, through technical cooperation and capacity building) in different country settings over the FY2004-10 period.
- iii) *Distribution of GAC inputs, GPF and Bank resources.* The evaluation will include a statistical analysis of the distribution and coverage of GAC inputs and the allocation of GPF and Bank budgetary resources across countries, sectors, and Bank units.

32. *Desk Review of CASs, Projects, and ESW.* To assess the effectiveness of the strategy in enhancing the *GAC-responsiveness* of Bank-country engagement during design and implementation, the evaluation will include desk reviews of Bank Country Assistance Strategies, projects,²⁹ and linkages to related economic and sector work (ESW) over the FY2004-10 period. Using standardized questionnaires, the reviews will cover both upstream design and downstream implementation processes. As such, they will rely on CASs, CAS Completion Reports (CASCRs), Country Portfolio Performance Reviews, and related ESW, as

²⁸ World Bank (2009g).

²⁹ The review will cover projects supported by IBRD and IDA lending as well as recipient-executed trust funds.

well as Project Appraisal Documents, Implementation Status Reports, QAG analyses, Implementation Completion Reports, and similar documentation for recipient-executed trust funds and WBI activities. They will also draw on IEG reports including CAEs, CASCR reviews, ICR reviews, Project Performance Audit Reports (PPARs), as well as INT's Detailed Implementation Reviews (DIRs), other INT analyses, and summary results of investigations.

33. The sampling methodology for the desk reviews supports two levels of analysis of the "GAC-responsiveness" of country programs and projects, referred to in para 23 ([Figure 3](#) and [Annex 2](#)):

- i) *Level 1 analysis will assess whether the Bank has been more systematic and strategic in addressing GAC issues at the country, sector, and project levels since the launch of the strategy.* To support this broad review of GAC-responsiveness of Bank operations during design and implementation, countries were selected randomly from clusters representing governance performance (as measured by their CPIA governance scores), per capita income levels (according to the World Bank country classification), and geographic region.³⁰ A sample of 50 out of a possible 143 borrowing countries -- comprising 17 CGAC and GPF Window 1 countries and 33 non-CGAC, non-Window 1 countries -- was selected for desk review of GAC-responsiveness. From these selected countries, a random sample of projects was selected to ensure a pre-identified distribution by region and sector for desk review.³¹ The resulting sample of 200 closed and active projects approved during FY2004-10 was selected out of a total population of 806 IBRD/IDA-financed projects and 452 trust funded projects.³² Representativeness of country and project samples was tested and confirmed ([Annex 2c-d](#)).
- ii) *Level 2 analysis will determine whether CGACs and similar efforts made a difference by contributing to improvements in GAC-responsiveness of Bank operations.* Using the results of the Level 1 desk review, the Level 2 analysis will involve a comparative analysis of Bank-country engagement in CGAC and Window 1 countries and matched pair non-CGAC, non-Window 1 countries.³³ It will also seek to identify what worked and what didn't in carrying out these efforts through a comparison of relatively more and less effective CGACs and Window 1-financed efforts (Level 2a in [Figure 3](#)). To arrive at a Level 2 (and Level 2a) country sample, 33 low and lower middle income countries from the lowest three CPIA governance quintiles -- comprised of 17 CGAC and Window 1 countries, and 16 non-CGAC, non-Window 1 matched pairs -- were drawn from the Level 1 country sample. Representativeness of Level 2 and Level 2a countries was tested and confirmed ([Annex 2e-f](#)). Subsequently, 160 projects in these 33 countries were drawn from the Level 1 project sample.

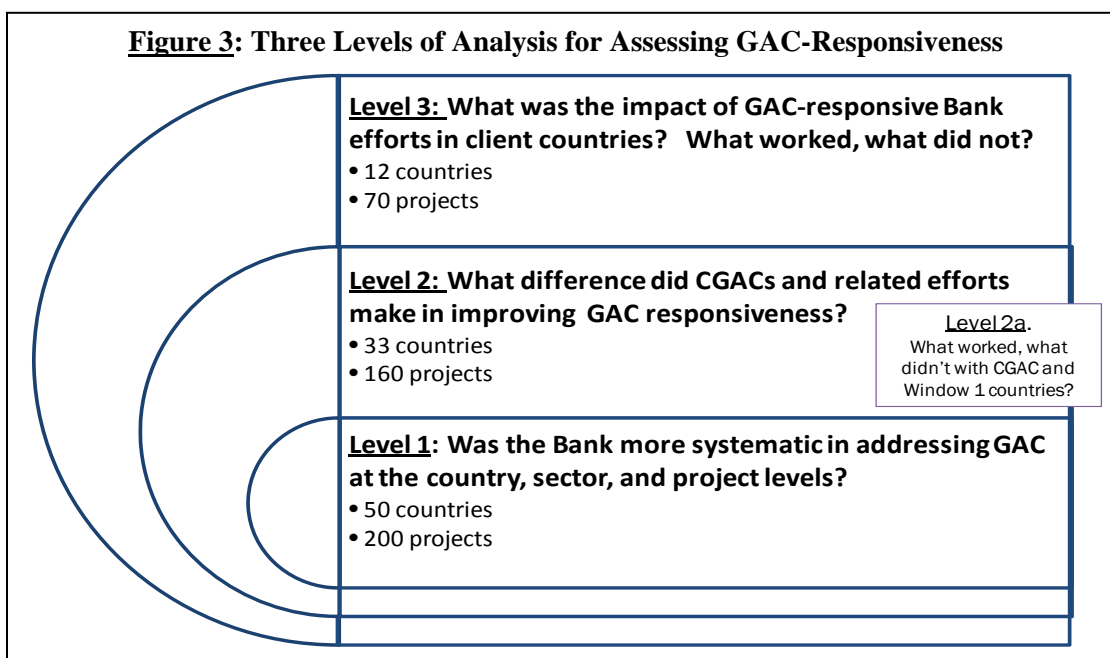
³⁰ Using average CPIA governance scores over the 2005-8 period, countries were clustered into five governance quintiles: 1.53-2.28, 2.29-3.04, 3.05-3.79, 3.80-4.55, and 4.56 and above. Using the 2009 World Bank country classification, countries were clustered into four income groups: low income (up to US\$975 per capita GNI); lower middle income (US\$976-3,855); upper middle income (US\$3,856-11,905) and high income (greater than US\$11,906). Countries were randomly selected from these clusters based on a regional quota.

³¹ Sampling was based on purposeful random selection of projects from relevant country samples (Levels 1-3); inclusion of development policy, investment projects, and recipient-executed trust funds; representation of regional and sectoral distribution of IDA/IBRD portfolio; and creation of separate samples for on-going and closed projects.

³² The population includes trust-funded projects of US\$1 million or more in 50 Level 1 countries.

³³ Tests for the representativeness of CGAC and Window 1 countries in the Level 1 and 2 samples were carried out.

34. *Country Case Studies.* Building on the desk reviews, field-based case studies will be undertaken in 12 countries as part of an additional *Level 3* analysis (Annex 2 and Figure 3). *Level 3* analysis will attempt to assess the impact of GAC-responsive efforts on the ground in discrete areas of country governance performance (for instance, in building state capacity and promoting social accountability). To identify countries for case studies, a quasi-random selection of six CGAC and Window 1 countries was carried out such that proportional regional representation of countries from lower and lower middle income clusters was ensured.³⁴ Subsequently, for each selected CGAC and Window 1 country, a matching non-CGAC, non-Window 1 country from the same income cluster was identified with similar CPIA governance ratings.³⁵ The resulting Level 3 sample covers seven IDA, three IBRD, and two blend countries. The corresponding project sample from Level 3 includes 70 operations.



35. *Sectoral and Thematic Analyses.* These analyses will review the evolution of Bank practice in the following areas: GAC issues in roads, primary education, accountability institutions, as well as political economy analysis. For each of these areas, these analyses will include a review of the literature on state of development practice (including experience from countries outside of the above-mentioned sample) and will identify issues and questions to be covered in desk reviews and country cases, as well as reviews of relevant ESW.³⁶ These analyses will also incorporate the findings of these reviews, and identify lessons about what worked and what didn't; and recommend approaches for future GAC efforts.

³⁴ Sampling ensured the countries were drawn from the three most heavily represented regions in each income group (AFR, EAP, and SAS from the lower income cluster and ECA, LAC, MNA from the lower middle income cluster).

³⁵ CGAC and GPF Window 1-financed countries identified for Level 3 analysis are Bangladesh, Cambodia, Guatemala, Iraq, Liberia, and Moldova. Matched pairs identified for review are Angola, Azerbaijan, Guinea, Morocco, Mozambique, and Pakistan respectively.

³⁶ The PEA review will cover sample ESW across countries and sectors, particularly those from Level 3 countries.

36. *Surveys, Structured Interviews, and Facilitated Discussions.* Structured interviews will be conducted with current and former senior Bank officials, Bank teams at headquarters and in the field, development partners, as well as key country stakeholders to ascertain the rationale, trade-offs, and emerging implementation issues underpinning the 2007 GAC strategy. In addition, an attitude survey of staff will be undertaken, and EXT client survey results will be reviewed for potential changes in perceptions of the Bank's work on GAC issues. Where feasible, the team will consider feedback sessions with clients, donors, and CSOs.

37. *Process and Budget Reviews.* In addition to the surveys and structured interviews, analysis of key GAC processes may be undertaken to determine their linkages with the Bank's operational and risk management framework. Where appropriate, process mapping for GAC processes and existing operational processes would be considered. Finally, budget reviews of incremental Bank administrative resources and donor funds supporting the GAC will be conducted with a view to evaluating cost effectiveness and sustainability.

Links to Other Studies

38. The evaluation will draw extensively on IEG's considerable body of evaluation work on GAC-related country and thematic studies, corporate reviews, and PPARs. These include thematic and sector evaluations of public sector reform, decentralization, fiduciary diagnostics, the CPIA, IDA controls, and transport; as well as PPARs on Bank assistance for public financial management and judicial reform. The evaluation will also draw on ongoing IEG reviews of donor coordination (which will review the use of country systems) and primary education, as well as a recently launched independent evaluation of the StAR Initiative. Where feasible, the team will coordinate with planned IAD audits and INT reviews that may be relevant and complementary to the GAC evaluation.

Outreach and Communications

39. As noted earlier, the evaluation will also include outreach to a range of internal Bank Group stakeholders and external stakeholders during and after the completion of the analytical work. These stakeholders will include Bank Management and staff, borrowing government officials, civil society, academia, and media, as well as bilateral and multilateral development partners. The team will consider a range of tools and channels from online media to face-to-face interactions. It will also coordinate with other donor evaluations such as those managed by the OECD Reference Group on public sector reform.

40. Outreach and communications efforts are intended to help enrich evaluation findings, increase the transparency of the evaluation process itself, and minimize unanticipated consequences following disclosure of evaluation findings. Once the evaluation is completed, the team will set up a web page, organize internal and external learning events, and widely disseminate the findings, particularly among Bank staff working on GAC implementation.

Management and Quality Assurance

41. A final report will be delivered to the Board's Committee on Development Effectiveness (CODE) during the third quarter of FY2011. The following is a list (although not exhaustive) of key inputs to be produced as part of this effort:

- Aid Selectivity Review
- Review of Political Economy Analysis
- Synthesis Reports on GAC in Roads, Primary Education, Accountability Institutions
- Country level GAC Responsiveness (including a GAC-in-Projects Portfolio Review)
- Staff Survey

42. The task team will be led by Navin Girishankar (Lead Evaluation Officer, IECGR) and comprise Mary Breeding (Consultant), Maria Mendez Cintron (ETC), David DeGroot (Consultant), Raj Desai (Consultant), Stefano Migliorisi (Consultant), Bahar Salimova (Information Officer, IEGCS), Susan Stout (Consultant), Antti Talvitie (Consultant), Utkir Umarov (Sr. Economist, IEGCR), and Clay Wescott (Consultant). It is envisaged that additional team members will be recruited for discrete tasks as the evaluation progresses. The team will work under the overall direction of Ali Khadr (Senior Manager, IEGCR). The evaluation budget is estimated to be approximately US\$825,000. This estimate includes supplementary funds of US\$150,000 from IEG's NORAD trust fund. Additional resources may be required for outreach.

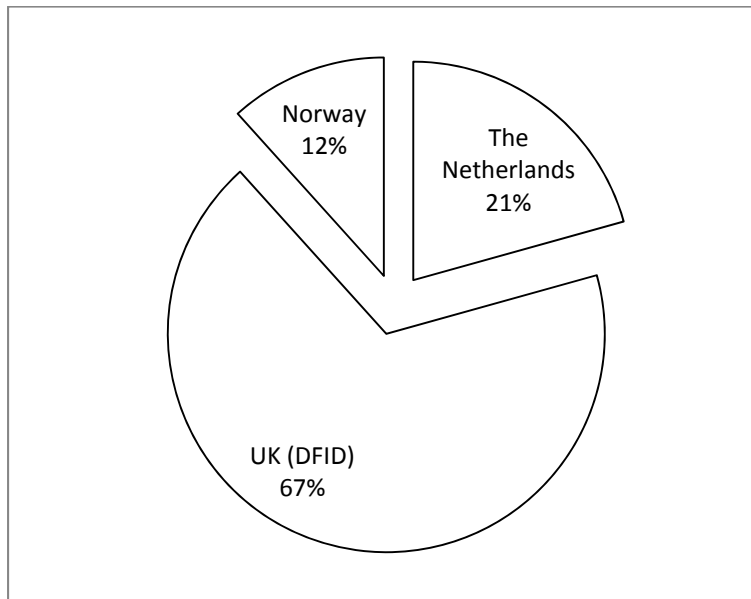
43. Peer reviewers for the evaluation are Homi Kharras (Senior Fellow, Brookings Institute), Jean-Jacques Raoul (Consultant), Michael Stevens (Consultant), and Steve Webb (Consultant). In addition, the team plans to convene an Advisory Panel of eminent experts and leaders on governance issues to provide guidance and quality assurance.

Annex 1a. Governance Partnership Facility Allocations (US\$ millions)

	Number of Proposals Received	Number of Proposals Awarded	Percentage of Award	Totals
Round 1 Window 1: GPF 1- Country (TF080632)	13	6	17%	11.0
Round 1 Window 2: GPF 2- Themes (TF080633)	55	19	17%	10.7
Round 1 Window 3: GPF 3- Knowledge (TF080634)	104	10	4%	2.5
Round 2 Window 1: GPF 1- Country (TF080632)	11	5	8%	5.0
Round 2 Window 2: GPF 2- Themes (TF080633)	125	16	11%	6.9
Round 2 Window 3: GPF 3- Knowledge (TF080634)	0	0	0%	-
Round 3 Window 1: Country (TF080632)	14	6	17%	10.8
Round 3 Window 2: GPF 2- Themes (TF080633)	93	11	11%	6.8
Round 3 Window 3: GPF 3- Knowledge (TF080634)	53	13	8%	5.0
GPF 4- Program Management (TF080611)	N/A	N/A	8%	5.0
TOTAL GPF AWARDS FROM ROUNDS		86		63.7

Source: GPF Secretariat

Annex 1b. Share of Donor Contributions to the Governance Partnership Facility



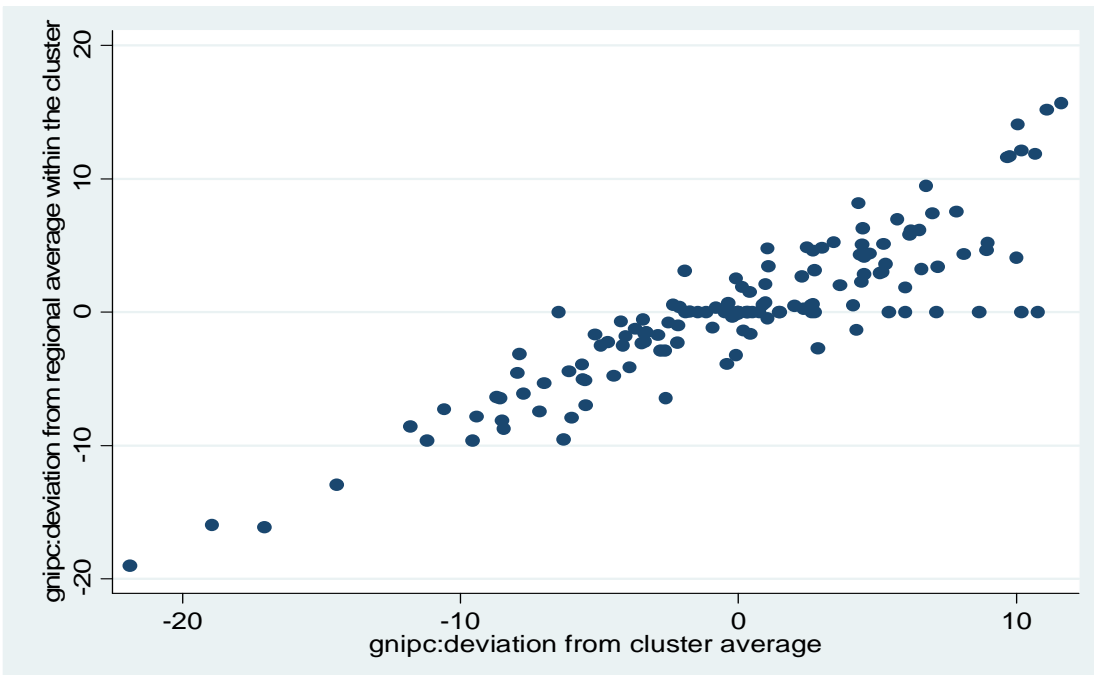
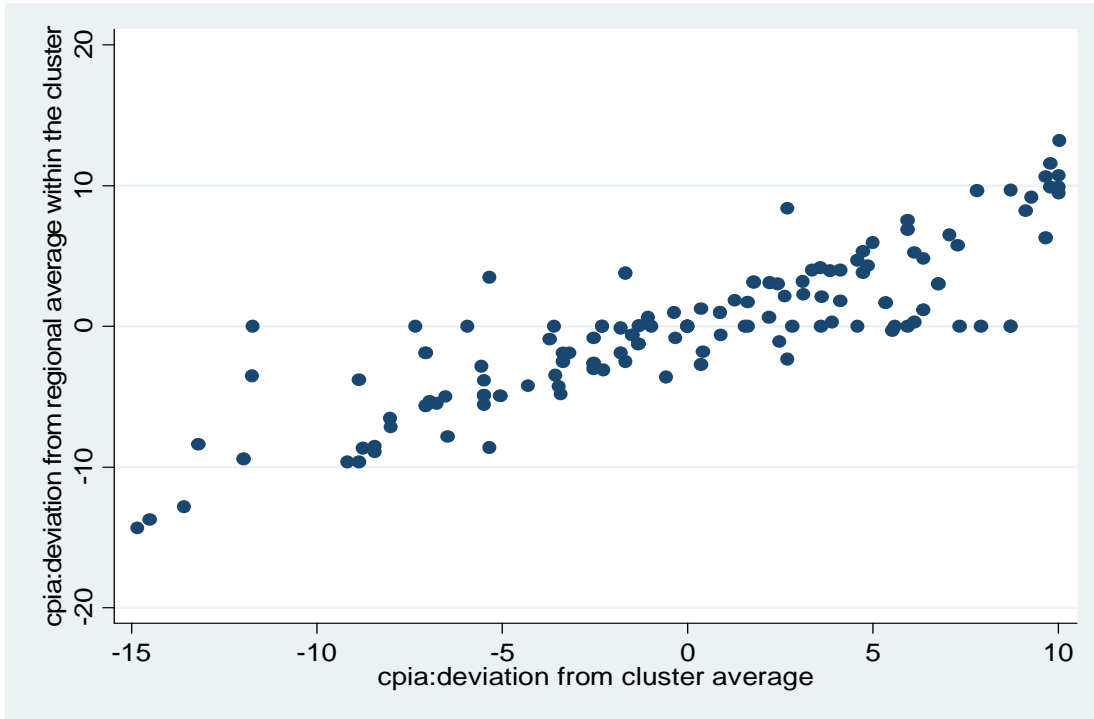
Annex 2a: Country and Project Sampling Methodology for Assessing GAC-Responsiveness and Impact

	Country sample	Project sample
LEVEL 1: Was the Bank more systematic in addressing GAC issues at the country, sector, and project levels?		
Population size	143 borrowing countries	1258 projects (806 IDA/IBRD and 452 TF projects) in 50 Level 1 countries
Sample size	50 countries	Sample size: 200 projects (143 IDA/IBRD and 57 recipient-executed TFs)
Quantitative parameters for sampling	Choose countries (based on 2005-08 average): - Cluster countries based on 2005-08 CPIA governance scores and World Bank classification by income (2009) - Population of greater than 1 million	<i>Status:</i> active projects – 65 percent; closed projects – 35 percent <i>Regions:</i> AFR – 25%, EAP – 15%, ECA – 20%, LCR – 20%, MNA – 10%, SAR – 10% <i>Sectors:</i> Social development – 25%, Governance/economic policy – 20%, Human development – 20%, Infrastructure – 30%, Financial/PSD – 5 percent Sampling within status, regions and sectors is on random basis
Approach	Random selection from clusters based on CPIA, per capita income and regional distribution	Random selection within a pre-identified regional and sectoral portfolio distribution.
LEVEL 2: To what extent did CGACs and related GAC efforts contribute to the Bank's increased GAC-responsiveness?		
Population size	50 countries (Level 1)	200 projects
Sample size	33 countries	160 projects
Quantitative parameters for sampling	Selection is based on the followings: - <i>Low and Lower Middle Income economies per World Bank country classification (2009)</i> - <i>Countries in the CPIA clusters of 1 through 3(governance-related CPIA scores of up to 3.8)</i>	Level 2 does not include desk review of projects, but analyzes desk review results from Level1. Tentative distribution of the sample is as follows: <i>By regions:</i> Africa – 30%, East Asia and Pacific – 20%, Europe and Central Asia – 15%, Latin America and Caribbean – 15%, Middle East and North Africa – 10%, South Asia – 20%. This regional distribution represents overall IDA/IBRD/TF resource allocation across sectors and regions during FY2004-2010 for the Level 2 country sample. <i>By sectors:</i> Social development – 20%, Governance/economic policy – 20%, Human development – 25%, Infrastructure – 25%, Financial/private sector development – 10%
Approach	Pre-framed selection	Projects in the Level 2 countries were selected from the Level 1 project sample.
LEVEL 3: To what extent did the Bank contribute to improvements in governance in countries (e.g., state capacity and social accountability)?		
Population size	35 countries (Level 1)	160 projects
Sample size	12 (6 CGAC and 6 non-CGAC)	70 projects
Quantitative parameters for sampling	- <i>CGAC countries</i> - one per region (6 countries) - <i>Non-CGAC countries</i> - one country from region (6 countries) similar to CGAC countries - by CPIA governance score – out of the Level 2 sample.	<i>Distribution of the sample:</i> <i>By regions:</i> Africa – 25%, East Asia and Pacific – 10%, Europe and Central Asia – 15%, Latin America and Caribbean – 10%, Middle East and North Africa – 10%, South Asia – 30%. This regional distribution represents overall IDA/IBRD/TF resource allocation across sectors and regions during FY2004-2010 for the Level 3 country sample. <i>By sectors:</i> Social development – 25%, Governance/economic policy – 20%, Human development – 20%, Infrastructure – 20%, Financial/private sector development – 10%.
Approach	A purposive random selection for CGAC and Window 1 countries and matched pairs	Projects in the Level 3 countries were selected from the Level 1 project sample.

Annex 2b: Average CPIA Governance Score and Per Capita Income Benchmarks for Representativeness Hypothesis Test for Samples of Level 1 and 2 Analysis

	Clusters	Low income (>US\$975)		Lower middle income (US\$976-3,855)		Upper middle income (US\$3,856-11,905)		High income (>US\$11,906)	
		CPIA	GNI PC	CPIA	GNI PC	CPIA	GNI PC	CPIA	GNI PC
CPIA score ranges: Min: 4.56 Max: 6.00	Cluster 5								
	AFR					4.58	5,478		
	EAP								
	ECA					4.55	10,156	4.70	19,696
	LAC					5.30	7,066		
	MNA								
	SAR								
	Average					4.81	7,567	4.70	19,696
CPIA score ranges: Min: 3.80 Max: 4.55	Cluster 4								
	AFR	3.85	524			4.42	5,334		
	EAP			3.96	2,531	4.50	5,808		
	ECA					4.16	8,385	4.50	12,836
	LAC					3.95	6,001		
	MNA			3.80	2,758				
	SAR			3.80	1,366				
	Average	3.85	524	3.85	2,218	4.26	6,382	4.50	12,836
CPIA score ranges: Min: 3.05 Max: 3.79	Cluster 3								
	AFR	3.37	485	3.58	3,676	3.22	7,811		
	EAP	3.53	702	3.33	2,103				
	ECA			3.39	2,274	3.47	6,675		
	LAC	3.43	942	3.41	2,393	3.64	5,317	3.60	12,776
	MNA			3.37	2,518				
	SAR	3.32	1,968	3.47	2,193				
	Average	3.41	1,024	3.43	2,526	3.44	6,601	3.60	12,776
CPIA score ranges: Min: 2.29 Max: 3.04	Cluster 2								
	AFR	2.67	417	2.65	1,666				
	EAP	2.78	605	2.77	1,986				
	ECA	2.65	533	2.70	3,604				
	LAC	2.38	496	2.87	2,723	2.58	6,386		
	MNA	2.93	778	2.59	1,328	2.90	5,864		
	SAR	2.93	460						
	Average	2.72	548	2.73	2,068	2.74	6,125		
CPIA score ranges: Min: 1.53 Max: 2.28	Cluster 1								
	AFR	2.16	360						
	EAP								
	ECA			2.08	2,002				
	LAC								
	MNA			2.23	2,250				
	SAR	2.23	460						
	Average	2.20	410	2.16	2,126				

Annex 2c: Representativeness of Level 1 Sample Countries³⁷

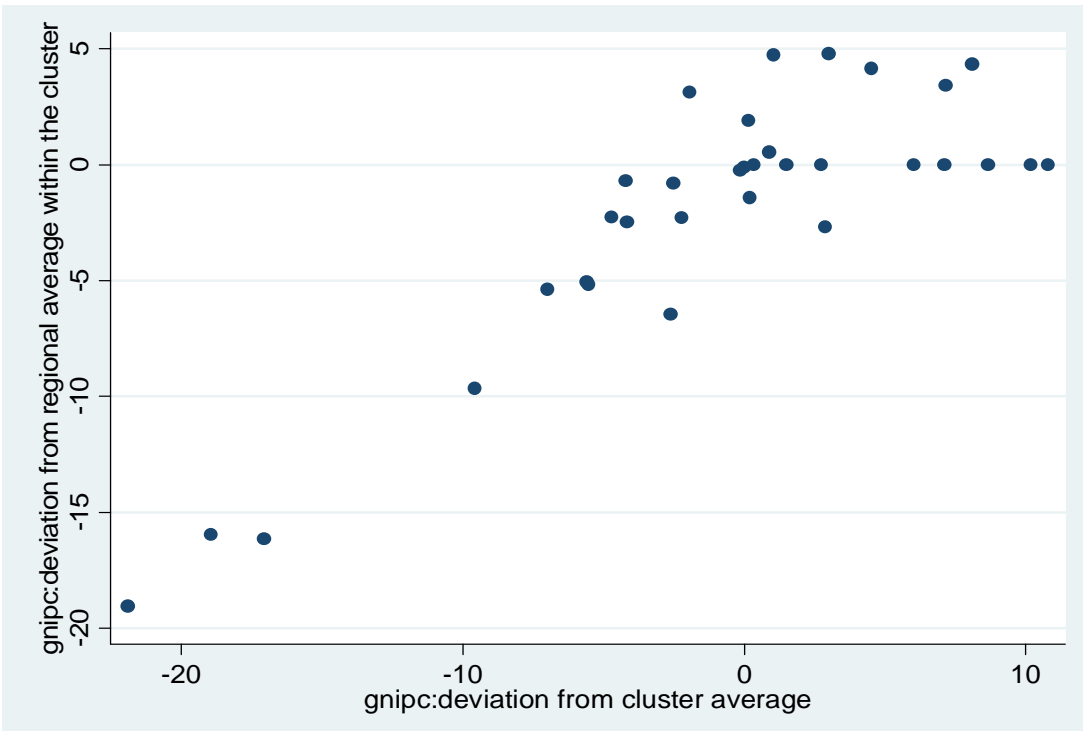
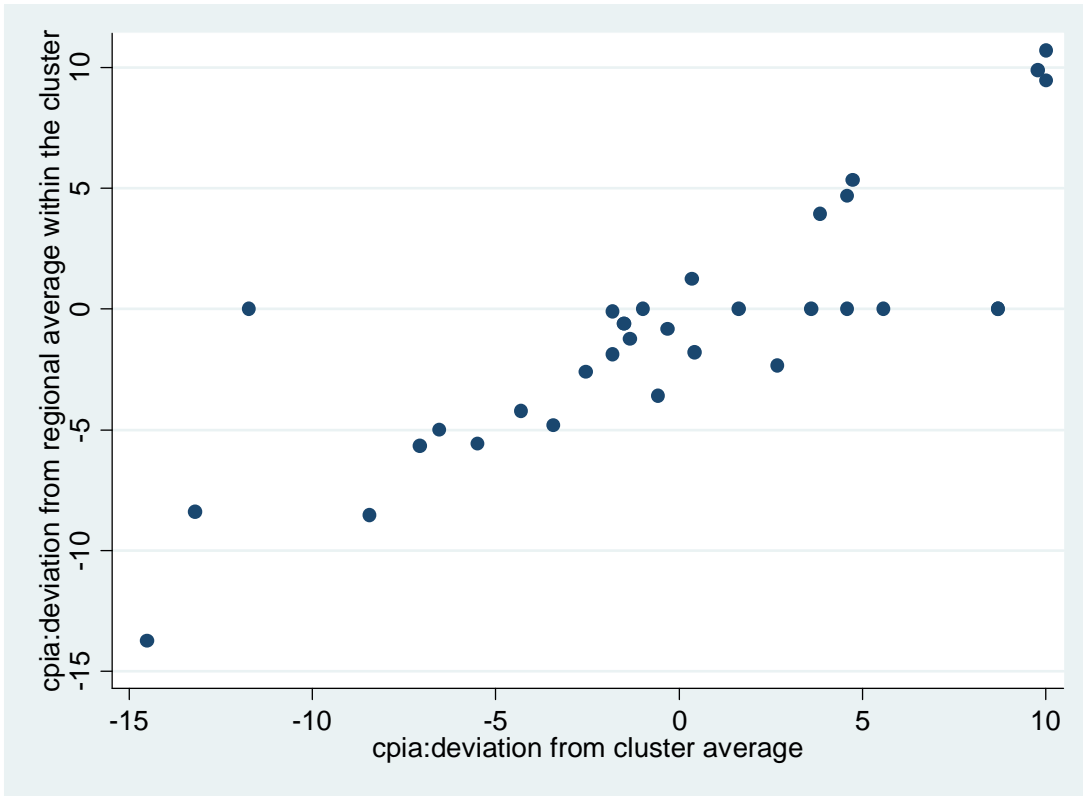


³⁷ The charts in Annexes 2c-d illustrate how 2005-8 average GNI per capita and CPIA governance scores deviate from the regional mean within clusters. With the exception of a few outliers, all countries deviate no more than ± 10 percent from regional averages within a cluster. For example, Mali has average CPIA governance score of 3.50 and GNI per capita of USD 460. The AFR regional averages for the CPIA Governance Cluster 3 and “low” income group are CPIA (governance) 3.37 and GNI per capita 488. Accordingly, Mali deviates from the regional average of CPIA by + 6 percent and from the GNI per capita by - 4 percent.

**Annex 2d: Representativeness of Level 1 Sample Projects
(Percentage of Project Population Included in the Sample)**

	SDV	Governance/ EPOL	HD	INFRA	FPD	TOTAL
Active	18%	18%	17%	15%	16%	17%
AFR	18%	19%	14%	13%	15%	15%
EAP	16%	16%	17%	15%	13%	16%
ECA	18%	19%	18%	17%	14%	17%
LCR	18%	20%	16%	18%	25%	18%
MNA	18%	14%	18%	15%	20%	17%
SAR	17%	25%	20%	19%	20%	19%
Closed	18%	16%	22%	22%	24%	18%
AFR	16%	14%	22%	14%	33%	16%
EAP	21%	18%	23%	17%	20%	19%
ECA	25%	18%	33%	11%	17%	19%
LCR	14%	12%	20%	33%	25%	16%
MNA	33%	13%	33%	20%	33%	24%
SAR	8%	18%	15%	100%	25%	19%
TOTAL	18%	17%	18%	16%	17%	17%

Annex 2e: Representativeness of Level 2 Sample Countries



Annex 2f: Representativeness of CGAC and Window 1 Countries in Level 1 and 2 Samples

Regional Distribution of CGAC and Window 1 Countries: Population vs. Level 1 Sample

Region	CGAG+W1 countries		CGAG+W1 countries: Level 1 Sample	
	Number	Percent	Number	Percent
SAR	4	11%	2	12%
ECA	5	14%	3	18%
AFR	14	40%	5	29%
EAP	4	11%	2	12%
LAC	5	14%	3	18%
MNA	3	9%	2	12%
Total	35	100%	17	100%

CGAC and Window 1 Countries by CPIA Governance Score and Income Level: Population vs. Level 1 Sample

	CPIA: Lower Half (CPIA Gov Score between 2.00-3.00)	CPIA: Upper Half (CPIA Gov Score between 3.01-4.00)
Low income	<u>Population – 12 countries:</u> Avg. CPIA governance: 2.63 Avg. per capita GNI: USD 436 <u>Sample – 8 countries:</u> Avg. CPIA governance: 2.63 Avg. per capita GNI: USD 407	<u>Population – 8 countries:</u> Avg. CPIA governance: 3.38 Avg. per capita GNI: USD 441 <u>Sample – 2 countries:</u> Avg. CPIA governance: 3.51 Avg. per capita GNI: USD 451
Lower middle income	<u>Population – 3 countries:</u> Avg. CPIA governance: 2.54 Avg. per capita GNI: USD 1,971 <u>Sample – 2 countries:</u> Avg. CPIA governance: 2.52 Avg. per capita GNI: USD 1,825	<u>Population – 11 countries:</u> Avg. CPIA governance: 3.35 Avg. per capita GNI: USD 1,761 <u>Sample – 5 countries:</u> Avg. CPIA governance: 3.35 Avg. per capita GNI: USD 1,658
Upper middle income	<u>Population – 1 country*:</u> Avg. CPIA governance: 2.90 Avg. per capita GNI: USD 5,864 <u>Sample**:</u> Avg. CPIA governance: n/a Avg. per capita GNI: n/a	...

* Lebanon only

** Sample does not include a country from this cluster

Annex 2g: Project Sample for Level 1 Analysis by Region and Sector (Number of Projects)

	SDV	Governance/ EPOL	HD	INFRA	FPD	Total
Active	35	17	30	36	16	134
AFR	8	4	6	8	5	31
EAP	8	4	7	9	2	30
ECA	7	3	4	5	4	23
LCR	4	3	4	5	1	17
MNA	3	1	4	5	2	15
SAR	5	2	5	4	2	18
Closed	16	25	12	7	6	66
AFR	6	6	2	1	1	16
EAP	5	10	3	1	1	20
ECA	2	3	1	1	1	8
LCR	1	3	2	1	1	8
MNA	1	1	2	1	1	6
SAR	1	2	2	2	1	8
Total	51	42	42	43	22	200

Annex 2h: Project Sample for Level 2 Analysis by Region and Sector (Number of Projects)

	SDV	Governance/ EPOL	HD	INFRA	FPD	Total
Active	27	14	25	26	16	108
AFR	8	4	6	8	5	31
EAP	6	4	7	8	2	27
ECA	4	2	3	2	4	15
LCR	2	2	1	1	1	7
MNA	2	0	3	3	2	10
SAR	5	2	5	4	2	18
Closed	14	19	10	5	4	52
AFR	5	6	1	1	1	14
EAP	4	10	3	1	1	19
ECA	2	0	1	0	0	3
LCR	1	1	1	0	0	3
MNA	1	0	2	1	1	5
SAR	1	2	2	2	1	8
Total	41	33	35	31	20	160

Annex 2i: Project Sample for Level 3 Analysis by Region and Sector (Number of Projects)

	SDV	Governance/ EPOL	HD	INFRA	FPD	Total
Active	11	10	10	10	8	49
AFR	2	3	2	3	1	11
EAP	2	2	1	2	1	8
ECA	2	2	2	0	2	8
LCR	0	1	0	0	0	1
MNA	1	0	1	2	2	6
SAR	4	2	4	3	2	15
Closed	6	6	3	3	3	21
AFR	3	3	1	1	1	9
EAP	0	1	0	0	0	1
ECA	2	0	0	0	0	2
LCR	0	0	0	0	0	0
MNA	0	0	0	1	1	2
SAR	1	2	2	1	1	7
Total	17	16	13	13	11	70

Annex 3: References

- Arndt, Christiane and Charles Oman, 2006, "Uses and Abuses of Governance Indicators," OECD Development Centre (Paris, France: Organization for Economic Co-Operation and Development).
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