

# **IDA10-12 REPLENISHMENT UNDERTAKINGS IMPLEMENTATION MATRIX**



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**IDA10-12 REPLENISHMENT UNDERTAKINGS**  
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## TABLE OF CONTENTS

INTRODUCTION.....	1
POVERTY.....	2
SOCIAL SECTORS.....	6
GENDER .....	13
ENVIRONMENTAL SUSTAINABILITY .....	16
GOVERNANCE.....	20
PERFORMANCE BASED ALLOCATIONS.....	24
AID COORDINATION.....	27
PARTICIPATION.....	31
ENHANCED CAS DESIGN AND IMPLEMENTATION.....	34

## INTRODUCTION

The IDA12 Replenishment Report requested OED to undertake an independent review of the IDA program during the IDA10-11 period and an interim review of IDA12. The Review concentrates on IDA's development contribution in *six thematic development priorities*: 1) poverty reduction, 2) social sector development, 3) private sector development, 4) governance, 5) environmentally sustainable development, and 6) gender. It also addresses *four priority process reform objectives*: 1) performance based allocations, 2) enhanced CAS design and implementation, 3) aid coordination, and 4) participation.

This matrix lists the main undertakings of the IDA10, 11, and 12 Replenishment Reports in the ten areas of emphasis and presents comments on the extent of IDA's implementation. The comments focus on actions taken by IDA during the respective replenishment periods and, where appropriate, give a sense of subsequent or on-going actions.

The matrix reports on the *extent of compliance*, not effectiveness in terms of outputs or outcomes from IDA's actions. The wide variation in the nature of the undertakings –ranging from encouragement of broad redirections in areas of operations to specific calls for reports – created a challenge for arriving at aggregate ratings in each topic area. The findings on IDA's degree of compliance as reported in the IDA Review's report and background studies made use of a system of ratings on individual undertakings, reviewed with management. This system also served as input into the substantive discussion of implementation that is summarized in the text in this Annex.

## POVERTY

IDA commitments emphasized poverty reduction as one of its over-arching objectives in IDA10 and this goal has increasingly been reflected in CASSs, analytical work, lending, and recently through the CDF and PRSP initiatives. Poverty assessments took longer to carry out than originally expected, but had been completed for 90% of IDA eligible borrowers by 1999. The volume of poverty data and analysis has increased markedly, but project and program M&E are lagging behind. In countries committed to reforms, IDA adjustment lending has supported macroeconomic stability and the removal of key distortions, but the evidence on income and employment generation for the poor is less clear.

Undertakings	Comments
<b>Focus assistance on poverty reduction</b>	
<b>IDA 10:</b> Promote the objective of poverty reduction and increase operational effectiveness.	The Bank's 1990 poverty reduction strategy <sup>1</sup> was increasingly reflected in analytical work, policy dialogue and lending; but improvements in operational effectiveness remained modest through period.
<b>IDA 11:</b> Promote poverty reduction as overarching objective of IDA assistance.	Poverty is increasingly 'championed' at highest levels; Bank reorganization provides new 'central' unit for poverty promotion; increase in analytical work and refocusing of lending continue; portfolio performance improves throughout period; but weaknesses remain in links between country diagnoses and programs.
<b>IDA 12:</b> Promote poverty reduction as overarching objective and provide all IDA assistance within broad-based poverty reduction framework.	Increasing focus in analytical work and lending; emphasis on poverty reduction in CDF initiative and introduction of Poverty Reduction Strategy Papers for HIPC countries. Weaknesses remain in forging explicit links between poverty reduction and other sectoral/thematic elements of the broad-based policy framework. Operationalization of WDR2000/2001 may help fill the gaps.
<b>Build-up Poverty Data and Analysis</b>	
<b>IDA 10:</b> Complete poverty assessments (PAs) for all major IDA recipients by December 1994; integrate in Country Assistance Strategies (CASSs); include gender-specific analysis; and involve participation of borrowers.	By end FY94, PAs were completed in only 21 countries. Gender and participatory content was limited. Over time, there has been progress in incorporating results of PAs into CASSs. However, the discussion of linkages between growth and poverty reduction remains weak and there is no clear trend toward improvement over the years covered by this review.
<b>IDA 11:</b> Complete PAs for each IDA borrower (involving participatory activities and considering gender-specific dimensions of poverty issues).  Assess more systematically (through	By 1999, PAs were completed for 90% of IDA eligible borrowers, including all major ones, and in many countries more than once. The WDR2000/01 was able to include data from 110 countries, as compared to 60 for the 1990 WDR. Quality and participation improved but weaknesses remained in the treatment of structural and fiscal issues and gender (see

<sup>1</sup>World Bank. 1990. *World Development Report*. Washington, D.C.

analytical work and policy dialogue) how structural and fiscal measures can increase poor people's opportunities and enhance their productivity.	below). The same trends are mirrored in Public Expenditure Reviews.
<b>IDA 12:</b> Undertake in-depth analyses of the nature and causes of poverty in borrowing countries; work with borrowers to develop and strengthen capacity and help strengthen ownership by the client government. Make wider use of participatory poverty assessments (PPAs).	There has been a continuing increase in in-depth analysis and use of PPAs. Analysis of links between growth and poverty and of the social and distributional impacts of reforms remain limited. Because capacity constraints are pervasive, more emphasis on capacity building is expected in the context of PRSP.
<b>Put poverty at center of CAS</b>	
<b>IDA10:</b> Discuss results of poverty assessments (PAs) and public expenditure reviews (PERs).	Few CASs incorporated results of PAs in IDA10, but there has been progress since then. Also, few CASs discussed PER findings in IDA10 and even fewer included an analysis of the level and composition of government's public expenditure program for poverty reduction. This is now changing in countries preparing PRSPs.
<b>IDA 11:</b> Focus CAS on poverty reduction goal; provide thorough diagnosis of the poverty situation; show how IDA assistance will contribute to poverty reduction goals; include monitorable benchmarks for assessing progress and specific measures to evaluate poverty outcomes (in the contexts of the international development goals (IDGs).	Improvement was made in coverage of poverty issues, but weaknesses persist in the quality of the analytical base, the setting of clear priorities for assistance, and the monitoring of outcomes. For 1998-9 CASs, a management review found 64% satisfactory or better in their poverty treatment. Further progress was achieved at the end of the period by the introduction of the country program matrix -- with benchmarks for tracking country and IDA performance. But few CASs before FY00 contained specific poverty reduction targets linked to intermediate objectives that could be monitored on an annual basis.
<b>IDA 12:</b> Same as above.	Continuing improvement in focus on poverty; though not all CASs by end FY00 included benchmarks and/or monitoring indicators.
<b>Direct lending to pursuit of poverty reduction goal</b>	
<b>IDA 10:</b> Increase social sector lending.	See social sector section below
<b>IDA10:</b> Encourage equitable growth through a balance of adjustment and investment lending.	Adjustment lending accounted for approximately 25% of IDA10 commitments and 19% of IDA11 commitments. In countries committed to reforms and able to sustain adjustment efforts, IDA adjustment lending has helped bring improvements in macroeconomic stability, rates of inflation, and the removal of key distortions in the economy. But evidence about employment generation and the extent to

	which poor people's access to productive resources has changed remains scarce.
<b>IDA10:</b> Encourage protection of social sector expenditures and organization of social safety nets for the most vulnerable during the adjustment process; and include specific poverty reduction measures in the design of adjustment programs wherever feasible.	Many countries receiving adjustment credits were able to protect and some even to increase their social spending. However, evidence on safety nets and the reallocation of expenditures to services used by the poor is mixed.
<b>IDA 11:</b> The share of poverty-targeted investments (PTIs) should remain at approximately the level reached in IDA10, and IDA should monitor more effectively the poverty impacts of both PTI and non-PTI projects.	PTIs accounted for 45% of projects at the start of IDA10 and remained at approximately that level through IDA11. However, monitoring of PTIs for poverty impacts has lagged, showing evidence of some improvement in the last two years.
<b>IDA 12:</b> IDA's "partnership for poverty reduction" should aim to reduce poverty by increasing the availability of and access to basic social services.	See below.
<b>IDA12:</b> And by creating a policy environment that promotes employment-generating, pro-poor growth.	Same as in IDA10. Commitments for economy-wide projects increased over period, and for most other productive sectors remained fairly stable, though agriculture lending declined significantly.
<b>Monitor Poverty Impacts</b>	
<b>IDA 10:</b> Monitor the impact of the entire IDA portfolio on incomes and living conditions of the poor; report in each CAS on plans and progress on poverty monitoring; and indicate how findings are reflected in proposed lending and dialogue on macro policy.	While IDA's effort to increase the volume of available poverty data has been considerable, its work on project and program M&E still lags behind. Capacity building for M&E linked to domestic budgeting and policy formulation is only now increasing with PERCs, PRSCs, and PRSPs.
<b>IDA10:</b> Provide a progress report on poverty reduction.  <b>IDA 11:</b> Same as above.	An annual progress report on poverty reduction is provided; but the report focuses more on inputs than outcomes and more on what the Bank will do in the coming years than on what it has achieved in terms of interventions reaching the poor and their impact.
<b>IDA 12:</b> Continue to use the periodic Poverty Report to examine and report on how interventions are reaching the poor.  Make greater use of poverty reduction targets, including those developed in the context of the 'Shaping the 21 <sup>st</sup> Century' initiative, strengthening their use in the development dialogue with governments, and incorporating them	Same as above. The progress report reflects the overall lack of information on outcomes/impacts.  Increasing use of international development goals in global monitoring; increasing focus on monitoring progress in countries through indicators; emphasis on country use of progress indicators in PRSPs.



<p>into the CAS when a government has established such goals as part of its long term development strategy.</p>	
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## SOCIAL SECTORS

IDA's commitment to increasing social sector lending was highly satisfactory during the IDA10-12 period, and social sector investments have accounted for about 40% of lending since 1995. Several new approaches have been used to strengthen the impact of social sector operations, and the quality of the portfolio has improved in recent years. CASs reflect these changes but progress has been slow in integrating a results-based, comprehensive HNP and education approach into the CASs; financing and expenditure management also remain serious challenges. Progress in the initial IDA12 period has been made in airing child labor issues in the Bank and with its partners, though less uniformly with clients.

Undertakings	Comments
<b>Emphasize Social Sector Lending in IDA Countries</b>	
<b>IDA 10:</b> Continue to emphasize social sector lending.	From a level of 20% of total IDA investment lending in the late 1980s, social sector investments (education, HNP, social protection and water supply and sanitation) rose to 40% in 1995 and have since remained at approximately that level.
<b>IDA 10:</b> Intensify health, nutrition and population (HNP) programs and improve their effectiveness.	HNP lending increased from 9% of IDA commitments in IDA9 to 11% in IDA10 (returning to 9% in IDA11 and the first year of IDA12). A 1999 HNP evaluation by OED found shortcomings in the quality and sustainability of the portfolio. <sup>2</sup> Through the period of IDA10 and beyond, IDA has made increasing use of new approaches to lending (including sector-wide approaches, adaptable lending instruments, and programmatic lending) to increase effectiveness.
<b>IDA 10:</b> IDA is expected to increase further its support for population programs.	While the resources allocated to IDA financed population and reproductive health programs in IDA 10 increased by about 30% over IDA 9 (to \$0.85 billion), this level declined again in IDA 11 (to \$0.69 billion).
<b>IDA 11:</b> Sustain increased share of IDA lending for the social sectors.  Ensure that IDA assistance in blend countries places special emphasis on human resource development (as well as environmental sustainability).	Total social sector lending increased slightly in IDA11 with the share of total IDA investment lending remaining at close to the level of IDA10; though with significant regional variations (e.g., 45% of total IDA lending in South Asia and 31% in Africa, the two regions with the largest overall IDA commitments).  This instruction has been met. In ECA countries, most social sector lending has involved the strengthening of social safety nets in the context of multi-sectoral adjustment operations.

<sup>2</sup>Susan Stout and Timothy Johnston. 1999. *Investing in Health: Development Effectiveness in Health, Nutrition, and Population (HNP) Sectors*. World Bank, Washington, D.C.

<p><b>IDA 12:</b> Investment in basic social services is a key component of IDA's poverty reduction efforts. During IDA 12, lending to the social sectors should be strengthened while taking into account borrowers' implementation capacity and other donor assistance efforts.</p>	<p>Several new approaches have been used to strengthen social sector lending including sector-wide operations, adaptable program lending, and other programmatic lending to help address inter-related policy and institutional reforms and increase donor coordination in the case of sector-wide programs. Community Action programs have been initiated in Africa to provide untied block grants to communities and improve local government; and new multi-country program lending is addressing problems in health (e.g., HIV/AIDs in Africa) and education (e.g., global statistical and analytic strengthening). The quality of the HD portfolio has also improved in the last few years.</p>
<p><b>IDA 12:</b> Social Sector lending should represent around 40 percent of investment lending during IDA12, taking into account country conditions and financing available from the countries themselves and other donors.</p> <p>IDA should report annually on social sector lending and disbursements.</p>	<p>This target was achieved in 1995; maintained at approximately that level through IDA10 and 11; and is projected to remain at the same level through FY02.</p> <p>Annual reporting on social lending is to be included in IDA's Lending, Commitments, Disbursements, and Funding report, which has been issued the third quarter of each year since 1997.</p>
<p><b>IDA 12:</b> IDA resources should be used in blend countries to finance priority social investments for the poorest and environment programs.</p>	<p>Same as in IDA11.</p>
<p><b>Emphasize Social Sectors in CAS discussions</b></p>	
<p><b>IDA 11:</b> CASs should explicitly consider the appropriate role of IDA lending for health, population, education, water, and sanitation projects in relation to the country's needs, capabilities and other sources of finance; and operations supporting basic services should continue to be given particular attention in the CAS.</p>	<p>There has been a noticeable improvement in Social Sector coverage in the 1997-99 period compared with the 92-95 period. The <i>CAS Retrospective II</i>, prepared by management, found that the coverage of human development issues was good in 52% of all CAS (IBRD and IDA) and satisfactory/fair in 43%.<sup>3</sup> However, few had good discussions of selectivity in the social sectors and the thrust of the currently published sector-specific strategy papers (especially the 1997 HNP strategy) rarely finds its way into the CAS discussion.</p>
<p><b>IDA 12:</b> CASs should include a discussion of Child Labor.</p>	<p>See below.</p>

<sup>3</sup>World Bank. 1999. *Country Assistance Strategies: Retrospective and Outlook*.

<p><b>IDA 12:</b> CASs should reflect IDA’s support for the social sectors – particularly basic health and education services – taking into account country’s needs, capacities, and other sources of financing.</p> <p>They should incorporate a strategy for the education sector which emphasizes girls’ education where gender inequality is identified as a constraint to development.</p>	<p>IDA12 CASs present an analysis of countries’ education and health status and an assessment of obstacles to achieving improved social sector outcomes. From these assessments, the CASs outline the specific areas that IDA should be supporting, but strategic selectivity – i.e. taking account of assistance from other partners – is not always evident.</p> <p>See gender section below for compliance on girls’ education.</p>
<p>CASs should be based on a clear integrated strategy for health, nutrition, and population as well as data on health expenditure levels and access of the poor to health care. These issues should also be prominently featured in the country dialogue and progress tracked in achieving targets in these areas.</p>	<p>Progress has been slow in getting a comprehensive HNP message into CASs, though the level of commitments remains high, and selectivity based on the role of other partners is increasing. To assist in tracking progress, the Bank established an information system (HNP-STATs) to provide rapid and easy access to health and nutrition data which enables monitoring of country level health-related indicators.</p>
<p><b>Focus on Finance and Expenditures in Social Sectors</b></p>	
<p><b>IDA 11:</b> Use integrated sector operations – and related discussions on sector policies, institutions, and expenditures – as a tool to ensure that government can establish adequate and sustainable financing for these sectors.</p>	<p>Sector-wide approaches in health and education have served in some, but not yet a majority of IDA countries, to improve sectoral expenditure consistency and country macroeconomic programs. Sector policies, institutional development, and expenditure reviews are central issues in these types of operations.</p>
<p><b>IDA 12:</b> Undertake (i) a regular social sector expenditure reviews to help determine IDA’s lending program for each active IDA borrower and (ii) report annually on lending and disbursements in the social sectors.</p>	<p>Social sector expenditure reviews (SSERs) have been carried out in the context of PERs. SSERs are a feature of sector-wide operations in Africa and South Asia, but their frequency and quality varies.</p> <p>The reporting on lending and disbursements is included in management’s Annual Portfolio Review of IDA lending; as well as in annual reports of IDA commitments and disbursements.</p>
<p><b>Address labor-related issues</b></p>	
<p><b>IDA 12:</b> Further strengthen efforts in the area of Child Labor. Where country practices and policies have a negative impact on the country’s development process, these issues should be part of the World Bank’s dialogue with that country and addressed in the CAS. Increase collaboration with ILO on issues of child labor and core labor standards.</p>	<p>Progress has been made in airing the subject within the Bank and with the Bank’s partners; less uniformly with clients. As follow-up to the study on “Child Labor: Issues and Directions for the World Bank,” the Bank established the Global Child Labor Program, which functions as a catalyst for a series of activities, including research and analysis, pilot studies, and training. Child labor has been introduced in Social Assessments; the issue is being addressed in several specific projects and in the work of the Inter-agency Group for Monitoring Child Labor. Coverage of the subject in CASs is increasing, but not yet in programs. Two good examples are Bangladesh and Cambodia CASs (FY00).</p>

<p><b>IDA 12:</b> Collaborate further with development partners on core labor standards, including the exploration of core labor standards in a conference with broad participation.</p>	<p>Bank/ILO collaboration has increased since the 1995 Social Summit in Copenhagen. This includes: joint technical assistance projects and workshops; the outsourcing of subcomponents of IDA projects to the ILO and the involvement ILO staff in IDA technical assistance activities (e.g. in Mozambique, Cambodia, and Francophone African countries); the co-sponsoring of a new project on social insurance and health. In addition, labor standards have been introduced into the CPIA ratings. There is, as yet, no Bank-sponsored proposal for a broad-based conference focused on the topic.</p>
<p><b>Implement Sector Strategies</b></p>	
<p><b>IDA 12:</b> Work closely with client countries to support increased access to quality basic education.</p>	<p>Education lending has decreased slightly in the amount of total commitments from FY94-00, however the number of projects has increased. There is an education project in almost every IDA country and work continues on improving the quality of education. IDA has encouraged a commitment to basic education in country-led I-PRSPs/PRSPs.</p>
<p><b>IDA 12:</b> Prepare and update education sector action plans setting out the World Bank's education sector assistance strategy.</p>	<p>The 1999 Education Strategy emphasizes the importance of access, combined with quality. <sup>4</sup>The translation of this Bank-wide strategy into regional strategies has generally been good, with most of the evolving regional strategies strongly focused on efforts to strengthen quality basic education. However, the translation of these regional strategies into country-specific plans has a distance to go. Since the beginning of IDA12, new education sector action plans have been prepared for Cambodia, the Indian state of Uttar Pradesh, the Maldives, and updated for Malawi.</p>
<p><b>IDA 12:</b> Improve health outcomes of the poor and vulnerable; promote equitable access to health services; and secure sustainable health care financing (in accordance with the World Bank's new Health, Nutrition and Population Sector Strategy).</p>	<p>Progress to date has been mixed. The strategic policy focus on linking HNP with poverty issues has been enhanced; staff has been empowered; and partnerships have been strengthened. But the record in achieving institutional change continues to be a challenge and little progress has been made in measuring impact and tracking outcomes. Further, the progress in getting a coherent HD and HNP message (based on the HNP strategy paper) included in the CDF and CAS has been slow, and resources for ESW and research have decreased during the FY98-00 period.</p>
<p><b>Implement Social Policy</b></p>	
<p><b>IDA 12:</b> IDA Deputies called for speedy implementation of the Social Analysis Policy.</p>	<p>The Social Development Unit (SDV) of ESSP is drafting the Operations Policy on Social Analysis. By January 2001, SDV had completed preliminary work on the social analysis policy. The draft policy is currently under review.</p>

<sup>4</sup>World Bank. *1999 Education Strategy Paper*. Available at <http://kms.worldbank.org/edunet/essp/global.html>

## PRIVATE SECTOR DEVELOPMENT

IDA's progress in promoting PSD has been partially satisfactory. Priority in IDA countries has been given to addressing legal/incentive issues including relevant financial sector reforms, but CASs still tend to lack well-articulated PSD strategies, reflecting (in part) differences between IDA and borrowers. Support for small-scale enterprises (SMEs) and rural finance has undergone a change in approach and a new strategy aims to increase these efforts. Privatization operations have encountered substantial difficulties in weak institutional environments and the monitoring and evaluation of their impact is still insufficient, though in line with an IDA12 commitment they are giving increased attention to environmental and social protection issues. Efforts to increase the private provision of infrastructure are more recent and show promise. During IDA12, IDA forged a closer partnership with IFC and has begun to develop a corporate PSD strategy for which sub-sector strategies have been completed and a comprehensive paper is under advanced preparation.

Undertakings	Comments
<b>Prepare Private Sector Development Strategy</b>	
<b>IDA 12:</b> Establish a clear PSD strategy for the World Bank Group in 1999.	A paper entitled "World Bank Group Private Sector Development Strategy" was discussed with the Board in December 1999. <sup>5</sup> The paper dealt with reorganization of the Bank and IFC, but fell short of being a strategy. The Bank Group has continued with the preparation of strategy papers on specific topics (e.g. SMEs) as well as regional strategy papers (Africa, ECA). A comprehensive PSD strategy paper is in preparation and expected to be completed in December, 2001.
<b>Help create enabling environment for PSD</b>	
<b>IDA 10:</b> Prepare Private Sector Assessments (PSAs).	During FY94-FY00, IDA undertook a number of PSAs primarily in Africa and South Asia. In recent years, elements of PSA work have been "mainstreamed" through the use of enterprise surveys.
<b>IDA 10:</b> Develop supporting legal, regulatory and incentive frameworks.  <b>IDA 11:</b> Improve the environment for private sector activity as a means of job creation and poverty reduction.	Priority in IDA countries has been given to addressing 'traditional' legal/incentive issues such as improvement of foreign investment regulations, trade reform, debureaucratization/delicensing and relevant financial sector reforms. FIAS and MIGA have strong programs in IDA countries. Less attention has been given to competition, consumer protection, property rights, insolvency and corporate governance.
<b>Promote export development</b>	
<b>IDA 11:</b> Country strategies and economic analysis should address the need for broadening the export base.	Export development has received less attention in lending than the priority assigned to it in CASs and other documents. While efforts to reform producer incentives have been a major factor in promoting exports, only a small portion of credits approved for business environment development have had an explicit export development component.

<sup>5</sup>World Bank Group Private Sector Development Strategy, (Report No. R99-175) September 10, 1999.

<b>Support development of small, medium and micro enterprises and financial sectors</b>	
<p><b>IDA11:</b> Consultative Group to Assist the Poorest (CGAP) should serve as a forum both for mobilizing additional finance and for exchanging information and best practice in credit programs for micro enterprises.</p> <p><b>IDA 11:</b> Stress importance of small and micro-enterprises in job creation, especially for women.</p>	<p>CGAP, established in 1995, is supported by 27 donor agencies, including the Bank, which serves as secretariat. It supports capacity building in microfinance institutions and develops best practice standards for microfinance. In its first three years, CGAP committed over \$10 million to IDA countries and mobilized over \$ 400 million in microfinance support from other donors. Given its relative success, the CGAP program was renewed in July 1998 for 5 years, and its objectives were broadened to include increasing the understanding of the poverty outreach of MFIs and improving their legal and regulatory framework. More than three quarters of the clients of CGAP partners are women and seven partner institutions serve female clients exclusively.</p> <p>See below.</p>
<p><b>IDA 11:</b> Assess IDA's impact on small enterprises and address the economic, financial, structural and regulatory issues affecting these enterprises.</p>	<p>IDA support for SMEs and rural finance has undergone fundamental changes in approach and has moved away from support for directed credit and non-financial services provided through public institutions. IDA has increased support for policy efforts to remove discrimination against small firms, create a favorable business environment, and build a supportive legal and regulatory framework for financial institutions, though <i>level of activity</i> has not increased correspondingly.</p>
<p><b>IDA 12:</b> Support policy changes and private sector projects that focus on small business, micro-entrepreneurs, and small farmers - both men and women.</p> <p><b>IDA 12:</b> Build programs providing financial services for micro, small and medium sized enterprises. Also deepen the financial sector, including rural finance, and improve CAS diagnostic treatment of the financial sector.</p>	<p>See above for CGAP support of microenterprises. In the area of SMEs, over the period of IDA10 through the first year of IDA12, IDA has supported 38 projects with SME components, 49 with microfinance, and 42 with rural finance; and the IFC has become a significant source of financing for SMEs in IDA countries. A new SME Department was established (1999) as a Global Product Group combining part of the World Bank's PSD Department with IFC. For the first time a comprehensive SME strategy for the Bank group was prepared and endorsed by the Board in May 2000. A rural finance study currently under preparation could be a vehicle for new efforts in this area. The 1999 CAS Retrospective covering the CASs from the second half of IDA11, found that by absolute standard, 48% of IDA CASs had unsatisfactory coverage (33% by priority-based standard). Many FY2000 IDA CASs still contain inadequate discussion of financial market structure, or issues of corporate governance, efficiency, regulation, and supervision.</p>

<b>Promote privatization</b>	
<b>IDA 10:</b> Assess problems experienced in PSD, including privatization, and IDA's response to them.	While most IDA-supported privatization efforts have improved results at the firm level, macroeconomic and distributional impacts have been mixed -- reflecting an underestimation in the IDA10 period of the importance and complexity of institutional underpinnings and government reluctance to divest, and design problems (including method and sequencing of privatization efforts).
<b>IDA 12:</b> Ensure that privatization improves services to the poor, that social safety nets are in place; assess the employment and social effects of privatization and how privatization affects environmental sustainability and social equity. Where appropriate, assess relevant legal issues and provide capacity building assistance.	Issues of equity and environmental sustainability received increased attention in the first year of IDA12 -- with some recent privatization programs having included environmental audits and establishment of severance funds and including new analysis of the potential of PPI to serve the poor. However these are early measures and the general effect of privatization on the poor and the environment do not yet receive adequate attention in operations. Analysis and technical assistance in the area of legal and regulatory issues of privatization and private enterprise development have also increased and more of this work is in the planning stages.
<b>Promote private investment through infrastructure development</b>	
<b>IDA 10:</b> Continue to encourage private investment through infrastructure lending.  <b>IDA 11:</b> Foster economic frameworks to encourage private provision of infrastructure (PPI).	Infrastructure lending declined slightly (in volume) in IDA10 to a level of 15% of total IDA lending, then rose to just over 20% in IDA11 and remained close to that amount in FY00. Support for PPI, through lending and non-lending services, has been an area of growth for IDA in IDA11 and IDA12. Internally, IDA has produced "best practice" policy papers and conducted training seminars organized by a PPI thematic group. Also, the Bank established an International Forum for Utility regulation in 1997 which offers workshops for regulators from developing countries, including many from IDA countries, in support of increased private provisioning of utility services.
<b>Pilot use of partial guarantees</b>	
<b>IDA 12:</b> Make IDA partial guarantees available (if the pilot program proves effective, the IDA guarantees fit within the context of an overall Bank Group PSD strategy, and they are limited to small portions of IDA resources).	It is too early to rate this commitment. IDA provided its first Partial Risk Guarantee Operation in January 1999 under the pilot for the Azito Power project in Ivory Coast. The IDA Guarantee was critical in ensuring the successful completion of the financing plan for the project. Another IDA PRG was approved in June 2000 (Haripur Power Project in Bangladesh) but raised issues of the sequencing of guarantees with sector reforms. PPI efforts suggest the potential for IDA partial guarantees beyond the power sector. An appropriate division of labor in the Bank Group was discussed in Board paper titled "Enhancing Use of World Bank Guarantees as an Operational Tool: Review of the World Bank Group Program" (2000).



## GENDER

Implementation of gender commitments have been partial. Gender considerations in the areas have gained increased attention in IDA analytical work and in CASs, primarily in the areas of health and education; lending has focused on women in development in the two specific areas of girls' education enrollment and improved maternal health, to some extent in agriculture, and recently in transport. More broadly, there has been minimal mainstreaming of gender into IDA operations, and monitoring has been limited, with 20% of all IDA-supported projects now using gender-disaggregated monitoring indicators. The Gender Strategy, called in an IDA12 undertaking, is expected to be finalized during FY01.

Undertakings	Comments
<b>Mainstreaming Gender in IDA Policy Dialogue and Lending</b>	
<b>IDA10:</b> Reinforce the focus on women in development and ensure women's special needs are brought into the policy dialogue.	This has been done in the period of IDA10 and beyond in the areas of girls education, maternal health, and to some degree in agriculture; there has been no significant progress in other areas.
<b>IDA10:</b> Better integrate gender issues into IDA lending outside human resource and social sector issues.	This was not done to any extent in the period of IDA10, nor in subsequent years. There has been gradual progress in integrating gender considerations into IDA analytical work and CASs (66% satisfactory gender analysis in a sample of IDA countries after 1997 compared to 7% satisfactory treatment in 1991-92). However, there has been no improvement over the past decade at the project level. Only 46% of IDA projects contain at least minimal gender analysis, and as few as 25% have gender action plans (with most of this analysis focused in health and education).
<b>IDA10:</b> Expand support for family planning and social services for women, especially girls' education.	The areas where attention to the needs of women have been strongest are in girls' education – in countries with large gender disparities in enrollment – and in expansion of reproductive health services. In IDA11, the Bank targeted 15 IDA countries for special attention in girls' education because of exceptionally high disparities between girls' and boys' education. By 1999, about 50% of the 98 education projects in IDA's education portfolio included interventions targeting girls.
<b>IDA11:</b> CASs, lending programs, and PERs should place particular emphasis on education for girls.	See above.
<b>IDA11:</b> Stress the importance of SMEs and the informal sector in job creation, especially for women.	See section on Private Sector Development, above.
<b>IDA12:</b> Women should be at the center of IDA activities.	As stated above, this has not been accomplished outside the areas of girls' education and women's reproductive health. There are no clear responsibilities nor accountabilities for compliance with the Bank's own policy.
<b>IDA12:</b> The mainstreaming of gender	Mainstreaming has not occurred and monitoring has been

<p>into IDA operations should be intensified and monitored; IDA should expand dialogue on gender with development partners and civil society.</p>	<p>limited. The Bank was the first assistance agency to establish a “women in development” (WID) rating system to evaluate gender integration at the project level in 1987; no quantifiable targets or indicators have yet been established to measure progress in implementing the gender policy. Only about 20% of IDA-supported projects use gender-disaggregated monitoring indicators and 70% of those are in health projects. QAG started to focus on gender in 1998. As of FY00, there is one CPIA question devoted to gender; previously, gender issues were incorporated in a question concerning a range of marginalized groups.</p>
<p><b>IDA12:</b> Efforts to reduce poverty and support good governance must take gender into account.</p>	<p>The March, 2000 report entitled “Poverty Reduction and the World Bank: Progress in Fiscal 1999” included discussion of the gender aspects of poverty which drew upon research conducted by the Gender and Poverty groups in the PREM network; the report also included significant discussion of girls education. Gender issues were also discussed, though not extensively, in the recent Sector Strategy Paper entitled, “Reforming Public Institutions and Strengthening Governance.” The report remarked on the use of gender budgets, which analyze public spending from a gender perspective.</p>
<p><b>IDA12:</b> IDA in cooperation with development partners should assist borrowing countries to implement national action plans for gender.</p>	<p>Some 40% of sampled IDA CASs (since 1997) indicate plans to provide support for governments to implement National Gender Action Plans.</p>
<p><b>IDA12:</b> Girls’ education should be emphasized – CASs, lending and PERs where gender inequality is identified as a significant constraint to development; and girls’ education should be monitored in IDA countries with significant disparities in enrollment.</p>	<p>See above.</p>
<p><b>Increase Gender-specific analytical work</b></p>	
<p><b>IDA10:</b> Gender analysis should be an integral part of IDA’s ESW and poverty assessments.</p>	<p>Gender considerations have gained increased attention in IDA analytical work in education, health, to a lesser extent in agriculture and, only recently, in transport. However, gender-disaggregated analysis is still lacking in each of these sectors and is extremely limited in other sectors.<sup>6</sup> While there has been increased gender analysis in Poverty Assessments and Public Expenditure Reviews, it too is largely focused on matters of health and education; little attention is often paid to women’s participation in economic activities.</p>
<p><b>IDA11:</b> IDA should consider gender specific dimensions of poverty in assessments and follow-up analysis.</p>	<p>Same as above.</p>

<sup>6</sup> World Bank. 2000. *Poverty Reduction and the World Bank: Progress in Fiscal 1999*. Washington, D.C.

<b>IDA11:</b> Need analysis on how growth strategies may affect men and women differently.	A status report on poverty in Sub-Saharan Africa entitled, "Gender, Growth, and Poverty Reduction: Special Program of Assistance for Africa" was published in 1998. In addition, a Policy Research Report entitled "Engendering Development – through Gender Equality in Rights, Resources, and Voice" was published in 2000 and is currently being disseminated.
<b>IDA12:</b> IDA should encourage gender equality assessments.	This commitment has not been implemented; the focus on "gender equality" goes beyond the current gender policy.
<b>IDA12:</b> More gender disaggregated data is needed on micro and macro levels relating to the economic, social and legal situation of men and women in order to monitor and evaluate the benefits of IDA activities.	The Bank's operational policy requires the provision of assistance to countries in impact monitoring (particularly in data collection and analysis), but the operationalization of this policy has been minimal.
<b>IDA12:</b> Improve collaboration with partners to increase understanding.	The establishment of the External Gender Consultative Group (1996) is an attempt to facilitate dialogue with NGOs. Increasingly, gender assessments are being prepared in partnership with governments and other donors. The forthcoming gender strategy should indicate prospects for partnership arrangements.
<b>Prepare a Gender Strategy</b>	
<b>IDA12:</b> Prepare a Gender Strategy by June 1999.	A gender mainstreaming strategy remains under preparation, including wide-ranging consultations, and is expected to be completed in FY01.

## ENVIRONMENTAL SUSTAINABILITY

Implementation of many of IDA's environmental undertakings has been satisfactory, though the objective of mainstreaming environmental sustainability into country programs has progressed only slowly. By the end of IDA11, national environmental action plans had been completed for nearly all IDA countries. Many of these were adequately participatory, but their quality has been mixed and their use in CASs highly varied. Direct environmental lending remained at roughly the level achieved in IDA9, while incorporation of environmental components in key sectors has increased. Efforts have been made to help countries improve environmental assessments (EAs), though they have often been rather remedial in nature; and steps taken in the last year to strengthen implementation of safeguard policies. Sectoral level assessments remain a future agenda issue and work at the regional level has been inhibited by the nearly-exclusive country focus of IDA's operations. A review of mainstreaming has been completed as input into the environmental strategy expected by the end of 2001.

Undertakings	Comments
<b>Mainstream environmental sustainability in lending</b>	
<b>IDA 10:</b> Continue substantial lending to deepen IDA's programs to encompass environmental sustainability.	IDA environmental lending levels remained at roughly the same level in IDA10 as in IDA9, though the number of projects increased slightly.
<b>IDA10:</b> Stress importance of ensuring the environmental sustainability of programs in key sectors.	Environmental components in projects have been promoted, notably in agriculture, urban, water and sanitation and energy portfolio.
<b>IDA 11:</b> Integration of environmental considerations across the spectrum of IDA projects is more important than the targeted portfolio.	There are no clear and consistent criteria for tracking mainstreaming. In the South Asia region there has been a decision to reduce IDA environmental projects in favor of GEF projects and the mainstreaming of environmental concerns in relevant sector projects.
<b>IDA 12:</b> Support strategies that promote environmentally sustainable development and increase efforts to mainstream environmental objectives; and build partnerships.  <b>IDA 12:</b> Mainstream environmental considerations – national, regional as well as global – in IDA operations.	The Environment Strategy under preparation is redefining the approach to environmental activities, placing more emphasis on making environmental projects support poverty objectives, with particular attention to health related factors. As above, mainstreaming has not become an IDA priority.
<b>Provide support for the preparation of NEAPs</b>	
<b>IDA 10:</b> Place emphasis on timely completion and high quality of national environmental action plans (NEAPs) with effective public participation.  <b>IDA 11:</b> Same as above.	Completion of NEAPs received high priority and management support. Reviews of NEAPs have indicated that the quality was mixed. In some cases, they have provided the basis for more focused sector work and projects provided the primary input into CASs. NEAPs were completed for nearly all IDA countries by the end of IDA 11. Many were considered adequately participatory, but there is no systematic follow up on NEAPs or successor activities to direct country environmental strategies.

<p><b>IDA 12:</b> As a follow-up to the recommendations in NEAPs, provide support to: (i) projects which strengthen environmental agencies and their legal and regulatory frameworks, and avenues for promoting public awareness; and (ii) sub-national and cross-border pollution abatement or resource management strategies and programs.</p>	<p>i) No IDA project devoted to institutional building in IDA 12 so far. ii) There has been little attention to cross border issues except for activities supported by GEF.</p>
<b>Integrate NEAPs into CASs</b>	
<p><b>IDA 10:</b> Integrate these plans into policy dialogues and CASs.</p>	<p>The environment was not given a high priority in CASs in IDA 10. Instructions to staff on the preparation of CASs placed very little emphasis on incorporation of environmental issues.</p>
<p><b>IDA 11:</b> Reflect NEAP findings and recommendations in CASs and indicate whether and how priority environmental investments are to be financed.</p>	<p>Coverage varies considerably. With some exceptions, most CASs only mention NEAPs. In FY98, a pilot program was begun to improve treatment of environment in CASs and incorporate environmental indicators. The six pilots include three IDA countries. Results are not yet in, and environmental indicators are not yet required for CAS although they are available.</p>
<p><b>IDA 12:</b> Integrate into CASs environmental considerations from NEAPs and other sources as building blocks for systematic analysis of environment and other cross cutting issues.</p>	<p>Overall, there is no clear trend toward better integration of environmental issues into CASs, through the IDA10-12 period. The treatment of environment is uneven across regions. ENV review indicated satisfactory treatment in about half, which was confirmed by further examination by this review. On a priority-based standard, however, CAS Retro II rated environment coverage as satisfactory in over 60% of CASs. Still, beyond the treatment of environment in diagnosis, few CASs have yet mainstreamed environmental sustainability in their programs.</p>
<b>Conduct comprehensive ESW</b>	
<p><b>IDA 10:</b> Take account comprehensively of environmental issues and their impact on development strategies in country economic memorandum (CEM).</p>	<p>Most CEMs have not taken comprehensive account of environmental issues; but most IDA countries have other ESW devoted to environmental issues, generally in critical sectors. They often focus of issues of direct operational value, such as improving energy efficiency or water management. In addition, the Energy Sector Management Assistance Program (ESMAP) has devoted considerable resources to energy issues in IDA countries.</p>
<p><b>IDA 11:</b> Analysis of HIPC should look at environmental impact of high debt levels.</p>	<p>No specific studies were made, nor was the issue formally raised in the HIPC discussions or analysis by the Bank.</p>
<b>Improve environmental assessments (EAs)</b>	
<p><b>IDA 10:</b> Assist borrowers to improve the quality and scope of environmental assessments and analyses and to make the analysis publicly available.</p>	<p>There was an effort to improve EAs after their relatively late introduction. The process was generally considered satisfactory. IDA helped countries establish their own EA process. Though OED and management's reviews identified problems of upstream supervision and analysis of alternatives</p>

	which required attention in subsequent years.
<b>IDA 11:</b> The quality of EAs should continue to improve, especially with respect to the analysis of alternatives, and the recommendations of these assessments should be systematically integrated into project design and implementation.	The process has been subject to further upgrading and EAs were included in the framework of the safeguard policies. Nevertheless, shortcomings remain. EAs are largely remedial and consideration of alternatives is relatively weak. Implementation and supervision has been difficult; there have also been errors in classification. The Inspection Panel review of the Western China Project reveals serious problems of interpretation and implementation. Remedial action is under way.
<b>IDA 12:</b> Same as above.	
<b>Encourage sectoral environmental assessments</b>	
<b>IDA 10:</b> Encourage sectoral EAs. Also in IDA11 and 12.	The Environment Department has supported Sectoral and Regional EAs. Some have been conducted in relation of sector investment lending operations. Few forward looking EAs have been conducted to identify where projects should be directed, as has been intended for sectoral EAs; Mekong Delta Initiative is an example. The Bank has done ESW tasks that fulfill this role, however. The Bank is currently examining how to apply EAs more comprehensively to sector and other programmatic lending, following the May 1999 requirement to develop EAs for sector adjustment loans.
<b>Pursue analytical work and research</b>	
<b>IDA 10:</b> Pursue further analytic work and research on environmental costs and benefits. (Also implicit in IDA 11 and 12)	The Bank devoted substantial resources to research on environmental issues conducted by DEC and EVN Department. The major increase in DEC took place between 1990 (8.4% of the research budget) and 1991 (13.3%) and the share has remained around 12% since. Bank research is well regarded, and many consider the Bank one of the leaders in many aspects of environmental research.
<b>Promote cross sector initiatives</b>	
<b>IDA 12:</b> Promote cross-sectoral initiatives, including in the rural development, urban, and transport sectors.	So far, there are no specific IDA initiatives to promote more cross sectoral initiatives. Environmental units in each region have initiated individual efforts to integrate their work with other sectors, with mixed results to date. Initiatives with rural development and water have been the most productive. The Environment Strategy under preparation is trying to promote greater integration of environmental issues in other sectors, with particular focus on health and poverty. The CDF, which treats environment as a sector (not a theme), does not encourage this.
<b>IDA 12:</b> Prepare a report on progress made in mainstreaming environmental considerations into IDA's regular assistance, including collaboration with GEF, by December 2000.	This report is under preparation.
<b>Promote energy efficiency</b>	
<b>IDA 10:</b> Promote end-use energy efficiency; base credits on, and support	Through ESMAP and other activities, the Energy units have worked to promote more sustainable energy use and greater use

<p>the development of environmentally sustainable energy strategies; and adopt a similar approach for all sectors.</p>	<p>of renewables. This has led to only seven projects in IDA countries currently active for IDA 10-12. Eight are in preparation; and fifteen projects in other areas had components addressing energy issues. Technical assistance and other programs have been carried out. The largest responses have been in China and Africa.</p>
<p><b>IDA 12:</b> The World Bank's environmental strategy for the energy strategy should be implemented, promoting energy efficiency programs, rural energy availability, and the use of renewable energy where economically justified.</p>	<p>Fuel for Thought (An Environmental Strategy for the Energy Sector) is being monitored. Follow up will be needed.</p>
<p><b>Promote poverty-environment links</b></p>	
<p><b>IDA 10:</b> Reinforce through lending allocations the linkages between environmental protection and poverty reduction as a way of promoting sustainable development. (Also implicit in IDA 11 and 12)</p>	<p>Various Bank studies, including the 1992 WDR, the <u>Annual Environment Reports</u>, <u>Environmental Matters</u>, and other studies have highlighted the link between poverty and the environment. This link has not been picked up in the bulk of the Bank's poverty analyses and strategy, including the 1990 and 2000 WDRs, the initial PRSP instructions, or other elements of the Bank's and IDA's poverty strategy. Few projects attempt to make this link explicit, although most IDA environmental projects make poverty links, the reverse is not the case. The Environment Strategy in preparation will aim to bridge this gap.</p>
<p><b>Attend to regional and global impacts</b></p>	
<p><b>IDA 11:</b> Where appropriate, identify in EAs regional and global environmental impacts.</p>	<p>Most attention to global environmental issues in IDA countries has been financed with GEF grants. There are few examples (outside of the large countries of India and China) of IDA-support; incorporation of climate impacts in specific projects (where relevant) has been uneven. No regional EAs have been completed.</p>
<p><b>IDA 12:</b> Devote more attention to integrating global concerns in line with the Policy Recommendations for the Second GEF Replenishment, in the country dialogue, CAS, and ESW.</p>	<p>Expansion of GEF and related analysis and information dissemination is proceeding. A growing body of ESW is looking at the implications of global issues, such as climate change for IDA countries. Some countries are beginning to develop their strategies with assistance from IDA. The GEF program has significantly expanded in IDA countries.</p>

## GOVERNANCE

IDA was slow to respond to governance undertakings in IDA10, but has markedly expanded its attention to the various dimensions of governance over the past three years, including in CASs. Still, coverage across country assistance programs and in policy dialogue is at an early stage. Anti-corruption programs have been newly developed, with some innovative approaches. Public sector reform and institutional development issues have gained increased attention in projects and adjustment operations. The strengthening of public financial accountability in countries, a previously neglected area, has gained momentum but still requires a considerably increased effort, focused on capacity building at the country level. Also, governance has become a factor in determining CAS lending levels and there is now a “governance discount” applied to allocations, though it needs rethinking to ensure more effective treatment of governance performance.

Undertakings	Comments
<b>Incorporate governance issues into CASs</b>	
<b>IDA 10:</b> Describe how IDA10 policy and program directions are incorporated into country assistance programs and inform Board about governance... CAS guidelines are to be revised accordingly.	This has been done across the board in the most recent CASs, but implementation was uneven and slow before FY99.
<b>IDA 11:</b> Integrate the findings of PERs into CASs, indicating ways to assist the borrower to implement changes in development expenditures aimed at improving poor peoples' access to basic services. Address enhancement of tax collection in CASs and economic analyses.	CASs generally have drawn on the PERs but the extent to which clear operational measures were specified varies considerably. Significant attention is paid to defining measures to enhance tax collection in about half of the CASs.
<b>IDA 12:</b> Address governance issues that affect economic performance and development effectiveness. Take governance issues explicitly into account in the country dialogue, CASs, and the design and execution of lending and non-lending services. Where weak governance, including corruption, is a significant development constraint, include in the CAS explicit treatment of governance issues, specifying implications for IDA lending.	The attention given to the various dimensions of governance has expanded dramatically over the past three years and is particularly thorough in FY00 CASs. This attention has increased analytical/diagnostic work on issues of corruption and accountability, especially financial accountability, as well as on capacity building, institutional development and public sector management.



<b>Link quality of governance and lending levels</b>	
<p><b>IDA 12:</b> Systematically assess the quality of governance for all countries and strengthen the linkage between the quality of governance and IDA <i>lending levels</i>. Scale back lending to countries with weak governance or, stop it entirely if necessary.</p> <p>Consolidate assessment of policy areas relevant to governance to facilitate early identification of situations in which governance is a serious constraint to development. Make modifications to CPIA criteria.</p>	<p>In most of the reviewed CASs, governance/PSM factors are significant in determining movement from a ‘base case’ lending level up or down. The Bank has initiated five country institutional and governance reviews which will pilot the kind of assessment mandated in the recommendation. The work on governance is being progressively strengthened through the development of a range of ‘toolkits’.</p> <p>Six of the 20 CPIA components address governance/PSM performance and, in addition, there is now a “governance” discount. (See section below on the performance-based allocation system.)</p>
<b>Attend to rule of law, corruption and accountability issues</b>	
<b>IDA10:</b> Enhance the rule of law.	<p>Since the 1980s, the Bank has been involved in a number of legal reform activities in the area of private sector development and work in this area has expanded through the last decade. Work on the reform of legal administration and judicial reform has been addressed in only a minority of IDA countries, in part due to the challenge inherent in, and the time required for, consensus building in countries.</p>
<b>IDA10:</b> Enhance accountability.	<p>The main component is financial accountability. There has been a recent upsurge of work in this previously neglected area. One third of IDA countries have undertaken or are planning a country financial accountability assessment which is the starting point for seriously addressing the issue. Other aspects of accountability include service delivery issues where IDA has been encouraging countries to undertake surveys; this is a growing field for assistance, but so far not very extensive.</p>
<b>IDA10:</b> Increase transparency.	<p>IDA has started to encourage governments to become more transparent, e.g. to publish budgets, accounts and audits. But most agencies assisted by IDA still do not make periodic reports on their performance available to the public and do not invite public discussion of their operations and future plans.</p>
<b>IDA12:</b> Address corruption issues.	<p>In FY94 there were virtually no anti-corruption programs, even though the Bank had prepared a policy paper on the subject. In the past 2-3 years there has been an explosion of work. Still, IDA does not insist on time bound and monitorable measures to tackle corruption to qualify for assistance. There are, however, a number of innovative initiatives underway in this area (e.g. social expenditure tracking in Uganda, and corruption surveys).</p>

<b>Promote ownership and capacity building</b>	
<b>IDA10:</b> Encourage stakeholder participation in the design of governance reforms.	There has been a marked increase in the involvement of stakeholders in the design of governance programs.
<b>IDA10:</b> Assist in fostering of national ownership of reform programs.	There is now a better understanding among IDA staff of the importance of building ownership and involving civil society. The Review found many innovative examples of involving a wide spectrum of civil society in discussing IDA's country assistance strategy.
<b>IDA10:</b> Vigorously pursue the possibility of initiatives to support institutional development (ID).	The Bank has been slow to gear up its resources for this task. ECA, followed by LAC, has done the most in this area. Notably, the challenge of assisting in institutional transformation in the transition economies has encouraged ECA to make ID work a high priority.
<b>IDA10:</b> Undertake capacity building efforts.	The Africa Region has made a particularly large effort to enhance capacity building, but actual programs and outcomes have been of uneven quality. LAC has made a noticeable effort to strengthen public administration, and ECA in the past three years has built up a large program to help the transitional economies. There are still many countries where IDA's efforts in this area are modest or weak.
<b>Address public sector management, public expenditure and budgeting</b>	
<b>IDA10:</b> Implement adjustment programs to strengthen government capacity, focusing on PSM issues.	The share of structural adjustment and other programmatic credits with PSM components rose from 17% in 1989-94 to 24% in 1998-00. Adjustment lending in the majority of IDA countries has now been linked to improvements in various aspects of public sector management. The specific measures relate most frequently to improved public expenditure management, but also to civil service reform and other institution building.
<b>IDA10:</b> Address the question of development expenditures vs. non-development expenditures.	This issue is raised by IDA in its development dialogue; but outcomes and the effectiveness of IDA's initiatives in this field have been limited. Most countries have had PERs over the past six years which address this matter, and a few have frequent PERs. But unless this diagnostic work is fed into SACs, it is unlikely to have much impact. During IDA10 the progress was mostly slow.
<b>IDA11:</b> Continue to address non-development expenditure issues: military expenditures crowding out development expenditure.	This issue has been a significant part of IDA's dialogue mainly in post-conflict situations (e.g. Chad and Cambodia). Noticeably, this issue has not been raised in several countries (e.g. India, the Gambia, and Vietnam) where the diversion of public resources to the military is clearly at the expense of much needed social development.

<b>IDA11:</b> Strengthen budgeting and planning.	Increasingly, PERs are focusing attention on the institutional and management aspects of public expenditure, with some notable success stories (e.g. Ghana). In some countries(e.g. Bangladesh, Kenya and Malawi), despite IDA treating this matter as a high priority, there have been only modest changes on the ground (though PERs are generally slow to reflect such changes).
<b>IDA11:</b> Indicate in CASs approaches to reducing losses of state-owned enterprises; and address SOE reform and reduction of subsidies.	SOE reform is seldom addressed in any detail. SOE reform is approached primarily by various degrees of private sector participation. The question on how to improve performance of firms not yet privatized is still to be determined. FY99 CASs for Vietnam and Bolivia are good practice examples. <sup>7</sup>
<b>IDA11:</b> Improve tax collection.	Improving tax collection has been a part of IDA's dialogue with countries on economic management. In a few instances (e.g. Bangladesh) projects are dedicated to this goal; but usually modest components are included in broader projects aimed at improved economic management or made a part of SAC conditionality.
<b>IDA12:</b> Develop a public sector development strategy.	<i>Reforming Public Sector Institutions and Strengthening Governance</i> was completed in FY01. <sup>8</sup> The strategy, which took two years to prepare, reviews the Bank work on governance and proposes a much more pro-active approach.

<sup>7</sup> World Bank. 1998. *Vietnam Country Assistance Strategy*, Washington D.C, and World Bank. 1998. *Bolivia Country Assistance Strategy*, Washington D.C.

<sup>8</sup> World Bank. 2000. *Reforming Public Institutions and Strengthening Governance: A World Bank Strategy*. Washington, D.C.

## PERFORMANCE BASED ALLOCATIONS

During the period of IDA10-12, IDA has gradually improved the assessment process and criteria for its system of performance-based allocations (PBA), improving consistency and increasingly stressing governance. However, the relevance of all Country Policy and Institutional Assessment (CPIA) criteria for poverty reduction is not self evident and equitable treatment across countries is still not fully ensured by the current system. The recent policy decision to disclose CPIA ratings to borrowers is a partial step toward the greater transparency, called for in IDA12.

Undertakings	Comments
<b>Base lending on annual assessments of country performance</b>	
<b>IDA10:</b> Focus on countries that have demonstrated their commitment to IDA's central objectives of poverty reduction, economic adjustment and growth, and environmental sustainability.	Annual assessments of country performance in these regards were undertaken; and an allocation formula was developed to translate them into lending scenarios - all leading to differential lending. Problems remain in ensuring cross-country equity in the annual assessments and in better definition of assessment design.
<b>IDA11:</b> Overall allocations of IDA resources should result from decisions on individual country allocations which are based on the <i>borrower's performance</i> (the most important factor).	Performance remained the dominant element in the allocation formula. The assessment criteria were better defined and individually rated, which indicates progress since IDA10. Cross-country equity therefore increased, but lack of audit trail prevented this from being properly reviewed.
<b>IDA12:</b> (a) Policy performance and governance issues should determine the size of the IDA program. (b) Concentrate resources on the poorest and least creditworthy countries that have demonstrated commitment to good policy performance and to achieving poverty reduction and economic growth. (c) Allocations should support IDA's overarching goals and continue to be primarily determined by policy performance in respect to these goals and by project implementation performance.	See above. The assessment criteria were amended to stress governance, but only partially successfully – work is now underway to generate improved governance indicators. Project implementation performance was introduced in 1993, but it has some remaining technical problems.
<b>Clearly define performance criteria and apply in a transparent and consistent manner</b>	
<b>IDA10:</b> Apply performance criteria in a transparent and consistent manner across regions and countries.	Staff made every reasonable effort to ensure consistency, within very stringent budget constraints. With respect to transparency, the absence of an audit trail and non-disclosure of results makes it difficult to determine the extent to which the criteria have been applied consistently across countries and regions.

<b>IDA12:</b> Implement assessments in a consistent and even-handed manner.	See above.
<b>IDA12:</b> Consider (within the PBA system) not only policies that foster sustainable growth but also policies that mitigate inequalities and enable larger access for the poor to basic social services and income generating opportunities.	Changes were made in the performance rating design, but it is not clear (due to lack of audit trail and lack of possibility of serious cross-country review) to what extent this happened in practice.
<b>IDA12:</b> Systematically assess the quality of <i>governance</i> for all countries and strengthen the linkage between the quality of governance and IDA lending levels; lending to countries with weak governance should be scaled back or stopped entirely if necessary.	The rating criteria were amended in an attempt to achieve the first objective, and given substantial weight (30%). Design is not yet entirely satisfactory. Work is now progressing on more suitable governance indicators. The 'governance discount' has serious flaws, and the PBA review recommends it be reconsidered. Outside the PBA system, management has sometimes proposed lower or no lending programs to certain borrowers, in the face of weak governance – but not always transparently.
<b>IDA12:</b> Include in performance assessments... newly developed <i>governance</i> measures. Also incorporate: (i) lessons emerging from operational experience; (ii) advice from inside and outside the World Bank, including from IDA borrowers; (iii) findings from further analytical work on key assessment criteria (including on participation, women and minorities, and non-development expenditures); and (iv) portfolio indicators to identify problems with procurement practices, including corruption.	Work on more suitable governance indicators is underway. Lessons learned from operational experience and advice from inside the Bank are incorporated by annual revisions, but this is not systematic. Some advice from outside the Bank emerged (but was not accepted), during one round-table; but such advice has not been actively sought. Findings related to gender have been incorporated, but there is no indication of this in the other areas mentioned. Work is underway on portfolio indicators.
<b>IDA12:</b> Ensure that the method for evaluating country performance be kept under review to strengthen the emphasis on policies leading to sustainable <i>pro-poor</i> growth.	CPIA is still evolving. The OED PBA Review has recommended further important evolution to ensure that design elements are relevant to 'sustainable pro-poor growth'. A comprehensive review is now under way by management taking into account, inter alia, the OED study.
<b>IDA12:</b> Requested annual reviews of the criteria and indicators used in performance assessments (including their implications for poor performers and turn-around countries, and the treatment of governance), and the lending implications of performance assessments; and recommended modifications of those criteria (as described in Annex A of the IDA12 Replenishment Report).	Has not yet happened, in regards to reviewing criteria and indicators; but a staff member has recently been appointed to undertake such a review. A report was prepared for the Board concerning the 1999 allocations.

<p><b>IDA12:</b> Share country performance assessment information with development partners while safeguarding confidential information.</p>	<p>A description of the system has been made generally available, and discussed with most other multilateral and some interested bilateral donors. Rating data themselves are not made available to the Board or more widely, except by quintile of overall performance. Board decided (8/2000) to release rating data to the respective borrowers only. PBA Review has recommended that whole system be made transparent.</p>
<p><b>Improve content of the CPIA</b></p>	
<p><b>IDA10:</b> Continue to pay explicit attention to issues of governance, such as accountability, transparency, the rule of law and consultation with NGOs and groups affected by projects, in defining performance.</p>	<p>These items were introduced into the CPIA check-list in 1992; but lack of definition, lack of separate ratings and lack of audit trail, mean that it is impossible to tell whether that introduction had any meaningful impact during IDA10 and IDA11 periods. This has substantially improved in IDA12.</p>
<p><b>IDA10:</b> Recognized the steps taken to incorporate into IDA allocations an assessment of the degree to which levels and trends of non-development (i.e. military) expenditures are hampering the development effort.</p>	<p>See above.</p>
<p><b>Performance related to other themes/process areas</b></p>	
<p><b>IDA10:</b> Recognized the usefulness of the more precise guidance on performance with respect to environmental policies and supporting actions such as preparation and implementation of EAPs.</p>	<p>The design criteria were substantially modified in 1992 in these regards. An audit trail, which would enable reviewers to see that the design criteria were appropriately reflected in ratings, would likely have improved IDA's performance related to this undertaking.</p>
<p><b>IDA10:</b> Conduct annual country portfolio reviews and link them directly to country strategy papers and lending allocations.</p>	<p>(Annual country portfolio reviews are outside PBA scope.) In 1993, IDA Portfolio Performance was incorporated (with 20% weight) into PBA design, though its weight declined to 7% by 1997; it was restored to 20% in 1998. Some technical problems remain, though several have been addressed.</p>

## AID COORDINATION

IDA has accelerated its efforts in aid coordination during IDA11-12 and particularly in the past three years. In-country coordination has been reinforced by the increasing placement of IDA country directors in the field, and there is a trend towards country-led partnerships. The shift in approach, signaled by the Partnership, CDF and PRSP initiatives, is clear; but their results still lie in the future. IDA has given increased emphasis to harmonization of procurement, evaluation and other procedures among the MDBs and to coordination of programs on the ground with bilateral agencies. Still, the move from ad hoc to structured, country-led arrangements at the country level has progressed only slowly. With bilateral donors most progress has come in the field. In the case of United Nations (UN) agencies, other multilateral development banks, and the International Monetary Fund (IMF), by contrast, improvements have been achieved largely at the headquarters level, while experience in the field is mixed.

Undertakings	Comments
<b>Strengthen coordination with development assistance agencies</b>	
<b>IDA10:</b> Report on any new IDA aid coordination activities in IDA10 implementation reviews.	A special section on aid coordination activities (including local aid coordination efforts) was included in the IDA10 implementation report.
<b>IDA10:</b> Strengthen country-level coordination with bilateral aid agencies. IDA's resident representatives should do more to ensure that donors are kept informed between missions.	More frequent placement of IDA country directors in the field has reinforced in-country coordination, as has greater use of in-country Consultative Groups (CGs) and other local meetings involving donors and government. However, complaints persist about IDA's inadequate consultation with other donors at the country level, lack of transparency and timeliness in sharing information, and inadequate feedback.
<b>IDA10:</b> Review coordination with the UN system. Explore greater use of UN skills and capacity, especially in human resource and institutional development. Increase cooperation with the new UN Commission on Sustainable Development.	Consultation and coordination between IDA and UN agencies at the corporate level has intensified during IDA10–12. After initial tensions, the Comprehensive Development Framework (CDF) and Poverty Reduction Strategy Papers (PRSP) initiatives are resulting in closer coordination in the field. Coordination with the UN Commission on Sustainable Development was particularly extensive during IDA10 and IDA11.
<b>IDA10:</b> Draw on the work of OECD committees in identifying priorities for aid coordination.	With the Partnership Initiative, CDF, PRSP, and 1999 OED study, collaboration on aid coordination with the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD) has intensified.

<p><b>IDA10:</b> Explore supplementing existing regional approaches in the Caribbean and Central America.</p>	<p>Pilot regional CGs in Central America were dropped in the mid-1990s for lack of interest, but were recently reintroduced by the Inter-American Development Bank. The Caribbean Group for Cooperation and Economic Development functions more as a regional policy dialogue group than as a means of strategic coordination. Strategic coordination tends to occur more at country and subregional levels.</p>
<p><b>IDA12:</b> Joint World Bank–International Monetary Fund (IMF) missions should be increased and coordination strengthened.</p>	<p>The PRSP has been accompanied by a series of IDA-IMF joint policy statements and guidelines, as well as an expansion in joint committees, working groups, and joint or closely coordinated missions. However, reports are mixed regarding the quality of IDA-IMF field coordination on PRSPs.</p>
<p><b>IDA12:</b> (a) High priority should be given to collaboration with regional development banks on harmonization of evaluation procedures and on strengthening and harmonizing procurement rules and documents.</p> <p>(b) Concessional assistance flows from multilateral development banks to Africa should be coordinated to ensure optimal development impact.</p> <p>(c) A memorandum of understanding should be prepared to clarify the roles of the World Bank and the African Development Bank.</p>	<p>IDA has given high priority to increased harmonization of procurement, evaluation, and other procedures among multilateral development banks—and it is achieving solid results. IDA and the African Development Bank concluded a memorandum of understanding in March 2000 that provided some clarification of respective roles. A mechanism to monitor and assess implementation of the understanding is being established. The harmonization issue is now on the agenda of the Development Committee.</p>
<b>Increase programmatic selectivity</b>	
<p><b>IDA11:</b> In planning the Country Assistance Strategy (CAS), IDA should consult with main donors in order to maximize complementarity and effectiveness of donor assistance.</p>	<p>IDA management has clearly conveyed to staff the need to address strategic selectivity at the country level via guidance in CASs and sector strategy papers. However, full on-the-ground compliance on selectivity also requires compliance through other partners with the requisite finance, capacity, and commitment.</p>
<p><b>IDA12:</b> IDA should work closely with other donors in the social sectors, taking into account their assistance efforts and acknowledging their areas of emphasis and comparative advantage.</p>	<p>Only in the last two years have CASs begun to indicate clearly what IDA will and will not do based on its comparative advantage. A recent report on CDF pilot country experiences notes that progress in achieving greater selectivity on the ground has been limited.</p>



<p><b>IDA12:</b> CASs should include a thorough discussion of IDA’s coordination and collaboration with external partners and a table of current and planned donor aid that identifies those sectors and activities in which IDA will take the lead and those in which other donors will take the lead.</p>	<p>Sector strategy papers are expected to explain how the Bank’s lending and nonlending products relate to those of other international financial institutions. The task of achieving consistency between the discussions of selectivity in CASs and sector strategy papers has begun in the health, nutrition, and population sector, but all other major sectors remain to be covered. The issue of intersectoral selectivity—or IDA’s comparative advantage at the corporate level—has yet to be addressed.</p>
<p><b>Move to country-led partnership</b></p>	
<p><b>IDA12:</b> Through capacity building, ensure that countries can assume the central role in coordinating aid.</p>	<p>The revised draft policy statement on partnership contains general language on capacity building. The IDA-supported Partnership for Capacity Building in Africa seeks to apply the lessons of past support for capacity building, which typically has been poor.</p>
<p><b>IDA12:</b> Continue to explore practical mechanisms that effectively combine increased recipient country ownership with improved donor coordination.</p>	<p>IDA has participated in sectorwide approaches in several African countries and, to a lesser extent, in Asia. Sectorwide approaches are seen as a practical way of increasing country ownership and improving donor coordination. Experience shows that their effectiveness depends on the fulfillment of several prerequisites.</p>
<p><b>IDA12:</b> Management should take a leadership role in aid coordination, exploring ways to strengthen the role of CGs and to increase coordination and involvement of civil society and nongovernmental organizations (NGOs) in the consultation process. One such method is to hold group meetings in the recipient country.</p>	<p>IDA-led CGs and expanded local coordination forums have moved in the direction of country-led partnerships. Although there has not been a major shift of consultative group meetings to recipient countries, movement in that direction is discernible. Among the challenges to be overcome are the initially high transaction costs of expanded efforts and finding more effective ways of involving NGOs and civil society. IDA has exercised major leadership in bringing about improved donor coordination at the regional level through the Strategic Partnership with Africa, but the role of recipient countries in the partnership needs to be expanded.</p>
<p><b>IDA12:</b> Management, in consultation with the United Nations Development Programme (UNDP), should prepare for Board review proposals for strengthening partnership, taking into account OED’s ongoing evaluation of CGs. Proposals should address the need for in-country policy dialogue and consultative meetings focused on government policy priorities, led as much as possible by the host government.</p>	<p>The totality of efforts under the Partnership, CDF, and PRSP initiatives is impressive. However, IDA has not yet issued a revised aid coordination policy or a strategy in support of country-led mechanisms and processes. The preparation of full PRSPs is designed to be a participatory process, involving development assistance agencies and civil society, with the recipient government in the lead. The process should lead to meaningful country-led aid coordination, but the extent to which it will do so remains to be seen.</p>

<b>Address special issues</b>	
<p><b>IDA12:</b> Coordination with donors, the IMF, and regional development banks should be strengthened in the preparation of Public Expenditure Reviews (PERs) and other expenditure analyses.</p>	<p>Recent assessments of PERs indicate that in most cases coordination is not yet present. However, IDA, acting as the secretariat for the Strategic Partnership with Africa, has issued guidance applicable to the Africa Region, calling for improved coordination with other donors in the preparation of PERs. One Bank region (South Asia) has called for all reviews to involve other donors and governments. The logic of the PRSP process implies a need for close coordination of work on public expenditure analyses, tracking, and related country capacity building.</p>
<p><b>IDA12:</b> The World Bank and IMF, in cooperation with other major creditors, are encouraged to continue development of a comprehensive approach to assisting post-conflict countries. Such an approach would include refinement of eligibility criteria and timely use of available financial instruments.</p>	<p>IDA has taken several actions that represent a high degree of compliance with this commitment. Chief among those actions are the following:</p> <p>After extended internal and external reviews, a new operational policy statement, “Development Cooperation and Conflict,” has been approved (Operational Policy/Bank Procedure 2.30).</p> <p>A forthcoming paper, “Determining IDA Allocations and Monitoring Progress in Countries Affected by Conflict,” will be shared with IDA Deputies and Bank Executive Directors early in 2001. Among other things, the paper proposes a mechanism to better align IDA allocations with the exceptional financing needs that often face postconflict countries, and eligibility criteria for obtaining such financing.</p> <p>A joint Bank-Fund working group has been established to develop options to address arrears problems faced by poor, highly indebted, postconflict countries and to report those options to the joint Bank-Fund meetings in spring 2001.</p>

## PARTICIPATION

The percentage of IDA projects with at least some primary stakeholder participation nearly doubled from 1994 to 2000, reaching 83% of all IDA projects. Of Bank projects reviewed by QAG, 69-77% have been rated satisfactory on participation, but show no clear trend. Participation of stakeholders in CAS preparations has improved, but the impact on CAS design is unclear. Also, poverty assessments and PERs have recently become more participatory, though clients remain dissatisfied with the extent of local capacity building.

Undertakings	Comments
<b>Mainstream participation in Bank operations.</b>	
<b>IDA10:</b> Review and strengthen guidelines to ensure the involvement of beneficiaries and affected people in the design and implementation of IDA programs and projects.	There is no explicit policy on participation, but participation is required or recommended in 15 policies. In 1994 the Participatory Development Learning Group developed an action plan to increase participation, but supplied no specific guidelines. The 1997 guidelines on the contents of project concept documents (PCDs) and project appraisal documents (PADs) contained sections requiring a description of participatory plans and processes, which were significantly strengthened in 2000. The CPIA was revised in 1999 to give more attention to participation. The Bank stopped short of requiring beneficiary participation in all projects.
<b>IDA11:</b> Make participation an integral part of IDA's operations.	Participation is not defined in the recommendation, whether by level, stakeholder or by type of operation (which was assumed to be projects). Data indicate that the percentage of IDA projects with at least some primary stakeholder participation nearly doubled from 1994 to 2000, to 83 percent of IDA projects. Participation has increased significantly, but it has yet to become integral to all phases of the project cycle.
<b>IDA12:</b> Same as above.	
<b>IDA11:</b> Improve the scope and quality of participation, since participation enhances the quality and sustainability of development operations.	The only systematic data on the quality of participation comes from the 1997-99 Quality at Entry (QAE) reviews which reflected no clear trend: 69-77 percent of Bank projects reviewed by QAG have been rated satisfactory on participation. In FY99 the majority of reviewed projects had adequately assessed and taken account of views of key stakeholders, or attempted to strengthen mechanisms of participation. Lower level primary stakeholder participation (information sharing and consultation) increased during the FY94 – FY00 period, and higher level participation (collaboration and empowerment) increased significantly, albeit from a low level, since FY96, the year of the recommendation.

<b>Increase participation in the formation of CASs</b>	
<b>IDA10:</b> Cover <i>local participation</i> in reviews of CASs by EDs.	The discussion of participation in CAS documents improved in terms of coverage and depth. The average score for participation coverage of a sample of IDA CASs increased from 0.1 to 1.9 (on a 0 to 3 scale) from FY92-94 to FY99-00. Coverage of local participation improved significantly.
<b>IDA11:</b> Intensify efforts to involve borrower governments, affected people and organizations, and other donors in CAS preparation process.	A review of primary stakeholder and NGO participation in CASs found that the percentage of IDA CASs with high level participation tripled, to 69 percent, between FY95/96 and FY99/00. Notably, IDA CASs had significantly higher levels of participation in CAS formulation than IBRD or blend countries. No data are available for government or donor participation. While all recent CASs have donor participation, the level of participation is not clear.
<b>IDA12:</b> Same as above.	
<b>IDA12:</b> Participation by civil society, including NGOs, is important in ensuring that stakeholders' priorities are identified and in promoting broad support and <i>ownership</i> of the resulting program.	Ownership by civil society and NGOs has increased as a result of their participation in CAS preparation. However, many NGOs and other members of civil society feel that CASs do not adequately reflect their views, i.e. the Bank listens but does not necessarily take their advice. Highly participatory CASs have enjoyed less government ownership as both the Bank and the civil society took a critical view of government performance.
<b>Increase participation in ESW, especially poverty assessments.</b>	
<b>IDA11:</b> Reflect results of broad based consultations in the borrowing country in key building blocks of the CAS (PAs, economic studies, environmental plans and PERs).	The extent of participation varies significantly by type of ESW, making it difficult to assign a single rating. Evaluation of PERs found low levels of consultation outside the central government (though there are recent examples of participatory PERs). Consultation with civil society was even more limited. The same is true of economic studies. The QAG review of ESW reported that 77 percent of FY98/99 ESW had substantial client participation which is an improvement over the FY97. Poverty assessments generally enjoy more participation (see below).
<b>IDA11:</b> Undertake participatory activities as a key element of poverty assessments.  <b>IDA12:</b> Recommend participatory poverty assessments (PPAs) for wider use.	A review of 69 FY89-00 poverty assessments (PAs) in IDA countries found that only 34 of them were participatory. Since FY94 the percentage of participatory PAs (PPAs) has stayed mostly in the 60-70 percent range. Utilization of PPAs is weak. Many PPAs use the findings as illustrations rather than to inform policy analysis or recommendations. An OED survey found that approximately half of surveyed Bank staff and country clients (44% and 52% respectively) reported that relevant groups were excluded from the assessment or needed more attention, though there is an increasing trend in IDA12.
<b>IDA12:</b> Broaden and deepen the capacity for data collection and poverty analysis using participatory techniques.	An OED survey of Bank staff and country clients found that between 30 and 40 percent of Bank staff and country clients were dissatisfied with the level of local capacity building for data collection, data analysis, policy formulation, and poverty

	monitoring. This has been a persistent problem.
<b>IDA11:</b> Use social assessments (SAs) as a tool for analyzing how beneficiaries and stakeholders will be affected by a project and for enhancing their participation.	There has been no Bankwide review on the use, quality, and impact of social assessments (SAs). SA is neither mandatory nor subject to standard reporting criteria. As of 1999, 137 SAs had been conducted under the Strategic Compact. Reviews of SAs within regions report uneven quality, insufficient mainstreaming of best practice, and insufficient impact. In many cases the results of SAs were not incorporated into project design and implementation. The best SAs have increased participation.
<b>Support an enabling environment for participation</b>	
<b>IDA11:</b> Continue intensified efforts to ensure that governments seek broad participation in the design and implementation of their programs and projects.	IDA has achieved more success in promoting participation in its own projects and programs than in ensuring that government promotes participation. Most governments remain slow to adopt participatory approaches, and many resist broader participation, viewing it as a challenge to their authority. The role of legislatures in this regard has received little IDA attention as yet.
<b>Enhance IDA staff capacity for participation</b>	
<b>IDA10:</b> Review of the skill mix and deployment of professional staff on a continuous basis to address the changing types of projects undertaken.	The number of social development specialists with participation skills has increased dramatically from FY94 to FY00. Since FY95 their scope of work has expanded from involuntary resettlement into many other issues, including participation. There is no method for tracking non-social development specialists with participation skills, but interviews with human resources (HR) analysts suggest an increase.
<b>IDA11:</b> Efforts should continue to enhance the capabilities of IDA staff in the area of <i>participation</i> in order to achieve integration of participation in IDA's operations.	Interviews with WBI staff revealed that most training on participation was a sub-component of other training. Participation has been defined as one of the three core competencies that all SDV staff should have. There appears to be inconsistent training of non-SDV staff on participation. Recent training for participatory PRSP has increased IDA staff capacity on participation.
<b>Improve incentives for participation</b>	
<b>IDA11:</b> Reflect the emphasis on participation in IDA's internal culture and rewards, given the correlation between participation and project success and sustainability.	An OED survey of task managers revealed that the majority of respondents identified insufficient funding, pressure for rapid processing of operations, and inadequate time for mission work as significant impediments to incorporating participation in their work. The management support for incorporating participation was rated as modest and was mostly rhetorical. QAG has only recently focused on participation as a factor in project success and sustainability.

## ENHANCED CAS DESIGN AND IMPLEMENTATION

IDA made substantial progress in developing the CAS as a tool for increasingly comprehensive diagnoses during the IDA10-12 period and CASs are now disclosed. A majority of more recent CASs discuss coordination with donors, but fewer discuss selectivity in connection with program design and the choice of program instruments, although there have been notable recent improvements. FY00 CASs show substantial improvement in the incorporation of a country program matrix with benchmarks for tracking country and IDA performance. Since the start of IDA11, there have been two CAS Retrospectives submitted for Board consideration, with thorough and candid reviews of context, coverage and process.

Undertakings	Comments
<b>Provide in CASs comprehensive diagnoses of countries' development challenges</b>	
Note: See references to CAS diagnoses above in each of the separate program and process discussions	Overall, the trend has been toward increasingly comprehensive diagnoses, though not well reflected in the setting of priorities for lending and non-lending services. FY00 CASs show considerable progress.
<b>Ensure CAS lending programs reflect strategic selectivity based on IDA comparative advantage and the activities of other development partners</b>	
<b>IDA11:</b> Strengthen selectivity in development issues addressed.	Both Retro I and II suggest that on average each CAS identified 9 priority sectors. Relatively broad sectoral coverage indicates limited selectivity. Retro II concluded that only "about one half of CASs do a satisfactory job in conceptualizing their program of activities...".
<b>IDA10:</b> Take into account plans of other development partners. <b>IDA11:</b> Same as above (including NGOs, bilateral donors, UN agencies and regional development banks). <b>IDA12:</b> Same as above (including information where other donors take the lead).	In FY95-96 many CASs included only a token paragraph on donor coordination. While a majority of more recent CASs discuss coordination with donors and IDA comparative advantage in broad terms, still fewer than 40% discuss selectivity in connection with program design either across or within sectors or in reference to choice of lending instruments. Notable improvements were made in FY00 CASs.
<b>IDA12:</b> Set out clear goals and specific indicators for evaluating progress in terms of development results, to the extent feasible.	Retro II (covering the second half of FY1998 and FY1999) found that only 22 percent of all CASs (IDA and IBRD) presented a core set of benchmarks, most of which were benchmarks for countries rather than the Bank. Only 35 percent of CASs explicitly discussed the strategy for assessing implementation progress. However, as noted above, a country program matrix with benchmarks for tracking country and IDA performance has recently been introduced.

<b>Make CAS process participatory and transparent</b>	
<b>IDA10:</b> Inform EDs about timing of CAS discussions.	Since FY95, the EDs have been routinely informed about the timing of CAS discussions and the criteria for determining the frequency of CASs for various categories of countries.
<b>IDA11:</b> Make greater efforts to involve borrowers' governments, affected peoples and organizations, and other donors in CAS preparation process. <b>IDA12:</b> Same as above. CAS process should set high standards in terms of participation, inclusiveness and transparency.	Involvement by stakeholders, especially borrowers' governments and domestic civil society has improved dramatically during the course of IDA11. However, the extent of participation of other donors in CAS preparation has remained rather limited.
<b>IDA11:</b> Encourage governments to make analysis of issues and priorities in the CAS publicly available to interested groups.	In FY99, the Board approved new policies on CAS disclosure. During FY99, 73% of IDA CASs were disclosed. There is no evidence of how effectively the Bank has encouraged governments to share analysis and CAS priorities with interested groups.
<b>IDA12:</b> Make IDA CASs public as of July 1, 1999.	This policy took effect on July 1, 1999.
<b>IDA12:</b> CASs should be finalized after discussion with EDs incorporating their comments as appropriate.	Guidelines now provide for CASs to be finalized only after the Board discussion and after comments are taken into account.
<b>IDA12:</b> CASs should normally be prepared every three years or less with annual updates for large borrowers.	This has been adopted as the standard scheduling, and implementation is good.
<b>Special issues</b>	
<b>IDA10:</b> Review of CASs by EDs should take into account non-development expenditure trends.	Coverage of trends in non-development expenditures is limited but has been included for countries in which it was particularly relevant (e.g. Uganda FY97, and Ethiopia FY98).
<b>IDA11:</b> Encompass all Bank Group planned activities, including IFC and MIGA.	Retro II found that most CASs discuss the Bank's and IFC's assistance programs separately without establishing any linkages. Joint Bank/IFC CASs (less than half of the total) and those with separate Private Sector Strategies do a better job at integrating the activities of the two. MIGA activities are not yet integrated into CASs.
<b>IDA11:</b> Link the lending volume in CASs to performance and indicate how amount and composition of lending would change given change in performance.  <b>IDA12:</b> Same as above.	The CAS does not yet make explicit linkages to CPIA results. To do so may be difficult until PBA results are publicly disclosed, since IDA CASs are made public. There are no linkages between CAS 'triggers' for lending volumes and the CPIA/PBA system.

<b>IDA12:</b> Produce an annual report (CAS Retrospective and Outlook) that provides systematic review of CASs and assesses the coverage, content and quality of CASs against Bank guidelines and best practices.	Two CAS Retrospectives were prepared and submitted for Board consideration by the end of the first year of IDA12. Both provided a thorough and candid review of the context, coverage, and process for both IDA and IBRD CASs for a preceding 18 month period. Based on these assessments, management presented explicit recommendations for improving CAS content and processes.
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