



# 2002 Annual Review of Development Effectiveness

Achieving Development  
Outcomes:  
The Millennium Challenge

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## FOREWORD

The development community is aligned around the Millennium Development Goals (MDGs) in an unprecedented way. By focusing on the achievement of quantified and time-bound development targets covering income and non-income measures of well-being, the MDGs provide a unique opportunity to make headway in the fight against poverty. While their endorsement can help the Bank improve development outcomes, it also entails risks and challenges—notably the risk of nonattainment and the challenge of localizing the MDGs to country conditions. The Bank's effectiveness in addressing the MDGs will depend on how well it manages these risks and challenges.

This Review assesses, using available evaluation evidence, how the World Bank's country, sector, and global programs are helping clients work toward the MDGs and related targets. It complements the Quality Assurance Group's *2002 Annual Review of Portfolio Performance*, which has poverty and the MDGs as a special theme; the Bank's *Annual Progress Report on Poverty Reduction 2002*, which assesses progress in achieving the MDGs and outlines programs aimed at increasing the Bank's results orientation for poverty reduction; and the forthcoming *World Development Report 2004, Making Services Work for the Poor*, which examines how countries can accelerate progress toward the MDGs.

This is OED's sixth *Annual Review of Development Effectiveness*

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## PRÓLOGO

La comunidad interesada en el desarrollo ha demostrado hacia los objetivos de desarrollo del milenio (ODM) un respaldo sin precedentes. Al centrarse en la consecución de metas de desarrollo cuantificables y con plazos definidos, y no limitarse a medir el bienestar en función del ingreso, dichos objetivos ofrecen una oportunidad singular para progresar en la lucha contra la pobreza. Si bien la adhesión a ellos puede ayudar al Banco Mundial a mejorar los resultados de sus actividades de desarrollo, también entraña riesgos y desafíos, en particular el riesgo de no alcanzar los objetivos fijados y el desafío de adaptarlos a las condiciones de cada país. La eficacia del Banco para abordar los ODM dependerá de su habilidad para superar unos y otros.

En el presente *Examen anual de la eficacia en términos de desarrollo* se analiza, utilizando información procedente de evaluaciones realizadas, la manera en que los programas nacionales, sectoriales y mundiales del Banco están ayudando a los países clientes a avanzar hacia el logro de los objetivos de desarrollo del milenio y otras metas conexas. Este Examen complementa el *Informe anual del desempeño de la cartera de 2002*, preparado por el Grupo de garantía de calidad, cuyos temas principales son la pobreza y los objetivos de desarrollo del milenio; el *Annual Progress Report on Poverty Reduction 2002*, en el que el Banco evalúa los progresos obtenidos en la consecución de estos objetivos y bosqueja

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## PRÉFACE

Les Objectifs de développement pour le millénaire (ODM) ont suscité un consensus sans précédent au sein de la communauté du développement. En focalisant l'action sur la réalisation d'objectifs de développement quantifiés et liés à des échéances précises, qui couvrent les mesures du revenu et d'autres éléments du bien-être, les ODM fournissent une occasion unique d'avancer sur le front de la pauvreté. Certes, l'adoption de ces objectifs peut aider la Banque à obtenir de meilleurs résultats au plan du développement, mais elle comporte des risques et soulève des problèmes—en particulier le risque de ne pas atteindre les objectifs et le problème que pose l'adaptation des ODM aux réalités de chaque pays. L'efficacité de la Banque dans l'action menée pour atteindre les ODM dépendra de la façon dont elle gère ces risques et ces problèmes.

Le présent examen analyse, sur la base des éléments d'appréciation disponibles, la façon dont les programmes d'assistance de la Banque aux niveaux national, sectoriel et mondial aident les pays clients à progresser dans la direction des ODM et des objectifs spécifiques qui leur sont associés. Il complète le *Rapport annuel 2002 de la performance du portefeuille* du Groupe d'assurance de la qualité, dans lequel la pauvreté et les ODM occupent une place particulière; le *Annual Progress Report on Poverty Reduction 2002* de la Banque, qui évalue les progrès réalisés dans la direction des ODM et brosse les grandes lignes des pro-

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(ARDE). The 1999 Annual Review looked at the challenges of implementing the Comprehensive Development Framework and identified promising practices for dealing with them. The 2000 Annual Review concluded that

the Bank could implement its strategies more effectively by judicious adaptation to diverse institutional and social environments as well as by acknowledging and managing differences between client and Bank priorities. The 2001 Annual Review explored how the choice of lending and nonlending instruments affects the achievement of development objectives.

The findings of this year's Annual Review indicate that the Bank's country, sector, and global programs are consistent with the MDG themes. They have increasingly focused on poverty reduction. This focus can be greatly sharpened by defining quantified and time-bound targets for poverty reduction and other relevant development outcomes and implementing strategies to achieve them. The Bank's sector programs, which include the MDG themes together with other sector goals and targets in a broader development framework, can help improve country programs by also providing guidance for groups of countries on how to address the tensions and tradeoffs between the broad approach of the sector strategies and the MDGs' specificity. The Bank's global programs offer untapped potential to capitalize on the comparative advantage of individual partners and to complement country-level activities in support of the MDGs.

The findings suggest several areas for increased emphasis, some of

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programas encaminados a lograr resultados concretos en su lucha contra la pobreza; y el *Informe sobre el desarrollo mundial 2004*, sobre los servicios y los pobres, donde se examinan los medios por los cuales los países pueden

acelerar el cumplimiento de aquellos objetivos.

Este es el sexto *Examen anual de la eficacia en términos de desarrollo* que efectúa el DEO. En el Examen de 1999 se analizaron los desafíos que representaba la aplicación del Marco Integral de Desarrollo y se identificaron las prácticas más prometedoras para superarlos. En el de 2000 se concluyó que el Banco podría aplicar sus estrategias con mayor eficacia si se adaptaba prudentemente a las distintas situaciones institucionales y sociales, y reconocía y resolvía las diferencias entre las prioridades de los clientes y del Banco. En el Examen de 2001 se estudió la incidencia de la elección de instrumentos crediticios y de otra índole en el logro de los objetivos de desarrollo.

Las conclusiones del Examen del presente año indican que los programas nacionales, sectoriales y mundiales del Banco son coherentes con los temas vinculados a los objetivos de desarrollo del milenio y se ocupan cada vez más de la reducción de la pobreza. Podrán centrarse mucho más en esta cuestión si se establecen metas mensurables en materia de reducción de la pobreza y otros temas de desarrollo pertinentes, y se fijan plazos e implementan estrategias para alcanzarlas. Los programas sectoriales del Banco, que inscriben los objetivos de desarrollo del milenio junto con otras metas sectoriales en un marco más amplio

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programmes conçus pour renforcer la politique des résultats dans les opérations axées sur la réduction de la pauvreté ; et le *Rapport sur le développement dans le monde 2004*, intitulé « Making services work for the

poor », qui examine comment les pays peuvent accélérer les progrès en direction des ODM.

Ceci est la sixième édition de l'*Examen annuel de l'efficacité du développement* (ARDE). L'examen de 1999 passait en revue les problèmes posés par la mise en œuvre du Cadre de développement intégré et identifiait les pratiques qui paraissaient offrir de bonnes chances de les résoudre. L'examen de 2000 concluait que la Banque pourrait être plus efficace dans l'exécution de ses stratégies si elle les adaptait de façon judicieuse aux divers contextes institutionnels et sociaux, et si elle savait reconnaître et gérer les différences entre ses priorités et celles des pays clients. L'examen de 2001 montrait comment le choix des instruments de prêts et des services hors prêts influe sur la réalisation des objectifs de développement.

Les conclusions du présent examen indiquent que les programmes nationaux, sectoriels et mondiaux de la Banque s'inscrivent dans la philosophie des ODM. Ils font une place de plus en plus importante à la lutte contre la pauvreté. La Banque pourrait focaliser bien plus ses efforts sur ce problème si elle établissait des objectifs quantifiés et assortis d'échéances précises dans ce domaine ainsi que pour d'autres aspects pertinents du développement, et si elle élaborait des stratégies pour atteindre ces objectifs. Les programmes sectoriels de la Banque, qui

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which are already receiving greater Bank attention. Intensified effort is needed to help clients identify relevant development outcomes and corresponding intermediate indicators and to strengthen their capacity and incentives to monitor and evaluate development outcomes. The Bank must move from recognizing the multi-sectoral determinants of development outcomes to developing and implementing cross-sectoral strategies. And the Bank must further clarify its role and objectives and those of other partners. Above all, the Bank needs to more fully assess the implications at the corporate, country, sector, and global levels of the MDGs and address these implications in its use of lending and administrative resources.

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de desarrollo, también pueden contribuir a mejorar los programas para países orientando a los grupos de países sobre la forma de abordar las tensiones y las soluciones de compromiso entre la amplitud de las estrategias sectoriales y la especificidad de aquellos objetivos. Los programas mundiales del Banco ofrecen la posibilidad, desaprovechada hasta el momento, de sacar partido de la ventaja comparativa de cada uno de los asociados y complementar las actividades llevadas a cabo en los distintos países para contribuir a alcanzar los objetivos de desarrollo del milenio.

En las conclusiones se señalan varios temas en los que se debe insistir, aunque el Banco ya está dedicando atención especial a algunos de ellos. Es preciso redoblar los esfuerzos para ayudar a los clientes a identificar los resultados de las actividades de desarrollo pertinentes y los indicadores intermedios correspondientes y a fortalecer su capacidad e incentivos para supervisar y evaluar dichos resultados. El Banco ha reconocido los factores multisectoriales que determinan los resultados en materia de desarrollo; debe dedicarse ahora a diseñar y aplicar estrategias intersectoriales. Debe esclarecer, asimismo, su función y sus objetivos, así como los de sus asociados. Por sobre todas las cosas, es necesario que el Banco evalúe más cabalmente las repercusiones de los objetivos de desarrollo del milenio en los planos institucional, nacional, sectorial y mundial, y las tome en cuenta al utilizar sus recursos crediticios y administrativos.

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incluent les thèmes des ODM ainsi que divers autres objectifs généraux et spécifiques entrant dans un plan de développement plus large, peuvent contribuer à améliorer les programmes au niveau des pays en montrant à certains groupes de pays comment traiter les tensions et les arbitrages entre l'approche générale des stratégies sectorielles et la spécificité des ODM. Les programmes mondiaux de la Banque offrent la possibilité, encore inexploitée, de tirer parti de l'avantage comparatif des divers partenaires en présence et de compléter les activités menées au niveau des pays pour promouvoir les ODM.

Les conclusions de l'examen indiquent qu'il faut faire une place plus large à plusieurs domaines, dont certains font déjà l'objet d'une attention particulière de la Banque. Il faut redoubler d'efforts pour aider les pays clients à identifier les résultats souhaitables au plan du développement et les indicateurs intermédiaires correspondants, et pour renforcer leurs capacités et incitations à suivre et évaluer les résultats au plan du développement. La Banque ne doit pas se contenter d'identifier les déterminants du développement, elle doit maintenant élaborer et mettre en œuvre des stratégies multisectorielles. Elle doit aussi préciser son rôle et ses objectifs, ainsi que ceux de ses partenaires. Elle doit surtout évaluer ce qu'impliquent les ODM au niveau de l'institution, des pays, des secteurs et du monde, et gérer l'utilisation de ses prêts et de ses moyens administratifs en fonction des résultats de cette évaluation.



Gregory K. Ingram

Director-General, Operations Evaluation



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## EXECUTIVE SUMMARY

The Millennium Development Goals (MDGs) are a set of goals, targets, and performance indicators relating to poverty reduction, including income and non-income measures of well-being. Adopted by all 189 United Nations member states in the 2000 Millennium Declaration, they represent an unprecedented agreement among the development community about key development outcomes. The Bank has endorsed the MDGs. The Bank's corporate strategy aligns Bank Group efforts with the MDGs and provides an overall framework for addressing them.

### The MDGs as a Benchmark for Development Effectiveness

The themes and issues embedded in the MDGs are not new for the Bank. The first of the MDGs, poverty reduction, has been the Bank's overarching objective since 1990. The focus on education and health has been a main tenet of the basic needs approach followed by the Bank since the early 1970s. Similarly, gender and environmental sustainability have been important components of the Bank's strategy since the 1990s.

The newness of the MDGs lies in three main dimensions. First, by incorporating quantitative and time-bound targets, the MDGs demand specificity in development actions and emphasize systematic measurement. Second, by defining the goals in terms of outcomes—as distinct from inputs and outputs—the MDGs draw attention to the multi-

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## RÉSUMEN

Los objetivos de desarrollo del milenio (ODM) son un conjunto de metas, objetivos e indicadores de desempeño vinculados con la reducción de la pobreza, que miden el bienestar en función del ingreso y de otros parámetros. Aprobados por los 189 Estados miembros de las Naciones Unidas en la Declaración del Milenio del año 2000, representan un acuerdo sin precedentes de la comunidad interesada en el desarrollo acerca de los resultados fundamentales que procura obtener en materia de desarrollo. El Banco ha hecho suyos esos objetivos; su estrategia institucional apunta a coordinar con ellos los esfuerzos del Grupo del Banco y proporciona un marco global para abordarlos.

### Los objetivos de desarrollo del milenio como indicadores de referencia de la eficacia de las actividades de desarrollo

Los temas y problemas a los que se refieren los objetivos de desarrollo del milenio no son nuevos para el Banco. El primero de estos objetivos, la reducción de la pobreza, es el propósito primordial del Banco desde 1990. El derecho a la educación y la salud es uno de los principales postulados del criterio sustentado por el Banco en lo concerniente a las necesidades básicas desde comienzos de los años setenta. Del mismo modo, ya en el decenio de 1990 el papel de la mujer y la sostenibilidad ambiental eran componentes importantes de la estrategia del Banco.

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## RÉSUMÉ ANALYTIQUE

Les Objectifs de développement pour le millénaire (ODM) sont un ensemble d'objectifs généraux et spécifiques et d'indicateurs de performance liés à la réduction de la pauvreté et notamment à la mesure du revenu et d'autres éléments du bien-être. Adoptés par les 189 États membres des Nations Unies dans la Déclaration du Millénaire, ils ont suscité au sein de la communauté du développement un consensus sans précédent au sujet des résultats essentiels du développement. La Banque souscrit aux ODM. La stratégie institutionnelle du Groupe de la Banque est de centrer ses efforts sur les ODM et de proposer un plan d'action pour atteindre ces objectifs.

### Les ODM en tant que critère de l'efficacité du développement

Les thèmes couverts par les ODM et les problèmes qu'ils soulèvent ne sont pas nouveaux pour la Banque. Le recul de la pauvreté, qui est le premier des ODM, est l'objectif primordial que s'est fixé la Banque depuis 1990. La place fondamentale de l'éducation et de la santé est l'un des principes de base de l'approche axée sur les besoins essentiels que la Banque poursuit depuis le début des années 70. De même, la discrimination entre les sexes et la viabilité écologique sont des éléments importants de la stratégie de la Banque depuis les années 90.

La nouveauté des ODM réside dans trois dimensions essentielles. Premièrement, du fait qu'ils sont as-

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sectoral determinants of outcomes. Third, by including goal 8, which aims at developing a global partnership for development, the MDGs emphasize the role of both developed *and* developing countries. These new elements may warrant changes and innovations in some Bank practices and programs.

The MDGs serve as a visionary challenge to help galvanize new energies and resources for the development agenda, with a focus on outcomes. At the same time, the adoption of the MDGs entails risks and challenges for the World Bank. Since it is clear that, given current trends of progress, many countries and regions will be unable to achieve the MDGs by 2015, the risk of disappointment and cynicism must be mitigated. And there are other challenges: Customizing the MDGs to local conditions, ensuring that the contributions of sectors without an explicit MDG goal or target are not neglected, focusing on outcomes among poor countries and population groups rather than just on average outcomes, identifying the results chain and monitoring appropriate intermediate indicators, and addressing incentives for achieving outcomes and for monitoring them.

The main aim of this Annual Review is to assess, using recent evaluation evidence, how the World Bank's country, sector, and global programs are helping clients work toward the MDGs and other relevant targets. Even though the Bank is working in partnership with other donors and cannot *alone* be held accountable for achieving the MDGs, it is still important for the Bank to consider how effectively its assis-

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Lo novedoso de los objetivos de desarrollo del milenio radica fundamentalmente en tres aspectos. En primer término, al incorporar metas cuantitativas, con plazos concretos, los objetivos exigen especificidad en las medidas

adoptadas para favorecer el desarrollo y hacen hincapié en la medición sistemática. En segundo lugar, con la definición de las metas en términos de resultados —y no de insumos y productos— se ha puesto el acento en los determinantes multisectoriales de los resultados. Tercero, al incluir el Objetivo 8, que se refiere a la promoción de una alianza mundial para el desarrollo, se ha puesto de relieve *tanto* la función de los países desarrollados *como* la de los países en desarrollo. Estos nuevos elementos pueden requerir cambios e innovaciones en algunos programas y prácticas del Banco.

Los ODM pueden servir de inspiración y acicate para reunir nuevos recursos y energía y destinarlos a impulsar el desarrollo, prestando atención especial a los resultados. Al mismo tiempo, para el Banco Mundial la adopción de los objetivos entraña riesgos y desafíos. Es evidente que, a juzgar por los progresos realizados hasta el momento, muchos países y regiones no lograrán alcanzar los ODM para 2015; por ello se debe disipar el peligro de caer en la desilusión y el cinismo. Se presentan también otros desafíos: adaptar los ODM a las condiciones locales, no soslayar las contribuciones de sectores para los cuales no se ha fijado explícitamente un objetivo, tomar particularmente en cuenta los resultados obtenidos entre los países y los grupos de población pobres en lugar de considerar los resultados

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sortis d'objectifs quantitatifs et liés à des échéances précises, les ODM nécessitent des actions de développement spécifiques et ils appellent des mesures systématiques. Deuxièmement, du fait qu'ils définissent les objectifs généraux en termes de résultats — et non pas en termes d'apports et de production —, les ODM attirent l'attention sur les déterminants multisectoriels des résultats. Troisièmement, du fait qu'ils incluent le huitième objectif général, qui est de mettre en place un partenariat mondial pour le développement, les ODM mettent en relief le rôle des pays développés *et* des pays en développement. Ces nouveaux éléments peuvent justifier des changements et des innovations dans certaines pratiques et certains programmes de la Banque.

Les ODM constituent une gageure visionnaire, gageure qui permet de galvaniser de nouvelles énergies et de mobiliser de nouvelles ressources pour le programme de développement axé sur les résultats. En même temps, l'adoption des ODM signifie que la Banque doit être prête à assumer des risques et à relever un certain nombre de défis. Puisqu'il est évident, compte tenu du bilan actuel de l'action engagée sur ce front, qu'un grand nombre de pays et de régions ne seront pas en mesure d'atteindre les ODM d'ici à 2015, il est indispensable d'atténuer les risques de désillusion et de cynisme. Et il faut surmonter d'autres difficultés : il faut adapter les ODM aux réalités locales, et s'assurer que les contributions que peuvent apporter les secteurs pour lesquels aucun objectif général ou spécifique n'a été fixé ne sont pas négligées ;

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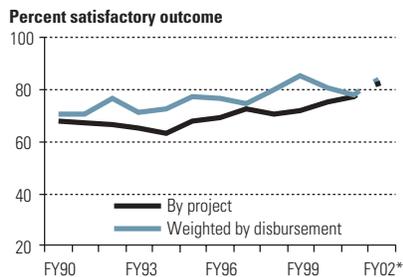
tance is contributing to progress toward the agreed on goals.

### Findings about the Bank's Programs

The Bank's country, sector, and global programs are consistent with the MDG themes, and there has been continuity in the Bank's support for them. The MDGs emphasize income as well as non-income measures of well-being and draw attention to their multiple determinants. The Bank's *World Development Report* (WDR) for 2000–01 echoes this in its emphasis on the qualitative dimensions of poverty and, more specifically, the empowerment of the poor. Both encompass a broad approach to poverty reduction and signal the need for a mix of mutually reinforcing interventions in a variety of sectors.

At the project level, the outcomes of Bank-financed projects continue to improve. Of the projects that exited in FY01, 77 percent had satisfactory outcomes, exceeding for a second year the 1997 Strategic Compact target of 75 percent, as shown in the figure. More than two-thirds of projects

### Project Outcomes Show an Upward Trend



\*Partial.

Source: Business Warehouse, World Bank 2002.

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promedio, identificar la cadena de resultados y efectuar el seguimiento de los indicadores intermedios apropiados, y establecer incentivos para alcanzar y supervisar los resultados.

El presente Examen tiene como finalidad principal analizar, utilizando información obtenida en evaluaciones recientes, la ayuda que los programas nacionales, sectoriales y mundiales del Banco Mundial prestan a sus clientes para avanzar hacia la consecución de los objetivos de desarrollo del milenio y otras metas pertinentes. Aun cuando el Banco trabaja junto con otros donantes y la responsabilidad de cumplir con los ODM no recae *exclusivamente* en él, para el Banco es importante determinar el grado de eficacia de su asistencia como medio de contribuir al logro de los objetivos acordados.

### Conclusiones acerca de los programas del Banco

Los programas del Banco para países y sectores, así como los de alcance mundial, son congruentes con los temas de los objetivos de desarrollo del milenio, a los que el Banco ha prestado un respaldo constante. Los ODM subrayan la importancia de medir el bienestar no sólo en función de los ingresos y dedican especial atención a la multiplicidad de factores que lo determinan. El *Informe sobre el desarrollo mundial 2000/2001*, preparado por el Banco, se hace eco de este concepto al hacer hincapié en los aspectos cualitativos de la pobreza y, más concretamente, en el empoderamiento de los pobres. Ambos factores forman parte de un enfoque amplio de la reducción de la pobreza y señalan la necesidad de poner en marcha, en distintos sec-

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il faut centrer l'attention sur les résultats des pays pauvres et des groupes de population démunis et non pas seulement sur la moyenne des résultats, identifier la chaîne des résultats et assurer le suivi des indicateurs inter-

médiaires ; et il faut instituer un système d'incitations pour atteindre les résultats souhaités et en assurer le suivi.

Le principal objectif de cet examen est d'analyser, sur la base des éléments d'appréciation disponibles, la façon dont les programmes d'assistance de la Banque aux niveaux national, sectoriel et mondial aident les pays clients à progresser dans la direction des ODM et des objectifs spécifiques qui leur sont associés. Même si la Banque travaille en partenariat avec d'autres bailleurs de fonds et ne peut être tenue pour *seule* responsable des résultats obtenus sur le front des ODM, il n'est pas moins important qu'elle fasse le point pour déterminer dans quelle mesure l'aide qu'elle apporte permet aux pays de progresser dans la direction des objectifs établis d'un commun accord.

### Conclusions concernant les programmes de la Banque

Les programmes d'assistance de la Banque aux niveaux national, sectoriel et mondial sont cohérents avec les thèmes des ODM, et la Banque n'a cessé de les soutenir. Les ODM mettent l'accent sur la mesure du revenu et d'autres éléments du bien-être, et ils font ressortir la multiplicité des déterminants de ces différentes variables. Le *Rapport sur le développement dans le monde 2000–2001* s'en fait l'écho en insistant sur les dimensions qualitatives

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were rated as likely or highly likely to be resilient to future risk, and about one-half were rated as having a substantial or higher institutional development impact in FY01. The Appendix provides detailed results on project performance.

This solid performance at the individual project level must be sustained, and the Bank must scale up the impact to help clients achieve country-level improvements in economic well-being, human development, environmental sustainability, and other relevant development outcomes. The MDGs offer the potential—backed by international support and common understanding—for the Bank to sharpen its focus on such outcomes.

In the past few years, the objectives and strategies of the Bank's country assistance programs have increasingly focused on poverty reduction. However, most are expressed in terms of directions of change rather than achieving specific targets. Poverty Reduction Strategy Papers (PRSPs), in contrast, provide a clearer set of targets, although the realism and achievability of the targets can be improved. The Bank needs to define the objectives and targets of its country programs with greater specificity, deriving these from national targets established by countries in light of global MDG goals and using the PRSP where applicable. Better analytical work, including stronger poverty analysis and development of outcome-oriented strategies, would also contribute positively to the quality of the Bank's country programs.

Sector strategies show increasing attention to poverty linkages, a change from earlier strategies in

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tores, intervenciones que se refuerzan recíprocamente.

En cuanto a los proyectos, los resultados de aquellos financiados por el Banco continúan mejorando. De los proyectos que dejaron la cartera en el ejercicio de 2001, el

77% obtuvo resultados satisfactorios: se superó así por segundo año la meta del 75% fijada en el Plan Estratégico, como se observa en el gráfico. En el mismo ejercicio, se consideraba como probable o muy probable que más de dos tercios de los proyectos pudieran superar futuros riesgos, y que aproximadamente la mitad influiría, por lo menos, de forma considerable en el desarrollo institucional. En el Apéndice se suministra información detallada sobre el desempeño de los proyectos.

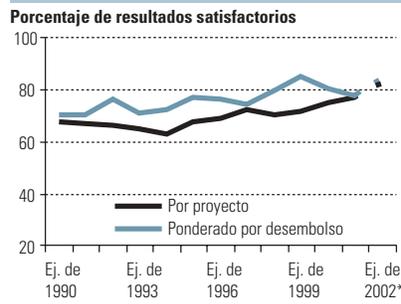
Es preciso mantener la solidez del comportamiento de los proyectos e intensificar el efecto de las actividades del Banco para poder ayudar a los clientes a impulsar el bienestar económico, el desarrollo humano y la sostenibilidad ambiental nacionales, así como a obtener otros resultados

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de la pobreza y más precisamente sur la nécessité de donner aux pauvres les moyens de se prendre en charge. Dans les deux cas, l'approche globale retenue en matière de lutte contre la pauvreté implique une combinaison d'interventions qui se renforcent mutuellement dans des secteurs divers.

Au niveau des projets, les résultats des opérations financées par la Banque continuent de s'améliorer. Sur les projets sortis du portefeuille au cours de l'exercice 01, 77 % avaient des résultats satisfaisants, dépassant ainsi pour la deuxième année consécutive l'objectif de 75 % du Pacte stratégique ainsi que le montre la figure ci-contre. Plus des deux tiers étaient jugés comme ayant de bonnes chances ou de fortes chances de résister à des risques futurs, et à peu près la moitié étaient jugés comme ayant un impact substantiel ou plus que substantiel sur le développement institutionnel pendant l'exercice 01. L'annexe pré-

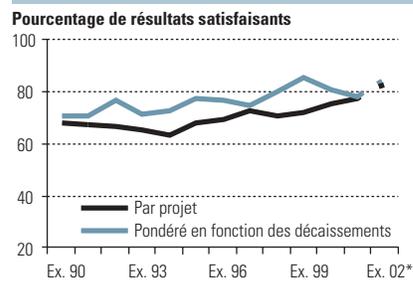
Los resultados de los proyectos muestran una tendencia ascendente



\* Parcial.

Fuente: Business Warehouse, Banco Mundial 2002.

Les résultats des projets vont s'améliorant



\* Partiel.

Source : Business Warehouse, Banque mondiale 2002.

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which such linkages were not always explicit. While the Bank has a strong record of project performance in many sectors, the weaker record in a few sectors will require added attention. The Bank's sector strategies are consistent with the MDGs and rightly place them alongside other sector goals in a broader development framework. Sector strategies have the potential to contribute more effectively to the Bank's country strategies in two ways. First, they should provide guidance on how countries at different income levels can prioritize specific sectors, subsectors, regions, or population groups. Second, they should exploit cross-sectoral complementarities and provide guidance on designing and implementing outcome-oriented strategies. Although truly integrated policy action can emerge only in national policy forums, greater creativity in Bank sector programs in maximizing complementarities would further enhance their relevance to the MDGs—and to the country strategies seeking to achieve them.

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

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pertinentes en materia de desarrollo. Los ODM brindan al Banco la posibilidad de concentrarse aún más en esos resultados, con el respaldo internacional y la comprensión general de su naturaleza.

En los últimos años, los objetivos y las estrategias de los programas de asistencia del Banco a los países se han centrado en forma creciente en la reducción de la pobreza. Sin embargo, generalmente se expresaron en relación con la orientación de los cambios que se procuraba lograr y no como metas específicas. Los documentos de estrategia de lucha contra la pobreza (DELP), por el contrario, establecen una serie de metas más claras, aunque su realismo y factibilidad podrían mejorarse. El Banco debe definir los objetivos y las metas de sus programas para los países con mayor especificidad, derivándolos de las metas nacionales establecidas por los países a la luz de los ODM y utilizando los DELP cuando corresponda. La calidad de los programas del Banco para los distintos países también se vería beneficiada si se mejoraran los estudios analíticos, en particular el análisis de la pobreza, y se formularan estrategias orientadas a obtener resultados concretos.

Las estrategias sectoriales prestan cada vez más atención a los vínculos con la pobreza, que anteriormente no siempre se presentaban en forma explícita. Aunque el desempeño de los proyectos del Banco es muy satisfactorio en numerosos sectores, será necesario prestar mayor atención a los pocos sectores donde los resultados fueron deficientes. Las estrategias sectoriales del Banco son coherentes con los ODM y, acertadamente, los inscriben, junto con

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sente un bilan détaillé de la performance des projets.

Cette robuste performance au niveau des projets doit être maintenue, et la Banque doit viser un plus haut niveau d'impact pour aider les pays clients à améliorer leurs résultats au triple plan du bien-être économique, du développement humain et de la viabilité écologique et dans d'autres domaines pertinents du développement. Les ODM offrent à la Banque la possibilité — confortée par le soutien et la compréhension de la communauté internationale — de centrer davantage son action sur ces résultats.

Depuis quelques années, la pauvreté occupe une place grandissante dans les objectifs et les stratégies des programmes d'assistance de la Banque aux pays. Toutefois, ces objectifs et ces stratégies sont habituellement définis en termes d'orientation des réformes plutôt qu'en termes de résultats spécifiques. Les Documents de stratégie pour la réduction de la pauvreté (DSRP) fournissent au contraire un ensemble plus clair d'objectifs, mais ils sont parfois irréalistes et difficiles à atteindre, et des progrès sont possibles sur ce point. La Banque doit définir plus précisément les objectifs généraux et spécifiques de ses programmes-pays, à partir des objectifs nationaux établis par les pays à la lumière des ODM, et en se basant le cas échéant sur les données des Documents de stratégie pour la réduction de la pauvreté. Un meilleur travail d'analyse et, en particulier, une analyse plus solide de la pauvreté et l'élaboration de stratégies axées sur les résultats du développement permettraient aussi d'amé-

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tional recurrent financing, for which provision needs to be made.

The realization that many development problems require collective action at the global level to supplement traditional country- and project-level approaches has led to increasing Bank support for global programs. All global programs broadly support MDG goal 8—“Developing a global partnership for development”—and many also support other MDGs. Few of the global programs yet involve developing countries, civil society organizations, or the commercial private sector in the governance and management of the programs. And few focus on global public policy formulation involving developed country policies, in the spirit of MDG goal 8. While global programs have been effective instruments of resource mobilization, the proliferation of global initiatives has exceeded the Bank’s institutional capacity to manage and monitor them effectively. Global programs as a group are no better than other development efforts at monitoring and evaluating the outcomes and impacts of their activities. Capitalizing on the comparative advantage of individual partners, better linking global programs with related country-level activities, and situating them within the framework of a larger global strategy would help strengthen outcomes.

### Implications for the Future

By specifying *quantitative* targets, the MDGs emphasize systematic measurement—and the Bank has launched new initiatives to better monitor, measure, and manage for results. While these initiatives cannot be expected to bear fruit either

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otros objetivos sectoriales, en un marco de desarrollo más amplio. Asimismo, pueden contribuir más eficazmente a las estrategias del Banco para los países de dos maneras. En primer lugar, deberían brindar orientación sobre la forma

en que los países, en los diferentes niveles de ingreso, pueden establecer un orden de prioridad entre determinados sectores, subsectores, regiones o grupos de población. En segundo término, deberían aprovechar los aspectos intersectoriales complementarios y establecer pautas sobre el diseño y la ejecución de estrategias orientadas a la obtención de resultados. Aun cuando las medidas de política auténticamente integradas sólo pueden surgir de foros de política nacionales, una mayor creatividad en los programas sectoriales del Banco para aprovechar al máximo los aspectos complementarios aumentaría la pertinencia de esos programas para los ODM y las estrategias nacionales concebidas a fin de alcanzarlos.

Las iniciativas de financiamiento especiales vinculadas a los ODM, como la Vía Rápida de Educación para Todos o el Programa Multisectorial contra el SIDA para África, pueden requerir la asignación o la reasignación de recursos financieros. Para ello se debe tomar en cuenta la probabilidad de cada país de utilizar los fondos con eficacia, así como el camino que le falta recorrer para alcanzar los ODM. Deben estudiarse cuidadosamente todas las consecuencias de esas iniciativas en la distribución geográfica y sectorial de recursos del Banco, así como las soluciones de compromiso que pudieran implicar. Por último, para alcanzar y mantener los ODM se necesitarán

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liorer la qualité des programmes au niveau des pays.

Les stratégies sectorielles montrent qu’une attention croissante est portée aux liens des opérations avec la pauvreté, contrairement aux stratégies antérieures, où ces

liens n’étaient pas toujours explicites. La Banque affiche un bilan solide pour ce qui est de la performance des projets dans de nombreux secteurs, mais il faudra suivre de plus près le petit groupe de secteurs qui font apparaître des résultats moins satisfaisants. Les stratégies sectorielles de la Banque sont cohérentes avec les ODM et les placent à juste titre aux côtés d’autres objectifs dans un plan d’action plus large en faveur du développement. Les stratégies sectorielles peuvent apporter, sur un double plan, une contribution plus efficace aux stratégies d’assistance aux pays mises en place par la Banque. Premièrement, elles devraient fournir des indications sur la façon dont les pays qui ont différents niveaux de revenus peuvent établir l’ordre de priorité de secteurs, sous-secteurs, régions ou groupes de population particuliers. Deuxièmement, elles devraient exploiter les complémentarités sous-sectorielles et fournir des indications sur la conception et la mise en œuvre des stratégies axées sur les résultats. Certes, une action gouvernementale véritablement intégrée ne peut être que le fruit d’un débat national, mais si la Banque faisait preuve de plus d’imagination dans ses programmes sectoriels en s’attachant à maximiser les complémentarités, le contenu de ces programmes pourrait être encore mieux adapté aux ODM — et aux stratégies nationales élaborées pour atteindre ces objectifs.

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swiftly or easily, they will be particularly helpful if they result in clearer and more specific objectives and targets at the country, sector, and global levels. Clients' capacity and incentives to monitor and evaluate development

outcomes also need significant strengthening. Serious effort is also needed to identify intermediate indicators for measuring progress on the ground and to monitor the progress of Bank assistance. This is especially the case because the Bank's instruments have a shorter timeframe than the 15-year horizon set for achieving most MDGs. Lessons can be learned in failure as well as success. The monitoring process should be designed to yield information that provides a sound and continuing basis for informed decisionmaking and learning.

The MDGs draw attention to the multisectoral determinants of outcomes. The Bank's programs increasingly recognize these inter-relationships; they now need to take the next step and develop and implement cross-sectoral strategies to help clients achieve intended outcomes. Multisectoral strategies do not necessarily imply multisector projects. Developing multisectoral strategies will require effective coordination between the Bank's country and sector units and among sector units to design and implement outcome-based, cross-sectoral country strategies. A more effective institutional mechanism is needed to foster the design and implementation of cross-sectoral strategies to deliver specific development outcomes.

Achieving MDG outcomes by 2015—and sustaining them beyond 2015—will require a break from his-

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importantes volúmenes adicionales de financiamiento periódico y será preciso efectuar las reservas del caso.

La convicción de que la solución de muchos problemas de desarrollo exige medidas colectivas a nivel mundial que

complementen los enfoques tradicionales centrados en los países y los proyectos ha empujado al Banco a aumentar su apoyo a los programas mundiales. En líneas generales, todos los programas mundiales contribuyen a la consecución del Objetivo 8 (“Promover una alianza mundial para el desarrollo”) y muchos coadyuvan también al logro de otros de los objetivos. Sin embargo, los países en desarrollo, las organizaciones de la sociedad civil o el sector privado comercial intervienen en la dirección y administración de muy pocos programas mundiales, y también son pocos los programas que se ocupan de la formulación de políticas públicas mundiales que afecten las políticas de los países desarrollados, como podría ocurrir en consonancia con el espíritu del Objetivo 8. Si bien los programas mundiales han resultado efectivos para movilizar recursos, la proliferación de iniciativas mundiales ha superado la capacidad institucional del Banco para administrarlas y supervisarlas eficazmente. Los programas mundiales, como grupo, no son mejores que otros programas de desarrollo para supervisar y evaluar los resultados y las repercusiones de sus actividades. Se podrían obtener resultados más satisfactorios aprovechando las ventajas comparativas de cada asociado, vinculando mejor los programas mundiales con las actividades conexas en los países y situándolos en el marco de una estrategia mundial más amplia.

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Les programmes de financement spéciaux liés aux ODM — tels que l'Initiative pour l'accélération de l'aide en faveur de l'éducation ou le Programme plurinational de lutte contre le VIH/SIDA en Afrique — pourraient donner

lieu à l'octroi de nouveaux prêts ou à la réaffectation des fonds prêtés. Ces opérations devront tenir compte de la probabilité qu'un pays d'utiliser les fonds de façon efficace ainsi que des progrès qu'il a accomplis en direction des ODM. Les conséquences que pourraient avoir ces initiatives sur la répartition géographique et sectorielle des ressources de la Banque devront être systématiquement évaluées, et les arbitrages devront faire l'objet d'un examen approfondi. Enfin, pour atteindre les ODM et les inscrire dans la durée, il faudra prévoir d'importantes ressources supplémentaires pour financer les dépenses récurrentes, et donc prendre des dispositions en ce sens.

La reconnaissance du fait qu'un grand nombre de problèmes de développement exigent une action collective au niveau international pour compléter les approches traditionnelles centrées sur les pays et les projets a conduit la Banque à accroître le soutien qu'elle apporte aux programmes de portée mondiale. Tous ces programmes appuient de façon générale le huitième des ODM qui est de « mettre en place un partenariat mondial pour le développement » — et beaucoup appuient aussi les autres ODM. Rares sont encore les programmes de portée mondiale qui associent les pays en développement, les organisations de la société civile ou le secteur privé commercial à l'administration et à la

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torical trends in a number of countries. “Business as usual” is unlikely to suffice either for countries or donors. Signing on to global targets without determining the priority to be attached to individual targets in specific circumstances or developing more feasible alternative targets is risky for donors and developing countries alike. There is also a risk that the MDGs will lead to the mechanical adoption of specific MDG indicators—or to an overemphasis on easily monitored targets to the neglect of qualitative dimensions of development. The first step in better managing these risks and challenges would be to systematically assess and understand the implications—at the corporate, country, sector, project, and global levels—of the MDGs. A determination will then have to be made about how priorities are to be set, key choices made, and any resulting tensions and tradeoffs addressed. More than two years after the Bank’s endorsement of the MDGs, such efforts are only just beginning in the Bank, especially at the sectoral (network) level. Rising to the challenge of the MDGs will require continuity in some areas of Bank work and an increased emphasis on others, and may warrant a departure from some current Bank practices and programs. The exact nature of the necessary changes can be determined only through a systematic analysis of the implications of the MDGs at the corporate, country, sector, and global levels. Assessing and addressing these implications should be a priority for the Bank.

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### Consecuencias para el futuro

Al especificar metas *cuantitativas*, los ODM ponen de relieve la importancia de la medición sistemática, y el Banco ha puesto en marcha nuevas iniciativas para mejorar el seguimiento, la medición y la gestión de resultados. Si bien no se puede esperar que den fruto con rapidez o facilidad, esas iniciativas serán especialmente valiosas si permiten establecer objetivos y metas más claros y específicos a nivel nacional, sectorial y mundial. También es preciso reforzar considerablemente los incentivos y la capacidad de los clientes para supervisar y evaluar los resultados de las actividades de desarrollo. Es necesario, asimismo, identificar indicadores intermedios para medir los progresos en el terreno y supervisar el avance de la asistencia del Banco, más que nada porque el marco cronológico de los instrumentos del Banco es más breve que el plazo de 15 años estipulado para alcanzar los ODM. Se pueden extraer enseñanzas tanto de los fracasos como de los éxitos. El proceso de supervisión debe estar destinado a obtener datos que sienten una base sólida y permanente para el aprendizaje y la adopción de decisiones informadas.

Los ODM destacan el papel de los determinantes multisectoriales de los resultados. El Banco cada vez toma más en cuenta esas interrelaciones en sus programas; ahora debe dar un paso adelante y elaborar y aplicar estrategias intersectoriales para ayudar a los clientes a alcanzar los resultados previstos. Las estrategias multisectoriales no implican necesariamente proyectos multisectoriales. Para diseñar e implementar en los países es-

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gestion des opérations. Et rares sont ceux qui s’attachent à formuler une politique publique mondiale tenant compte des politiques des pays développés dans l’esprit du huitième des ODM. Les programmes sont certes des instruments efficaces pour mobiliser les ressources, mais la prolifération des initiatives mondiales implique une charge qui excède les capacités institutionnelles de la Banque pour assurer la gestion et le suivi de ces programmes de façon efficace. Ces programmes pris collectivement ne permettent pas mieux que d’autres initiatives de développement de suivre et d’évaluer les résultats et l’impact des actions menées. Des résultats plus solides pourront être obtenus si des dispositions sont prises pour exploiter l’avantage comparatif de chaque partenaire, établir un lien plus étroit entre les programmes internationaux et les activités menées au niveau des pays, et inscrire ces activités dans le cadre d’une stratégie globale plus large.

### Conséquences à tirer pour l’avenir

Par le fait même qu’ils fixent des objectifs *quantitatifs*, les ODM impliquent de faire une large place à la mesure systématique des résultats, et la Banque a lancé de nouvelles initiatives pour mieux suivre, mesurer et gérer les résultats. Certes, il ne faut pas espérer que ces initiatives porteront des fruits rapidement ou facilement, mais elles seront particulièrement utiles si elles permettent d’établir des objectifs généraux et spécifiques plus clairs aux niveaux national, sectoriel et international. Il faut aussi renforcer sensiblement la

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trategias intersectoriales basadas en los resultados se requerirá una coordinación eficaz entre las direcciones subregionales y las direcciones sectoriales del Banco, así como entre estas últimas. Se necesita un mecanismo institucional más efectivo para fomentar el diseño y la ejecución de estrategias intersectoriales que produzcan resultados específicos en términos de desarrollo.

A fin de alcanzar los objetivos de desarrollo del milenio para 2015 — y mantenerlos después— en varios países será imprescindible modificar las tendencias históricas. Es probable que las “actividades habituales” no basten para los países ni para los donantes. Adherir a los objetivos mundiales sin determinar la prioridad que se va a atribuir a cada uno de ellos en circunstancias concretas o idear otros objetivos más viables es igualmente riesgoso para los donantes y los países en desarrollo. También se corre el riesgo de que los ODM deriven en la adopción mecánica de indicadores específicos o en un hincapié excesivo en las metas que se pueden medir con facilidad en desmedro de los aspectos cualitativos del desarrollo. El primer paso para hacer frente a estos riesgos y desafíos consistiría en evaluar sistemáticamente y comprender las consecuencias que entrañan los ODM para las instituciones, los países, los sectores, los proyectos y las actividades de índole mundial. Habrá que tomar luego una determinación acerca de la forma de establecer las prioridades, adoptar las decisiones clave, superar las tensiones que puedan surgir y abordar las soluciones de compromiso. Más de dos años después de que el Banco adhiriera a los ODM, esos esfuerzos

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capacité et les incitations des pays clients à suivre et évaluer les résultats du développement. Des efforts sérieux seront aussi nécessaires pour identifier les indicateurs intermédiaires permettant de mesurer les progrès accomplis sur le terrain et de suivre les progrès de l'assistance de la Banque, et ce d'autant que les instruments de la Banque ont une durée de vie plus courte que l'horizon de 15 ans fixé pour la réalisation de la plupart des ODM. Les enseignements à tirer sont utiles, qu'il y ait échec ou succès. Le processus de suivi doit être conçu de façon à pouvoir recueillir des éléments d'information susceptibles de fournir une base solide et permanente pour prendre des décisions en toute connaissance de cause et favoriser l'apprentissage.

Les ODM appellent l'attention sur les déterminants multisectoriels des résultats. Les programmes de la Banque tiennent de plus en plus compte de ces interactions ; mais il faut maintenant passer à l'étape suivante et élaborer les stratégies intersectorielles pour aider les pays clients à atteindre les résultats souhaités. Les stratégies intersectorielles n'impliquent pas nécessairement des projets multisectoriels. L'élaboration de stratégies multisectorielles exigera une coordination efficace entre les unités de la Banque spécialement chargées des pays et des secteurs et entre les unités sectorielles afin de concevoir et mettre en œuvre des stratégies nationales intersectorielles. Il faut un mécanisme institutionnel plus efficace pour encourager l'élaboration et la mise en œuvre de stratégies intersectorielles permettant d'atteindre des résultats

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acaban de comenzar, especialmente en el nivel sectorial (redes). Para estar a la altura del desafío que implican los ODM se requerirá continuidad en algunas áreas de la labor del Banco, mayor atención a otras y, quizá, la

modificación de algunos programas y prácticas actuales del Banco. La naturaleza exacta de los cambios necesarios sólo se podrá determinar mediante un análisis sistemático de las repercusiones de los ODM para las instituciones, los países, los sectores y el mundo. Evaluar y abordar esas repercusiones debe ser prioritario para el Banco.

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spécifiques au plan du développement.

Pour atteindre les ODM d'ici à 2015 — et pour que les résultats durent au-delà de 2015 — il faudra rompre avec les tendances passées dans un certain nombre de pays.

La politique du « business as usual » ne suffira sans doute pas, que l'on se place du côté des pays ou du côté des bailleurs de fonds. Souscrire à des objectifs globaux sans déterminer la priorité attachée à des objectifs spécifiques dans des circonstances spécifiques ou sans fixer des objectifs plus réalistes est une chose risquée pour les bailleurs de fonds comme pour les pays en développement. Il y a aussi le risque que les ODM conduisent à adopter mécaniquement des indicateurs spécifiques pour évaluer les progrès accomplis dans ce domaine — ou à accorder une importance excessive à des objectifs dont l'évolution est facile à suivre au détriment des dimensions qualitatives du développement. Pour mieux gérer ces risques et ces problèmes, il faut d'abord cerner et évaluer systématiquement les répercussions des ODM — au niveau de l'institution, des pays, des secteurs et des projets et au niveau mondial. Il faudra ensuite déterminer comment établir les priorités, comment opérer les choix fondamentaux et comment traiter les tensions et les arbitrages éventuels. Cela fait un peu plus de deux ans maintenant que la Banque a souscrit aux ODM, mais les dispositions qu'elle a prises en ce sens n'en sont qu'à leurs débuts, en particulier au niveau sectoriel (niveau des réseaux). Pour relever la gageure des ODM, il faudra qu'elle poursuive son action dans certains domaines,

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qu'elle fasse une plus large place à d'autres domaines, ce qui nécessitera peut-être un changement de cap par rapport à ses pratiques et à ses programmes actuels. Seule une analyse systématique des répercussions des ODM au niveau de l'institution, des pays et des secteurs et au niveau international permettra de déterminer la nature exacte des changements à introduire. L'évaluation de ces répercussions et les mesures à prendre en conséquence doivent être une priorité de la Banque.



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## ABBREVIATIONS AND ACRONYMS

ARPP	Annual Review of Portfolio Performance
AFR	Africa Region
APL	Adaptable Program Loan
ARDE	Annual Review of Development Effectiveness
AROE	Annual Report on Operations Evaluation
CAE	Country Assistance Evaluation
CAS	Country Assistance Strategy
CDF	Comprehensive Development Framework
CEM	Country Economic Memorandum
CGIAR	Consultative Group on International Agricultural Research
CODE	Committee on Development Effectiveness
CPIA	Country Policy and Institutional Assessment
DAC	Development Assistance Committee
DEC	Development Economics and Chief Economist (Bank department)
DFID	Department for International Development (U.K.)
EAP	East Asia and Pacific Region
ECA	Europe and Central Asia Region
ECD	Evaluation capacity development
EFA	Education for All
ERL	Emergency Recovery Loan
ESW	Economic and sector work
FY	Fiscal year
GDP	Gross domestic product
HIPC	Heavily Indebted Poor Countries Initiative
HNP	Health, Nutrition, and Population
IBRD	International Bank for Reconstruction and Development (World Bank)
ICR	Implementation Completion Report
IDA	International Development Association
IDTs	International Development Targets
LCR	Latin America and the Caribbean Region
LIL	Learning and Innovation Loan
MAP	Multisectoral AIDS Program for Africa
MDGs	Millennium Development Goals
M&E	Monitoring and evaluation
MIGA	Multilateral Investment Guarantee Agency
MNA	Middle East and North Africa Region
NGO	Nongovernmental organization
OECD	Organisation for Economic Co-operation and Development
OED	Operations Evaluation Department
OPCS	Operations Policy and Country Services (Bank department)
PBA	Performance-based allocation
PER	Public Expenditure Review
PPAR	Project Performance Assessment Report
PREM	Poverty Reduction and Economic Management Network
PRMPS	Public Sector Management Division
PRSP	Poverty Reduction Strategy Paper
PSI	Private Sector Development and Infrastructure (Network)
QAG	Quality Assurance Group

RIL	Rehabilitation Import Loan
SAR	South Asia Region
SSP	Sector Strategy Paper
SWAP	Sectorwide approach
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific, and Cultural Organization
USAID	U.S. Agency for International Development
WBI	World Bank Institute
WDR	World Development Report
WSP	Water and Sanitation Program



# The MDGs as a Benchmark for Development Effectiveness

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

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

## **MDGs in the World Bank's Corporate Strategy**

The United Nations Millennium Declaration adopted by all 189 member states of the United Nations at the Millennium Summit on September 8, 2000, represents unprecedented agreement among the development community to measure progress in reducing global poverty through quantitative, time-bound targets. Under the banner of Millennium Development Goals (MDGs), the targets bring a new outcomes focus to reducing income poverty and to non-income measures of well-being that include child mortality and primary education, sanitation and safe water, gender, and slum improvement. While these themes are not new for the Bank, the newness of the MDGs lies in their quantitative and time-bound targets, their

focus on outcomes (as distinct from inputs and outputs), and their emphasis on the role of both developed and developing countries in a global partnership for development.

The MDGs evolved from the International Development Targets (IDTs), which were introduced in 1996 and included similar quantitative targets. The World Bank's corporate strategy has incorporated the IDTs for about four years. The 1997 Strategic Compact, the Bank's corporate strategy for the 1997–2000 period, called for the Bank to report regularly on a set of indicators corresponding closely to the IDTs. The IDTs were included in the highest tier of the Corporate Scorecard for the Strategic Compact. Annex A lists the MDGs, Annex B discusses the origins and evolution of the MDGs and IDTs, and Annex C compares the IDTs and the MDGs.

Two key documents produced by the Bank in 2001—the Strategic Framework (World Bank 2001e) and the Strategic Directions Paper (World Bank 2001c)—outlined the Bank’s corporate strategy for the first five years of the twenty-first century. They explicitly aligned the Bank Group’s efforts with the MDGs and provided an overall framework to focus Bank assistance on achieving them: “The [Strategic Framework] paper aligns the Bank Group’s efforts with the international development goals, recently confirmed in the Millennium Declaration. The Bank Group fully endorses these goals” (World Bank 2001e, p. 1). The Strategic Directions paper noted that the multidimensional nature of the international development goals reflects a comprehensive approach to development. The goals provide a results-based framework for assessing development impact and emphasize that the focus must be on the desired outcomes, rather than an input-based or narrow sectoral focus. The Strategic Directions paper linked Bank objectives and strategy to the MDGs (then still referred to as “International Development Goals”) and provided a framework for reshaping Bank assistance. It also matched MDG outcomes with the inputs and competencies of the Bank, as summarized in

box 1.1. The Bank’s FY03–05 strategic documents further explain the Bank’s position on the MDGs (box 1.2).

The Bank’s mission statements and corporate strategy papers focused on themes and issues embedded in the MDGs throughout the 1990s, and even earlier. For example, the first MDG, poverty reduction, has been the Bank’s overarching objective since 1990. The focus on education and health has been a main tenet of the Bank’s basic needs approach since the early 1970s. And gender and environmental sustainability have been important components of the Bank’s strategy since the 1990s.

These close parallels between the MDGs and the Bank’s corporate strategy are not coincidental. For more than a decade, the evolution of the Bank’s mission and corporate strategy and the goals and declarations of successive U.N. conferences have been derived from a shared and evolving understanding of development challenges. Even the content of the latest goal added to the MDG list, “Develop a global partnership for development,” has been squarely at the center of the Bank’s corporate strategy since the Comprehensive Development Framework (CDF) was adopted in 1997.

### Box 1.1

### The Bank’s Corporate Approach to the MDGs

**The Importance of Growth:** Broadly based economic growth is one of the best ways to achieve poverty reduction, which implies a comprehensive approach to development.

**Linkages among Sectors:** Meeting the goals that focus on education, health, gender equality, and environment will require expenditures in other sectors—for example, in governance and institution and capacity-building and in potable water, sanitation, and other infrastructure.

**Outcomes and the Role of Performance Monitoring:** Since the targets selected to measure progress toward the goals correlate highly with other measures of development, they serve as guides for determining economic and social progress.

*Source:* World Bank 2001c, Annex 2, p. 25.

**Effective Aid Allocation:** By quantifying development progress, the goals present an opportunity to focus on the effectiveness of different interventions and, over time, to allocate national, international, and the Bank’s own resources more effectively. Linking these improvements to policy and other reforms will, however, require significant research and analytical effort.

**Prioritization and Partnership:** Even though different countries may assign different priorities to the various goals, their achievement nevertheless depends on concerted effort by numerous global and local partners.

**Box 1.2****MDGs in the Bank's FY03–05 Strategic Documents**

According to recent strategic documents, the Bank's mission continues to be poverty reduction, with the MDGs providing a global frame of reference for its work. The Bank's priorities are further defined by the need, first, to build the climate for investment, jobs, and sustainable growth, and, second, to invest in poor people and empower them to participate in development.

The documents recognize that the MDGs are not just a corporate commitment; they determine how country and global ac-

tivities are designed and implemented. They emphasize that the Bank's implementation agenda will continue to focus on achieving its mission of reducing global poverty and contributing toward meeting the MDGs.

At the same time, Bank strategists acknowledge that the Bank will need to do a better job of assessing and monitoring the results of its work and in linking the outcomes of its projects and programs to the internationally agreed on MDGs, including the overarching objective of poverty reduction.

Source: Bank's FY03–05 Strategic Documents, <http://siteresources.worldbank.org/EXTABOUTUS/Resources/workprogram.pdf>

### MDGs as a Framework for the ARDE

The main purpose of this year's *Annual Review of Development Effectiveness* (ARDE) is to assess, through available evaluation evidence, how the World Bank's country, sector, and global programs are helping clients work toward the MDGs and other relevant targets. It is too soon to see evidence of on-the-ground impact of the Bank's adoption of the MDGs per se. But the themes embedded in the MDGs are not new to the Bank, and it is possible to assess the extent to which the Bank's assistance programs have supported them.

This review interprets the MDGs broadly as representing quantified development goals and targets rather than the precise percentages and timeframes specified. Since the MDGs are global targets, they must be localized to fit each country's circumstances. For example, not every country can reduce under-five mortality by two-thirds by 2015.

The concepts of partnership and country ownership are at the heart of the MDGs. Therefore, the review stresses mutual accountability. Even though the Bank is working in partnership with other donors and cannot *alone* be held accountable for achieving the MDGs, it is still important for the Bank to consider how effectively its assistance is contributing to progress toward the agreed on goals. This is unlikely to be easy, and it will require that the mechanisms and processes that convert Bank actions into outcomes be spelled out in a clear strategy (with an explicit log-

ical framework). The links between inputs, outputs, and outcomes should be further analyzed through existing and continuing research.<sup>1</sup>

The MDGs imply continued attention to a number of themes and sectors that are already high priorities in Bank operations—for example, economic growth, poverty reduction, human development, and environmental sustainability. They also imply an increased emphasis on outcomes and their measurement, the multi-sectoral determinants of outcomes, and partnerships. In other areas, the MDGs may entail changes or innovations in current Bank practices and programs—for example, with respect to the allocation of resources across countries and sectors.

### The Risks and Challenges

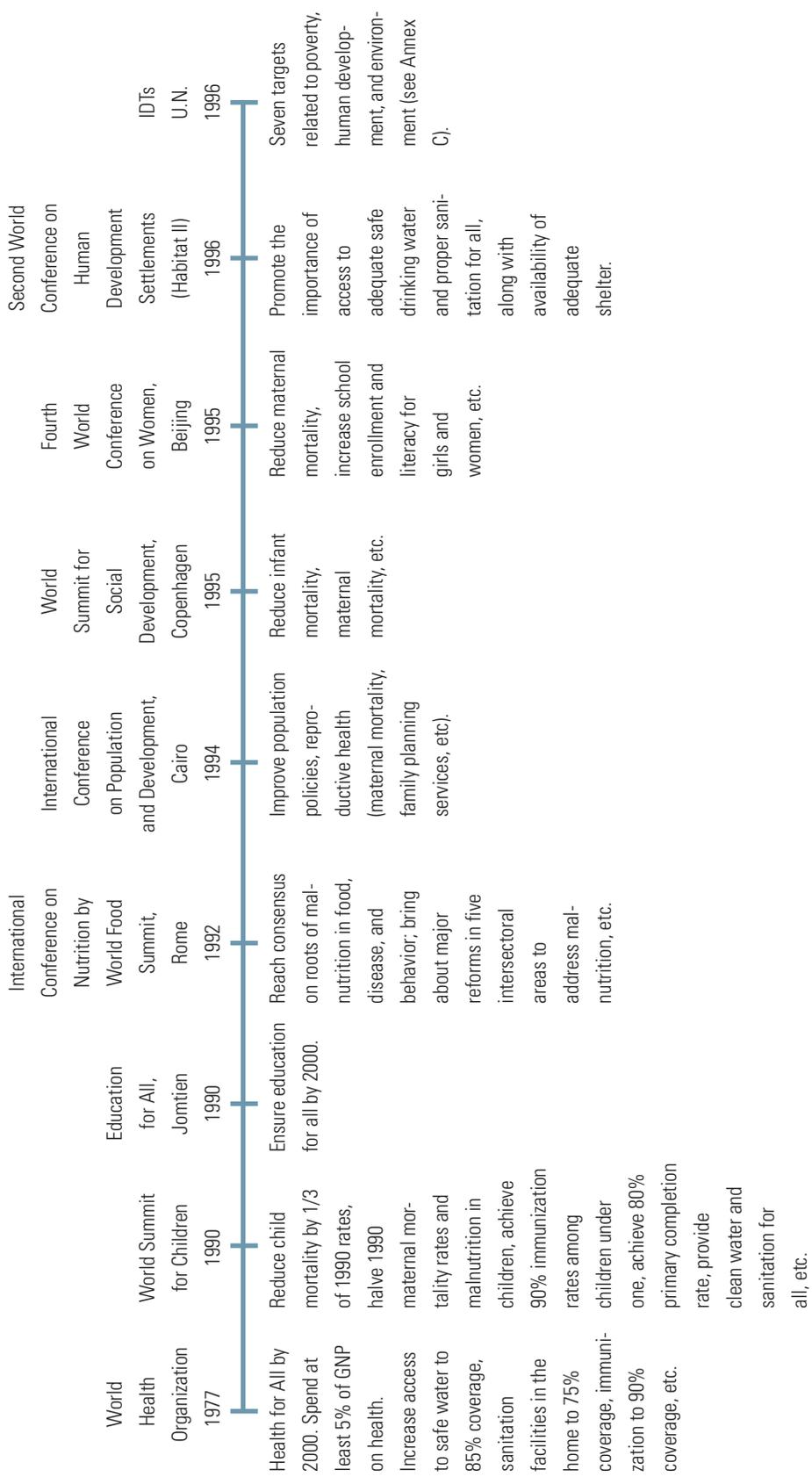
The MDGs serve as a visionary challenge to help garner new energies and resources for the development agenda, with a focus on outcomes. The 2002 United Nations Conference on Financing for Development (held in Monterrey, Mexico) helped focus the effort by laying out the basic elements of a new global partnership. The adoption of the MDGs, however, also presents risks to the Bank and to the larger development community—risks posed by the cynicism that failure (or only partial success) could engender. Such cynicism is a danger, given that many health and social sector goals the development community had set for itself over the past

quarter century, shown in figure 1.1, remain either unattained or only partially attained. It is already clear, as Chapter 2 illustrates, that given current trends of progress, many countries and some regions will be not be able to achieve the MDGs by 2015.<sup>2</sup>

Development challenges posed by the MDGs include:

- ***Incorporating country priorities and conditions.*** Even though most MDGs are defined in relative rather than absolute terms, individual countries will still have to customize goals and targets according to their national priorities, institutional capacity, and level of progress. Careful attention must be paid to assigning relative weights across the MDGs and the sectors and subsectors they cover, as well as across regions within a country. Choices will have to be made about the relative emphasis on “access” versus “quality” and any resulting tensions and tradeoffs resolved, striking the right balance. Implementing the MDGs and adapting the targets appropriately to conditions within the countries also requires that many of the necessary strategies and actions be adopted and “owned” at the level of subnational (especially municipal) governments, working with other local stakeholders. Assisting countries to improve the coherence and effectiveness of fiscal, administrative, and political decentralization will be vital to achieving MDG outcomes.
- ***Harnessing the contributions of sectors without an explicit MDG goal or target.*** The MDGs focus explicitly on some sectors and thematic areas and only implicitly on others. A danger is that the sectors and themes not explicitly mentioned—for example, rural development or transportation—will be neglected. Yet progress in these areas is vital to achieving MDG outcomes. Economic growth, while not mentioned specifically among the MDGs, underlies the achievement of each of the MDGs, and its primacy cannot be overemphasized. The challenge is to ensure that quick, short-term gains are not supported to the neglect of more difficult but durable reforms, including those in country-level governance structures, which would require action over the medium to long term.
- ***Focusing on outcomes among the poor, not just average outcomes.*** It would be possible to achieve the global MDG targets simply by focusing on a few large countries—for example, India, China, and Brazil. Within countries, MDG targets could be achieved by improvements in the MDG indicators among the nonpoor. For example, a recent review by the Bank finds that since the health MDGs are stated in terms of improvement in societal averages rather than in gains among poor population groups within societies, improvements in any population group, including the better-off, would produce progress toward the health targets (Gwatkin 2002). Special effort will be required to ensure that health interventions reach people below the poverty line if those people are to gain significantly from progress toward the MDG health targets. Efforts to reach global targets should not lead to neglect of countries deemed insignificant to achieving the targets or of difficult-to-reach population groups. The way that the Bank and countries interpret the MDGs needs to be clarified and examined. Do they treat the goals as a stimulus to enhanced efforts at reducing poverty in *all* member countries, albeit with an emphasis on the poorest countries? Or do they interpret them to mean a call to concentrate specifically on the poorest countries, and within them on those earning less than \$1 per day? The appropriateness of the interpretation will depend on the country’s circumstances. Depending on the interpretation, there may be significant implications for the deployment of Bank resources across sectors and countries.
- ***Identifying the results chain and monitoring appropriate intermediate indicators.*** MDG indicators currently lack measures of well-being that are important for capturing more qualitative elements of development effectiveness (World Bank 2002h)—for example, learning achievement. Furthermore, they are a mix of output and outcome indicators. They need to be complemented by explicit, intermediate indicators for monitoring the steps leading to desired outcomes. Such indicators can be used in performance management and to help reduce the attribution

**Figure 1.1 Targets are Often Set, But Seldom Met...**



problems associated with outcome indicators (White forthcoming). In addition, the infrequency of and long lags in the collection of data on some MDG indicators, which reduces their usefulness for routine performance management, underline the need for intermediate indicators. Even where data are available, they may be of poor quality—for example, maternal mortality data are notoriously unreliable (White forthcoming). The challenge is to build in-country data collection, analysis, and utilization capacity.

- ***Addressing incentives for achieving outcomes and monitoring them.*** Governments and donors often lack incentives to measure how they are performing. Without attention to incentives for outcomes and for

monitoring them, the MDGs will not fulfill their promise.

There is an emerging literature about managing the risks of target-driven programs (see box 1.3).

### Organization and Sources

The next three chapters discuss how the Bank's country, sector, and global programs have addressed the MDGs and the implications for future work. The final chapter concludes this report, and the Appendix presents project performance results. Figure 1.2 summarizes the results of project outcomes, which have continued to improve—in FY01 they exceeded for a second year the 1997 Strategic Compact target of 75 percent satisfactory. Achieving the MDGs will require that this solid per-

#### Box 1.3

### Managing the Risks of Target-Driven Approaches

A major risk of target-driven approaches such as those embodied in the MDGs is that they can distort priorities. For example, when the U.K. government set Health Service targets for hospitals to reduce the number of people on waiting lists, hospitals gave priority to cases that were easy to treat. Thus, while waiting lists were quickly reduced, attention to acute conditions was delayed.

Target-driven approaches can prevent such priority distortion through the following measures.

***Localizing targets.*** Global targets should be supplemented by, or adapted to, local targets with local definitions and local indicators. The desirability of including key stakeholders in efforts to locally define and monitor their implementation cannot be overemphasized. To avoid manipulation or distortion of actions driven by quantitative targets, a process that gives the ultimate stakeholders a prominent role in defining targets and tracking their implementation will be helpful, as illustrated by the Bank's interventions targeted at slum dwellers.

***Combining quantitative and qualitative targets.*** Targets should incorporate qualitative as well as quantitative elements. Client satisfaction with health services is as important as, if not more important than, number of hospitals built—even if not as easily measured.

***Creating the right incentives.*** Targets can be used to structure incentives. For example, many organizations use performance-related pay to do so. It is important, however, to design incentives that reward genuine value added or difference-made characteristics. For example, exam results can be a poor guide to the quality of teaching. It may be easier to teach prosperous, well-motivated children who easily obtain good results than poor and poorly motivated children, for whom average results may represent an excellent outcome.

***Reciprocal accountability.*** In the spirit of learning organizations, the principle of reciprocal accountability implies that managers and staff, central planners and line ministries, headquarters and field units all share responsibility for success or failure. Achievement or failure must be looked at in the context of a system as a whole.

***Adopting a process approach that allows quick changes.*** Plans should be made, but it should be possible to make revisions quickly as conditions warrant. This is particularly important where the operating environment is evolving.

*Source:* Based on Maxwell (forthcoming); Maxwell and Kenway 2000; and Bank staff comments.

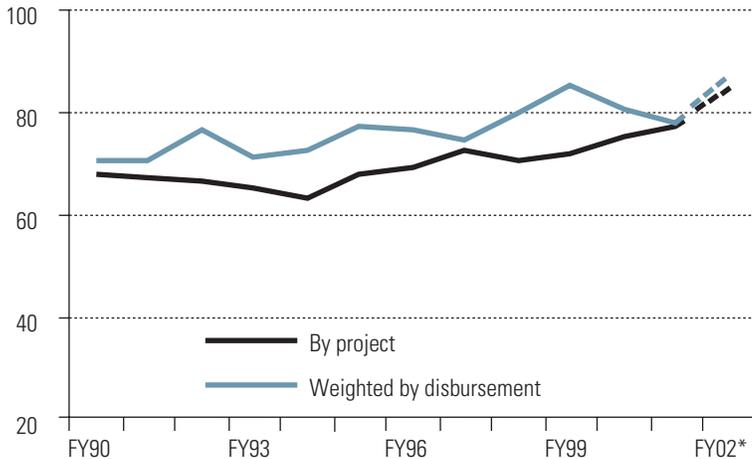
formance be sustained and that the Bank increase its efforts to help clients achieve country-level improvements in economic well-being, human development, environmental sustainability, and other relevant development outcomes.

In addition to sources outside the Operations Evaluation Department (OED) and the rest of the World Bank, this review draws upon OED evaluation findings from:

- Project Performance Assessment Reports and evaluation summaries for 331 projects evaluated since the last Annual Review and more than 5,000 previously evaluated projects in OED’s database.
- Country Assistance Evaluations (CAEs) prepared during FY99–02.
- Studies of sectors and thematic areas.

**Figure 1.2 Project Outcomes Show an Upward Trend**

**Percent satisfactory outcome**



\* Partial

Source: Business Warehouse, World Bank 2002.





# Country Programs and the MDGs

*The Bank's primary focus remains at the country level within the framework of the Comprehensive Development Framework/Poverty Reduction Strategy Paper/Country Assistance Strategy and informed by the five corporate advocacy priorities.*

—World Bank's FY03–05 Strategic Documents<sup>1</sup>

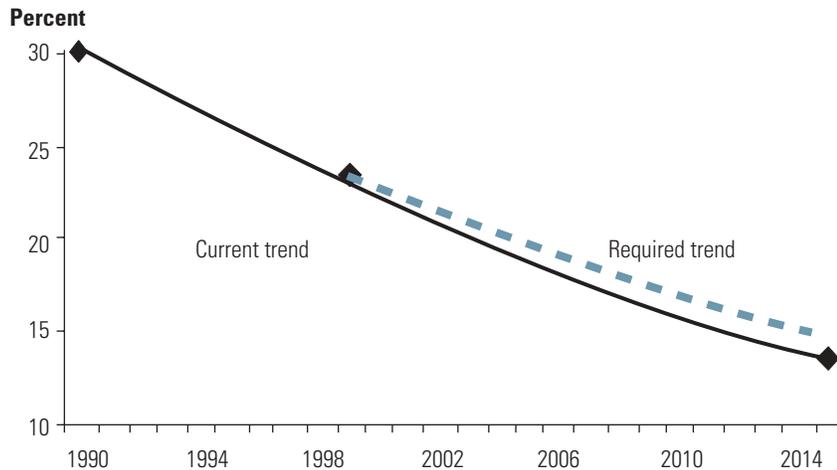
The MDGs represent global goals and targets. They are expressed in terms of common standards, such as the number of people living below \$1 per day, to enable cross-country comparisons. Global targets also play an important role in helping mobilize additional resources for development assistance—which is important because Bank estimates suggest that the additional cost of achieving MDGs for poverty reduction, education, health, and the environment would require *doubling* the real value of aid flows.<sup>2</sup>

At the global level, the MDG for eradicating extreme poverty is likely to be met on current trends (figure 2.1a). The universal primary education MDG could be achieved if a shift from current trends occurs (figure 2.1b). This global picture obscures important regional differences. Achieving the MDG for poverty poses particularly daunting challenges for Sub-Saharan Africa (box 2.1). Broadly, many of the countries of Eastern Europe, Latin America and the Caribbean, and East Asia are on track to achieve many of the MDG targets, while few Sub-Saharan African countries are likely to meet them in light of cur-

rent trajectories (World Bank 2002h). Wide disparities are evident within South Asia, where several countries are still far from achieving many of the MDGs. Annex D presents the prospects of achieving the global MDG targets for low-income, low-middle-income, and upper-middle-income countries. While significant efforts have been made to compile the data, uneven quality and varying availability of the data make tracking progress toward the attainment of the MDGs a difficult task. For some goals, such as improving maternal health and reducing the spread of tuberculosis, insufficient data makes tracking progress particularly difficult. Moreover, the data are derived from available country averages, which themselves mask important variations that occur within each country (World Bank 2002h).

Measuring country progress against global MDG targets is an interim step, pending the establishment of localized, realistic targets for each country. If the MDGs are to have an impact on development programs, they need to be tailored to each country's current level of progress and

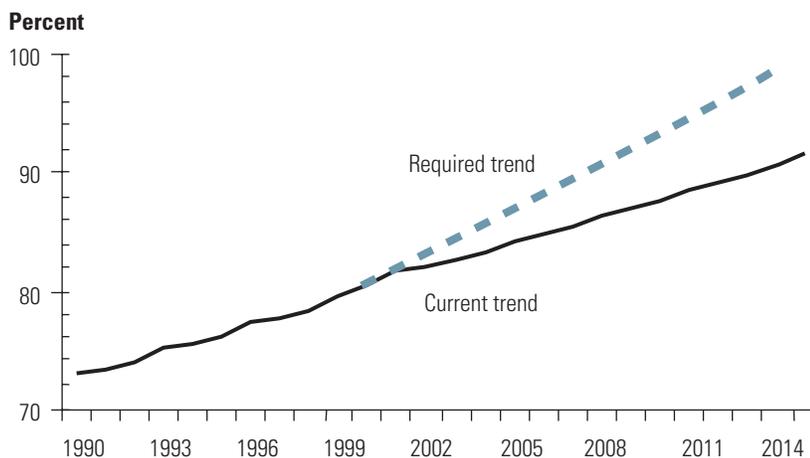
**Figure 2.1a** Proportion of Population Living on Less Than \$1 Per Day in Developing Countries



*Note:* The \$1 a day is in 1993 consumption purchasing power parity terms. The numbers are estimated from those countries in each Region for which at least one survey was available during the period 1985-01. Survey dates often do not coincide with the dates in the figure. To line them up with the dates, the survey estimates were adjusted using the closest available survey for each country and applying the consumption growth rate from national accounts. Using the assumption that the sample of countries covered by surveys is representative of the Region as a whole, the numbers of poor are then estimated by Region. This assumption is obviously less robust in the Regions with the lowest survey coverage. The headcount index is the percent of the population below the poverty line. Further details on data and methodology can be found in Ravallion and Chen 2000. The historical series to 1999 was updated in October 2002 for the 2003 edition of *Global Economic Prospects*.

*Source:* Data for 1990, 1999, and projection to 2015 are from World Bank 2003. The required trend line is based on exponential extrapolation.

**Figure 2.1b** Primary School Completion Rate in Developing Countries (Population Weighted)



*Source:* Data for 1990-2000 and the projection to 2015 are from the Human Development Network. The required trend line is based on exponential extrapolation.

**Box 2.1**

**Regional Picture for Three MDGs**

South Asia and Sub-Saharan Africa are home to half of the world's poor. As depicted in figure 2.2, South Asia will be able to achieve the poverty MDG, but Sub-Saharan Africa will need to more than triple its currently slow pace of poverty reduction if the poverty MDG is to be achieved in the Region.

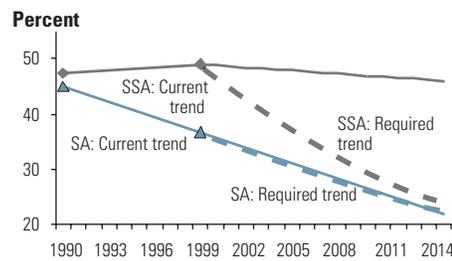
In the case of primary school completion rates, progress in South Asia is slow, as shown in figure 2.3. In Africa, the completion

rate has stagnated at around 51 percent over the past decade. The Region will have to have an annual rate of increase of 4.5 percent to achieve 100 percent primary school completion by 2015.

As for under-five mortality (figure 2.4), both Sub-Saharan Africa and South Asia will require significant improvements from current trends to meet the goals. Sub-Saharan Africa will need a decline of 8 percent yearly, and South Asia 6 percent.

**Figure 2.2**

**Proportion of Population in South Asia (SA) and Sub-Saharan Africa (SSA) Living on Less Than \$1 per Day**

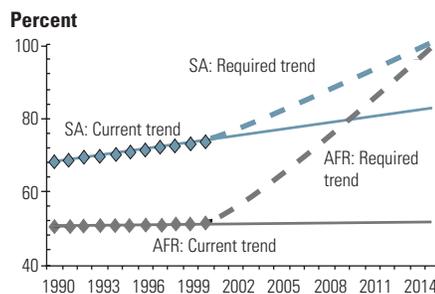


Note: See note attached to figure 2.1a.

Source: Data for 1990 and 1999 and the projection for 2015 are from World Bank 2003. The required trend lines are based on exponential extrapolation.

**Figure 2.3**

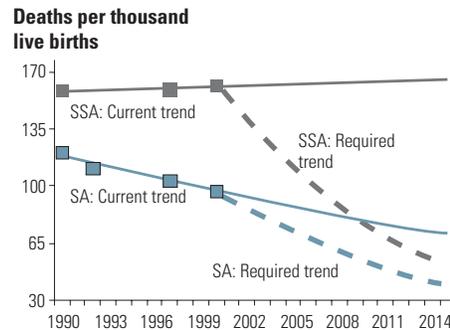
**Primary School Completion Rate in South Asia (SA) and Africa Region (AFR) (Population Weighted)**



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

Figure 2.4

## Under-Five Mortality in South Asia (SA) and Sub-Saharan Africa (SSA)



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

its institutional capacity for improvement. The goals also need to reflect local priorities, as established by sovereign governments and their citizens. Vietnam's Poverty Reduction Strategy Paper (PRSP) offers a good illustration of how the MDGs can be tailored to a country's circumstances (box 2.2). The Bank's Country Assistance Strategy (CAS) for Vietnam is also grounded in the same goals.

This chapter assesses how CASs and other instruments of Bank assistance have addressed the MDGs. It also examines the treatment of quantitative targets in PRSPs. It draws upon OED's Country Assistance Evaluations (CAEs)<sup>3</sup> as well as a review of recent CASs<sup>4</sup> and PRSPs.<sup>5</sup> The chapter focuses primarily on MDG goals 1 through 6, for which there were corresponding IDTs. Therefore, these goals have had development targets for a longer period than have the goals in sectors such as water or urban development. Hence there is a better chance of goals 1 through 6 being reflected in Bank-supported country programs.

### How Have the Bank's Country Programs Addressed the MDGs?

*The Bank's country programs have increasingly focused on poverty reduction and human development.*

Poverty reduction and human development have been important institutional emphases in the

Bank for three decades—in the early 1970s, former Bank President Robert McNamara announced a renewed focus on poverty reduction and human development. Since then, *World Development Reports* (WDRs) of 1980, 1990, and 2000/01 have further developed these themes, with the latest WDR adding empowerment as a key factor for poverty reduction. The Bank's country programs have become increasingly aligned with this institutional focus, and thus with the MDGs in these areas.

Evaluation results confirm that the Bank's country programs pay significant attention to poverty reduction, primary education, and primary health services. Bank analysis of CASs completed over FY00–01 (first half) showed 61 percent of the CASs as satisfactory or better with respect to their poverty focus based on revised criteria (71 percent based on original criteria).<sup>6</sup> The CASs showed significant improvement in terms of poverty diagnosis. About 90 percent of the CASs gave fair or good treatment to the social sectors. Bank analysis also showed that virtually all CASs identified macroeconomic issues as priority areas, while 71 percent identified infrastructure and 29 percent energy as priorities, and most of the CASs addressed rural issues. Issues identified as needing greater attention included increasing the coverage of environmental issues (including natural resource management), linking identified gender priorities with follow-up actions, and integrating analytical findings

**Box 2.2****Tailoring the MDGs to Vietnam's Priorities**

Vietnam's 2001 Comprehensive Poverty Reduction and Growth Strategy chose eight themes to guide the country's fight against poverty. Several themes were linked to the MDGs, while four goals were added to reflect local conditions and interests. These included reducing vulnerability, improving governance, reducing ethnic inequality, and ensuring propoor infrastructure development. The targets were customized to suit the Vietnamese context. For example, Vietnam's child mortality rates were already relatively low, so it was deemed unrealistic to adopt the MDG target of reducing child mortality by two-

thirds. Instead, a target of reducing child mortality from 58 to 32 per 1,000 births by 2010 was adopted, which would mean a 45 percent reduction instead of the 67 percent (two-thirds) reduction indicated in the child mortality MDG. Considering that the child mortality rate in Vietnam was already 34 per 1,000 births in 2000, the target adopted for 2010 may appear low. In contrast, Vietnam's target for reducing malnutrition is more ambitious than the MDG—it has been set at a 60 percent reduction by 2010 rather than the MDG target of a 50 percent reduction by 2015.

*Source: Bank staff interviews; World Bank 2002j.*

from the work on governance into the design of the Bank's country programs.

A number of OED CAEs have noted improved treatment of poverty in the Bank's country programs. For example, the fiscal 2001 India CAE noted that the relevance of the Bank's CAS had improved substantially over the past two years, with a sharper focus on poverty reduction, a more selective approach to state assistance, and greater attention to governance and institutions. Similarly, the fiscal 2000 Burkina Faso CAE noted that the country's adjustment and debt relief operations had focused on poverty benchmarks, which had been a critical factor in gaining government attention for these issues.

OED CAEs have also observed that even in some countries with low levels of poverty, poverty reduction has been a focus of the Bank's country programs. In Chile, for instance, even though extreme poverty had dropped to about 6 percent of the population, poverty reduction was still part of the Bank's CAS. Yet, given the absence of a strategic framework for poverty reduction in middle-income countries of the kind provided by PRSPs in low-income countries, the Bank will have to take special measures to ensure that poverty reduction is not neglected in these countries, especially in some regions or among particular population groups, and to involve governments and other stakeholders in designing appropriate strategies.

The Bank's country programs in transition countries have been less successful at incorpo-

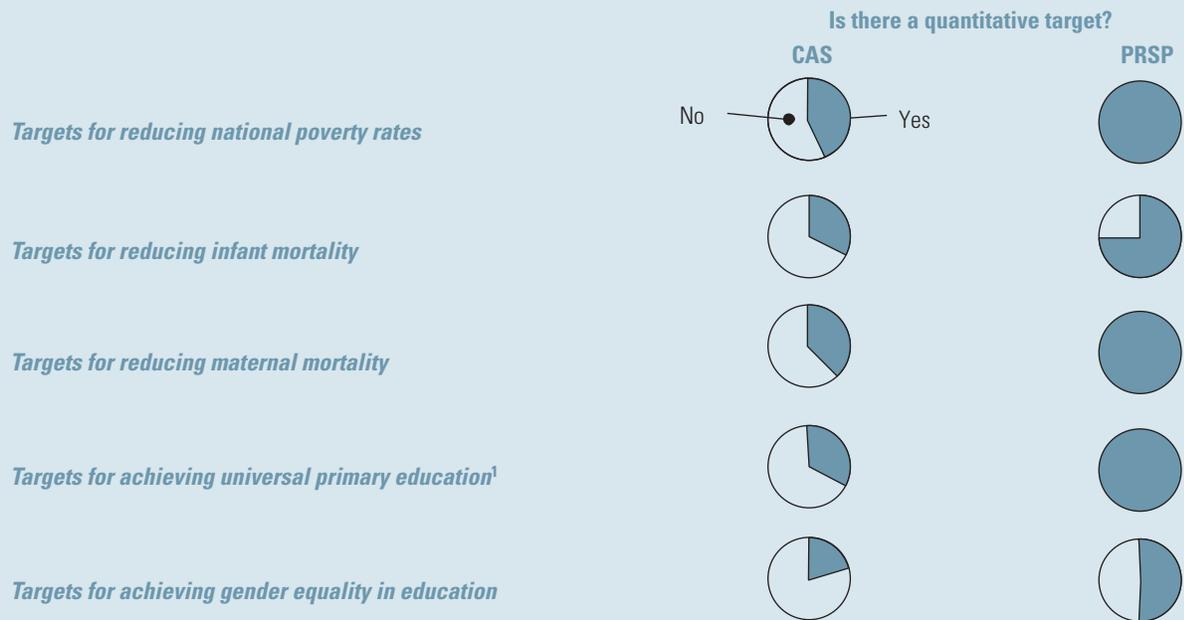
rating poverty goals. In Kazakhstan, for instance, the OED CAE noted that in hindsight, the Bank, along with other donors, was overly optimistic in its expectation that the transition from a planned to a market economy in the former Soviet Union countries could be accomplished in a short time and at low social cost. The strategy did not focus forcefully enough on institutions, protection of the poor, or gender issues. According to the fiscal 2001 Kazakhstan CAS, the findings of the PER will be used to shape a Social Protection Adjustment Reform Loan that will help reorient public expenditures toward investment in infrastructure and social assistance. And a household survey for Kazakhstan will provide an improved basis for poverty analysis.

***PRSPs use targets more frequently than CASs—but PRSP targets are ambitious.***

PRSPs have incorporated targets into development programs more commonly than have CASs. As box 2.3 shows, the majority of sampled CASs lacked quantitative targets for key MDGs such as poverty reduction, under-five mortality, and universal primary enrollment. By contrast, the 12 PRSPs prepared during a similar period but for a different set of countries all established poverty reduction targets based on national poverty lines.<sup>7</sup> All PRSPs (for countries with less than universal primary education) also set targets for universal primary enrollment and for reductions in maternal mortality. As more PRSPs

## Box 2.3

## Quantitative Targets More Common in PRSPs than in CASs



*Note:* The pie charts are based on 15 CASs, since 3 countries had already achieved universal primary education. For PRSPs, the pie charts are based on 11 PRSPs, since one country had already achieved universal primary education.

*Source:* Based on 18 sampled CASs and 12 PRSPs (see chapter endnotes 4 and 5).

are completed, they will provide an improved basis to introduce targets into CASs for low-income countries.

The PRSPs' use of targets needs to be improved by a more realistic assessment of their achievability. While all PRSPs reviewed stated the per capita growth rate the country will need to reach the poverty target, only a quarter of the countries appear likely to reach that rate, based on past performance. This type of disconnect also affects the universal primary enrollment target. Based on past trends, only Bolivia, Uganda, and Vietnam are on track to achieve universal primary enrollment by 2015. As for under-five mortality, only five countries stand a good chance of meeting their goals, based on past performance. In the remaining seven countries, the target is unlikely to be achieved—as illustrated by Burkina Faso (figure 2.5), where the rate of decline would have to increase from the current 1 percent to more than 6 percent. While government and donor actions can influence trends, the expected

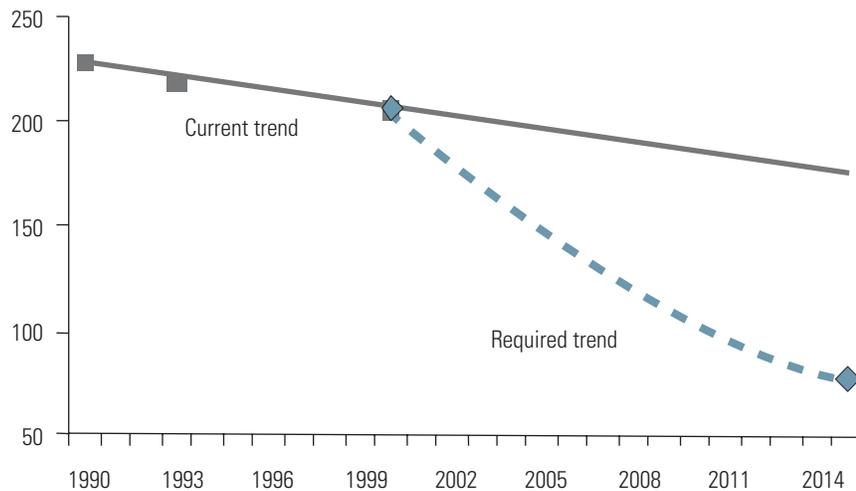
changes must still be realistic. The 2002 Joint Staff Review of the PRSP approach highlighted the setting of more realistic PRSP goals and targets as a challenge (World Bank 2002j).

The CASs that do include targets do not always incorporate a Bank strategy to help the country achieve them. In the case of maternal mortality, for instance, five CASs set the goal of a three-quarters reduction by 2015—but none discusses the current rates and causes of mortality or ways to accomplish reductions. As for under-five mortality, three CASs include specific health projects, but none of these CASs relates the projects to the objective of reducing child mortality. The Bank's Health, Nutrition, and Population Department is currently developing an Action Plan for FY03–05 based on an individual country approach for all countries. Targets for health outcomes in terms of the MDGs are being set in regional and country-level discussions as an integral part of Action Plan development.

Figure 2.5

## Burkina Faso — Current and Required Trend for Under-Five Mortality Rate

Deaths per thousand live births



Note: The required trend line is based on exponential extrapolation.

Source: World Development Indicators 2002.

**Performance monitoring is increasing, but systematic monitoring and evaluation of outcomes is not yet a core component of country programs.**

Many OED reports evaluating country programs in the 1990s concluded that attention to monitoring and evaluation was weak (OED 2002c). Bank analysis confirms that monitoring remains one of the weakest areas of CASs. It notes that while there have been improvements, only about 40 percent of recent CASs are satisfactory or better; about 50 percent of CASs do not contain core targets; and about 60 percent do not distinguish between country and Bank performance targets. The Bank has recently launched major initiatives to better manage for results, as summarized in Annex E. These are likely to improve attention to monitoring and evaluation but cannot be expected to bear fruit swiftly or easily.

PRSPs, despite their greater attention to quantitative targets, often do not follow through with monitoring and evaluation programs. Only two PRSPs—those for Uganda and Vietnam—indicate that a program will be in place to monitor and collect information on the three poverty

MDG indicators.<sup>8</sup> Another four PRSPs (Mozambique, Mauritania, Niger, and Zambia) state that the country will monitor two of the three indicators and the remaining six PRSPs will monitor and collect information on poverty headcount alone. With regard to education, only Niger and Vietnam will monitor all three key MDG indicators (net enrollment, proportion reaching grade 5, and illiteracy of 15- to 24-year-olds). The choice of indicators in the PRSPs could differ from the precise MDG indicators, depending on country conditions and program objectives. A recent PRSP Progress Report (World Bank 2002j) recommended that PRSPs be more explicit in identifying short-term and intermediate indicators based on policies and programs and linking them to longer-term development objectives. It also recommended that in preparing PRSPs, early attention be paid to the monitoring and evaluation framework, the definition of intermediate indicators, the collection of baseline data, and the assessment of institutional capacity for monitoring and evaluation. The 2002 PRSP for Albania contains a detailed discussion of how progress on PRSP objectives will be monitored.

***Poverty-related analytical work underlying country programs needs further strengthening.***

The analysis, data, and projections that underpin the Bank's programs could be further improved. Quality Assurance Group (QAG) reviews of economic and sector work (ESW) confirm that there is room to enhance the quality of the Bank's ESW relating to poverty reduction strategies and poverty-related analysis, to poor policy environments, and to fiduciary issues (OED 2002a).

Poverty assessments, done by the Bank since 1991, are an important source of the analytical work underpinning the Bank's poverty-reduction efforts. A 1999 OED review showed that there had been a modest improvement in the proportion of poverty assessments rated satisfactory on "economic quality."<sup>9</sup> But it also showed that more than 60 percent of the poverty assessments did not state their objectives with the necessary specificity. More than half of the reviewed assessments contained limited policy analysis that was not usually based on rigorous methodological approaches—the assessments rarely incorporated a clear conceptualization of the link between macroeconomic, structural, and sectoral reforms and poverty or of distributional outcomes. The 2000 OED evaluation of the Bank's poverty reduction strategy showed that nearly half of the poverty assessments did not adequately address the individual elements of broad-based growth, social services provision, and safety nets, nor did they justify the balance among these elements in strategy recommendations (OED 2000b). It also noted that few CASs clearly explained the meaning of broadly based growth or established the links between growth-oriented policies and poverty reduction within the context of specific country conditions. Moreover, few of the Bank's Public Expenditure Reviews helped clients sort out tradeoffs in public expenditure allocation or suggested how sector or poverty outcomes could be monitored (OED 2000b).

There has been continued and substantial progress in obtaining household survey data in many Regions, including Sub-Saharan Africa. In Egypt—where lack of access to poverty data had been flagged as a major problem in the fiscal 2001 CAS—the Bank now has access to primary house-

hold survey data. This has enabled the Bank and the government to undertake joint analytical work on the incidence and causes of poverty, which is expected to lead to the preparation of a comprehensive poverty reduction strategy. Overall, however, the lack of access to adequate poverty data remains an issue and has been noted in many CASs. Given small sample sizes, many surveys do not yet allow enough representative breakdown of data, thus limiting the ability to conduct analysis across or within cities, subregions, and population groups in a country.

A number of efforts are under way to improve the analysis of poverty data. For example, as part of the Russian Federation CAS, the Russian government, the U.K. Department for International Development (DFID), and the Bank will support a collaborative program to measure and analyze poverty, to improve methodology, and to develop policy recommendations on how to reduce poverty and improve social protection of vulnerable groups. Implementation of this program is one of the triggers for the Bank's base case lending scenario for FY03–05. In some countries, the focus on poverty is diluted by the limited capacity to analyze available data. The capacity to analyze the factors explaining the current levels in MDG-related indicators and other relevant development outcomes is a requirement for understanding trends, formulating strategies to change those trends, and making projections for the future.

The focus on MDGs will increasingly require that the Bank and the countries make projections for various indicators to provide the basis for designing strategies to achieve the MDGs or similar targets. Of the 18 sampled CASs, fewer than half discussed projections of poverty levels. Although this was an improvement over previous CASs for the same countries, none of which had discussed projections of poverty, only the fiscal 2000 CAS for Burkina Faso based poverty projections on a formal model. For some countries, CASs used the government's targets or poverty projections, such as those prepared for five-year plans, or "aligned" the Bank with the MDGs adopted by the government but did not explain the reason or basis for the alignment. A CAS should assess the analytic underpinnings and realism of such government projections and targets.

The use of different analytical methods to make projections of poverty within the Bank often results in discrepancies between poverty projections prepared by country teams and projections prepared by the Bank's Development Economics and Chief Economist (DEC) Department. Depending on which projections are used, the implications for the design of poverty reduction strategies can differ vastly. It will be important for the Bank to ensure the soundness of the projections on which it bases its strategies. The East Asia and Pacific Region has for some years published short-term projections of poverty that are used in the country dialogue on poverty reduction. The Latin America and the Caribbean Region has also recently prepared preliminary projections for selected MDGs to assess whether they will be achieved. Differences in projections resulting from methodology choices and data limitations should be explained to avoid confusion and to highlight the strengths and limitations of the different projection methods.

***Alignment of lending programs with country assistance strategies and MDGs needs greater attention.***

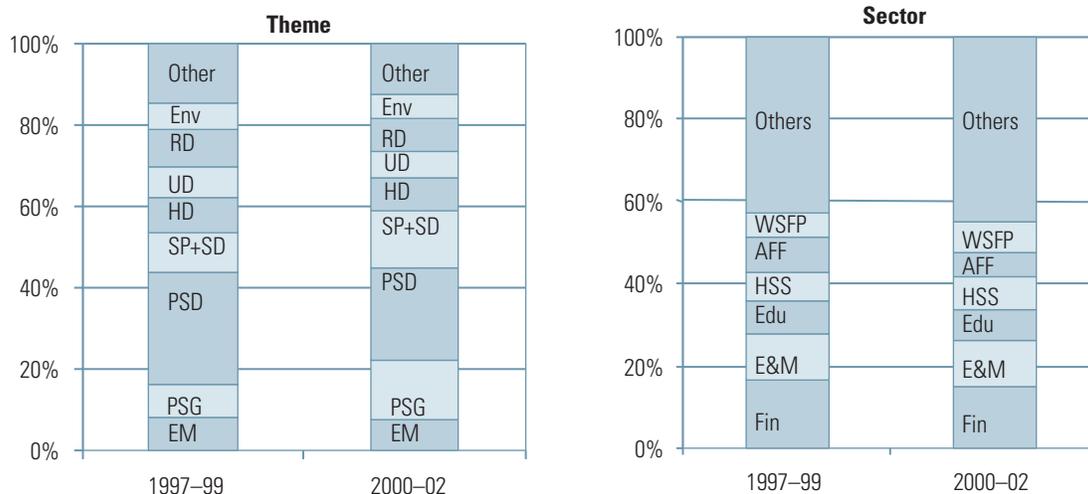
Strategies for poverty reduction proposed in CASs are not always reflected in the actual assistance program. A 1997 Bank report on poverty in Sub-Saharan Africa concluded that although poverty assessments in Sub-Saharan African countries had done a reasonably good job of identifying the policy and strategic options that would assist the poor to become more active participants in growth, these options typically were not reflected in the Bank's assistance strategies and operations (World Bank 1997c). In its review of the poverty focus of projects under implementation in rural areas over the FY99–01 period, QAG found that projects were weakest in linking their interventions to the poverty diagnosis (World Bank 2002h). Other sources have made criticisms of donor programs by referring to the “missing middle”; that is, donors lay out lofty development goals that are at best weakly linked to the activities supported on the ground (White and Booth forthcoming). The differences between goals, strategy, and lending programs could result from natural disasters or the need

to adjust to deliberate changes in government policies or donor programs. At other times, the main reason is likely to be a change in the government's budget or its priorities and the related lack of country ownership.

While each project proposed in the CAS may individually be consistent with the CAS objectives, it is not always clear that the summation of Bank lending in the CAS is the best way to address the CAS objectives. Bank analysis shows that instrument choice and selectivity in lending and nonlending activities to support the CAS remain weak. Fewer than 60 percent of the CASs are rated satisfactory or better on the basis of whether they used selectivity criteria to discuss the rationale for instrument choice.

The overall sectoral composition of Bank lending has remained almost the same since the advent of the MDGs, while there was a shift in lending among some themes between FY97–00 and FY01–02, as shown in figure 2.6 (the correlation coefficient is 0.83 for themes and 0.99 for sectors). Increased public expenditures in sectors that are explicitly mentioned in the MDGs is not necessarily the way for countries to achieve the goals. For example, background work for the *World Development Report 2004: Making Services Work for the Poor* indicates that public funds may be spent on the wrong services and people, they may be sucked away by corruption, they may reach service providers who lack the incentives to provide quality services, or there may be no demand for the services provided. The Bank's Public Expenditure Reviews have also noted rapidly decreasing returns from increasing expenditure allocations to education in the absence of sector reform and increased institutional capacity. Nevertheless, lending allocations across sectors need to be assessed—in the context of each CAS—for their consistency with the objectives of poverty reduction and other MDGs. Closer scrutiny is needed of the links between the analytical components of each CAS that address the country's development challenges, the Bank strategy proposed to address the issues identified, and the lending program and other instruments proposed to implement the strategy (including the role of the private sector and development partners).

**Figure 2.6 Lending Composition Has Shifted by Theme but Not by Sector**



*Note:* Theme—PSD = financial and private sector development; PSG = public sector governance; SP+SD = social protection and social development; RD = rural development; HD = human development; EM = economic management; UD = urban development; Env = environment; Others = rule of law, trade and integration. Sector—Trans = transportation; Fin = finance; E&M = energy and mining; HSS = health and other social services; WSFP = water, sanitation, and flood protection; Edu = education; AFF = agriculture, fishing, and forestry; Others = law and public administration, information and communications, industry and trade.  
*Source:* Business Warehouse, World Bank 2002.

***There are usually no tradeoffs between adjustment lending and government expenditures for human development.***

What role does adjustment lending play in the Bank’s support for the MDGs? Adjustment lending is designed to address obstacles to growth and poverty reduction consistent with the poverty reduction MDG. There has been debate about whether such lending “crowds out” lending to the social sectors within a country assistance program. In OED’s 1995 review of the question, it concluded that in most countries adjustment lending did not have a negative impact on the social sectors (OED 1995). Analysis undertaken by the Bank indicated that social expenditures in adjusting countries rose—as a share both of total expenditure and gross domestic product (GDP)—relative to that in countries with no adjustment program. Social expenditures per capita were also found to rise substantially more often than they fell one to three years after an adjustment operation. But a 1999 OED review of the Higher Impact Adjustment Lending (HIAL) program in Sub-Saharan African countries in 1999 did reveal some evidence that, based on data for a limited sample of

countries, adjustment programs have had a negative impact on the share of health and education expenditures in GDP (OED 1999a). It is conceivable that even where the volume of postadjustment social expenditure declines, its poverty reduction impact may increase because of increased efficiencies or greater access to services. While Sub-Saharan African countries may be a special case, the issue is of relevance for Bank adjustment and social sector lending and for its actions to address the MDGs, and will need continuing attention.

**What Are the Implications for Future Bank Country Programs?**

***CASs must include quantified and time-bound objectives and targets.***

The global MDGs must be translated into country-specific goals with quantified and time-bound targets and effective strategies for achieving them. This will require a realistic assessment of capacity and resources at the country level and a credible strategy to reach the targets that makes the necessary tradeoffs. The Bank’s CAS, as the instrument for arraying Bank interventions in

support of a results-focused strategy, must specify quantified and time-bound targets, relate them to the MDGs and other relevant development objectives, and ensure Bank interventions that will support them.

In low-income countries, the government's PRSP provides a key anchor for the CAS, especially if its targets are realistic and its strategy well-reasoned. In middle-income countries, for which there is no strategic framework that sets out the poverty reduction objectives and strategy of the kind provided by PRSPs in low-income countries, the CAS nonetheless should define quantitative and time-bound targets, and the Bank must engage with the government and other stakeholders in this process.

***Improved monitoring and evaluation measures are required to track the performance of Bank actions, as well as country-level progress in meeting agreed development goals and targets.***

More attention to monitoring and evaluation in CASs and PRSPs is required, with respect both to Bank and to country-level performance measurement. Bringing about such improvements is likely to be expensive. In recent years, the Bank's direct costs for country monitoring, formulating and monitoring CASs, and providing global monitoring services have fluctuated between 0.42 percent of total direct costs in FY99, 2.05 percent in FY00, 1.83 percent in FY01, and 1.97 percent in FY02.<sup>10</sup> The adequacy of these resource levels should be reviewed, and their use monitored. In addition, appropriate incentives must be ensured—in countries and within the Bank—

to monitor and evaluate performance against development outcomes (as opposed to simply measuring performance in terms of resources disbursed, as has traditionally been the case).

The timeframe of the CASs and PRSPs is much shorter than the 15-year timeframe of the MDGs. Hence, it is important to identify and track appropriate intermediate indicators in the CASs and PRSPs that can provide interim measures of progress toward the final outcomes.

In 2002, the Bank launched an initiative, emerging from the Monterrey agreement, to give increased attention to better measurement, monitoring, and managing for development results (World Bank 2002a). The two pillars of this approach are helping countries to adopt results-based strategies and are increasing the Bank's own results orientation. Annex E describes the initiatives supported by the Bank under each of these pillars; the Bank is currently preparing a plan for implementing them. In addition, the Bank has put in place a system that tracks the experience of more than 50 countries in implementing the Comprehensive Development Framework principles. This includes a focus on development results and the extent of links to the MDGs. The experience of DFID in addressing the MDGs, summarized in box 2.4, should be reviewed for lessons it may have for the Bank.

The Bank is also helping to build government monitoring and evaluation systems through *Evaluation Capacity Development* (ECD). Since 1999, ECD activities have started in 21 countries, including 8 in the Africa Region, 5 in Latin America and the Caribbean, and

**Box 2.4**

**How DFID Is Using the MDGs to Influence Departmental Performance**

The U.K. Department for International Development (DFID) has placed the MDGs at the center stage of its corporate strategy, embracing them more strongly than any other donor. Target Strategy Papers have been prepared to indicate how DFID will address a single development target (for example, halving world

poverty) or a group of targets (such as health). MDGs are used as the basis of DFID's Public Service Agreements—written commitments of a department's objectives, related performance measures, and the activities to be undertaken in support of those objectives.

Source: White forthcoming.

4 in the Europe and Central Asia Region. In addition, related capacity-building is provided by the World Bank Institute (staff and client training and on-demand distance learning courses)

and the Bank's Research and Africa Quality and Knowledge groups (statistical capacity building), among others. It is too early to know the results of these initiatives.



# Sector Programs and the MDGs

*We will use the Sector Strategy Papers and Corporate Scorecard more to track our performance with a longer-term comprehensive view as they relate to development effectiveness—including progress towards the International Development Goals (IDGs). In particular, our focus will be on enhancing measurement of the Bank’s impact on the IDGs.*

—Strategic Directions Paper (World Bank 2001c)

By emphasizing a multidimensional concept of poverty that includes income and non-income measures of well-being, the MDGs highlight the importance of Bank action in a number of sec-

tors. The urgency of such action is underscored by the large number of people who lack access to adequate income and basic services, as shown in box 3.1.

## Box 3.1

### Many Millions Lack Adequate Income and Access to Basic Services

**Income:** Nearly 1.2 billion people live on less than \$1 a day, and 2.8 billion on less than \$2 a day.

**Basic Healthcare:** Two million African infants die each year, and as many again before they reach age five. This figure has not changed in more than two decades and represents 10,000 avoidable deaths every single day for more than 20 years.

**Primary Education:** Just over half of all school-aged children complete primary school in Sub-Saharan Africa (55 percent) and South Asia (56 percent). In the developing world as a whole, the average primary school completion rate is 72 percent.

**Roads:** About 900 million rural people in developing countries lack access to an all-weather road.

**Basic Urban Services:** About 840 million people worldwide live in slums without basic services.

**Energy:** About 1.6 billion people in Africa, Asia, and Latin America have no access to electricity, including 90 percent of the population of most Sub-Saharan African countries. About 2 billion people lack access to clean, safe cooking fuels and remain dependent on traditional biomass sources.

**Water:** About 1 billion people lack access to improved water services; 2 billion people live without improved sanitation; 4 billion people live without sound wastewater disposal; and 3 million children die of waterborne diseases every year.

*Source:* World Bank 2002i; White forthcoming; World Bank sector staff; and Secure Tenure Index, UN Habitat.

This chapter examines how the Bank's sector programs (including sector strategies, analytical work, and lending) have addressed the MDGs and other relevant development outcomes and the implications for future work. Sector strategies assessed are those for education, health, rural development, transportation, urban development, energy, environment, and water, as well as strategies for the private sector and the financial sector (World Bank 1993b, 1996, 1997a, b, 1999a, 2000b, 2001d, 2002b, f, k, l, o; forthcoming a). Much of the evidence for this chapter comes from OED's extensive number and range of sector evaluations undertaken since 1998 (OED 1998, 1999b, c, 2000b, c, 2001b, c, 2002d, f, g, h, i, j, k, l, m, n).

The fact that MDGs are multidimensional also means that they link to various sectors. Each sector is linked to more than one MDG, and

many sectors are linked to many MDGs—highlighting the need for complementary solutions, integrated across several sectors (table 3.1). Box 3.2 provides a focused look at the transportation sector.

### How Have the Bank's Sector Programs Addressed the MDGs?

*The Bank's sector strategies are consistent with the MDGs and rightly place them alongside other sector goals in a broader development framework.*

The MDG themes of poverty reduction, human development, and environmental sustainability are not new to the Bank, and the Bank's sector strategies are consistent with them. The Bank's sector strategies are not narrowly focused on the themes of the MDGs only. This is appropriate

Table 3.1

### Each Sector Is Linked to More Than One MDG, and Many Sectors Are Linked to Many MDGs

Millennium Development Goal	Education	Energy	Environment	Finance	Health	Private Sector	Agri/Rural Dev	Urban Dev	Transportation	Water/Sanitation
<b>Income Poverty and Hunger</b>										
1. Eradicate extreme poverty and hunger	x	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	x	x	<b>X</b>
<b>Human Development</b>										
2. Achieve universal primary education	<b>X</b>	x	x	x	<b>X</b>	x	x	x	x	x
3. Promote gender equality and empower women	<b>X</b>	x	x	x	<b>X</b>	<b>X</b>	x	x	x	x
4. Reduce child mortality	<b>X</b>	x	x	x	<b>X</b>	x	<b>X</b>	<b>X</b>	x	<b>X</b>
5. Improve maternal health	<b>X</b>	x	x	x	<b>X</b>	x	x	x	x	<b>X</b>
6. Combat HIV/AIDS, malaria and other diseases	<b>X</b>	x	x	x	<b>X</b>	x	x	x	<b>X</b>	x
<b>Environment and Social Development</b>										
7. Ensure environmental sustainability	x	<b>X</b>	<b>X</b>	x	x	x	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>Global Partnership</b>										
8. Develop a global partnership for development	x	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	x	x	x	<b>X</b>

Note: **Bold X** = strong links; x = less strong links.

Source: Review of sectoral literature for ARDE.

## Box 3.2

## How Can Transport Contribute to Achieving the MDGs?

**Income Poverty:** Efficient transport systems are needed to support access to markets and economic growth, and recent studies show that transport has had powerful effects on reducing rural poverty. In urban areas, most slums have markedly inadequate roads and paths, which raises the costs of access to services and participation in the broader economy. The transportation sector contributes directly to poverty reduction by providing efficient operation, expansion, and maintenance of transport systems linked to places where poor people live.

**Human Development:** Primary and secondary education and mother and child health require safe local infrastructure (paths,

sidewalks) and reliable and affordable local public transport over a wide area. The former is essential for access to primary schools and health centers; the latter for timely availability of teachers and medical supplies and for access to secondary schools (especially for girls) and to hospitals.

**Environmental Sustainability:** It is important to minimize the negative environmental side effects of transport, including the possible depletion of forest cover and reduction of biodiversity as a result of road construction, as well as the effects of carbon dioxide and atmospheric pollutants from vehicle emissions.

*Source:* Fan, Hazell, and Thorat 1999; Fan, Zhang, and Zhang 2000; Kwon 2001; Drèze and Kingdon 2001; OED 1996; World Bank 1996, 2000a.

given that achieving MDG outcomes requires action on several sectoral and subsectoral fronts and that the Bank's sector strategies must be applicable over a range of differing countries. The Bank's education sector strategy—while consistent with the Education for All (EFA) initiative, and therefore with the universal primary education MDG—also covers postprimary education. If countries are successful in achieving universal primary education, there is likely to be increased demand for secondary education. Similarly, the Bank's urban strategy goes beyond the MDG target of improving the lives of 100 million slum dwellers by incorporating broader measures aimed at poverty reduction and improved health outcomes. In OED's Urban Review, it was noted that in addition to supporting the slum MDG target, the Bank's urban strategy supports the MDGs specifically in regard to reducing poverty and lowering infant mortality rates. The Bank's energy strategy is consistent with the MDGs through its push for increased system efficiency and by seeking to improve access—for the poor as well as others—to convenient and efficient forms of energy. The Bank's environment strategy addresses the environmental sustainability goal and takes a broad approach in recognizing the importance of economic growth for poverty reduction and the inevitability of environmental change, and it highlights the need for supportive policy, regulatory,

and institutional frameworks for sustainable environmental management.

***Sector strategies show increasing attention to poverty linkages.***

Sector strategies—whether or not they have a specific MDG associated with them—show increasing attention to poverty linkages, a change from earlier strategies in which such linkages were not always explicit. Although there is no specific MDG for rural development, the Bank's forthcoming strategy for rural development emphasizes that agricultural growth is the primary source of increased food production and the cornerstone of rural development, which is itself central to reducing poverty. The Bank's approach to rural development has evolved toward greater attention to food production as a vital ingredient for reducing poverty and hunger (box 3.3).

The Bank's energy strategy emphasizes access to clean household energy because it improves health and reduces poverty—for example, by reducing unhealthy fumes from open fires in closed spaces and by increasing productivity of home-based economic and educational activities. Compared with earlier private sector strategies, the Bank's 2002 private sector development strategy pays substantially more attention to poverty reduction as the overarching objective of the Bank Group's private sector activities.

**Box 3.3****Rural Development: A Rebalancing Act**

The MDG emphasis on poverty reduction and the elimination of hunger lends weight to a current rethinking of rural development by the Bank and other partners. The four decades between 1960 and 2000 witnessed marked swings in the scope of rural development. The first shift was from heavy state involvement in agricultural production in the 1960s (green revolution technology, irrigation) to the all-encompassing but still state-led approach of integrated rural development programs of the 1970s. The second shift was from the structural adjustment and privatization programs of the 1980s—with more emphasis on the ef-

ficacy and efficiency of service delivery than on a direct welfare impact—to, in the 1990s, supporting reforms focused also on poverty reduction through sustainable livelihoods (human development, environmental sustainability). The relative neglect throughout the 1980s and 1990s of the productive core of the rural economy—agriculture—persists, and research and extension investment are down. More stress on agricultural production, especially food production, is needed, without losing sight of complementary human development and environmental goals. The Bank's strategy is now shifting in this direction.

The strategy suggests two basic ways to support poverty reduction: Improve the investment climate to extend the reach of markets, thereby providing greater job and income opportunities for poor people, and use markets or market-type mechanisms to provide better basic services to the poor. The Bank's financial sector strategy advocates greater economic efficiency and competitiveness to create more opportunities for the poor and more financial resources for social and other programs that benefit the poor. The strategy stresses reduction of financial sector vulnerabilities at both the global and national levels (through, for example, the Financial Sector Assessments Program, a joint undertaking with the International Monetary Fund) to reduce the risks of financial sector crisis and economic volatility that hit the poor the hardest. The strategy also seeks to help the poor more easily and cheaply obtain the financial services they most need (such as deposit taking, payment systems, credit, and insurance).

Some Bank strategies could benefit from stronger links to poverty reduction. For example, OED's 2002 review of the Bank's environmental policies and activities, covering the period before the Bank's 2002 environmental strategy, found that links between poverty reduction and environmental sustainability could be strengthened by being made more explicit. Similarly, OED's 2002 gender evaluation, also covering the period before the Bank's 2002 gender strategy, concluded that the Bank needed to

clarify how its gender policy is linked to the Bank's poverty-reduction mandate and to explain the operational implications of Bank processes and practices.

*For the most part, the Bank's sector strategies have provided limited guidance on how country programs can address unresolved tensions and tradeoffs.*

While the Bank's sector strategies rightly place the MDGs alongside other sector goals in a broad development framework, the strategies do not usually demonstrate how tradeoffs should be addressed in situations of limited financial resources and institutional capacity. Greater guidance on the relative emphasis to be given in different groups of countries to specific subsectors and on the appropriate balance between access versus policy and institutional strengthening would be helpful. For example, the education strategy's dual emphasis on universal primary education, as well as on all levels of education, creates tension over the allocation of resources. A key question in the water sector is whether the MDGs will lead to a focus on expanding coverage in the short term at the expense of a focus on long-term sustainability, which would require institutional and policy strengthening. There is currently no Bank strategy on water supply and sanitation. This lack will be rectified by a water and sanitation business strategy, now under development.

Regional strategy papers have been used as building blocks for overall sector strategy. Based

on regional strategy papers, the health sector strategy has been adapted for countries with different income levels and types of health problems, as shown in box 3.4. The importance of varying the strategy to suit particular conditions is also illustrated by the gender strategy. The Bank has focused on addressing gender issues in countries where there is noticeable gender disparity in education enrollments or where women's health status is poor. While these are appropriate entry points for Africa and South Asia, they are less useful in regions with gender gaps in economic opportunity rather than in social services. A more systematic analysis of choices and tradeoffs in different groups of countries could be helpful in such situations. The MDG indicator "share of women in wage employment in the nonagricultural sector" can be expected to bring increased attention to women's economic opportunities.

In the absence of adequate guidance on how priorities should be set or tradeoffs made, it is not surprising that sector strategies are not fully reflected in country programs. For example, OED's 2002 review of the water resource strategy found that while some country-specific water strategies have been developed, they are seldom linked to Country Assistance Strategies (CASs) or country priorities. To address this gap, the 2002 water resource strategy highlighted the need for strong country ownership and the development of country water resources management strategies. Similarly, OED's 2002 environmental review revealed that environmental

sustainability had not been integrated into the Bank's core objectives and CASs. In particular, no clear linkages were forged among macroeconomic policy, poverty reduction, and environmental sustainability. However, in the wake of the 2002 Environment Strategy Paper, progress has been made in covering environmental concerns in CAS and PRSP processes.

***Cross-sectoral linkages are increasingly recognized in country programs, but development of cross-sectoral strategies is still lacking.***

The MDG focus on outcomes highlights the need for cross-sectoral strategies that address the multiple determinants of these outcomes. CASs are intended to be a key tool in organizing the objectives and instruments into a coherent strategy and program. Although they are doing better than in the past, the Country Assistance Evaluations (CAEs) reveal that linking instruments to objectives remains a weak area, particularly when cross-sector links are involved. This Annual Review shows that even the CASs that do include specific targets for infant or maternal mortality lack a clear strategy for reaching these goals—thereby missing a significant opportunity offered by the CAS for tapping cross-sectoral synergies. The Bank is increasingly recognizing cross-sectoral linkages in its sector programs (see, for example, box 3.5). This recognition has not yet translated into cross-sectoral country strategies, however. Although truly integrated policy action can only

**Box 3.4**

**Tailoring the Health Sector Strategy to Regional Conditions**

The Bank's health strategy recognizes that needs vary by country group—low or middle income—and shapes priorities accordingly. In low-income countries, reducing infant and child mortality, maternal mortality, and the transmission of communicable diseases is stressed. For middle-income countries, accurate targeting of the poor and addressing broader issues of

health care reform to improve overall health systems operation are emphasized. Country differences *within* a region are discussed in some regional strategy papers. For example, the East Asia Regional Health Strategy defines an assistance program for three country groupings and highlights countries that differ from the mean in mortality and morbidity among vulnerable groups.

Source: World Bank 1997a.

emerge in national policy forums, greater creativity in Bank sector programs to maximize complementarities would further enhance their relevance to the MDGs—and to the country strategies seeking to achieve them.

***Better mechanisms to support sector strategy implementation are needed.***

Implementation has been the weakest dimension of sector strategies and policies (OED 2001a). OED's 2001 gender evaluation disclosed that the Bank had not established processes for institutionalizing and operationalizing its gender policy and had not organized systematic training for its staff on the policy or provided adequate support or tools for undertaking gender work for most of the 1990s. Measures to implement gender equality, especially in secondary and tertiary education, will require particular attention. In its forestry review, OED assessed Bank performance in the light of the Bank's 1991 Forest Strategy and found that the Bank had implemented the strategy only partially. Its ambitious goals were not matched by commensurate means to implement the strategy. OED's environment review found that the Bank's environment work lacked consistent management commitment and clear assignment of responsibilities and accountabilities. Some recent sector strategy papers have used these lessons to improve the mechanisms to support sector strategy implementation.

***The Bank has a strong record on project performance in several sectors, but a weaker record in others.***

As shown in figure 3.1, 80 percent or more of the projects in several sectors had satisfactory outcomes (weighted by disbursements). This performance provides a strong platform to support the MDGs. Project performance was weaker in other sectors (figure 3.2). Figure 3.3 shows the performance of projects that have priority themes (as identified by the Bank's new thematic codes) that match specific MDGs. In the education and health sectors, lending with an MDG-related priority theme does slightly better on outcomes than other lending in those sectors.

***Analytical work needs to be revitalized in several sectors and should more fully address MDG-related issues.***

In OED's 1999 health sector review, it called attention to the limited amount of economic and sector work (ESW) in the sector, recently confirmed by an analysis undertaken by the Bank's Health, Nutrition, and Population (HNP) Department. The low levels of funding for ESW in other sectors, especially the water supply and sanitation and transportation sectors, have also been previously noted in Bank and OED reports. Recently, ESW is receiving more attention in some sectors. An example is health, for which analytical work has provided timely technical information on key topics for MDGs. A recent piece of

**Box 3.5**

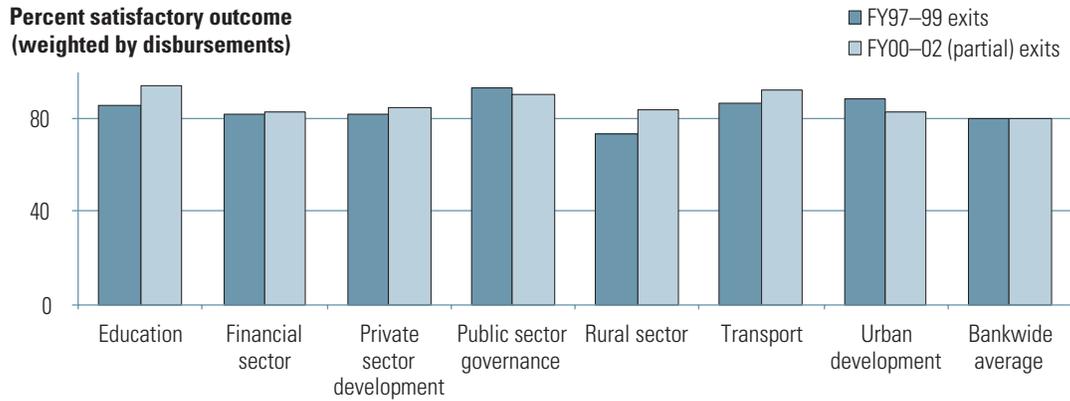
**Intersectoral Linkages and the Role of Infrastructure**

Achieving targets in one sector requires contributions from many other sectors. For example, infant mortality is affected by access to safe water as well as by the mother's education and access to transport. Recent work by the Bank's Private Sector and Infrastructure Network has summarized the evidence from the literature and has also provided some econometric estimates of inter-sector linkages for achieving MDG targets. Infrastructure interventions (water, sani-

tation, energy, transport, and housing) are key inputs into the production functions for the poverty, education, health, and gender equality MDGs. The CAS should address these intersectoral linkages. The study recommends that countries develop intermediate targets and goals, develop customized production functions for key objectives—region or country specific—and package multisectoral interventions around key objectives.

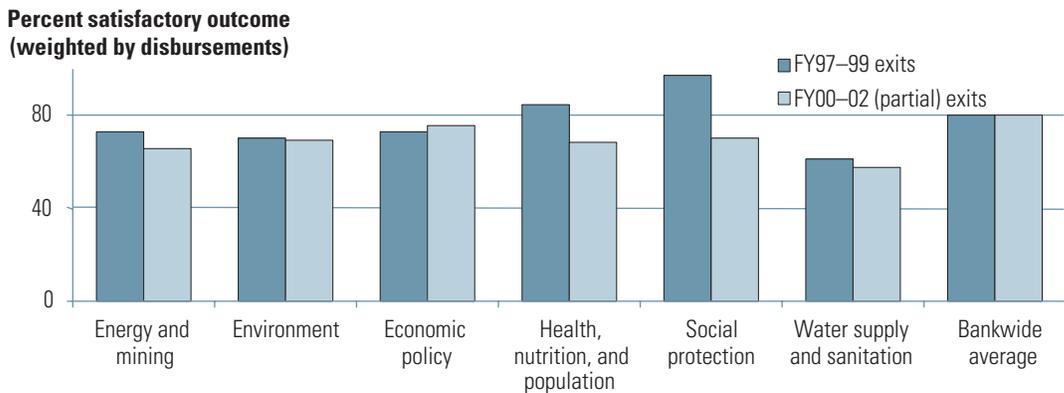
Source: Leipziger, Fay, and Yepes forthcoming.

**Figure 3.1 Project Performance More Than 80 Percent Satisfactory in FY00-02 (Partial)<sup>a</sup>**



a. Bankwide average for FY00-02.

**Figure 3.2 Project Performance Less Than 80 Percent Satisfactory in FY00-02 (Partial)<sup>a</sup>**



a. Bankwide average for FY00-02.

country-level ESW relevant to the health MDGs is *Better Health Systems for India's Poor* (World Bank 2002p). Education ESW in Africa, which includes work on sectorwide approaches and community participation, is relevant to key aspects of the Education MDGs. But cross-sectoral ESW remains inadequate. More ESW is necessary to address the challenges presented by MDGs, including gaining a better understanding of the multisectoral determinants of specific outcomes; intermediate indicators to track performance; and the poverty-related effects of sectoral inter-

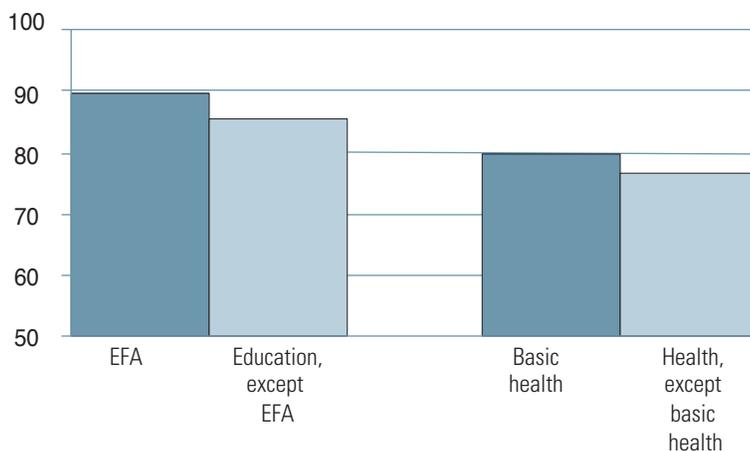
ventions, including policy reforms. Future ESW should also address distributional issues within countries—by region, income group, and ethnicity—since there can be serious inequities in access and quality across parts of the same country. The Bank's education sector work in China, for instance, acknowledges vast differences in providing primary education in poor provinces relative to wealthier provinces (World Bank 1999b).

Analysis by OED for the water supply and sanitation sector reveals that, to reach the water target, Bank member countries will need sys-

Figure 3.3

### Education and Health Lending with MDG-Related Priority Themes Has Slightly Better Outcomes Than Other Lending in Those Sectors

Percent satisfactory outcomes  
(weighted by disbursement)



Note: EFA and basic health are matched with thematic codes. EFA = Education for All; Basic health = Child health, population, and reproductive health; fighting communicable diseases. Number of EFA projects = 120; basic health = 69. Outcomes are for FY97–02 (partial).

Source: Business Warehouse, World Bank 2002.

tematic sector development plans or strategies. Most countries lack plans that describe the present situation and analyze and identify policy reforms, pinpoint priorities, and identify appropriate projects. The Bank is well placed to help prepare these sector development strategies, given its knowledge of worldwide best practices. In the past decade, about 90 pieces of ESW were prepared by the Bank for the water supply and sanitation sector, but only 10 percent focused on sector development. The appropriate amount of resources for sector development strategies and ESW will need to be determined and made available.

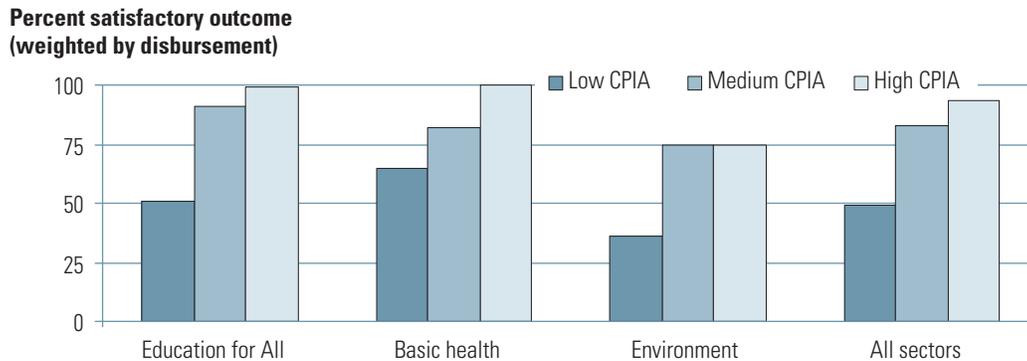
A country's policy environment has a strong influence on the success of all interventions, including those focused on the MDGs. Projects in countries with weak policies and institutions (as measured by low Country Policy and Institutional Assessment, or CPIA, scores) have consistently worse outcomes than do those in other countries. This is true even for MDG-related projects, as shown in figure 3.4. Education for

All (relevant to the education MDGs) and environment projects are particularly sensitive to the policy setting. These findings confirm that economic reform and policy dialogue must continue to play an important role in the Bank's programs. The Bank's proposed investment climate surveys aimed at better understanding the linkages between the investment climate and productivity and income growth, especially for the poor (World Bank 2002h), may be expected to help identify improvements in country policies.

#### **Monitoring and evaluation, including the use of intermediate indicators, has not received adequate attention.**

Analytical work at the sector level can help identify the appropriate sector, project, and country-level indicators that should be monitored. Intermediate indicators provide realistic medium-term measures for monitoring progress toward MDG outcomes. OED's 1999 health sector review pointed out severe deficiencies in

**Figure 3.4** Project Success Is Influenced by the Country's Policy Environment



Note: Lending outcomes are for FY97–02 (partial) exits. Categories are defined by thematic codes. Environment (projects = 268) includes biodiversity; climate change; environmental policies and institutions; land management; pollution management and environmental health; water resource management; other environment and natural resources management. See note to Figure 3.3 for education for All and basic health.

Source: Business Warehouse, World Bank 2002. CPIA figures are from the OPCS database.

monitoring and evaluation in the sector. Since then, there have been increased efforts to support the MDGs by identifying appropriate intermediate indicators. A technical consultation organized by the Bank led to a compilation of a recommended group of core intermediate indicators for health (table 3.2). The precise indicators chosen in a particular case may need to

be adapted, depending on the precise objectives and nature of the intervention and the country conditions. An examination of health projects approved in FY00–02 for this Review showed that while recommended intermediate indicators for achieving health MDGs in projects have been utilized in some fashion, they have not yet been fully applied.

**Table 3.2** Examples of Intermediate Indicators in the Health Sector

Millennium Development Health and Nutrition Targets	Examples of intermediate or “proxy” indicators
Target: Halve, between 1990 and 2015, the proportion of people who suffer from hunger	<ul style="list-style-type: none"> <li>• Prevalence of underweight children under five</li> <li>• Proportion of infants under six months who are exclusively breastfed</li> <li>• Percent of children 6–59 months who received one dose of vitamin A in the past six months</li> </ul>
Target: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	<ul style="list-style-type: none"> <li>• Proportion of one-year-old children immunized against measles</li> <li>• Proportion of children with diarrhea in the past two weeks who received oral rehydration therapy</li> <li>• Proportion of children with fast or difficult breathing in the past two weeks who received an appropriate antibiotic</li> </ul>
Target: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio	<ul style="list-style-type: none"> <li>• Proportion of women with any antenatal care</li> <li>• Percentage of births with skilled birth attendant and/or institutional delivery</li> <li>• Contraceptive prevalence rate</li> </ul>

Source: World Bank 2001a, which provides a complete list.

Greater attention needs to be paid to developing or collecting data on appropriate performance indicators in some sectors. For example, the Bank's financial sector strategy does not include any explicit performance measures to assess the impact of the Bank's interventions on the economic performance of countries or on progress in improving the global financial and trade system. OED's 1998 financial sector review presented a set of relevant indicators that should be among the options considered by the Sector Board. Similarly, performance indicators for monitoring poverty reduction and social impacts require greater attention in the transportation sector. The Peru Second Rural Roads Project is a good example of design and implementation of monitoring (box 3.6).

Some of the risks and challenges that accompany MDG performance monitoring are illustrated by the education, water, and urban sectors. In the education sector, for example, the MDG indicators focus on enrollment and completion rates, which are likely to be meaningless without improved learning achievement. In the water sector, reaching a common definition of "safe water" has always been difficult where much water comes from wells and rivers and where many urban neighborhoods have access to piped water for only a few hours each day. While the MDGs include the concept of "sus-

tainable access," there is no accepted definition of the term or way to measure it. The environmental MDG also poses measurement issues since it is not specifically defined and refers to "integrating the principles of sustainable development into country policies and programs," leaving the level of integration and its intensity undefined. Furthermore, the slum MDG target is expressed in absolute rather than proportional terms. This means that in a country with a fast-growing population, steps must be taken to stop slums from forming faster than existing slums are upgraded. Data are also scarce or unavailable on sanitation coverage (the first MDG indicator for the slum target) and on secure tenure (the second such indicator). The Bank has been involved with U.N. Habitat on urban indicators and is currently working on a major multilateral effort to define and operationalize the secure tenure and slum welfare concepts.

The *Annual Review of Portfolio Performance (ARPP) 2002* (World Bank forthcoming b) notes that Adaptable Program Loans (APLs) account for 18 percent of FY02 new investment lending and are "rapidly gaining in popularity." Strong monitoring and evaluation would be a prerequisite for APLs given their rationale of continual learning and adaptation. OED has noted a number of instances in which monitoring and evaluation have been weak in APLs.

### Box 3.6

### Monitoring Outcomes in the Peru Second Rural Roads Project

The goal of the Peru Rural Road Rehabilitation and Maintenance project was to provide a well-integrated and reliable rural road system to support the government's poverty reduction strategy and to raise living standards in rural areas. OED's performance assessment found that the project was highly satisfactory, noting three poverty-reducing outcomes: a small increase in farmed land; a moderate increase in livestock ownership and access to markets; and a large increase in farm prices in the beneficiary areas. Project monitoring was especially effective. The project team used a logical framework, developed

with community participation, to describe the project components and to monitor and report on their performance. The outcome indicators were relevant to key MDG objectives and included linking at least 80 percent of the communities in program areas through reliable and affordable public transportation; generating 4,000 nonskilled permanent jobs through road maintenance work contracted out to microenterprises; and ensuring that 17,000 kilometers of rehabilitated road were available in the 12 poorest areas. All of the project's key objectives were met or exceeded.

Source: OED data.

***Sector strategy papers recognize the multisectoral determinants of outcomes but provide little guidance on how to develop multisectoral strategies.***

All sector strategy papers recognize the multisectoral determinants of outcomes. For example, the education strategy describes some of the intersector relationships in the social sectors (box 3.7). And recognizing the thematic and cross-cutting nature of its mandate, the environment strategy discusses environmental health risks arising from unsafe water, air pollution, transport fuels, and traditional household biomass energy sources. But OED's 1999 review of the health sector showed that little attention has been paid to the determinants of health, such as behavioral change and cross-sectoral interventions outside the public health system. Moreover, the lack of adequate coordination between the Bank's country and sector units and among sector units discourages cross-sectoral country strategies.<sup>1</sup> Ensuring such coordination has also been a challenge for other donor agencies.

**What Are the Implications for Future Bank Sector Programs?**

***Monitoring and evaluation of sectoral outcomes needs more attention.***

In the wake of the Wapenhans report and subsequent Bank reports on implementation and de-

velopment performance, there has been a steady increase in attention paid to development outputs, outcomes, and impacts.<sup>2</sup> The MDGs' ambitious targets challenge existing practices in performance management and measurement of development assistance at the corporate level. They also highlight the importance of country-level monitoring. At both the corporate and country levels, monitoring and evaluation have a role in helping to inform decisionmaking and to manage performance, as well as to establish progress.

At the corporate level, while it is true that the Bank alone cannot be held accountable for achieving intended outcomes, managing performance requires that the Bank track the extent to which its sector programs are contributing in the direction of the agreed on goals. The Bank is taking steps to improve performance measuring, monitoring, and management (Annex E lists these initiatives). The Operations Policy and Country Services Department (OPCS) notes that while much of FY02 was devoted to planning the architecture for the Bank's shift to a results focus, the emphasis in FY03 is on detailed engineering and piloting, and in FY04 on operational mainstreaming. The Bank's FY03–05 strategic documents do not yet indicate how resources will be deployed, redeployed, or enhanced in pursuit of these objectives. The resource implications and the technical com-

**Box 3.7**

**Intersectoral Linkages in the Education Sector Strategy**

The relationships between societal conditions and the outcomes of education investments are complex: education outcomes are heavily influenced by learners' income, health status, and perceptions of labor market opportunities. The presence of HIV/AIDS affects the supply of teachers and often determines parents' ability and willingness to pay for schooling. Education status also has an impact on the individual's future income, fertility, and health. At the societal level, it affects institutions, the economy as a whole, and, in the long run, values, traditions, and

culture. The Bank's comparative advantage in this area is in its work on school deworming and micronutrient programs and reproductive health education, including information on STDs and HIV infection prevention. Further links can be found in early child education and health services, parent education, and shelter and nutrition for the poorest families; teacher service reform and broader civil service reform; universal basic education and child labor; vocational training and labor market regulation; and language of instruction and decentralization.

Source: World Bank 1999a.

plexities of monitoring outcomes should not be underestimated. Working with partners, such as the United Nations Educational, Scientific, and Cultural Organization (UNESCO) in the education sector, would be an option to consider. Where partners support differing methods and approaches to monitoring and evaluation, consistency should be enhanced through harmonization of policies and practices.

At the country level, the involvement of relevant stakeholders in the definition, collection, and analysis of data will be vital to ensure its subsequent use in local decisionmaking. As noted earlier, such participation can also prevent distortion and manipulation of actions resulting from quantitative targets, as illustrated by the Bank's interventions geared toward slum dwellers. MDG indicators lack qualitative measures of well-being, which are important for capturing key dimensions of development effectiveness (World Bank 2002h). Therefore, the existing MDG indicators will have to be supplemented by other measures—for example, levels of client satisfaction relating to economic and social services or learning achievement.

Governments and donors, including the Bank, often lack incentives to measure how they are performing (Pritchett forthcoming). The Bank and other donors must better understand the decisionmaking processes in client governments and the existing demand for information on outcomes and help create incentives where they are lacking. Similar work will also be needed in donor agencies themselves. The 2002 ARPP notes that while the corporate commitment to MDGs is very explicit, frontline staff still need to be engaged. It also notes that new incentives are not yet in place, and that frontline staff feel some uncertainty as to how to integrate the MDGs into country dialogues and operations: are they an add-on or a basic rethinking of priorities (World Bank forthcoming b)?

The types of indicators that are monitored—at the project, sector, country, global, Bank, and other donor levels—will depend, inter alia, on program objectives, the nature of activities, and data collection and analysis capacity. In developing the monitoring system, the full picture must be kept in mind, with monitoring at each

level consistent with, and complementary to, monitoring at other levels. Careful attention to dealing with issues of aggregation and attribution will be needed.<sup>3</sup>

***Multisectoral strategies need to be developed to better reflect the multisectoral determinants of MDG outcomes.***

By focusing on outcomes—as distinct from inputs and outputs—the MDGs draw attention to the multisectoral determinants that contribute to outcomes. The close relationship between actions in one sector on outcomes in another has already been well documented, and work is ongoing (for example, in the context of *World Development Report 2004: Making Services Work for the Poor*). Although each sector strategy is relevant to achieving one or more of the MDGs, an important question is how they fit together.

Multisectoral strategies do not necessarily imply multisector *projects*. Some multisectoral strategies may best be implemented through single-sector operations, depending on the particular sectors involved and the institutional setup that governs the coordination of inputs from the various sectors. The focus must therefore be on thinking multisectorally and acting either sectorally or multisectorally, as conditions warrant. The experience of Bank-supported social fund projects provides some relevant lessons (box 3.8).

Two recent initiatives involve joint work by a number of sectoral groups. The health, energy, environment, and gender sectors have jointly developed interventions to alleviate indoor air pollution, which contributes to the health burden of many poor rural communities, including respiratory illness and associated deaths in children. Similarly, the water and health sectors and the Business Partners Outreach Group in the Bank are collaborating on the hand washing initiative, which aims at promoting hand washing with soap in developing countries for diarrhea prevention. Launched by the U.S. Agency for International Development (USAID), and now supported by the Bank in a number of countries, the initiative is to create partnerships in which the private sector achieves better market penetration in poorer households,

**Box 3.8****Social Funds: Multisectoral Projects Do Not Guarantee a Holistic Approach**

Social fund projects are innovative projects, supported by the Bank since 1987. They offer communities a multisectoral menu of investments (mainly comprising small-scale school buildings, health clinics, water supply and sanitation investments, and roads) from which to choose. A recent OED evaluation found that social fund projects have been highly effective in delivering small-scale infrastructure, and that this additional infrastructure has increased facility access and utilization. It also found that

social fund projects have had neutral or very mildly progressive household targeting, and their outcomes and welfare impacts—for example, academic achievement or incidence of diarrhea and wasting—have not always been better than the control group. Achieving outcomes and welfare impacts requires, inter alia, ensuring an adequate and sustained supply of complementary inputs (for example, teachers in schools, drugs in health clinics) and related investments (such as water supply in health clinics).

Source: OED 2002j; World Bank forthcoming c.

and the public sector achieves improvements in hygiene programs.

***The MDGs may have implications for the geographic and sectoral composition of Bank lending.***

The Bank has a well-established system for allocating lending resources across International Development Association (IDA) countries commensurate with the quality of countries' policies and performance. This system helps to ensure that scarce aid resources are delivered to the poor countries that can use them most effectively, as required by the IDA donors. To the extent that the MDGs—and related initiatives such as the fast track programs in education and health (box 3.9) and the Multisectoral AIDS Program for Africa (MAP)—entail allocation or reallocation of lending resources among countries, each country's likelihood of using the funds effectively must be taken into account as well as its distance from the MDGs. Any implications for the Bank's geographic and sectoral allocation of resources resulting from such initiatives should be systematically assessed and tradeoffs carefully considered.

Achieving and sustaining the MDGs will require significant additional recurrent financing. In

the education sector, for example, recurrent costs account for about two-thirds of the financing gap associated with Education for All (Bruns and Rakotomalala forthcoming). The recurrent costs of newly created services will need to be financed, which could necessitate a review of donor policies in this area. Sectorwide approaches with multiple external financial partners may be one option. In countries with a PRSP, a sound public expenditure framework, and appropriate transparency and governance standards in budgetary processes and execution (as well as a credible sector strategy that delivers results), donors have agreed to move beyond projects to directly support governments' overall approaches and strategies. They do so by channeling more of their resources through national budgets. But this is only beginning to happen. One example is Uganda, where World Bank support to the education sector no longer comes through traditional education projects, but instead through intensive dialogue on sector issues and overall budgetary support (through a sectorwide approach). And in Brazil and Ghana, donor support for the health sector comes through a sectorwide approach in which the Bank participates with other donors and funding is pooled with the government's own budget.

**Box 3.9****Fast Track Programs and Resource Allocation**

At the World Education Forum on Education for All in Dakar, Senegal (April 2000), the Bank's president proposed a fast track action plan in which a select group of countries would lead the way in achieving education for all before 2015. Eighteen countries are now involved, with an additional five countries part of the analytical fast track. The 18 countries are to prepare their own country plans, to be assessed by the Bank and other partners for technical and financial feasibility as well as the institutional capacity of the countries to carry them out. The fast track initiative aims at supporting countries with good policies, thereby giving incentives to countries that have not yet put good policies in place to do so. Its indicative framework provides the focus for domestic resource mobilization (up to 80 percent of resources would have to come from domestic expenditure by 2015) and donor support, as well as fiscal discipline.

The health sector is contemplating a fast-track approach. Only 10 of the 78 least-developed countries are on track to reach the MDG of cutting child deaths by two-thirds; a more ambitious fast track approach would seek to raise the number on track to 39.

*Source:* World Bank 2002c, and World Bank staff interviews.

As proposed, fast tracking would identify two groups of countries: Those where modest policy shifts, accompanied by major increases in domestic and donor financing, can lead to accelerated progress on the Health, Nutrition, and Population MDGs; and those with weak policy frameworks and limited capacity, where large infusions of additional funding will not result in rapid progress on the MDGs. In the latter countries, nonfinancial barriers hinder large-scale implementation, and alternative options for overcoming them would be considered.

There are still questions to be answered about the Bank's fast track initiatives, including what will happen to lending and other support in countries not selected for fast tracking, whether the fast track initiative will ensure sustainable outcomes, and which intermediate outcome indicators will be monitored to assess whether countries are on track. Given finite resources, if the fast track countries and sectors receive more resources, other countries and sectors may receive less. This will have implications for the Bank's strategy and lending pipeline over the short and the long run.



# Global Programs and the MDGs

*It is increasingly important for the Bank to be active in the provision of global public goods vital to developing countries' interests. But it is also important for the Bank to be carefully selective in its criteria and priorities, collaborative in its approach to public goods problems, and measured in its deployment of resources for these purposes. These are not easy challenges.*

—“Poverty Reduction and Global Public Goods: A Progress Report,” Development Committee, 2001<sup>1</sup>

It is increasingly obvious that many development problems require collective action at the global level to supplement traditional country and project-level approaches. This realization is reflected in the Bank's rising level of support for global programs.<sup>2</sup> Box 4.1 summarizes these programs, which cover all eight MDGs. This chapter examines how the Bank's global programs have been addressing the MDGs and implications for future work. The main sources of evidence for the chapter include recent OED reviews related to global programs (OED 2001b, 2002f,m, 2003, forthcoming).

## **How Have the Bank's Global Programs Addressed the MDGs?**

***All global programs broadly support MDG goal 8, developing a global partnership for development, and many also support other***

## ***MDGs, ranging from poverty, education, and health to environmental sustainability.***

The Bank's support for global programs is crystallized in goal 8 of the MDGs, which calls for developing a global partnership for development. Consistent with goal 8, almost all global programs involve global partnerships with other international public sector organizations, such as U.N. agencies, the Organisation for Economic Co-operation and Development (OECD), bilateral donors, and regional development banks.<sup>3</sup> The most common reasons for these partnerships include the opportunity to pool financial and other resources to achieve common objectives more effectively and efficiently; to realize economies of scale and scope in the production and delivery of goods and services; and to capitalize on the comparative advantages of the partners. For the World Bank, leveraging its financial contribu-

tions is a key aspect of these partnerships, since the Bank’s ability to give grants out of its net income is limited. Other partners value the World Bank’s global reach, its convening power, its multisectoral capacity, and its provision of a “seal of approval.”

More than a third of Bank-supported global programs address health and environmental issues relating to MDGs 4 through 7.<sup>4</sup> In addition, some global programs address primary education,<sup>5</sup> and many programs have an explicit focus on poverty reduction. The Consultative Group on International Agricultural Research (CGIAR), the oldest and largest global program supported by the Bank, has directly reduced poverty by increasing production of subsistence foods and furthering employment and income generation. And the CGIAR has had an indirect effect through reducing prices for food-deficit households. Another example of a global program is the Consultative Group to Assist the Poorest (CGAP), a microfinance program started in 1995 that is promoting sustainable financial services for the poor to help them build assets, increase income, and reduce vulnerability to economic stress.<sup>6</sup>

**There is a lack of clarity about the institutional roles of various partners.**

The Bank has played an important role in several global programs and related activities. A recent OED review of aid coordination showed that the development community had been well served by the leadership of the Bank in managing aid coordination processes (OED 2001b). Box 4.2 describes one of the oldest and one of the newest partnerships in which the Bank is involved.

Sometimes, however, the Bank’s institutional role has been unclear and the Bank has played multiple—and sometimes conflicting—roles. For example, in the CGIAR program, the Bank plays three major roles—as convener, donor, and lender for complementary activities. While the Bank’s unique contribution to the CGIAR has been widely acknowledged, its multiple roles have led to excessive dependence of the system on the Bank, assignment of a disproportionate share of CGIAR management responsibility to a Bank vice president who chairs the CGIAR, and reporting arrangements fraught with real or perceived conflict of interest. It has been difficult for the Bank to acknowledge the need for, and to press for, major reforms

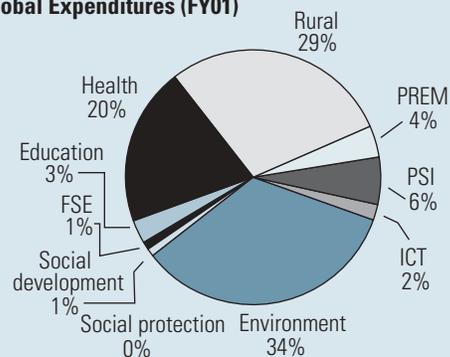
**Box 4.1 Global Programs: How Many? In Which Sectors?**

The Bank is involved in 70 global programs (an increase from fewer than 20 programs in 1991), 30 of which are managed inside the Bank and 40 elsewhere. In fiscal 2001, the Bank spent about \$30 million of its net administrative budget on global programs. In the same period, it contributed \$120 million from the Development Grant Facility and disbursed about \$500 million from Bank-administered trust funds (40 percent of trust fund disbursements).

Environment, rural development, and health were the top three sectors in overall program expenditures, including cofinancing from other partners.

Source: OED 2002m.

**Environment, Rural, and Health Sectors Dominate Global Expenditures (FY01)**



FSE = financial sector; ICT = information and communications technologies; PSI = private sector development and infrastructure; PREM = poverty reduction and economic management.

Source: OED data.

**Box 4.2****Old and New Partnerships****Water and Sanitation Program**

The Water and Sanitation Program (WSP) is an international, field-based partnership dedicated to helping the poor gain sustained access to improved water supply and sanitation services. One of the oldest external partnerships in the Bank, with staff present in 19 countries, the program collaborates with many partners. Through its engagement with government clients and partners and wide international efforts at knowledge management, advocacy, and promotion of new thinking, the WSP has been able to help build capacity, support sector reform, and demonstrate new approaches in both water supply and sanitation. Working closely with its partners, the WSP helped promote the sanitation agenda at the World Summit on Sustainable Development at Johannesburg in 2002. The WSP's work helps

to create the conditions needed to meet MDG goals for water supply and sanitation.

**Cities Alliance**

The Cities Alliance, one of the newest external partnerships in the Bank, is a global coalition of cities and their development partners initiated by the Bank and U.N. Habitat, committed to the development of citywide, sustainable programs of improving slums and to the creation of city strategies to cope with future development. In part through the efforts of the Cities Alliance, the IDTs were expanded by the Millennium Declaration to include the Cities Alliance's "Cities Without Slums" target of improving the lives of at least 100 million slum dwellers by 2020.

*Source:* Water and Sanitation Program, <http://www.wsp.org>; Cities Alliance, <http://www.citiesalliance.org>

while also making the case for continued funding. It is not surprising that the Bank has been more successful in using its convening power to raise additional resources for the system than in providing the strategic leadership needed to help the CGIAR respond to a rapidly changing environment.

While global programs provide avenues for donor coordination, the roles and responsibilities of partners are often insufficiently spelled out or not understood equally by all the partners. The Heavily Indebted Poor Country (HIPC) Initiative faces particular challenges in implementing shared responsibility (Box 4.3). The Integrated Framework for Trade-Related Technical Assistance program has similar problems. It is a partnership of 6 international agencies, some 15 bilateral donors, and the 49 officially classified least-developed countries. Its purpose is to help these countries better integrate into the world economy (including the multilateral trading system) as a basis for sustainable growth and poverty reduction. Lacking a secretariat, it is run by a large interagency working group. Despite the group's frequent meetings, coordination problems persist because of differences in agencies' mandates, in their views of the

objectives of the program, and in their working procedures.

***Complementary country-level investments and coordination of activities on the ground are key to maximizing benefits from global programs.***

Externalities, spillovers, and economies of scale justify financial and other support for global programs. But this support will not yield full benefits unless a country can access the new products and services being generated. The share of Bank lending to the environment, agriculture, and health sectors (about 20 percent of Bank lending) is markedly less than expenditures on these three sectors at the global level (about 85 percent of global program expenditures). Complementary country-level activities are also inadequate. Some global programs are moving into this vacuum at the country level by taking on the delivery of country-level services. This approach is leading to the proliferation of country-level programs, each associated with a different global program, rather than one coordinated effort in each sector.

OED's forthcoming review of seven global programs relating to health research and disease control<sup>7</sup> (part of its phase II global pro-

**Box 4.3****HIPC: Challenges in Implementing Shared Responsibility**

When the HIPC Initiative was launched in 1996, it was an unprecedented partnership that united bilateral and multilateral creditors in an ambitious program of debt relief for some of the world's poorest countries. The costs of providing debt relief to 34 countries is \$37.2 billion in 2001 net present value terms, divided about equally between bilateral and multilateral creditors. These shared costs, as well as the connection between debt relief and the availability of other development assistance, have raised several challenges related to

the enforcement of the partnership. Although the shareholders of the Bank and the IMF endorsed the initiative, it remains a voluntary agreement lacking a legal basis for enforcement. The broad consensus by donor countries on the principle of additionality (that is, debt relief should be in addition to other development aid rather than a substitution) cannot be guaranteed. Creditor nonparticipation, especially by some commercial creditors and non-Paris Club bilaterals, also remains an unresolved issue.

Source: OED 2003.

grams evaluation) shows that the growing number of global programs is imposing large transactions costs on countries with weak health systems. Government officials in developing countries have questioned the proliferation of global health programs, each with its own parallel institutional structures at the country level. This proliferation is straining public health systems by adding long-term recurrent costs, by diverting resources from existing programs, and by increasing demands for health ministry staff to respond to calls for proposals from the many global programs—particularly from the financing entities, such as the Global Alliance for Vaccines and Immunization and the newly created Global Fund to Fight AIDS, TB, and Malaria. Country-level stakeholders have also asserted that there seems to be little effort at the global level to seek out and exploit synergies among the health programs. There is substantial scope for achieving the MDGs and increasing poverty reduction through better coordination of global programs and country-level activities.

***The voice of developing countries needs to be amplified in the management of global programs as well as in global policymaking.***

Developing countries have had little voice in the design, governance, and management of most global programs. Developing countries are for the most part “participants” rather than full

“partners” who help to implement each program at the country level. While donors are largely driving the agenda of global programs, they often seek World Bank involvement as a proxy for developing country involvement. Relatively few global programs yet involve partnerships at the governing level with developing countries, civil society organizations, or the commercial private sector.

Introduced by the developing countries at the Millennium Summit, goal 8 seeks a broader commitment of all partners—developing and developed—to the MDGs. The addition of goal 8 marked a major change from the IDTs to the MDGs. Few global programs focus on global public policy formation. So far, Bank-supported global programs have not had much influence on developed-country policies, either through advocacy or other means. The Bank’s advocacy role, especially on trade issues, has been hampered in the past by inappropriate internal organization. Recently, new arrangements have been put in place through the creation of a Trade Department. The Department’s stated purpose is to improve the Bank’s capacity to respond to the growing demand for Bank services on trade and to scale up the work (including global advocacy) on trade-related development issues. MDG goal 8 has created a strategic opportunity for the Bank to amplify the voice of the poor in global policy debates.

***The proliferation of initiatives has strained the Bank's institutional capacity.***

The Bank's involvement in multiple global programs has overtaxed its ability to keep track of operational, budgetary, and fiduciary aspects of global programs, resulting in a lag in necessary monitoring and evaluation of new activities. In addition, growth of global programs and partnerships has added to the tension arising from the Bank's "matrix approach," since most of the global initiatives are located in the Network and Sector Anchors. Regional vice presidencies have sometimes seen the new initiatives as competitors (for resources and managerial attention) and as a threat to the "country focus" of the Bank's work. Although the oversight arrangements, resource allocation practices, and reporting processes have been strengthened during the past three years, more changes are needed. OED's evaluation of global programs recommended that the Bank sharpen the criteria for selectivity, clarify responsibilities and accountabilities for global programs, and improve monitoring and evaluation.

***Global programs as a group are no better than other development efforts at monitoring and evaluating the outcomes and impacts of their activities.***

Global programs have typically focused on monitoring grant amounts rather than on the outcomes resulting from the funded activities. Even the CGIAR, which has an impressive tradition of external assessments of its individual research programs, has conducted little independent evaluation of the system as a whole. Such evaluation is needed to permit the Bank or the other donors to assess the CGIAR's system-level strategies, priorities, allocation of resources, impacts, and the views of CGIAR clients. The HIPC Initiative provides for close and detailed monitoring and reporting

of recipient countries' expenditures on social services. This attention to expenditures is not, however, complemented by monitoring the program's impact on poverty reduction. The OED review of the Bank's grant programs noted that there were gaps in evaluation reporting and dissemination and that no systematic evaluation regime existed for the grants program as a whole (OED 2002f).

**What Are the Implications for Future Bank-Supported Global Programs?**

***Linkages between global and country programs need to be tightened through improved selectivity and greater involvement of borrowers.***

In phase I of OED's evaluation of global programs, it was noted that there is no consensus among Bank member countries on the appropriate blend of Bank-supported global programs and country-level activity by the Bank. Some argue that increased global activity will be required either to enhance development effectiveness or to position the Bank to meet future challenges in a dynamic external environment. In any event, a tightening of the linkages between global and country programs is needed to maximize the benefits from both.

***Monitoring and evaluation of global programs need to be strengthened.***

The main implication for evaluation is to provide resources for and create the necessary incentives to more systematically monitor and evaluate the impacts of global programs than has been done in the past. More attention should be paid to developing improved methodologies for evaluating global programs and partnerships. Phase II of OED's evaluation of global programs is pioneering new techniques and approaches in this regard and could point the way forward.





# Conclusions

The MDGs build on the Bank’s corporate priorities and capabilities. The main themes embedded in the MDGs—poverty reduction, human development, environmental sustainability—had become priority areas for the Bank long before it officially endorsed the MDGs.

Poverty reduction has been the Bank’s overarching objective since 1990, and the focus on education and health has been a main tenet of the “basic needs” approach followed by the Bank since the early 1970s. Similarly, the focus on gender and environmental sustainability have been important components of the Bank’s strategy since the 1990s. The Bank’s country, sector, and global programs are broadly consistent with these themes.

The multidimensional concept of poverty endorsed by the MDGs and by the Bank represents an advance over more traditional conceptions of poverty. The MDGs emphasize income as well as non-income measures of well-being and draw attention to their multiple determinants. Mutually reinforcing interventions in a variety of sectors—including those not explicitly addressed by the MDGs—are vital to achieving MDG outcomes. Most Bank sector strategies have established links to poverty reduction and the MDGs, but the means to implement sector strategies and monitor their results remain weakly developed.

*The MDGs offer the potential—backed by international support and common understanding—for the Bank to sharpen its focus on outcomes.* Seizing this opportunity will require significantly increased action in three areas in which the Bank has already begun work.

- **Monitoring and evaluation.** By specifying quantitative targets, the MDGs require systematic measurement of the outputs and outcomes of development activities. The Bank’s new initiatives to better monitor, measure, and manage for results will be particularly helpful if they result in clearer and more specific objectives and targets at the country, sector, and global levels. Clients would benefit from Bank advice that helps them identify development outcomes relevant to their country’s circumstances, select corresponding intermediate indicators to monitor progress on those outcomes, and strengthen both the capacity to monitor and evaluate development outcomes and the incentives to encourage such measurement. Learning can be sought in success, but also in failure. The monitoring process

should be designed to yield information that provides a sound and continuing basis for informed decisionmaking and learning.

- **Addressing intersectoral linkages.** By focusing on outcomes rather than inputs and outputs, the MDGs draw attention to the multisectoral determinants of outcomes. The Bank's country and sector programs are increasingly recognizing the multisectoral determinants of development outcomes. These Bank programs now need to take the next step of developing and implementing cross-sectoral strategies. Multisectoral strategies do not necessarily imply multisector *projects*. Developing multisectoral strategies will require that the Bank's country and sector units cooperate to design and implement outcome-based, cross-sectoral country strategies. A more effective institutional mechanism is needed to foster the design and implementation of cross-sectoral strategies to deliver specific development outcomes.
- **Strengthening partnerships.** The Bank has entered into a large number of partnerships, notably for global programs relevant to achieving the MDGs. For these partnerships to deliver better outcomes on the ground, the global programs should capitalize on the comparative advantage of individual partners, link global programs to related country-level activities, and situate them within the framework of a larger global strategy. Periodic re-evaluation of the relevance and impact of global programs is needed to avoid inertia and the unintended accretion of programs.

***The adoption of the MDGs entails risks and challenges.*** The development community signed on to global targets before establishing clear methods for prioritizing them within and among countries and before adapting them to each country's circumstances. There is a danger that the sectoral and geographic composition of assistance programs could be distorted if the appropriate goals and targets or the priority ranking among them in different country circumstances is not clearly established. The challenge is to ensure that easily monitored targets are not overemphasized to the detriment of the qualitative dimensions of development and that quick, short-term gains

are not favored over more difficult and time-consuming reforms, including those in country-level governance structures. The first step in better managing these risks and challenges would be to systematically assess and understand the implications—at the corporate, country, sector, project, and global levels—of the MDGs. A determination can then be made about how priorities are to be set, key choices made, and any resulting tensions and tradeoffs addressed. More than two years after the Bank's endorsement of the MDGs, such efforts are only just beginning in the Bank, especially at the sectoral (network) level. The Bank needs to identify the implications of the MDGs and address them, including questions about the allocation of lending and administrative resources.

***A better definition of objectives and targets—quantified and time bound—is needed, especially in the Bank's country programs.*** In the past few years, the objectives and strategies of the Bank's country programs have increasingly focused on poverty reduction. This focus can be greatly enhanced by more specificity in defining poverty reduction and other objectives. The lack of quantified and time-bound objectives and targets makes prioritization difficult and results in strategies that are broad and general. The global MDG targets must be localized. The tensions and tradeoffs—between sectors and subsectors; between geographic regions; and among access, quality, and policy and institutional issues—that will inevitably arise given finite financial and institutional resources can most effectively be addressed at the country level. The Bank needs to develop more coherent Country Assistance Strategies grounded in specific objectives and national targets, and based on a realistic assessment of capacity and resources, and to monitor progress systematically. The Bank's sector strategies—which rightly place the MDGs alongside other sector goals and targets in a broader development framework—could greatly assist in this process. They could do so by also providing guidance for groups of countries on how to address the tensions and tradeoffs between the broad approach of the sector strategies and the specificity of the MDGs. Better analytical work could strengthen both the Bank's country and sector programs.

***More attention is needed to achieving and sustaining MDG outcomes.***

The Bank has endorsed the MDGs. Achieving MDG outcomes by 2015—and sustaining them beyond that date—will require a break from historical trends in a number of countries. “Business as usual” is unlikely to be a sufficient approach for either countries or donors. The recurrent costs of newly created services will need to be financed, which could necessitate a review of donor policies in this area. Over the past few years, the Bank has demonstrated steadily improving project performance. Now the Bank must increase its efforts to help clients achieve country-level improvements in economic well-being, human development, environmental sustainability, and other relevant development outcomes. Rising to the challenge of the MDGs will require continuity in some areas of Bank work and increased emphasis in others, and may warrant changes and innovations in some Bank practices and programs. The exact nature of

such changes can be determined only through a systematic analysis of the implications of the MDGs. Assessing and addressing these implications, including in the use of lending and administrative resources, should be a priority for the Bank.

The Bank’s self-evaluation and independent evaluation processes allows it to measure the success of development activities in meeting their stated objectives. The MDGs offer an opportunity to sharpen the definition of program objectives, and thereby the focus and utility of evaluation. It is not too soon to begin adapting evaluation criteria and methods to determine the extent to which Bank programs help countries work toward poverty reduction, the first Millennium Development Goal, and the other seven goals as well. The MDGs also place new demands on client capacities for monitoring and evaluation, including data collection, analysis, and utilization. The Bank should demonstrate tangible improvements in this area.



APPENDIX: PROJECT PERFORMANCE RESULTS

This Appendix presents long-term trends in project performance based on evaluations conducted by OED. In line with the focus of this year’s ARDE, the Appendix also assesses the performance of projects related to specific MDGs using the Bank’s new sector and thematic codes.

**Composition of the ARDE 2002 Exiting Cohort**

OED has evaluated 331 closed projects since last year’s ARDE, 81 percent of which exited the Bank’s portfolio during FY01 and FY02. These evaluations cover US\$23 billion in nominal disbursements and consist of 276 evaluation summaries (ES) and 68 Project Performance Assessment Reports (PPARs) of completed projects.<sup>1</sup> This newly evaluated cohort includes 41 adjustment operations and 289 investment operations, the vintage of which is given in figure A.1.

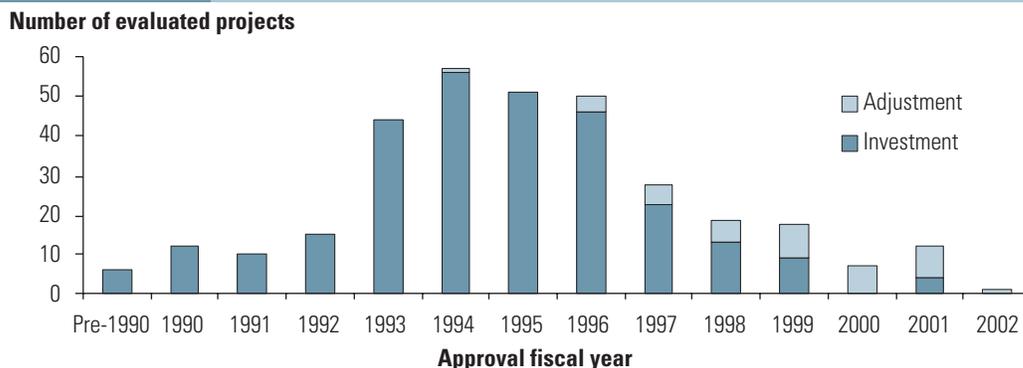
**Performance Trends**

**Outcome**

Exit year FY01 marks the second year of project performance exceeding the Strategic Compact Target of 75 percent satisfactory outcomes.<sup>2</sup> As figure A.2 illustrates, 77 percent of projects in the FY01 cohort had satisfactory outcomes. Combining the FY02 (partial<sup>3</sup>) result with that for FY01 exits results in a 79 percent satisfactory rating for the FY01–02 (partial) exiting cohort. Overall performance weighted by disbursement decreased slightly from the previous period, dropping from 80 to 78 percent satisfactory between FY00 and FY01, and 79 percent for the FY01–02 (partial) exiting cohort.

The improvement in project performance can be attributed to a number of factors. Quality at entry and quality of supervision indicators continued the upward trend begun in the 1990s.

**Figure A.1 Approval Years of Evaluated Projects**

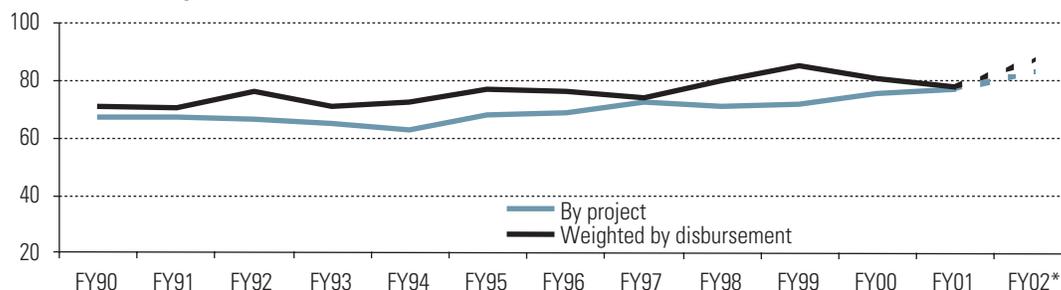


Source: Business Warehouse, World Bank 2002, OED database 2002.

Figure A.2

## Project Performance Exceeds Strategic Compact Target

### Percent satisfactory outcome



\* Partial

Source: Business Warehouse, World Bank 2002.

Borrower performance<sup>4</sup> has shown gains over the last two years. Improved project performance may also be influenced by the reduced complexity and riskiness<sup>5</sup> of the FY02 (partial) exiting portfolio. The level of complexity decreased for the first time in five years, while project riskiness dropped from 74 percent to 67 percent over the last two exit years. The final results for both FY01 and FY02 will depend on the performance of the remainder of the exiting portfolio. For the FY01–02 exit period, this amounts to 35 percent of total disbursements.

### Sustainability and Institutional Development Impact

OED ratings of sustainability continue the upward trend beginning in 1996, as demonstrated by figure A.3. Eighty-two percent of the FY01 exiting disbursements are rated “likely” or “highly likely” to be resilient to future risks on the 4-point scale introduced by OED in July 2000 (this percentage would have been 67 percent on the 3-point scale used by OED prior to July 2000).

Institutional development impact improved marginally over last year’s levels, with half of the lending in the FY01–02 (partial) exiting cohort evaluated as having “substantial” or “high” institutional development impact. The improvement in sustainability and marginal increase in institutional development may be explained by the gains in Bank and borrower performance.

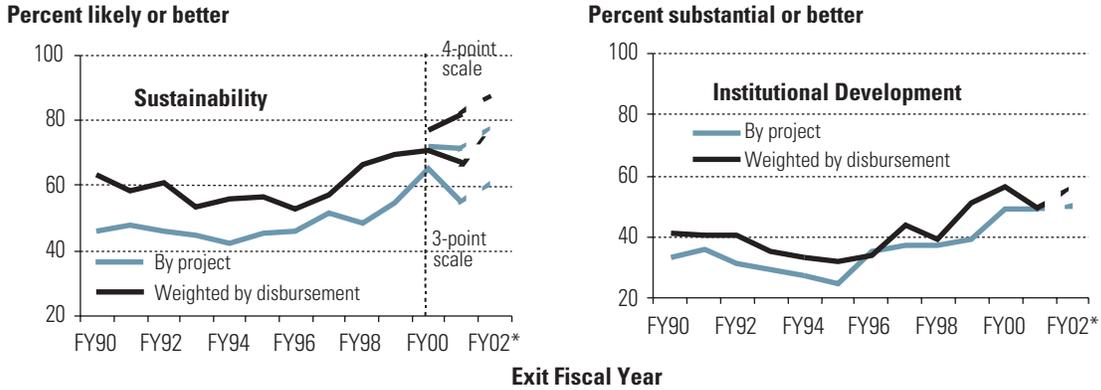
### Regional Performance

The Africa Region (AFR) continues to narrow the outcome performance gap with other Regions in the Bank, with 74 percent satisfactory outcomes for the FY00–FY02 (partial) exiting cohort compared with 65 percent for the FY97–99 exiting cohort (table A.3). As figure A.4 illustrates, the percentage of satisfactory outcomes by disbursements in the Middle East and North Africa (MNA), Latin America and the Caribbean (LCR), and South Asia (SAR) Regions also improved for the FY00–02 (partial) cohort compared with the FY97–99 cohort. The other Regions showed a small deterioration. The LCR and East Asia and Pacific (EAP) Regions remain the top performers for both cohorts.

### Sectoral Performance

Compared with FY97–99 exits, the outcome performance weighted by disbursement for the FY00–02 (partial) exits improved in 7 of the 14 Sector Boards—rural, education, global information and communications technology, economic policy, financial, private sector development, and transportation (table A.3, figure A.5). The reasons for improvement and deterioration differ from sector to sector. For example, in the rural sector, increased attention to community participation and knowledge sharing and the improved performance of irrigation projects contributed to the larger proportion of

**Figure A.3 Improvement in Sustainability and Institutional Development**

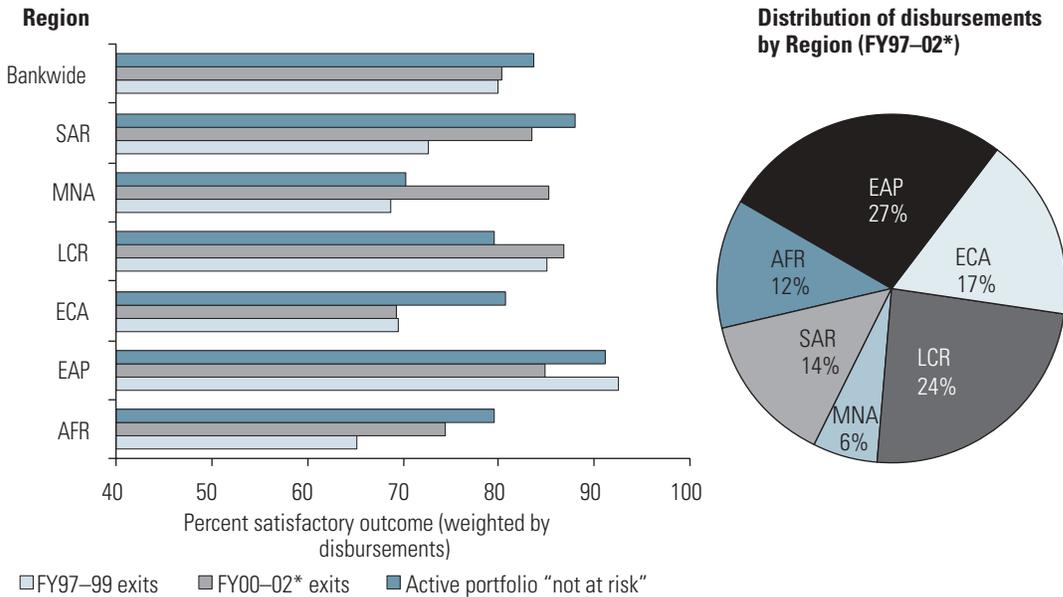


\* Partial

Note: In July 2000, the rating scale for the sustainability criterion was changed from a 3-point scale (likely, uncertain, unlikely) to a 4-point scale (highly likely, likely, unlikely, highly unlikely), with the new scale available for projects exiting in FY00–02 (Partial). Table A.2 and Table A.3 present the sustainability figures on the 3-point scale for FY97–99, and on the 4-point scale for FY00–02 (partial). For reference, sustainability figures are also presented on the 3-point scale for FY00–02\* (partial).

Source: Business Warehouse, World Bank 2002.

**Figure A.4 The AFR, SAR, and MNA Regions Show Improvement**



\*Partial.

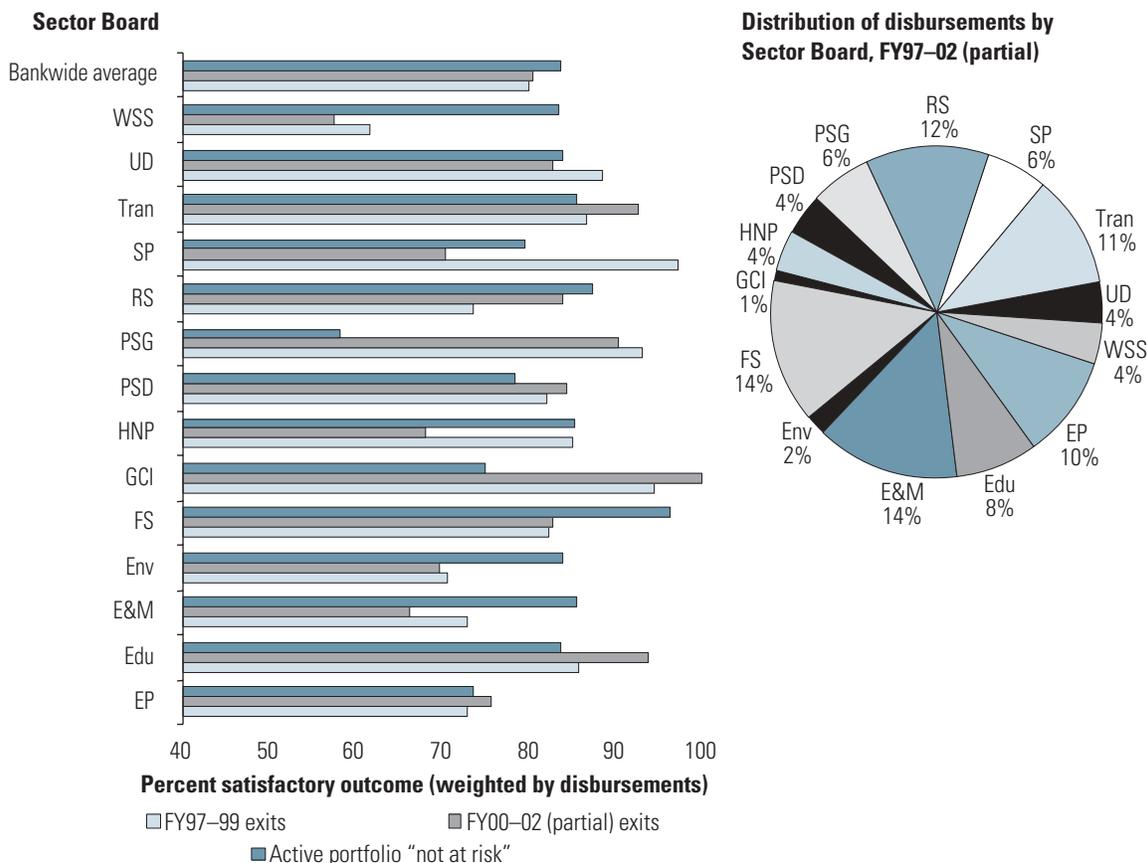
Source: Business Warehouse, World Bank 2002.

satisfactory outcomes overall in FY00–02 (partial). In the health, nutrition, and population (HNP) sector, overall performance in FY00–02 (partial) was adversely affected by the poor performance of a few large projects in two Regions.

**Lending Instrument Performance**

The percentage of satisfactory outcomes by disbursement for adjustment lending operations reached a record high for FY00 exits at 95 percent, but dipped to 71 percent for FY01 exits (fig-

**Figure A.5 Project Outcomes by Sector Board**



*Note:* The Sector Board classification is used rather than the sector or theme classifications because OED provides a single rating for the entire project rather than rating individual project components that cover particular sectors or themes. The Sector Board classification applies to the whole project and enables outcomes to be matched to it. EP = economic policy; Edu = education; E&M = energy and mining; Env = environment; FS = financial sector; GCI = global communications and information; HNP = health, nutrition, and population; PSD = private sector development; PSG = public sector development; RS = rural sector; SP = social protection; Tran = transport; UD = urban development; WSS = water supply and sanitation. *Source:* Business Warehouse, World Bank 2002.

ure A.6). Performance for FY01 was highly influenced by two jumbo loans to Russia (each over \$400 million), accounting for 70 percent of unsatisfactory disbursements.

The percentage of satisfactory outcomes by disbursement for investment lending operations has improved consistently since FY00, after nearly stagnant outcome performance during the 1990s. The performance of investment projects improved from 77 to 80 percent satisfactory between FY97-99 and FY00-02 (partial) (table A.3).

Ten Adaptable Program Loan (APL) projects and Learning and Innovation Loan (LIL) projects were evaluated as of November 2002. Both in-

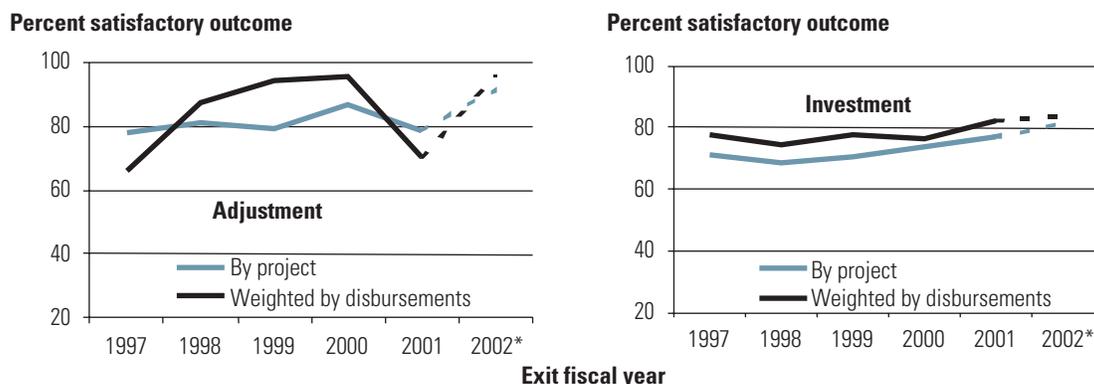
struments together had a 72 percent satisfactory outcome rating weighted by disbursement.

### Assessing Outcome Performance within the MDG Framework

The new sector and thematic coding system adopted recently by the Bank identifies themes that can be directly linked to five of the eight MDGs and enables the assessment of sectoral performance as it relates to them. Under the new system, projects can be associated with up to five themes identified as either "priority" or "secondary." The analysis in this section describes the performance of priority themes in education,

**Figure A.6**

**Long-Term Trends in Adjustment and Investment Lending**



\*Partial.

Source: Business Warehouse, World Bank 2002.

health, and environment. The performance of these themes can be used as a proxy for progress toward the corresponding MDG goals, as indicated in table A.1.

**Achieving Universal Primary Education**

Education for All (EFA) was a priority theme in 120 projects that exited the Bank’s portfolio in FY97–02 (partial). The Education Sector Board was responsible for 84 percent of all EFA projects, which also accounted for 89 percent of disbursements by the Sector Board. As illustrated

in figure A.7, EFA lending was more successful than other types of education lending.

Of the EFA projects, the lending performance in the AFR and the MNA Regions was worse than the Bankwide average for FY97–02 (partial) exits. The MNA Region has shown improvement for EFA projects, with the percentage of satisfactory outcomes increasing from 79 percent for FY97–99 exits to 100 percent for the two projects in the FY00–02 (partial) exiting cohort; but the performance of the AFR Region has stagnated in EFA projects at 66 percent.

**Table A.1**

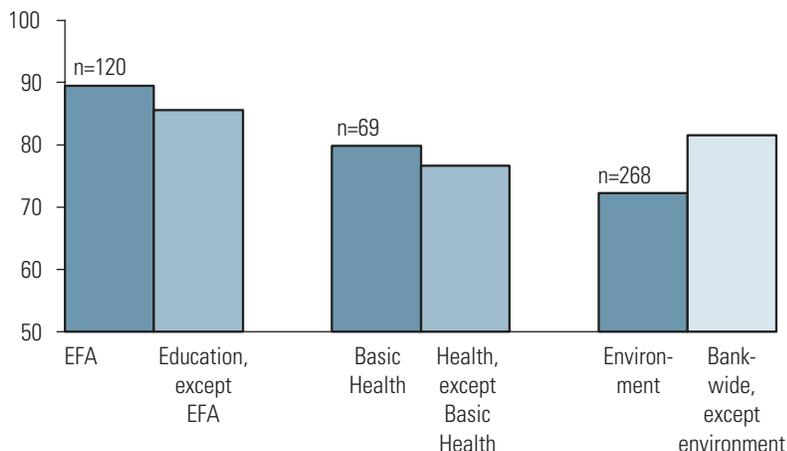
**Matching MDGs with the Bank’s New Thematic Coding**

MDG	Bank’s new thematic coding
Achieve universal primary education	Education for All
Reduce child mortality	Child health
Improve maternal health	Population and reproductive health
Combat HIV/AIDS, malaria, and other diseases	Fighting communicable diseases
Ensure environmental sustainability	Biodiversity
	Climate change
	Environmental policies and institutions
	Land management
	Pollution management and environmental health
	Water resource management
	Other environment and natural resources management

Figure A.7

## Lending Performance for MDG-Related Themes in Education, Health, and Environment

Percent satisfactory outcomes  
(weighted by disbursement)



Note: The EFA, Basic Health, and environment categories are matched with thematic codes. EFA = Education for All; Basic Health includes child health, population and reproductive health, and fighting communicable diseases. Outcomes are for the FY97–02 (partial) cohort.

Source: Business Warehouse, World Bank 2002.

### Basic Health

Basic health, defined in this Review as comprising child health, population and reproductive health, and fighting communicable diseases, was a priority theme in more than half of the 96 health projects exiting the Bank's portfolio in FY97–02 (partial). The HNP Sector Board was responsible for 81 percent of Basic Health projects. A higher percentage of Basic Health projects exiting in FY00–02 (partial) had satisfactory outcomes by disbursements relative to other health projects.

Of the Basic Health projects, the lending performance in the AFR and MNA Regions was worse than the Bankwide average for FY97–02 (partial) exits. The MNA Region has shown no improvement in lending performance, but the performance of the AFR Region improved between FY97–99 and FY00–02 (partial) exits.

### Ensuring Environmental Sustainability

Environment was a priority theme in 19 percent of all projects and 15 percent of total disburse-

ments for FY97–02 (partial) exits. For environment, the percentage of satisfactory outcomes by disbursements was 7 percentage points below the Bankwide average, as illustrated in figure A.7. Of the projects with the theme of environment, the lending performance in the AFR Region was worse than the Bankwide average for FY97–02 (partial) exits.

### Conclusions

Results at the project level continue to meet corporate targets. The impact of Bank assistance must now be scaled up to a higher plane—directly linked to country and global objectives. The MDGs offer the potential for the Bank to sharpen its focus on these goals and on clear indicators of progress.

The introduction of the new sector and thematic coding system has been a useful step and should be fine-tuned over time to incorporate lessons emerging from its application and to relate Bank performance to the MDGs and other relevant development priorities more directly and fully.

Table A.2

**Outcome, Sustainability, Institutional Development (ID) Impact, and Aggregate by Various Dimensions, Weighted by Project, FY97-99 and FY00-02<sup>a</sup> (Partial) Exits; Projects Not at Risk, Similarly Disaggregated, for the Active Portfolio**

<None>	Exit FY97-99					Exit FY00-02 <sup>a</sup>					Active portfolio			
	Number of projects	Share	Outcome sat	Sustainability likely or better, 3-point scale <sup>b</sup>	ID impact substantial or better	Number of projects	Share	Outcome sat	Sustainability <sup>c</sup> likely or better	ID impact substantial or better	Number of projects	Share	Projects not at risk	
								4-point scale <sup>d</sup>	3-point scale <sup>e</sup>					
Sector Board														
Economic Policy	64	8	67	50	25	22	3	77	85	77	41	45	3	80
Education	68	9	78	50	28	72	11	86	80	60	51	154	11	82
Energy and Mining	88	11	64	53	40	71	11	69	68	61	48	98	7	79
Environment	22	3	68	62	45	26	4	77	84	77	54	83	6	80
Financial Sector	57	7	65	56	43	31	5	77	83	81	55	62	4	90
Global Information/Communications Technology	10	1	90	100	70	8	1	100	100	86	63	13	1	85
Health, Nutrition, and Population	44	6	70	52	30	53	8	65	63	48	35	135	9	81
Private Sector Development	36	5	72	60	31	35	5	65	70	59	41	72	5	81
Public Sector Governance	43	6	86	68	50	51	8	82	85	76	61	111	8	77
Rural Sector	148	19	66	45	35	107	16	73	60	41	44	215	15	87
Social Protection	44	6	84	41	43	39	6	87	72	50	41	105	8	78
Transport	67	9	86	64	64	76	12	92	84	73	75	163	11	84
Urban Development	46	6	73	44	31	34	5	74	61	56	35	76	5	80
Water Supply and Sanitation	44	6	58	33	23	24	4	67	64	50	38	100	7	80
Lending type														
Adjustment	126	16	79	61	39	70	11	84	88	75	53	62	4	74
Investment	655	84	70	50	38	580	89	77	71	58	49	1,372	96	82
Network														
ESSD	170	22	66	47	37	134	21	74	65	49	46	309	22	85
FSE	57	7	65	56	43	31	5	77	83	81	55	62	4	90
HDN	156	20	78	48	33	163	25	80	73	54	43	383	27	80

(Table continues on the following page.)

Table A.2

**Outcome, Sustainability, Institutional Development (ID) Impact and Aggregate by Various Dimensions, Weighted by Projects, FY97–99 and FY00–02<sup>a</sup> Exits; Projects Not at Risk, Similarly Disaggregated, for the Active Portfolio (continued)**

	Exit FY97–99					Exit FY00–02 <sup>a</sup>						Active portfolio		
	Number of projects	Share	Outcome sat	Sustainability likely or better, 3-point scale <sup>b</sup>	ID impact substantial or better	Number of projects	Share	Outcome sat	Sustainability <sup>c</sup> likely or better, 4-point scale <sup>d</sup>	3-point scale <sup>e</sup>	ID impact substantial or better	Number of projects	Share	Projects not at risk
PREM	107	14	74	57	35	73	11	81	85	76	55	158	11	78
PSI	291	37	72	53	42	246	38	77	73	63	53	522	36	81
Region														
Africa	230	29	58	34	31	171	26	68	58	44	40	367	26	78
East Asia and Pacific	121	15	83	56	44	100	15	79	70	65	53	242	17	87
Europe and Central Asia	106	14	82	67	49	144	22	80	83	67	50	288	20	83
Latin America and Caribbean	168	22	79	62	43	125	19	82	81	70	58	294	21	83
Middle East and North Africa	58	7	66	52	28	45	7	77	76	53	50	114	8	73
South Asia	98	13	71	54	33	65	10	86	81	67	53	129	9	87
Income group														
Low	386	49	65	39	33	319	49	74	62	49	41	697	49	82
Lower middle	237	30	75	59	40	212	33	82	83	70	57	495	34	86
Upper middle	148	19	84	72	49	113	17	81	84	74	60	231	16	81
<b>Total</b>	<b>781</b>	<b>100</b>	<b>72</b>	<b>52</b>	<b>38</b>	<b>650</b>	<b>100</b>	<b>77</b>	<b>73</b>	<b>60</b>	<b>49</b>	<b>1,434</b>	<b>100</b>	<b>82</b>

Note: Exit FY denotes the year in which the project leaves the World Bank's active portfolio, normally at the end of disbursements. ID = institutional development. Percents exclude projects not rated. Active portfolio data reflect projects active as of November 12, 2002.

a. The data for FY02 exits represent a partial IBRD/IDA lending sample (132 out of 285) and reflects all OED project evaluations through November 12, 2002. The processing of the remainder of the FY02 exits is ongoing, and it is expected to be completed by the end of FY03.

b. For FY97–99 exits evaluated after July 2000, both 3-point and 4-point scale ratings are available, but only the 3-point scale ratings are presented here.

c. In July 2000, the rating scale for the sustainability criterion was changed from a 3-point scale (likely, uncertain, unlikely) to a 4-point scale (highly likely, likely, unlikely, highly unlikely), with the new scale available for projects exiting in FY00–02 (partial).

d. FY00 exits evaluated before July 2000 were rated on the 3-point scale, and those evaluated after July 2000 were rated on the 4-point scale.

e. The 3-point scale (which is to be phased out) is shown for comparative purposes.

Source: Business Warehouse, World Bank 2002. Income group designations are taken from the *World Development Indicators 2001*.

Table A.3

**Outcome, Sustainability, Institutional Development (ID) Impact, and Aggregate by Various Dimensions, Weighted by Disbursement, FY97-99 And FY00-02 (Partial) Exits; Projects Not at Risk, Similarly Disaggregated, for the Active Portfolio**

	Exit FY97-99					Exit FY00-02 <sup>a</sup>					Active portfolio			
	Disburse \$ millions	Share	Outcome sat	Sustaina- bility likely or better, 3-point scale <sup>b</sup>	ID impact substan- tial or better	Disburse \$ millions	Share	Outcome sat	Sustainability <sup>c</sup> likely or better		ID impact substan- tial or better	Disburse \$ millions	Share	Projects <i>not</i> at risk
								4-point scale <sup>d</sup>	3-point scale <sup>e</sup>					
Sector Board														
Economic Policy	9,367	14	73	68	45	2,173	5	76	98	91	36	4,380	4	74
Education	4,414	7	86	62	34	4,059	9	94	89	75	55	9,945	10	84
Energy and Mining	8,936	13	73	68	51	7,946	18	66	63	57	52	9,736	10	85
Environment	920	1	71	67	45	1,030	2	70	90	87	35	3,789	4	84
Financial Sector	12,230	18	82	76	47	3,043	7	83	94	93	62	5,333	5	96
Global Information/Communications														
Technology	630	1	94	100	86	738	2	100	100	98	69	299	0	75
Health, Nutrition, and Population	2,854	4	85	67	36	1,858	4	68	65	50	39	8,109	8	85
Private Sector Development	2,087	3	82	71	41	2,080	5	84	84	72	63	2,360	2	78
Public Sector Governance	2,814	4	93	72	49	3,467	8	90	94	91	59	4,692	5	58
Rural Sector	7,634	11	74	49	43	5,615	12	84	76	51	53	15,130	15	87
Social Protection	3,810	6	97	67	46	2,907	6	70	79	64	38	4,994	5	80
Transport	5,205	8	87	61	63	7,050	16	93	93	81	78	19,166	19	85
Urban Development	2,843	4	89	65	31	1,608	4	83	72	67	29	5,484	5	84
Water Supply and Sanitation	2,984	4	62	22	18	1,615	4	57	56	52	26	6,579	7	83
Lending type														
Adjustment	27,075	41	85	75	46	11,898	26	83	92	83	53	11,070	11	74
Investment	39,654	59	77	57	44	33,295	74	80	77	66	54	88,943	89	85
Network														
ESSD	8,554	13	73	51	43	6,650	15	82	78	57	51	19,194	19	87
FSE	12,230	18	82	76	47	3,043	7	83	94	93	62	5,333	5	96
HDN	11,078	17	89	65	39	8,763	19	81	81	66	46	22,774	23	83

(Table continues on the following page.)

Table A.3

**Outcome, Sustainability, Institutional Development (ID) Impact, and Aggregate by Various Dimensions, Weighted by Disbursement, FY97-99 And FY00-02 (Partial) Exits; Projects Not at Risk, Similarly Disaggregated, for the Active Portfolio (continued)**

	Exit FY97-99					Exit FY00-02 <sup>a</sup>					Active portfolio			
	Disburse \$ millions	Share	Outcome sat	Sustaina- bility likely or better 3-point scale <sup>b</sup>	ID impact substan- tial or better	Disburse \$ millions	Share	Outcome sat	Sustainability <sup>c</sup> likely or better		ID impact substan- tial or better	Disburse \$ millions	Share	Projects not at risk
									4-point scale <sup>d</sup>	3-point scale <sup>e</sup>				
PREM	12,181	18	78	68	46	5,639	12	85	96	91	50	9,089	9	66
PSI	22,686	34	78	61	47	20,579	46	79	76	68	59	43,624	44	84
Region														
Africa	8,096	12	65	40	32	5,255	12	74	62	50	40	16,053	16	80
East Asia and Pacific	20,305	30	92	73	52	10,284	23	85	80	76	66	24,868	25	91
Europe and Central Asia	8,841	13	70	72	47	9,941	22	69	83	69	48	16,221	16	81
Latin America and Caribbean	15,723	24	85	67	52	10,851	24	87	87	77	58	20,685	21	80
Middle East and North Africa	4,097	6	69	54	36	2,441	5	85	79	53	57	5,229	5	70
South Asia	9,668	14	73	61	31	6,422	14	84	85	75	47	16,957	17	88
Income group														
Low	23,463	35	74	46	34	16,535	37	80	71	60	45	42,537	43	85
Lower middle	18,632	28	75	67	49	17,121	38	75	85	74	56	32,890	33	88
Upper middle	24,432	37	90	80	52	11,293	25	90	90	81	65	24,199	24	80
<b>Total</b>	<b>66,730</b>	<b>100</b>	<b>80</b>	<b>65</b>	<b>45</b>	<b>45,193</b>	<b>100</b>	<b>80</b>	<b>81</b>	<b>71</b>	<b>54</b>	<b>100,014</b>	<b>100</b>	<b>84</b>

Note: Exit FY denotes the year in which the project leaves the World Bank's active portfolio, normally at the end of disbursements. ID = institutional development. Percents exclude projects not rated. Active portfolio data reflect projects active as of November 12, 2002.

a. The data for FY02 exits represent a partial IBRD/IDA lending sample (132 out of 285) and reflects all OED project evaluations through November 12, 2002. The processing of the remainder of the FY02 exits is ongoing, and it is expected to be completed by the end of FY03.

b. For FY97-99 exits evaluated after July 2000, both 3-point and 4-point scale ratings are available, but only the 3-point scale ratings are presented here.

c. In July 2000, the rating scale for the sustainability criterion was changed from a 3-point scale (likely, uncertain, unlikely) to a 4-point scale (highly likely, likely, unlikely, highly unlikely), with the new scale available for projects exiting in FY00-02 (partial).

d. FY00 exits evaluated before July 2000 were rated on the 3-point scale, and those evaluated after July 2000 were rated on the 4-point scale.

e. The 3-point scale (which is to be phased out) is shown for comparative purposes.

Source: Business Warehouse, World Bank 2002. Income group designations are taken from the *World Development Indicators 2001*.

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**ANNEX A: MILLENNIUM DEVELOPMENT GOALS, TARGETS, AND INDICATORS**


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**Goal 1: Eradicate extreme poverty and hunger**

Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 per day.

1. Proportion of population below \$1 per day
2. Poverty gap ratio (incidence  $\times$  depth of poverty)
3. Share of poorest quintile in national consumption

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Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger.

4. Prevalence of underweight children (under five years of age)
  5. Proportion of population below minimum level of dietary energy consumption
- 

**Goal 2: Achieve universal primary education**

Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

6. Net enrolment ratio in primary education
  7. Proportion of pupils starting grade 1 who reach grade 5
  8. Literacy rate of 15- to 24-year-olds
- 

**Goal 3: Promote gender equality and empower women**

Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2005, and to all levels of education by no later than 2015.

9. Ratio of girls to boys in primary, secondary and tertiary education
  10. Ratio of literate females to males, 15- to 24-year-olds
  11. Share of women in wage employment in the nonagricultural sector
  12. Proportion of seats held by women in national parliament
- 

**Goal 4: Reduce child mortality**

Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.

13. Under-five mortality rate
  14. Infant mortality rate
  15. Proportion of 1-year-old children immunized against measles
- 

**Goal 5: Improve maternal health**

Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.

16. Maternal mortality ratio
  17. Proportion of births attended by skilled health personnel
-

**Goal 6: Combat HIV/AIDS, malaria, and other diseases**

Target 7: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS.	18. HIV prevalence among 15-to-24-year-old pregnant women 19. Contraceptive prevalence rate 20. Number of children orphaned by HIV/AIDS
Target 8: Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases.	21. Prevalence and death rates associated with malaria 22. Proportion of population in malaria risk areas using effective malaria prevention and treatment measures 23. Prevalence and death rates associated with tuberculosis 24. Proportion of TB cases detected and cured under DOTS (Directly Observed Treatment Short Course)

**Goal 7: Ensure environmental sustainability**

Target 9: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources.	25. Proportion of land area covered by forest 26. Land area protected to maintain biological diversity 27. GDP per unit of energy use (as proxy for energy efficiency) 28. Carbon dioxide emissions (per capita) [Plus two figures of global atmospheric pollution: ozone depletion and the accumulation of global warming gases]
Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water.	29. Proportion of population with sustainable access to an improved water source
Target 11: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.	30. Proportion of people with access to improved sanitation 31. Proportion of people with access to secure tenure [Urban/rural disaggregation of several of the above indicators may be relevant for monitoring improvement in the lives of slum dwellers]

**Goal 8: Develop a Global Partnership for Development**

Target 12: Develop further an open, rule-based, predictable, nondiscriminatory trading and financial system. Includes a commitment to good governance, development, and poverty reduction—both nationally and internationally.	Some of the indicators listed below will be monitored separately for the least-developed countries, Africa, landlocked countries, and small island developing states.
Target 13: Address the special needs of the least-developed countries. Includes: tariff and quota free access	<i>Official Development Assistance</i> 32. Net ODA as percentage of DAC donors' GNI (targets of 0.7% in total and 0.15% for least-developed countries) 33. Proportion of ODA to basic social services (basic education, primary health care,

for least-developed country exports; enhanced program of debt relief for HIPC and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction.	nutrition, safe water and sanitation)
Target 14: Address the special needs of landlocked countries and small island developing states (through Barbados Program and 22nd General Assembly provisions).	34. Proportion of ODA that is untied
Target 15: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term.	35. Proportion of ODA for environment in small island developing states
	36. Proportion of ODA for transport sector in landlocked countries
	<i>Market Access</i>
	37. Proportion of exports (by value and excluding arms) admitted free of duties and quotas
	38. Average tariffs and quotas on agricultural products and textiles and clothing
	39. Domestic and export agricultural subsidies in OECD countries
	40. Proportion of ODA provided to help build trade capacity
	<i>Debt Sustainability</i>
	41. Proportion of official bilateral HIPC debt cancelled
	42. Debt service as a percentage of exports of goods and services
	43. Proportion of ODA provided as debt relief
	44. Number of countries reaching HIPC decision and completion points
Target 16: In cooperation with developing countries, develop and implement strategies for decent and productive work for youth.	45. Unemployment rate of 15-to-24-year-olds
Target 17: In cooperation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries.	46. Proportion of population with access to affordable essential drugs on a sustainable basis
Target 18: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications.	47. Telephone lines per 1,000 people
	48. Personal computers per 1,000 people

Source: World Bank Web site, <http://sima/mdg> (December 08, 2002).



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## ANNEX B: THE ORIGINS AND EVOLUTION OF THE MDGs AND IDTs

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The Millennium Development Goals (MDGs) are the result of the evolution of specific development objectives and targets regarding poverty, hunger, education, health, gender, and sustainable development adopted by U.N. resolutions and conferences throughout the 1990s and, in some cases, much earlier. During the 1990s, the Bank influenced the outcome of the various resolutions and conferences and was also influenced by them.<sup>1</sup>

The first impulse for a consolidation and systematization of the objectives came from the Development Assistance Committee (DAC) of the OECD. In 1995, the Organisation for Economic Co-operation and Development (OECD) countries agreed to review past experience with development assistance and to prepare a blueprint for a more effective program of development assistance. The DAC report, “Shaping the 21st Century: The Contribution of Development Cooperation” (OECD 1996) was adopted in May 1996 and included seven International Development Targets (IDTs).<sup>2</sup>

The IDTs were perceived as a developed-country initiative. Consequently, the U.N. pushed for a fully participatory set of development objectives that could be endorsed by both developing and developed countries. The result was the 2000 Millennium Declaration and the MDGs. The transition from the IDTs to the MDGs and the compromises required to achieve broader consensus led to some changes in the goals. Goal 8, “De-

velop a Global Partnership for Development,” was added, while goal 6 was changed from “General access to reproductive health services . . . including safe and reliable family planning methods” in the IDTs to a performance indicator under the goal “Combat HIV/AIDS, malaria, and other diseases” in the MDGs. Otherwise, close similarities remained between the IDTs and the MDG targets. Annex C compares them.

The MDGs were further refined in an interagency meeting—with World Bank participation—in June 2001 to establish more specific targets as well as monitorable performance indicators. The preliminary formulation comprising the 8 goals as well as 18 targets and 48 performance indicators was published in the U.N.’s “Road Map Towards the Implementation of the United Nations Millennium Declaration” (United Nations 2001a) of September 2001 (Annex A provides a listing). These were subsequently reviewed and revised by an interagency expert group, which met between November 2001 and May 2002, and further modifications continue to be considered. In its implementation plan, the 2002 Johannesburg Summit on Sustainable Development, for example, agreed to halve by 2015 the proportion of people who do not have access to basic sanitation. Each of seven goals addresses an aspect of poverty. The eighth goal is about a global partnership for development designed to help achieve the first seven goals. As conceived by the Millennium Declaration, the eight goals are mutually reinforcing.



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ANNEX C: IDTs AND MDG TARGETS: NEARLY THE SAME<sup>1</sup>

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International Development Target (IDT)	MDG Target
Reduce the proportion of people living in extreme poverty by half between 1990 and 2015.	Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 per day. <b>New Target</b> Halve, between 1990 and 2015, the proportion of people who suffer from hunger.
Enroll all children in primary school by 2015.	<b>More Stringent Target</b> Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.
Make progress toward gender equality and empowering women by eliminating gender disparities in primary and secondary education by 2005.	Eliminate gender disparity in primary and secondary education, preferably by 2005, and to all levels of education no later than 2015.
Reduce infant and child mortality rates by two-thirds between 1990 and 2015.	Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.
Reduce maternal mortality ratios by three-quarters between 1990 and 2015.	Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio.
Provide access for all who need reproductive health services by 2015.	Officially dropped from the MDGs; the UNFPA, the World Bank, and other partners include access for all to reproductive health services goal as part of the maternal health MDG. <b>New Goal and Targets</b> <i>New Goal:</i> Combat HIV/AIDS, malaria, and other diseases. <i>New Target:</i> Have halted by 2015 and begun to reverse the spread of HIV/AIDS. <i>New Target:</i> Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.

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Implement national strategies for sustainable development by 2005 so as to reverse the loss of environmental resources by 2015.

Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources.

*New Target:* Halve by 2015 the proportion of people without sustainable access to safe drinking water.

*New Target:* By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.

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***New Goal and Targets***

*New Goal:* Develop a Global Partnership for Development.

*New Targets:* Several (See Annex A for a listing).

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## ANNEX D: PROGRESS IN ACHIEVING SELECTED MDGs

This Annex presents progress in achieving the global Millennium Development Goal (MDG) targets by income grouping—low-income, low-middle-income, and upper-middle-income countries. The source is the World Development Indicators (WDI) database of October 2002. The calculations for all but two indicators (HIV/AIDS and maternal mortality) are based on past trends between two points, the earliest taken from the period 1990–94 and the other from 1995 to the most recent year. Then it was determined how

long it would take a country to achieve the MDG based on the percent change between the two points. Adjustments were made for the indicators based on levels. (Those close to the target were considered more likely to reach it, regardless of past trends.) For the two indicators—prevalence of HIV/AIDS (among young women 15–24) and maternal deaths per 100,000—data were available for only one year. In order to determine progress, thresholds based on industry standards and research were used.

**Low-Income Countries (65 countries; percent)**

MDG	Likely	Possible	Unlikely	Very unlikely	No data
Child malnutrition	8	11	5	22	55
Primary school completion	12	23	18	22	25
Gender equality in school	25	11	12	12	40
Child mortality	5	23	29	23	20
Maternal mortality	6	9	20	46	18
HIV/AIDS prevalence	15	11	15	29	29
Access to water	15	14	20	0	51

**Low-Middle-Income Countries (52 countries; percent)**

MDG	Likely	Possible	Unlikely	Very unlikely	No data
Child malnutrition	29	6	2	8	56
Primary school completion	42	17	10	4	27
Gender equality in school	60	12	4	2	23
Child mortality	31	29	15	10	15
Maternal mortality	19	31	10	0	40
HIV/AIDS prevalence	27	4	4	4	62
Access to water	19	10	6	0	65

Upper-Middle-Income Countries (36 countries; percent)					
MDG	Likely	Possible	Unlikely	Very unlikely	No data
Child malnutrition	11	3	3	8	75
Primary school completion	44	11	6	0	39
Gender equality in school	78	3	0	0	19
Child mortality	31	36	8	3	22
Maternal mortality	47	14	6	0	33
HIV/AIDS prevalence	39	6	3	3	50
Access to water	6	3	8	0	83

*Note:* Child malnutrition refers to the prevalence of malnutrition among children under age five, measured by weight for age. Primary school completion refers to percentage of children of appropriate age completing the last grade of official primary school. Gender equality in school refers to the ratio of girls to boys enrolled in primary and secondary school. Child mortality refers to under-five child mortality. Maternal mortality refers to maternal deaths per 100,000 live births. HIV/AIDS prevalence refers to the prevalence of HIV/AIDS among young females (ages 15–24). Access to water refers to the percentage of the population with access to an improved water source.

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## ANNEX E: BANK INITIATIVES AIMED AT BETTER MANAGING FOR RESULTS

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This Annex lists recent initiatives taken by the Bank to improve its results orientation. Two sources of information are used, “Poverty Reduction and The World Bank: Progress in Fiscal Year 2002” (World Bank 2002h); and “Better Measuring, Monitoring, and Managing for Development Results” (World Bank 2002a).

### Source: “Poverty Reduction and The World Bank: Progress in Fiscal Year 2002”

#### The Bank is helping countries to adopt results-based strategies. Specifically, it is:

- Providing help to prepare, design, and implement Poverty Reduction Strategy Papers (PRSPs) more effectively using the Bank-managed Multi-donor Poverty Reduction Strategies Trust Fund. This includes a program of learning events that cover a wide range of topics—for example, monitoring and evaluation systems, poverty and social impact analysis, and analysis of growth strategies.
- Preparing and disseminating good practices with respect to the PRSP approach; it includes a *PRSP Sourcebook*.
- Conducting research and analytical work to understand “pro-poor” growth and to evaluate the role of sectoral and structural policy measures in achieving growth and poverty reduction.
- Planning to provide knowledge services and analytical support to develop domestic capacity and put in place national monitoring systems.
- Increasing countries’ knowledge and understanding of the linkages between public actions and poverty outcomes through poverty and social impact analysis of policy reforms and public expenditure management.
- Providing support to upgrade the collection, processing, and storage of data by national statistical offices and sector ministries.
- Through the PARIS21 Consortium, conducting regional meetings to initiate dialogue between information producers, decisionmakers, the media, and civil society and to prepare national action development plans; conducting follow-up activities at the national level to implement the plans; and providing guidance on specific technical works.
- Through the Trust Fund for Statistical Capacity Building, supporting 29 projects at the country level for improved collection, processing, analysis, storage, dissemination, and use of statistics.
- Through evaluation capacity development, which entails strengthening government monitoring and evaluation (M&E) systems, supporting 21 country-level activities to strengthen in-country monitoring and evaluation capacity. Through the World Bank Institute (WBI), building client capacity for program and poverty monitoring and evaluation. Since 1998, the WBI has provided on-demand distance learning courses on program evaluation to clients and joint client/staff groups in approximately 40 countries. In FY03, courses covering basic monitoring and evaluation methods have been expanded to include issues of gender and health. This program will expand to strengthen M&E capacity in 12 focus countries. In addition, WBI builds client capacity for poverty monitoring and evaluation, with particular attention to PRSPs: in FY03, courses were offered in 4 countries.
- Conducting risk and vulnerability assessments (RVAs), which includes a conceptual frame-

work to analyze the sources of vulnerability (20 completed RVAs and 11 under preparation).

- Conducting gender assessments, which lay out a framework for the Bank and the borrower country to analyze gender dimensions of development and identify gender-responsive policies and actions.
- Through the empowerment and *Poverty Reduction Sourcebook*, helping to develop empowerment strategies.

#### The Bank is also increasing its own results orientation. Specifically, it is:

- Helping to align Country Assistance Strategies (CASs) to national poverty reduction strategies (particularly PRSPs)
- Monitoring the ex-post impact of CASs by the Bank's Poverty Reduction Group of CASs.
- Revising operational guidelines to strengthen linkages between CASs and national poverty reduction strategies; ground Bank's strategy in country's poverty situation, and strengthen M&E approaches for CASs.
- Strengthening arrangements to allocate International Development Association (IDA) resources to favor countries with good performance records, as measured by the Country Policy and Institutional Assessment (CPIA).
- Helping sector interventions to better address poverty reduction in low-income countries.
- Refining a new pilot methodology (developed by the Quality Assurance Group, QAG), with support from the Poverty Reduction Board) to help determine ways in which interventions affect poverty.
- Conducting selective ex-post analysis of the poverty impact of specific interventions and policies.
- Rating a sample of analytical work (such as poverty assessments, public expenditure reviews, financial accountability assessments, development policy reviews, and country economic memoranda) and providing an assessment of the poverty focus.
- Revising operational guidance on poverty analysis to ensure that a satisfactory poverty analysis is in place for all borrowers and that, when it is not available, arrangements are developed to carry out the analytical work.
- Developing criteria for satisfactory poverty analysis in terms of timing, content, and methods.

#### Source: "Better Measuring, Monitoring, and Managing for Development Results"

#### Planned Follow-up in Taking the Results Agenda Forward

- **Client capacity building:** Especially PREM's work to support results-focused PRSPs and Joint Staff Assessments; Development Economics and Chief Economist, Development Data Group (DECDG)/Operations Policy and Country Services' (OPCS) work to support statistical capacity building; and OPCS/PREM Public Sector Management Division's (PRMPS) work to help countries strengthen their monitoring and evaluation capacity.
- **Knowledge accumulation and dissemination:** Development Economics, the networks, and WBI are working to ensure that the Bank's sectoral and thematic advice is up-to-date, practical, relevant, and readily accessible to clients in a convenient and consistent manner. They also have been charged with developing a work program that reflects the increasingly multisectoral challenges that our clients face in pursuing the MDGs. The World Development Indicators will update MDG data, and a United Nations-DEC Committee under the chairmanship of the senior vice president and chief economist, DEC, is responsible for tracking progress on MDGs. DEC, Human Development Network, and Regional staff are undertaking MDG country studies in six countries.
- **Bank strategy and instruments:** The focus is on the results-based CAS—which is being piloted by the country teams for Brazil, Cambodia, Cameroon, Sri Lanka, and Ukraine. OPCS staff are also working to see how best to align the M&E framework for investment and adjustment lending with that of the CAS.
- **Staff learning and incentives:** As the above work is completed, it will need to be reflected in staff training programs, along with the results of the ongoing OPCS and WBI review of current offerings. Meanwhile, the Human Re-

sources department and the networks will be looking into promotion and panel clearance criteria for their alignment with the results agenda.

- **Corporate reporting:** Strategy Resource Management's work to see how best to reflect results in corporate strategy and budget documents; QAG's work to enhance the results focus of its assessments and to transform its *Annual Report on Portfolio Performance* into

the *Annual Report on Portfolio Performance and Results*; and the OPCS's work with Resource Mobilization and other units to see how to strengthen the results measurement system under IDA13, in a way that is fully consistent with the emerging PRSP and CAS monitoring and evaluation frameworks and the ongoing measurement work of DECDG, QAG, and Strategy Resource Management.



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## ANNEX F: METHODS AND DATA SOURCES

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This is OED's sixth *Annual Review of Development Effectiveness* (ARDE). As in past years, the Review drew upon sources both within and outside OED and the World Bank. The Review combined a meta-analysis with substantial primary data collection. OED and Bank sources used in the Review are noted below.

### OED Sources

#### OED Country Assistance Evaluations (CAEs)

All CAEs completed in FY99–02, amounting to 38 CAEs (OED has prepared a total of 53 CAEs since 1995, when CAEs were initiated).

#### OED Sector and Thematic Evaluations

OED's extensive number and range of sector evaluations undertaken since 1998, including those for environmental sustainability, financial sector, forestry, gender, global programs, health, partnerships and aid coordination, poverty assessments, poverty reduction, rural development, rural poverty, social funds, urban development, and water.

#### OED Project Evaluations

Project Performance Assessment Reports and evaluation summaries for 331 projects evaluated since the last Review, and more than 5,000 previously evaluated projects in OED's database.

### World Bank Sources

#### Country Assistance Strategies (CASs)

Eighteen CASs—the main criterion for the choice of these CASs was that they were pre-

pared in FY01–02 (until May) *and* had a CAE completed in FY99–02. This criterion resulted in a less than the desirable number of large and medium-size countries, and hence Bangladesh and Turkey were added. For all these countries, there were CASs in FY01–02 and at an earlier time, so that changes in the focus of CASs on MDGs could be compared. The 18 countries were Argentina, Bangladesh, Bulgaria, Burkina Faso, Chile, Egypt, El Salvador, India, Indonesia, Jamaica, Kazakhstan, Maldives, Mexico, Morocco, Russia, Turkey, Uganda, and Ukraine. These CASs were distributed as follows: Sub-Saharan Africa, 2; East Asia and Pacific, 1; South Asia, 3; Eastern Europe and Central Asia, 4; Middle East and North Africa, 3; and Latin America and the Caribbean, 5. Other countries for which a full CAS was completed in FY01–02 (but for which no CAE was available) were Armenia, Belarus, Belize, Chad, Djibouti, Latvia, Mauritania, Romania, Slovak Republic, Turkmenistan, and Uzbekistan.

#### Poverty Reduction Strategy Papers (PRSPs)

All 12 PRSPs completed to the end of FY02—the PRSPs for Burkina Faso, Mauritania, Mozambique, Niger, Tanzania, Uganda, Zambia, Bolivia, Honduras, Nicaragua, Albania, and Vietnam.

#### Sector Strategy Papers (SSPs)

A large number of SSPs, including those for the education, health, rural development, transportation, urban, energy, environment, water, private, and financial sectors.



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## ANNEX G: ACHIEVING DEVELOPMENT OUTCOMES: AN OVERVIEW FROM THE CODE CHAIRPERSON

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The Committee on Development Effectiveness (CODE) met on January 15, 2003 to discuss the *2002 Annual Review of Development Effectiveness (2002 ARDE)*. The 2002 ARDE assesses how the World Bank's country, sector, and global programs assist developing countries to make progress towards the Millennium Development Goals (MDGs) and related targets. The findings overall indicate that the Bank's country, sector, and global programs are consistent with the MDG themes. A key message of the ARDE is that the Bank needs to more fully assess the implications at the corporate, country, sector, and global levels of the MDGs, and reflect these in its use of lending and administrative resources. Management is in broad agreement with the overall recommendations of the ARDE, believes that Bank goals and corporate priorities are aligned with the MDGs, and is assessing its programs for alignment.

The committee commended the report for providing a candid and strategic picture of the Bank's portfolio. The committee overall endorsed the main findings and recommendations of the ARDE. Some of the main messages out of the committee's discussion were: (a) the need for caution in strictly applying the MDGs in guiding resource allocation in the Bank; (b) the importance of customizing the MDGs to country priorities; and (c) the desirability of formal recommendations in the ARDE and the need for management to report to CODE on the actions taken in response to recommendations of the ARDE.

### **Issues**

The committee highlighted three broad sets of strategic issues: (a) how closely Bank resources should be aligned to the MDGs; (b) the cus-

tomization of the MDGs to country priorities; (c) reporting on the MDGs, poverty reduction, and results.

### **MDGs and the World Bank's Strategic Priorities**

The committee welcomed the focus of the report on the importance of internalizing a results culture in the Bank's work, built around the results-based CAS, integrating quantified time-bound goals and their measurement. It also welcomed the ARDE finding that the Outcome ratings for project development outcomes remained clearly above the Strategic Compact level of 75 percent. The committee agreed with the ARDE's recommendation on the need for the Bank to systematically assess and address the implications of the MDGs for Bank procedures, lending and administrative resources beyond the broad directions represented in its strategic documents. Members also asked about the links between the CAS, country policy and institutional assessments (CPIA) and allocation of IDA resources. Management confirmed that the CPIA was a key factor in the lending allocation system and that broadly speaking the MDGs would not affect this resource allocation. It agreed with the committee that the MDGs not be strictly applied as inputs in lending allocations and reaffirmed its support for the Performance-Based Allocation System for IDA. Management also confirmed that it would continue to support poorly performing countries through the LICUS approach. Some members added that more analysis on what specific actions the Bank was taking to assist countries in achieving the MDGs would have strengthened Management's response. One member noted the importance of harmonization between the IMF and the Bank in their support of borrowing country efforts to achieve the

MDGs. Some Directors also noted that the Bank's lending program should reflect financial assistance being provided to achieve the MDGs. The committee noted with concern the proliferation of global initiatives and supported the call for more selectivity. Management noted that it was continuing to focus on quality and protecting important fiduciary and safeguard standards while strengthening capacity of frontline staff.

#### ***Customizing the MDGs to Country Priorities***

The committee supported using the MDGs as broad development goal posts but cautioned that they not be strictly applied in determining lending allocations. The committee agreed with management and OED that the MDGs should be localized, country-owned, and tailored to the circumstances of each country. In this regard, country ownership and the necessary country capacity for data collection were also stressed. The committee also agreed with the ARDE's recommendation for more results-oriented country assistance strategies (CASs) with time-bound, quantified indicators. Management noted that the results-based CASs being piloted would address this concern. While recognizing the usefulness for the Bank to have intermediate indicators in results-based CASs, concern was raised about client ownership and the risk of a proliferation of donor indicators.

#### ***Reporting on MDGs, Poverty Reduction and Results***

The committee emphasized the importance of adopting a more strategic approach to its dis-

cussion of the various annual reports. Management noted that it would report back to the Board on a unified proposal for poverty reporting. Many of the areas highlighted in the ARDE as in need of improvement were issues the committee had seen before. The committee suggested that the ARDE recommendations be formalized to allow for an institutional follow up mechanism and asked that management report back to CODE on assurances that these issues were being followed up. OED supported the proposal to formalize the recommendations of the ARDE where appropriate to the subject matter and that they be followed-up in the MAR. The DGO also noted that there could be scope for outside reviews on a pilot basis of global programs that involve other partners. One member highlighted the importance of the eighth MDG on a global partnership for development and asked how it would be monitored. Other members stressed that it would be important for the Bank to present a candid assessment of the necessary resources required to achieve the MDGs to avoid the risk of the Bank being later held accountable for shortfalls and to offset cynicism if the goals will not be attained. Management agreed that the results agenda extends beyond the Bank to many other partners and that country ownership was equally important. Management informed the committee that it was working jointly with the IMF to prepare a paper on joint Bank-Fund collaboration on monitoring the actions and policies to achieve the MDGs, including the issue of resources for development.

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*Finn Jonck, Chairman*

## VIEWS FROM THE BOARD OF EXECUTIVE DIRECTORS: A SUMMARY

The Executive Directors of the World Bank discussed OED's 2002 *Annual Review of Development Effectiveness* (ARDE) on February 4, 2003. A large number of speakers commended the report, which they described as useful, interesting, of high quality, and candid. They welcomed the ARDE's discussion of outcomes and results orientation against the background of the MDGs. They agreed on the need to assess fully the implications of the MDGs for Bank resource allocation. They broadly supported the report's conclusions and endorsed their recommendations. Some speakers were pleased to note management's agreement with most of the points raised by OED.

A number of speakers noted that for the Bank, the country level continues to constitute the unit of account. Therefore, the MDGs should be tailored to reflect local country priorities. Some speakers stressed the importance of getting a clearer commitment from many of the developing countries on their agreement with the MDG approach. They welcomed management's intention to maintain the current focus on country performance and poverty as the main drivers of lending allocations.

Some speakers emphasized the need not to lose sight of the importance of broader policy issues outside of specific MDG goals, particularly a broad-based, private-sector-led growth agenda. Several speakers expressed concern about ARDE's finding that strategies for poverty reduction proposed in Country Assistance Strategies were not always reflected in the as-

sistance program. Some speakers encouraged management to make the Country Assistance Strategies more instrumental in the poverty reduction strategies.

Other speakers noted the comment that the matrix organization did not seem naturally suited to produce coherent results at the country level. They added that coherence could only be achieved in consultation with the country, but that in line with OED recommendations, it would be interesting for sector strategies to address more explicitly inter-sectoral complementarities and tradeoffs.

A number of speakers welcomed the analysis of the Bank's global programs in the 2002 ARDE. Some of them expressed concern that global programs tended to compound the burdens on partner countries and put further stress on the management of the matrix system. They were also concerned by the lack of clarity surrounding the Bank's role in global programs, the absence of a mechanism to exercise selectivity, the lack of focus on results, and the weak linkage between global programs and country priorities, leading to higher transaction costs for countries. They agreed that the weak involvement of developing countries in the design and implementation of global programs needed to be addressed. They urged management to examine all of these issues and to address the remaining weaknesses in managing, monitoring, and evaluating global programs.

*Note:* This summary by OED is based on the Corporate Secretariat's record of the ARDE Board discussion.



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# ENDNOTES

## Chapter 1

1. For a discussion of this issue, see White forthcoming. Theory-based evaluation can provide useful guidance, as discussed in Weiss 1998.

2. Measuring country-level progress against global MDG targets is an interim step, pending the establishment of localized, realistic targets for each country.

## Chapter 2

1. The five corporate advocacy priorities are investment climate; public sector governance; empowerment, security, and social inclusion; education; and health. The first two priorities fall under the pillar “building the climate for investment, jobs, and sustainable growth,” and the latter three under “investing in poor people and empowering them to participate in development.”

2. S. Devarajan, M. J. Miller, E. V. Swanson 2002b note that what is needed to realize international commitment to the MDGs is for all members of the global community to accelerate their efforts: for donors to increase financial aid by \$40–60 billion annually, for the 22 or so uphill countries to improve their policies and institutions, and for the developed countries to relax trade barriers and better coordinate aid.

3. OED has prepared 53 CAEs since 1995, when CAEs were initiated. All CAEs completed in FY99–02 were reviewed, amounting to 38 CAEs.

4. Eighteen CASs were reviewed. The main criterion for the choice of the CASs was that they were prepared in FY01–02 (until May) and had a completed OED Country Assistance Evaluation (CAE) in FY99–02. This criterion resulted in a less than the desirable number of large and medium-size countries; hence Bangladesh and Turkey were added. For all these countries, there were CASs in FY01–02 and at an earlier time, so changes in the focus of CASs on MDGs could be compared. The 18 countries were Argentina, Bangladesh, Bulgaria, Burkina Faso, Chile, Egypt, El Salvador, India, Indonesia, Jamaica, Kazakhstan, Maldives, Mexico, Morocco, Russia, Turkey, Uganda, and Ukraine. These CASs were distributed as follows: Sub-Saharan Africa, 2; East Asia Pacific, 1; South Asia, 3; Eastern Europe and Central Asia, 4; Middle East and North

Africa, 3; and Latin America and the Caribbean, 5. Other countries for which a full CAS was completed in FY01–02 (but for which no CAE was available) were Armenia, Belarus, Belize, Chad, Djibouti, Latvia, Mauritania, Romania, Slovak Republic, Turkmenistan, and Uzbekistan.

5. All 12 PRSPs completed to the end of FY02 were reviewed. They were PRSPs for Burkina Faso, Mauritania, Mozambique, Niger, Tanzania, Uganda, Zambia, Bolivia, Honduras, Nicaragua, Albania, and Vietnam.

6. The Poverty Board’s revised criteria to evaluate CASs place increased emphasis on monitoring and evaluation, adequate analysis of past interventions with the poor, and the expected effect of planned interventions.

7. Two countries—Uganda and Burkina Faso—had both a CAS and a PRSP. In both cases, the PRSP predated the CAS, yet the PRSP included many more quantitative targets than did the corresponding CAS.

8. These are proportion of population below \$1 (PPP) per day, poverty gap ratio (incidence × depth of poverty), and share of poorest quintile in national consumption.

9. The review made a distinction between “economic quality” (which included, for example, quality of the poverty profile, the policy analysis, and the policy recommendations, and the quality of the assessments coverage, with prioritization and selectivity adequately justified), and “social, political, and institutional quality” (which included, for example, a multidimensional approach to poverty profiling, soundness of methodology for the qualitative or participatory work, and triangulation of quantitative and qualitative analyses) (OED 1999c).

10. Direct costs include: client services (viz., country, sector and global, and other services), support services (training received, financial, administrative, corporate, and sustaining costs), and other services.

## Chapter 3

1. The Latin American and the Caribbean Region supports a model in which sector leaders are members of both the sector and country management teams.

2. The explicit attention to development effectiveness in the Bank had its origin in 1992.

3. Aggregation refers to judging the overall program based on an assessment of the individual building blocks that make up the program. Attribution refers to identifying the impact of an agency's inputs.

## Chapter 4

1. The progress report was prepared by Bank management at the request of the Development Committee in its September 2000 communiqué, which established criteria for the Bank's involvement in the provision of global public goods.

2. The Development Committee communiqué of September 2000 endorsed four criteria to guide the Bank's involvement in global programs: A clear value added to the Bank's development objectives, the need for Bank action to catalyze other resources and partnerships, a significant comparative advantage for the Bank, and an emerging international consensus that global action is required. The Bank's Strategic Framework Paper of 2001 identified, and FY03–05 strategic documents reaffirmed, five global public good priorities for the Bank: Communicable diseases, environmental commons, information and knowledge, trade and integration, and international financial architecture.

3. Developing countries are involved in the governance and management of only a few global programs. Mostly they are viewed as "participants" rather than as full "partners" with voting rights.

4. For example, Health: the Medicines for Malaria Venture, the Special Program for Research and Training in Tropical Diseases, the Global Alliance for Vaccines and Immunization, the International AIDS Vaccine Initiative, Roll Back Malaria, the Global Forum for Health Research. Environment: the Global Environmental Facility, the Water and Sanitation Program, and the Energy Sector Management Assistance Program.

5. For example, the Partnership for Child Development, the Program for Education Statistics, the Program for the Assessment of Student Achievement, World Links for Development, and Focusing Resources on Effective School Health. Recently there has been an increase in funding for education through the Development Grant Facility budget.

6. The Bank is also supporting important regional programs, such as the Nile Basin Initiative and the African Program for Onchocerciasis Control.

7. The seven programs are the Global Forum for Health Research, the Special Program for Research and Training in Tropical Diseases, Global Alliance for Vaccines and Immunization, Global Micronutrient Initiative, Roll Back Malaria, Stop TB, and UNAIDS.

## Appendix

1. For 13 closed projects, OED had both sources of information.

2. OED's measure of outcome considers three factors: relevance, efficacy, and efficiency.

*Relevance* of objectives refers to the extent to which the project's objectives are consistent with the country's current development priorities and with current Bank country and sectoral assistance strategies and corporate goals (expressed in PRSPs, CASs, SSPs, Operational Policies).

*Efficacy* refers to the extent to which the project's objectives were achieved, or are expected to be achieved, taking into account their relative importance.

*Efficiency* refers to the extent to which the project achieved, or is expected to achieve, a return higher than the opportunity cost of capital and benefits at least cost compared to alternatives.

3. The FY01–02 (partial data) cohort includes all OED project evaluations through November 12, 2002. This includes partial coverage of FY01 and FY02 exits. For FY01 exits, Implementation Completion Reports for 16 projects have not yet been received or evaluated by OED, representing 22 percent of total disbursement. For FY02 exits, 155 projects remain to be evaluated, representing 55 percent of total disbursements.

4. OED rates borrower performance on preparation, implementation, and compliance.

5. OED rates each project on its complexity and riskiness. Complexity refers to such factors as the range of policy and institutional improvements contemplated, the number of institutions involved, the number of project components and their geographic dispersion, and the number of cofinanciers. Riskiness refers to the likelihood that the project, as designed, would be expected to fail to meet relevant project objectives efficiently.

## Annex B

1. Worthy of special note is the Bank's 1990 *World Development Report*, which had a profound effect on the return of poverty reduction to the top of the

development agenda. Equally, the Bank was much influenced by the U.N. conferences on gender, habitat, and the environment as well as the emphasis on human development that inter alia came with the UNDP's *Human Development Report*.

2. The IDTs are also called the International Development Goals. The term IDTs is used in this Annual Review.

### Annex C

1. The IDTs and MDGs are continually being updated. This Annex is based on the original targets.



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