

IDA13 MID-TERM REVIEW
IMPLEMENTATION PROGRESS REPORT
OCTOBER 2003

Policy Objectives and Recommendations	Product	Target Date	Actions Taken/Remarks
<p>A. INCREASE IDA'S EFFECTIVENESS</p> <p>A.1. <u>Strengthen development Partnership</u></p> <p><i>Ownership and Participation:</i> Work with other donors to help countries make their own policy and program processes more participatory and to support the PRSP process.</p> <p><i>Aid Harmonization:</i></p> <ul style="list-style-type: none"> Facilitate harmonization in areas of financial management, procurement, safeguard assessments and country analytic work, and update CAS and JSA guidelines to cover key harmonization issues. Implement Action Plan on Harmonization (including production of standardized master bidding documents for civil works pre-qualification, civil works contracts, and consultants by end 2002; and adoption of common principles for environmental assessments by end 2002). Ensure that IDA-financed projects are in full compliance with the Bank's applicable safeguard, fiduciary and other policies before presentation to IDA's Executive Directors. 	<p>CDF Progress Report</p> <p>Harmonization Progress Report.</p> <p>Individual operations</p>	<p>Fall 03</p> <p>MTR</p> <p>On-going</p>	<p>The CDF Progress Report (July 2003) assessed the implementation of the CDF principles in 48 countries and the likelihood of different groups of countries achieving the first 7 MDGs to which they have committed. While elements of progress exist in all 48 low-income countries implementing CDF principles, there are wide gaps and much more effort is essential to achieve the MDGs. It identified key areas for multi-partnership efforts and attention to reach the MDGs.</p> <p>The report on Harmonization Follow Up (September 2003) provided update on progress, including institutional arrangements for implementing commitments of the Rome Declaration and Bank activities. Harmonization and alignment activities have been initiated in over 20 countries, though the scope of activities vary. The new DAC-OECD Working Party on Aid Effectiveness and Donor Practices has been mandated to facilitate and take a unified approach to harmonization and alignment with development framework and PRSPs. Since August 2003, all CASs and lending operations that are discussed at the Operations Committee or Regional Operations Committee are reviewed for opportunities to accelerate harmonized approaches. The main challenges include turning agreements into actual harmonization on the ground at the country level, and country capacity to manage the process.</p> <p>A common master procurement document for goods is in use among MDBs. Work has been completed in developing common ICB for civil works contracts. ICBs for pre-qualification for civil works and for consultants are in the drafting stage. A common framework for Environmental Assessment was prepared in 2003. Products and tools for common environmental impact assessment are being developed. A joint website to share country analytical work is now functioning. Overall, country implementation is at an early stage. Some of the country cases that are emerging, such as under the aegis of the Special Partnership for Africa, are promising.</p> <p>Annual Report (Financial Management in World Bank Operations. October 2002). Financial management performance rating for all projects was introduced in March 2002. Performance was rated satisfactory or better on 89% of projects.</p>

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<p>Aid Coordination: Strengthen collaboration with other MDBs, RDBs, and the OECD-DAC Task Force on Donor Practices. Report annually to Executive Directors on progress made in improving aid coordination.</p>	<p>MDB Progress Report</p>	<p>Annual</p>	<p>The MDB Progress Report (April 2003) shows intensified efforts among MDBs, RDBs and OECD-DAC towards more coordination and partnership building for development (Section A.1 on Harmonization). Coordination at the country level is starting, supported by CDF principles and growing use of the PRSP as the basis for assistance. Coordinated country assistance strategies, joint analytical work and common documentation in operations are seen more frequently. New challenges are now addressed in partnership among MDBs and, to a lesser degree, other multilateral agencies. Examples include Global Monitoring of Actions and Policies, and Global Public Goods. CGs are now increasingly held in-country, with an expanded range of country participants, and involve more interaction and dialogue.</p>
<p>A.2. Increase Selectivity Country Selectivity:</p> <ul style="list-style-type: none"> In the CAS, focus on areas of IDA's comparative advantage, and synchronize more closely with strategies of other development partners. Direct IDA resources to countries with sound policies and institutions through the performance-based allocation (PBA) system. Report on experience with implementation of the enhanced PBA system (including the governance factor and the linkage between allocations and actual lending) and assess impact of the current weighting of poverty in the allocation formula. Analyze and report on the impact of allocation caps and targets. Explore ways to share CPIA ratings/methodology with other partners, with the goal of public disclosure of individual country ratings. 	<p>CAS Retrospective</p> <p>IDA Performance-Based Allocation¹</p> <p>Enhanced PBA Implementation Report</p> <p>Report on Readiness and Timing for Disclosure</p>	<p>July 03</p> <p>Annual</p> <p>MTR</p> <p>MTR</p>	<p>The CAS Retrospective III (March 2003) showed improvement in the treatment of selectivity, with more than 70% of CASs rated satisfactory or better (compared to 50% in CAS Retrospective II). Discussion of the roles of external partners improved. Assessments of IDA's comparative advantage vis-a-vis other development partners needs further strengthening.</p> <p>The report, <i>Allocating IDA Funds Based on Performance</i> (March 2003), summarized the allocation outcomes for the FY04-FY06 period. The FY03 report on Commitments, Disbursement and Funding (August 2003) found resource shifts in favor of good performers. During FY03, borrowers in the top performance quintile received on average 3.6 times as much aid per capita as those in the bottom quintile, up from 2.4 in FY02. A paper on outstanding and emerging issues regarding the implementation of the PBA has been prepared for discussion at the time of the MTR</p> <p>Country Teams are required to disclose CPIA ratings and IDA allocations to their country counterparts. In addition, quintile-based ratings of the CPIA, its 4 clusters and IDA Country Performance (ICP) ratings are disclosed on the IDA external website. A paper on the next steps towards full disclosure is being prepared for the MTR and for disclosure on IDA's external website.</p>

¹ Lending Strategy Review (LSR)

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<p>Program Selectivity: Strengthen the implementation of SSPs, and integrate their lessons into CASs. Monitor impact of sector strategies in achieving greater selectivity in program priorities</p> <p>Institutional Selectivity: Concentrate on areas of IDA's comparative advantage which lie at the strategic level in helping countries improve their economic management and policy framework, set sector strategies, and implement sector-wide and economy-wide reforms, and in analyzing policy options and sharing knowledge through economic and sector work (ESW). Report on progress.</p>	<p>SSP Stocktaking Report</p> <p>Selectivity progress Report</p>	<p>Fall 04</p> <p>MTR</p>	<p>Report expected in Fall 2004 as planned. Future SSP approach to focus more distinctively on harnessing cross-sectoral synergies.</p> <p>Two report: (i) Selectivity in the Replenishment Process (October 2003) and (ii) The Role of Selectivity in Enhancing IDA's Effectiveness: (October 2003). While IDA's mandate is expanding, an analysis of 15 CASs that went to the Board in FY03 and the first quarter of FY04 shows more and more concentration and focusing of IDA's interventions at the country level, based on selected pillars of the PRSP, specific sector and sub-sector requirements and taking advantage of the role and activities of development partners. CASs for Malawi, Vietnam, Azerbaijan and Yemen, for example, are illustrative. At the same time, the tensions between (i) a comprehensive framework approach to development and (ii) the practical need for IDA to be focused on the basis of comparative advantage and resource limitations have remained. On progress regarding ESW see section D1.</p>
<p>A.3. <u>Align IDA's budgetary resources and program priorities</u></p> <p>Poverty Focus: Include country poverty levels as a factor in determining the allocation of the Bank's administrative budget.</p> <p>Adequate Funding: Ensure that: (a) CASs are costed with realism and are fully funded; and (b) adequate funding is provided for analytical and ESW</p>	<p>Budget</p> <p>CAS</p>	<p>On-going</p> <p>On-going</p>	<p>The allocation of the Bank's administrative budget has been reviewed to make it more poverty-focused. Management decision has been taken (November 2002) to double gradually over the next 5 years, the weight of poverty in the allocation formula for the administrative budget.</p> <p>All new CASs (Operational Committee, March 2003) must be accompanied by detailed cost estimates to ensure full funding for all mandates. Knowledge products continue to receive top priority in budgeting, experiencing increases between FY01 and FY02, together with development of tool kits to establish common quality standards. Partnership and client participation are being used to enlist support for analytical work among stakeholders and to facilitate knowledge sharing.</p>

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<p>A.4. Measure Results and Track Performance <i>Performance Management System:</i></p> <ul style="list-style-type: none"> Establish a system for IDA to better measure, monitor and manage for development results. The system will link development outcomes to IDA country programs, and will provide a clear indication of how IDA's programs promote the achievement of these outcomes. The system will be country-focused, but will also be capable of aggregating across country programs in order to report and assess IDA-wide results. Include in the CAS: (a) key PRSP-based country outcome goals and indicators, including relevant country-specific MDGs, with baseline data; (b) a clear statement of the results expected from CAS-supported programs, projects and other activities; (c) benchmarks for assessing CAS implementation; and (d) an assessment of country data systems and other capacity to monitor and evaluate progress. <p><i>Support to Borrowers:</i></p> <ul style="list-style-type: none"> Help develop timely Monitoring and Evaluation (M&E) data systems to support decision making by both IDA and recipient countries; help develop borrowers' institutional capacity for evaluation and data dissemination; and harmonize M&E approaches and requirements among development agencies. Review progress on M&E Improvement Program (under implementation in two sectors and eight countries) and capacity-building program for Bank staff covering operational-level M&E. 	<p>Outline of approach; presentation of baseline data, identified outcome indicators and expected progress targets</p> <p>Progress Report on Performance Management System: First-Year Results.</p> <p>CASs CAS Retrospective</p> <p>Update on M&E Improvement Program</p>	<p>Spring 03</p> <p>Spring 04</p> <p>On-going July 03 July 04</p> <p>FY03</p>	<p><i>IDA Results Measurement System: Progress and Proposals</i> was discussed by Deputies and Borrower Representatives on April 10, 2003. Deputies agreed that the architecture of the proposed framework provided a sound basis for moving forward and requested that Management refine key indicators (especially in the areas of infrastructure, social equity and governance) and should provide a brief update on the status of this work at the IDA13 Mid-Term Review</p> <p>Work is underway to establish a baseline for proposed indicators and to analyze the behavior of these indicators over time periods that are relevant to the IDA replenishment process and to countries' policies. Report is pending.</p> <p>A pilot phase for introducing a results-based (RB) CAS approach was launched in FY03. Two results-based CASs for Sri Lanka and Cameroon were discussed by the Executive Directors at the end of September 2003. Another six will be completed during FY04. All country teams are being encouraged to use the RB approach, so additional RB CASs are expected this year. Lessons from these experiences will help refine the application of the RB CAS in an increasing number of IDA countries during the IDA13 period. The CAS Retrospective III (March 2003) presented the RB CAS Framework. Adoption of results-based CASs has been proposed as a progress indicator under the enhanced IDA Results-Measurement System. A CAS completion report (CASCR) is also being developed as an integral part of an RB approach to ensure systematic country team self-assessment of CAS implementation and outcomes. CASCR findings and conclusions will be validated by OED reviews.</p> <p>The report was postponed and broadened to provide an assessment of the M&E Improvement Program and first year implementation of the results work. The combined report is scheduled for the end of 2003. IDA management and OED support complementary programs to build M&E capacity. According to OED's Annual Review of Capacity Development, 21 countries have been assisted through OED's Evaluation Capacity Development Program to improve their M&E systems through, among other things, training, improving data collection and processing, storage and dissemination, and developing tools for monitoring poverty and establishing poverty monitoring systems.</p>

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<p>B. POLICY FRAMEWORK FOR POVERTY REDUCTION</p> <p>B.1. Implement the PRSP Process</p> <ul style="list-style-type: none"> Work with other partners in monitoring and reporting on progress towards the MDGs, specifically poverty incidence, inequality, including that due to gender, and other social indicators. Provide a report on progress toward these long-term objectives. <p>IDA's Role: Provide analysis based on international experience, explore policy options, and advocate policy actions to promote growth and reduce poverty. Assess the strengths and weaknesses of the PRSP strategy, and articulate in the CAS the extent to which priorities of the IDA program align with those in the PRSP.</p> <p>Core Emphases: Place priority on the following three dimensions of the PRSP: (a) prioritizing public actions; (b) strengthening public expenditure management systems; and (c) setting indicators to monitor and evaluate progress. Report on the participatory process used during the formulation of the PRSP.</p> <p>Accountability: As part of the CAS process, and in coordination with other donors, link future adjustment and budgetary support to milestones in the establishment of sound public expenditure management, financial management and procurement systems. Establish reporting mechanisms to monitor progress. Foster greater transparency and accountability by encouraging IDA-supported programs to issue regular reports on financial and management performance.</p>	<p>Poverty Progress Rep MDG Progress Report</p> <p>JSAs of PRSPs and CASs</p> <p>JSAs of PRSPs and CASs</p> <p>CASs</p>	<p>Periodic MTR</p> <p>On-going</p> <p>On-going</p> <p>On-going</p>	<p>The Bank's Development Data Group is working closely with international partners in the Inter-Agency Technical Group on the MDG Indicators in compiling data on poverty and other MDG indicators. Recent reports (Poverty Progress Report – June 2003; Achieving MDGs and Related Outcomes – March 2003, and World Development Indicators – April 2003) show significant, but uneven, progress on poverty and human development indicators in the last decade. Much more is needed to accelerate progress, especially in Sub-Saharan Africa and South Asian countries.</p> <p>Use of the PRSP as a basis for designing and implementing sound poverty-reducing policies widened during FY03. The number of full PRSP reached 32 of which 14 were completed in FY03. There were further 6 PRSP Progress Reports. Guidance to staff stresses, among other things, aligning PRSP priorities with CAS objectives. The PRSP Progress Report (Sept. 2003) found that new CASs are being increasingly aligned with PRSPs in terms of vision, diagnosis and program design. They emphasize a need to strengthen the analysis of pro-poor growth policies.</p> <p>The PRSP Progress Report (September 2003) and CAS Retro III found evidence of improvement in countries adapting and successfully implementing their PRSPs. There is more openness and consultation, and sustained follow up in implementing participatory processes; better framing of macroeconomic policies; shifts in expenditures towards poverty-targeted activities; and increased focus on designing policies to improve public expenditure management and service delivery. The average number of PEM measures rose from 8 in 2001 to over 16 in PRSPs produced during FY03. More needs to be done in the area of results in terms of choice of indicators to track progress in governance and PSD, and in strengthening monitoring systems. Other areas needing improvements include deepening the participatory process and broadening in-country support, prioritizing budget allocations in line with PRSP objectives; and greater realism in program design.</p> <p>The CAS Retrospective III noted increased attention being paid to accountability issues: 82% of CASs have governance triggers (27% in CAS Retro II); audit and accountability issues now feature in 79% of CASs (52% in Retro II). All CASs now cover corruption issues (78% in Retro II). Greater emphasis is being put by the Bank (and IMF) on financial management and integrity of procurement systems.</p>

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<p>C. PROMOTE POLICY PRIORITIES FOR POVERTY REDUCTION</p> <p>C.1. Education</p> <ul style="list-style-type: none"> Prepare an action plan early in IDA13 to help IDA countries make faster progress towards the education-related MDGs, consistent with work on Education for All (EFA) and Education for the Knowledge Economy. Track progress towards achieving education goals, particularly those related to girls' education. Help countries develop Education Action Plans (EAPs) to accelerate progress towards Education for All. 	<p>Action Plan to Achieve Education for All.</p> <p>EAPs completed for a substantial majority of active IDA countries by end of IDA13</p>	<p>FY03</p> <p>Annual</p> <p>End FY05</p>	<p>Action Plan done in April 2002. Progress Report (April 2003) and FY03 Education Retrospective (August 2003) indicate progress and gaps in achieving education MDGs. The Bank increased efforts in building partnerships framework to support Fast Track Initiative (FTI) countries and “scale up” assistance: 18 countries were invited to submit financing proposals under FTI, and funding was agreed for 7. IDA’s commitments for human development increased by 56% to SDR 1.1 billion during FY02-FY03, due to large commitments to India, Vietnam and Nigeria. Serious obstacles: poor borrower policies, uncertain funding, high transaction costs and weak donor coordination, weak capacity and lack of data to plan and track results. Sixty of 82 IDA countries are at risk of not achieving the education MDGs.</p> <p>The main activities summarized in the Education Retrospective include: monitoring of primary school completion rates, developing a framework to provide gender-disaggregated data on Early Childhood Education to help planning and tracking gender progress; coordinating the Partnership on Sustainable Strategies for Girls’ Education; using demand side interventions to promote girls’ enrolments in FTI countries with large populations and gender gaps; providing “gender-sensitization” training involving teachers and administrators; and strengthening linkages between education and water and sanitation, which impact girls’ school attendance. IDA is collaborating with UNESCO in preparing the annual EFA monitoring report. There is need to build capacity to collect data on student learning outcomes in general and on learning outcomes specifically for students with disability.</p> <p>Nineteen out of 81 active IDA countries (23%) have developed EAPs considered appropriate for accelerating progress towards EFA. Another 15% are expected to have approved EAPs in place by the end of FY04.</p>
<p>C.2. Health, Nutrition & Population</p> <p>In accordance with the World Bank HNP Sector Strategy, work to improve health outcomes of the poor, enhance the efficiency and equity of health care systems, and secure sustainable health care financing.</p>	<p>CAS</p>	<p>On-going</p>	<p>IDA’s approach stresses (i) assisting borrowers to develop health care infrastructure and (ii) combating specific pressing health problems, such as HIV/AIDS, Tuberculosis, malaria, child health and maternal health. The approach stresses the importance of capturing cross-sector synergies, such as from water and sanitation, education and transport services, and providing appropriate incentives for both health care providers and service users. It involves building partnership in financing, ESW and policy advice, and coordinating regional and sub-regional programs.</p>

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<p>C.2 contd.</p> <ul style="list-style-type: none"> Bring the importance of HIV/AIDS and other communicable diseases into country policy dialogue, and work closely with other institutions that have responsibilities and strengths in these areas. Increase IDA allocations to support the fight against communicable diseases in line with IDA's policy of linking financing with country performance 	<p>CAS</p> <p>IDA Performance-Based Allocation²</p>	<p>On-going</p> <p>Annual</p>	<p>IDA is the largest long-term investor in the prevention and mitigation of HIV/AIDS; it provides support in managing the Global Fund to fight AIDS, TB and Malaria, and is increasingly stressing partnerships in designing and executing country programs. In FY03, Management selected HIV/AIDS as one of seven key areas for additional institutional emphasis. CAS analysis of HIV/AIDS and other communicable diseases typically covers prevalence rates, government strategy and program, and instruments for IDA support. Country programs; Multi-country AIDS Programs; and regional AIDS programs, such as in Africa, are being used to combat AIDS.</p> <p>IDA's financing commitments to health and social services rose by 27% in FY02-FY03. In addition to the Global Fund programs, in FY03, HIV/AIDS received 19% of IDA grants provided under the IDA13 Replenishment</p>
<p>C.3. Gender Equality</p> <ul style="list-style-type: none"> Strengthen assessments of constraints to gender equality in countries with an active IDA assistance program. Closely monitor, evaluate and report on the mainstreaming of the gender dimension in IDA's work. 	<p>Gender Progress Report</p>	<p>Annual</p>	<p>The Report (March 2003) shows actions being taken to remove gender constraints: institutionalization of accountabilities for implementing gender strategies in operational policies (OP/BP 4.20); collaboration among sectors and with partners on gender-related actions; targeted funding for gender-specific themes, including for HIV/AIDS programs; developing analytical tools and staff training. Donor support given through Global Public Good Incentive helped to accelerate gender mainstreaming. Thirty two country or regional gender diagnostic reports (self-standing or part of core ESW) were completed in FY02. Gender parity in primary and secondary education is lagging and may not be achieved by 2005.</p> <p>Each region prepared a pilot annual gender monitoring report during FY02-FY03. Data from the regions and those collected by the Quality Assurance Group, and by Gender and Development Group show growing momentum in gender mainstreaming, for example: in Country Gender Analysis, CASs, ESWs in health and education, lending for human development, and targeted funding, such as for HIV/AIDS. The reviews also found lags in mainstreaming gender work in some areas, particularly in Public Expenditure Reviews and Poverty Assessments.</p>

² Lending Strategy Review (LSR)

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<p>C4. <u>Good Governance</u></p> <ul style="list-style-type: none"> Implement the sector strategy on <i>Reforming Public Institutions and Strengthening Governance</i>. Help countries identify key institutional development and capacity building needs through ESW, emphasizing analyses of countries' public expenditure, financial accountability and procurement systems, and step up efforts to help borrowers build capacity to manage, monitor and evaluate public expenditures, both to improve service delivery and to ensure full transparency and accountability for public and donor resources. 	<p>Report on Public Expenditure Management</p>	<p>Annual, beginning Nov. 03</p>	<p>The Implementation Update on the sector strategy: <i>Update on Reforming Public Institutions and Strengthening Governance</i>, was discussed in the Board in April 2002 and subsequently published. The report provides an implementation update on the entire range of public sector lending and ESW, including public expenditure management. In March 2003, a joint Bank-Fund Paper on Public Expenditure Management (PEM), <i>Bank-Fund Collaboration on Public Expenditure Issues</i>, was completed and discussed at both Boards. The report assesses the experience of public expenditure work and proposes steps to strengthen the effectiveness of coordinated multi-donor support on public expenditure management. Key elements include: articulating a country-led reform strategy, rationalized diagnostics by development partners, well-coordinated technical and financial support from development partners, and periodic assessment of PEM system performance. Guidelines to operationalize this approach are under preparation in consultation with development partners (e.g., PEFA members including UK, IMF, EC, Switzerland, France, Norway, Strategic Partnership with Africa). Further progress will be reported to the Boards of the Bank and the Fund in the context of a joint report Bank-Fund Collaboration in December 2003.</p>
<p>C.5. <u>Private Development</u></p> <ul style="list-style-type: none"> Exploit synergies with other members of the World Bank Group, in particular IFC, to encourage innovation in support of private sector development, and devote resources to such innovative programs. Report on progress. Review experience with output-based aid pilot operations in IDA countries. Ensure that CASs address impediments to private sector development 	<p>PSD Progress Report Initiate Investment Climate Surveys in a majority of active IDA countries. Complete ICAs in 7 IDA countries Complete ICAs in 14 IDA countries</p>	<p>MTR End FY05 Spring 03 Spring 04</p>	<p>PSD Report (May 2003). To exploit synergy within the WBG a new joint Bank-IFC Private Sector Development Vice Presidency has been created. There are increasing joint IDA/IFC CASs and joint development of diagnostic tools for investment climate analysis. The Africa Region and Small and Medium Enterprises (SME) department of IFC are preparing a joint initiative in micro enterprises and SME.</p> <p>By end-FY03, Investment Climate Surveys had been launched in 24 IDA countries, 18 of which were completed. Some 15 – 20 additional surveys are expected to be launched over the coming 2 years. As reported to Deputies at the April 10 2003 meeting on Results-Measurement, by that date ICAs had been completed in 8 IDA countries, beginning in FY01, and work is on track to meet the Spring 04 target.</p>

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<p>C.6. <u>Rural Development</u></p> <ul style="list-style-type: none"> Finalize a new rural development strategy that focuses on increasing productivity in agriculture and defining pro-poor, sustainable investments in rural areas. 	Rural Development Strategy	FY03	The Rural Strategy Report was completed in October 2002. Key emphasis: Steps to raise returns on land and labor, focus on rural areas while exploiting cross-sector synergies, including non-farm activities, forging alliance with stakeholders in policy reforms, including agricultural trade policies.
<p>C.7. <u>Environmental Sustainability</u></p> <ul style="list-style-type: none"> Implement the World Bank's Environment Strategy according to the schedule and milestones established in the Strategy. Accelerate the mainstreaming of environmental concerns into IDA's work, and establish a timetable for improving analytical work and implementing relevant changes in staff skills mix, training, decision tools, and incentives. Ensure that all IDA-financed projects are in full compliance with the Bank's applicable environmental and social safeguard policies before presentation to the Executive Directors. 	<p>First Report on the Environment</p> <p>Individual operations</p>	<p>Annual</p> <p>On-going</p>	<p>Report (May 2003). Implementation over the first 18 months has been positive. Future attention: to work towards the MDGs, refine the implementation framework, strengthen analytical advisory work, continue institutional alignment and adapt environmental safeguard system to changing conditions.</p> <p>The Environment Report showed more and better analysis of environmental issues in CASs and PRSPs; development of tools for environmental analysis and training of staff in their application. There is greater stress on poverty-environmental linkage through ESW, lending, and Bank-managed Trust Funds. Linkages between local and global environmental benefits are also being emphasized.</p> <p>Environmental safeguard tools and policies are being strengthened, supported by safeguard guidance documents. An FY02 review conducted by the Quality Assurance Group found 93% satisfactory compliance with environmental assessment policy; 28 safeguard learning and outreach activities organized in 24 countries and continued update of operational policies (OP). For example, OP 4.36 on Forests was updated in November 2002.</p>
<p>C.8. <u>Trade and Regional Integration</u></p> <ul style="list-style-type: none"> Help countries preparing their PRSPs to analyze options for trade integration and to design reform packages that both promote growth and protect the poor against adverse transitional effects of trade opening 	JSAs of PRSPs	On-going	Trade Progress Report (May 2003). To strengthen institutional support for trade work a new Trade Department was created and the roles of existing units were realigned. The main areas of emphasis are regional integration, especially in Africa; analytics of trade and competitiveness; advisory services for preparing PRSPs; lending for trade themes and building borrower capacity, including capacity in contributing to dialogue in global trade policy.

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<p>D. IDA's CAS AND REGIONAL/GLOBAL PROGRAMS</p> <p>D.1. <u>Improve Analytical Underpinnings of IDA's work</u></p> <ul style="list-style-type: none"> • Fill gaps in countries' analytical work, making sure that IDA's ESW complements the work of others and is of good quality. • Highlight in the CAS the results of core analytical work as part of the justification for the proposed level and composition of IDA's financial and advisory assistance. This core analytical work comprises: <ul style="list-style-type: none"> • Social, Structural and Sectoral Analysis. This analysis comprises a Poverty Assessment (PA), or equivalent poverty analysis, which looks at the dimensions of poverty and its determinants, including the analysis of poverty and social impacts of key reforms that have been undertaken or are being contemplated; and a Country Economic Memorandum (CEM), or equivalent economic analysis, which focuses on structural, sectoral and institutional reform priorities for sustainable growth and poverty reduction, including the analysis of the social and environmental impacts of these reforms. 	<p>Core ESW Progress Report</p> <p>ARPP CASs CAS Retrospective</p> <p>ESW Products</p>	<p>MTR</p> <p>Annual On-going July 03 July 04</p> <p>On-going</p>	<p>Report (October 2003). The achievement of only about half the full complement of core diagnostic reports for active IDA countries at the end of FY02 is being redressed. At the end of FY03, coverage with core diagnostic reports averaged about 60% for all IDA, and 80% for non-Africa IDA, countries. The quality of Africa ESW with satisfactory quality rating continued to improve. Existing gaps in Africa are mainly in CEM/DPR mostly in conflict countries. Measures taken to raise the volume and quality of ESW products included: budgetary support; staffing; quality assurance arrangements; support from sector boards and networks; and collaboration with donors, especially in such products as Investment Climate Assessment, Country Financial Accountability Analysis and Country Environmental Analysis.</p> <p>ARPP (February 2003) found growth in ESW volume in FY02, "driven by increases in the number of policy notes and informal products." It also found improvements in quality and increased use of participatory approaches. Data limitations are a major reason for ESW gaps in many countries</p> <p>OPCS, together with country teams and the Offices of the Regional Vice-Presidents, conducts a quarterly ESW monitoring and planning exercise which focuses on when and how country units will fill gaps in active countries' core analytic work--i.e., PAs, CEMs/DPRs, PERs, CFAAs and CPARs. During the final quarterly exercise of FY03, indications were that at end-FY04 there would be 40-50 gaps in IDA countries. Many of the envisioned gaps are in countries where the basic data needed to carry out a comprehensive analysis, e.g., recent household surveys used for Poverty Assessments, are only now being compiled. In other cases, the expected gaps are concentrated in post-conflict countries where integrative reports, such as the CEM/DPR are not yet top priority. Taking these factors into account, the gaps expected to remain at end-FY04 are projected to be eliminated in the next 1-2 years, with very few possible exceptions due to special country circumstances, such as renewed civil conflict. Additional administrative resources are being provided to address ESW gaps and to ensure good quality. Budgetary resources dedicated to ESW in IDA countries rose by 40 percent in FY03 relative to FY02</p>

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<p>These assessments also include the analysis of gender equality and labor markets (including core labor standards) and provide recommendations on the policies and institutions identified as particularly weak in the CPIA. They can be prepared by IDA, other donors or the country itself and can be presented as an integrative report on social, structural and key sectoral policies or as separate ESW products.</p> <ul style="list-style-type: none"> Public Expenditure, Financial Accountability and Procurement Analysis. This analysis is comprised of a Public Expenditure Review (PER), a Country Financial Accountability Assessment (CFAA), and a Country Procurement Assessment Review (CPAR) and covers: (a) the comprehensiveness and transparency of the budget, including prospects for increased domestic resource mobilization, where appropriate; (b) the adequacy and transparency of systems for budget implementation and for procurement; and (c) the adequacy of systems for monitoring, reporting on, and auditing of public financial flows, including proceeds of budgetary support from donors. These assessments can be prepared by IDA or other donors (provided that they are of satisfactory quality and objectivity) and can be presented as an integrative fiduciary report or as separate ESW products. 	<p>CFAAs: 30 completed; A total of 40 completed of which at least 50% in Africa CPARs: 24 completed A total of 38 completed of which at least 50% in Africa PERs: 29 completed; A total of 40 completed of which at least 50% in Africa</p>	<p>Spring 03 Spring 04 Spring 03 Spring 04 Spring 03 Spring 04</p>	<p>As reported to Deputies at the April 10, 2003 meeting on Results-Measurement, 30 CFAAs had been completed in IDA countries beginning in FY01, 14 of which were delivered in Africa. 25 CPARs had been completed over that time period with 11 of those in African countries. 29 PERs had been completed of which 12 were delivered in African countries.</p> <p>By June 10, 2003, 7 additional CFAAs had been delivered, 1 of which was in Africa; 9 more CPARs had been delivered, 3 of which were in Africa, and 6 additional PERs had been delivered, 3 of which were in Africa, thereby reaching the 50% Africa share target.</p>

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<ul style="list-style-type: none"> Ensure that each CAS is under-pinned by current poverty analysis (including the analysis of the poverty and social impacts of major reforms contemplated by government) and that where this analysis is incomplete or unavailable, the gaps are identified in the CAS and the CAS lays out a plan for their completion (either by IDA, the government, or other development partners). Establish a timetable to ensure that core ESW is undertaken for active IDA recipients, provide adequate administrative resources, and report on progress. Ensure that substantial programmatic lending to IDA borrowers is informed by fiduciary diagnostics and is based on a time-bound action plan to establish sound fiduciary policies. Encourage governments, in the context of preparing PRSPs, to analyze the poverty and social impacts of major programs and policy actions, including those supported by PRSCs. Ensure that the Financial Sector Assessment Program (FSAP) is carried out in IDA countries subject to agreement with IMF and individual countries. 	<p>Included in all CASs prepared after July 2002</p> <p>Core ESW Progress Report</p> <p>Individual operations</p> <p>5 FSAPs per year in IDA countries</p>	<p>Spring 03 Spring 04</p> <p>MTR</p> <p>On-going</p> <p>On-going</p>	<p>Management guidelines require that starting in July 2002, each new CAS would normally require the preparation of a current poverty assessment and a first full PRSP.³ During FY03, several CASs were delayed, and progress reports were prepared instead, pending the completion of a full PRSP. BP2.11 is being revised to enforce this policy.</p> <p>There are plans in FY04 to address most of the remaining gaps in diagnostic work. In the Africa region, for example, several countries are now in the process of updating their household surveys, which will facilitate the completion of poverty assessments. Coverage with the core diagnostic reports is expected to reach 80% in all IDA countries and 95 % in non-Africa IDA countries in FY04. Gaps remaining at the end of FY04 are expected to be covered during FY05-FY06.</p> <p>Steps taken in key areas of financial management (FM), procurement and auditing: (i) hiring highly skilled staff and managers. In FM, for example, 85% of staff and 7 of 9 managers on Sector Board have been at the Bank for less than 5 years; (ii) simplifying internal procedures; (iii) coordinating donors to accept common country fiduciary report to limit duplication and raise quality; and (iv) strengthening country fiduciary systems and standards to take more responsibility.</p> <p>Completed in FY03⁴: Bangladesh, Bolivia, Cote d'Ivoire, Honduras, Kyrgyz Republic, Mozambique, Tanzania, and Zambia. Agreed: Azerbaijan, Nicaragua and Pakistan. Kenya FSAP is expected in FY04.</p>

³ Where such current poverty assessment is not available, measures to redress the situation would need to be designed.

⁴ Bangladesh, Cote d'Ivoire, Kyrgyz Republic, and Zambia were originally slated for completion in FY02. Kenya was to be completed in FY03.

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<p>D.2. <u>CAS Time Table</u></p> <ul style="list-style-type: none"> For each IDA country, indicate at the time of Board discussion of the PRSP, the proposed timing for Board discussion of the CAS. 	PRSP Board Discussions	On-going	See section G2 on new guidelines for the sequencing of PRSPs and CASs.
<p>D.3. <u>Strengthen Link between PBA and CAS</u></p> <ul style="list-style-type: none"> Monitor alignment of IDA allocations with CAS base and high cases (as well as alignment of CAS triggers with weaknesses in CPIA), and track actual lending at the country level to ensure alignment between lending and country performance. 	Management Review of Allocation and Lending	Annual	The Report on Commitments, Disbursements and Funding (October 2003) showed that IDA's efforts to enhance aid effectiveness by directing more resources in favor of borrowers with good policies are yielding results. During FY03, borrowers in the top performance quintile received on average 3.6 times as much aid per capita as those in the lowest quintile. The average ratio during FY00-02 was 2.8.
<p>D.4. <u>Enhance Dialogue with Recipients on CPIA</u></p> <ul style="list-style-type: none"> Make CPIA methodology more transparent to borrowers, enhance dialogue with governments on their CPIA ratings and analyze feedback received. 	CPIA Exercise and Annual Management Review of PBA System	Annual	(i) Annual PBA Reports are put on IDA external website; (ii) Country Directors are required to explain the performance ratings to their counterparts (iii) intensified assessment dialogue between IDA allocation team and regional staff; and (iv) informal Board discussion of steps towards more transparency and disclosure of IDA performance ratings. A meeting on the IDA Assessment and Allocation system is scheduled for interested Regions (starting with the Africa Region).
<p>D.5. <u>Enhance Transparency of IDA's Assistance</u></p> <ul style="list-style-type: none"> Implement revisions to the disclosure policy approved by Executive Directors in September 2001, including the release of a broad set of OED reports, consultation drafts of SSPs, and enhanced information packages on project implementation. Look for ways in which more information on IDA programs can be made publicly available. 	Report on Implementation of Disclosure Policy	Annual	Implementation of revisions began in January 2002. Report (June 03) indicates good compliance has been achieved through targeting affected managers and team leaders and supporting them with central help desk. A pilot on disclosure is under way in 9 countries. Challenges remain in providing necessary training to staff on the execution of policy changes and in monitoring disclosure and outreach efforts

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<p>E. GLOBAL AND REGIONAL PROGRAMS</p> <p>E.1. <u>Global Public Goods</u></p> <ul style="list-style-type: none"> Collaborate closely with other partners in the provision of global public goods and where necessary produce an explicit agreement among partners with regard to comparative advantage 	MDB Progress Report	Annually in Fall	<p>The FY03 Progress Report provided an update on formal arrangements being put in place for MDBs, specialized UN agencies and other interested donors to collaborate on global public goods (GPG). IDA is playing a lead role in the global aspects in collaboration with the regional banks, which focus on their regional perspectives. Priority areas for regional/global partnerships include fighting infectious diseases (HIV/AIDS, the Roll Back Malaria Program and TB), global environmental issues, greater integration of global and regional markets, knowledge dissemination and providing assistance to countries for post-conflict recovery. New approaches to build partnerships GPG programs are evolving (e.g., Polio Buy-down).</p>
<p>E.2. <u>Regional Priorities</u></p> <ul style="list-style-type: none"> Maintain Africa's share of IDA commitments at 50% as long as the performance of individual countries warrants it, monitor regional distribution of IDA commitments and disbursements, and report annually to Executive Directors. 	IDA Lending Report	Annual	<p>The FY03 Lending Report (October 2003) shows that Africa received 51% of commitments, up from 48% annual average during FY-00-02. Africa received 46% of disbursements in FY03, compared to 38% in FY02. South Asia accounted for 28% of commitments and 28% of disbursements during FY03.</p> <p>IDA is piloting an envelope of additional support for regional integration and cooperation activities. Report: <i>Pilot Program for Regional Projects</i> (October 2003).</p>
<p>F. SUPPORT FOR HIPC</p> <ul style="list-style-type: none"> Ensure that new lending does not lead to unsustainable debt burdens. Keep this issue under close review, and provide an update on debt sustainability. 	Debt Sustainability Report	MTR	<p>The Bank and IMF kept a close watch over the debt sustainability situation during FY03 through a series of consultations at workshops and technical meetings in Paris, Berlin, Accra and Washington. The Status of Implementation report on the HIPC (September 2003) shows that debt stock and debt service have been reduced, and poverty-reducing expenditures have been increased for 27 HIPCs. Challenges remain however: Some countries have had difficulty in maintaining satisfactory macroeconomic performance. In addition, the global economic downturn, falling commodity prices and additional debt accumulation have raised debt burden indicators in some low income countries, including HIPCs. In early 2004, the Bank and the IMF will present a joint paper on the problem.</p>

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<p>G. MONITORING AND EVALUATION OF IDA13</p> <p>G.1. <u>Strengthen Accountability with Respect to IDA Commitments</u></p> <ul style="list-style-type: none"> Publicly disclose the IDA13 Replenishment Report, and translate IDA mandates into operational guidelines as appropriate. Assign internal responsibility for monitoring and implementation of institutional commitments, and reinforce accountability for policy compliance. Monitor the quality of the IDA portfolio as a key indicator of ultimate development outcomes and impact. 	<p>IDA13 Progress Report</p> <p>ARDE and ARPP</p>	<p>MTR</p> <p>Annual</p>	<p>The IDA13 Replenishment Report was disseminated Bank-wide. A high level working group was set up to translate the undertakings into action and to follow up on implementation. A consolidated corporate implementation matrix on <i>Key Actions, Milestones, Target Dates and Responsibilities</i> was developed to delineate responsibilities for deliveries, track progress and ease coordination among Bank units. The implementation framework comprises: (a) actions internal to the World Bank Group, (b) areas for collaboration and consultation with development partners and (c) issues of supporting borrowing countries and assisting to raise their voice..</p> <p>The ARDE (December 2002) found that country, sector and global programs are consistent with MDG themes and have consistently focused on poverty reduction. It pointed to a need to (i) sharpen the poverty focus through well defined quantified and time-bound targets for poverty reduction and (ii) address tensions between the broad frame of sector strategies and the specificity of MDGs.</p> <p>The ARPP (December 2002) found that portfolio riskiness remained at realistic levels, in the range of 15-20 percent, with no indication of secular deterioration, though several FY02 portfolio risk indicators fell towards levels comparable to FY00. The ARPP called for actions to ensure that quality gains that had been achieved would not be eroded. It recommended: updating business processes; strengthening of staff and management skills, incorporating results systematically into the portfolio; and providing incentives for innovation and calculated risk-taking.</p>
<p>G.2. <u>Report on IDA13 Implementation</u></p> <p>CAS Retrospective. Undertake a systematic review of CASs discussed by the Board to assess their coverage, content and quality in helping countries attain their poverty reduction goals, including through the monitoring of outcome indicators.</p>	<p>CAS Retrospective</p>	<p>July 03 & July 04</p>	<p>CAS Retrospective (March 2003) examined the 28 CASs and 11 CAS Progress Reports discussed by the Board in FY00 and the first half of FY01. It assessed progress made in improving the quality of the different dimensions of the CAS since the previous CAS Retrospective (May 2000). It outlined an agenda for future CAS developments and improvements with emphasis on efforts needed to ground the CAS in a results-based management framework, which is fully aligned with the national development program and the country's poverty reduction strategy.</p>

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<p>SSP Stocktaking. Evaluate the strategic relevance, analytic quality and operational efficiency of SSPs, and set out future directions. Report periodically on implementation progress of sector strategies.</p>	SSP Stocktaking Report	Fall 04 & subsequently	See <i>SSP Stocktaking</i> under section A.2. Program Selectivity. The report proposes a Sector Strategy Implementation Update that will provide a concise and coherent assessment of progress in implementing the Bank's SSP on annual basis.
<p>IDA Grants Implementation. Report on experience with implementation of expanded use of IDA grants.</p>	Grants Implementation Report	MTR	Grant Implementation report (October 2003) reviewed experience in implementing IDA13 Grants and provided guidelines for FY04 in the light of the experience. Emerging issues looking forward are raised in an update paper on Grants Implementation prepared for the MTR.
<p>Implementation of New Lending Terms. Report on experience with implementation of new lending terms for countries with capacity to service debt on harder terms.</p>	Report on New Lending Terms	MTR	PBA Report (October 2003) discussed new lending terms. IDA13 Replenishment included a provision that countries with a per capita income above the IDA operational cut-off – currently \$865 – that continue to be IDA eligible will receive hardened terms. During IDA13, this applied to Albania, Bolivia, Bosnia and Herzegovina, and Serbia and Montenegro. ⁵
<p>Report on Commitments, Disbursements and Funding. Prepare an annual update on IDA's lending and funding, including breakdowns by sector and instrument, and a review of lending to Blends.</p>	IDA Lending Report	Annual	The Report (October 2003) showed an increase in FY03 commitments for both investments and adjustment operations compared to the annual FY00-02 average. A fall in FY03 commitments relative to FY02 was due to a surge in FY02 commitments to blends, mainly India and Pakistan, in response to external shocks. The report showed a shift in sector composition of commitments in favor of human development and away from the industry sector; Africa (51%) and South Asia absorbed 79% of commitments and 74% of disbursements (Africa, 46 percent).
<p>IDA13 Implementation Report. Review the implementation and results of activities undertaken during the IDA13 period.</p>	IDA13 Retrospective Report	Dec. 05	To be prepared after full implementation of IDA13 Replenishment.

⁵ Albania is IDA only, while the other countries are blend countries. In view of the uncertainty inherent in GNI statistics, the hardened terms were not applied to Djibouti and Honduras where the GNI per capita exceeded the operational cut-off for the first time in FY03. Overall, IDA triggers are being linked to measures needed to enhance the creditworthiness of blend countries and graduation towards IBRD.

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