

**IDA RESULTS MEASUREMENT SYSTEM:  
PROGRESS AND PROPOSALS**

**April 3, 2003**

## **ACRONYMS AND ABBREVIATIONS**

CAS	Country Assistance Strategy
CASCR	Country Assistance Strategy Completion Report
CFAA	Country Financial Accountability Assessment
CPAR	Country Procurement Assessment Report
DECDG	Development Economics Data Group
EC	European Commission
ESW	Economic and Sector Work
FY	Fiscal Year
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Countries
HIV/AIDS	Human Immunodeficiency Virus
IBRD	International Bank for Reconstruction and Development
ICA	Investment Climate Assessment
ICR	Implementation Completion Report
IDA	International Development Association
IMF	International Monetary Fund
JSA	Joint Staff Assessment
M&E	Monitoring and Evaluation
MDB	Multilateral Development Bank
MDG	Millennium Development Goal
OECD-DAC	Organization for Economic Co-operation and Development- Development Assistance Committee
OED	Operations Evaluation Department
OPCS	Operations Policy and Country Services
PA	Poverty Assessment
PARIS21	Partnership in Statistics for the 21st Century
PCR	Primary Completion Rate
PEM	Public Expenditure Management
PER	Public Expenditure Review
PRSP	Poverty Reduction Strategy Paper
QAG	Quality Assurance Group
STATCAP	Statistical Capacity Program
WHO	World Health Organization
UNICEF	United Nations Children's Fund
UNESCO	United Nations Educational, Scientific, and Cultural Organization

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# IDA RESULTS MEASUREMENT SYSTEM: PROGRESS AND PROPOSALS

## EXECUTIVE SUMMARY AND ISSUES FOR DISCUSSION

1. The introduction of a framework for measuring results was an innovation of the IDA13 replenishment arrangement. It was embodied in the creation of an interim system to monitor results during the IDA13 period as well as in the undertaking to develop a more robust system to measure results in IDA14 and beyond. Since then, work has been under way to design an enhanced system that measures development results at the level of country outcomes, and that better assesses the contribution of IDA programming to these results. On November 4, 2002, a technical meeting was held for IDA Deputies and their representatives to discuss initial ideas for the architecture of this enhanced system. This paper is a follow-up to that meeting, and reports on progress in the implementation of the interim system and the design of the enhanced system.

2. ***Purpose of the System.*** The IDA13 arrangement calls for a system that tracks aggregate progress on development outcomes and on IDA's contribution to these outcomes. The purpose is to strengthen the focus of IDA's activities on development outcomes and to inform Deputies' discussions about IDA's effectiveness. The results measurement system does not affect the allocation of IDA resources among eligible countries. The latter process is guided by IDA's performance-based allocation system, which uses the Country Policy and Institutional Assessment (CPIA) to evaluate the appropriateness of countries' policies and institutions to support growth and poverty reduction. Because the results measurement system will track outcomes which are determined to a substantial degree by government policies and institutions, findings from these two systems—the CPIA and IDA results measurement—could be expected to show significant correlation over time on an individual country basis. However, the IDA results measurement system does not focus on individual country outcomes, but on aggregate progress of IDA countries towards the Millennium Development Goals (MDGs) and other goals.

3. ***Issues for Discussion.*** This paper has benefited from consultations with both IDA donors and borrowers. An earlier draft was circulated to IDA Deputies and the World Bank Executive Directors in February, followed by a technical briefing for the Executive Directors in late February. Comments received have been incorporated in the current draft. A consultation meeting was held March 31-April 1 in Addis Ababa, where the proposal was discussed with a cross section of government and civil society representatives from around 20 African countries. Consultations in other regions are being organized by country offices, structured around a survey instrument. IDA Deputies and borrower representatives will be briefed on these consultations during the meeting on April 10, 2003. During the meeting, participants may wish to comment on the following issues:

- ***Country Outcomes.*** How well do the proposed indicators balance priorities identified in Poverty Reduction Strategy Papers (PRSPs), alignment with the MDGs, and activities for which IDA has a comparative advantage? What additional analysis would be helpful in preparing for the Spring 2004 discussion of indicators and possible targeting?
- ***IDA's Contribution to Country Outcomes.*** Is the proposal to monitor adoption of results-based Country Assistance Strategies (CASs) and project and CAS outcomes,

as well as quality of the IDA portfolio an appropriate foundation for an enhanced system to monitor IDA's contribution to development outcomes?

- **Statistical Capacity Building.** How proactive should IDA be in advocating an intensified global partnership for statistical capacity building and improved international reporting?

4. **Conceptual Framework for Enhanced Results Orientation.** The work on the IDA results measurement system is anchored in the World Bank's broader effort to enhance its results orientation. This effort was launched last year as part of the follow-up to Monterrey, drawing on the international Roundtable on Better Measuring, Monitoring, and Managing for Development Results that was held in June 2002.<sup>1</sup> The Bank's approach, which the Development Committee endorsed in September 2002,<sup>2</sup> brings together three strands of the development dialogue of recent years: country-led development, results-based management, and development effectiveness. The Board's Committee on Development Effectiveness discussed the Implementation Action Plan for Results on December 18, 2002. Committee members welcomed the overall approach and the focus on country ownership and capacity, Bank/IDA strategy and instruments, results reporting and incentives, and a global partnerships for better results. The paper, revised to reflect the discussion at CODE, was circulated to the Executive Directors for information.<sup>3</sup>

5. **IDA and the Results Agenda.** The proposal to enhance the IDA results measurement system builds on two key elements of this results agenda. First is the increasing focus on country outcomes and the associated measurement and monitoring that must occur at the country level through national statistical systems. The second is the introduction of a results-based CAS as the Bank's business plan for contributing to selected outcomes at the country level. For IDA-eligible countries, this takes place within the PRSP context, applying the principles of the comprehensive development framework to facilitate alignment of the CAS with country priorities. Measuring and monitoring country outcomes remain a difficult challenge, however, especially in view of country capacity constraints and the need to ensure country ownership. Care is being taken to ensure that the proposed monitoring of country outcomes is consistent with PRSP priorities, the United Nation's (UN's) monitoring of the MDGs and IDA's CAS process. The country-specificity of PRSPs and CASs will be respected, with countries free to decide whether selected IDA indicators are useful in the monitoring of their own progress. Care also is being taken to ensure consistency of the IDA results measurement system with the proposals that Bank and Fund staff have prepared for the Development Committee's consideration with respect to global monitoring of the policies and actions of developing and developed countries for achieving the MDGs and other outcomes.<sup>4</sup>

6. **Interim System Update.** As Management defined the results agenda and an initial action plan for the Bank as a whole, it was also agreed during concurrent discussions on IDA13 replenishment that IDA will put in place an interim results measurement system that could be put

<sup>1</sup> See <http://www.worldbank.org/results> for details on the Roundtable.

<sup>2</sup> See *Better Measuring, Monitoring, and Managing for Development Results* (DC2002-0019), September 18, 2002; and Development Committee Communiqué, Washington D.C., September 28, 2002.

<sup>3</sup> See *Better Measuring, Monitoring, and Managing for Development Results: Implementation Action Plan* (SECM2003-0038), January 29, 2003.

<sup>4</sup> See *Achieving the MDGs and Related Outcomes: A Framework for Monitoring Policies and Actions*, (DC2003-0003), March 26, 2003..

during IDA13. This interim system tracks results on two levels. First, at the country level, key indicators capture progress in achieving desired development goals in education (primary school completion), health (measles immunization), and private sector development (time and cost of business start-up). Second, at the agency level, input indicators capture the performance of the Bank in terms of selected analytical work that underpins IDA's dialogue with governments. Work is on track for meeting the agreed input targets by early May 2003. In April 2004, IDA Deputies will assess progress against the second set of input targets and against the country outcome targets. No major unforeseen obstacles have arisen to meeting the outcome targets, although special efforts have been needed with respect to data collection and reporting in order to adequately assess progress.

7. ***Enhanced System for Monitoring Country Outcomes.*** Following the introduction of the interim results measurement system under the IDA13, it was apparent that there should be enhancements to this system to better reflect PRSP priorities and the "localization" of MDG targets among IDA borrowers. This paper proposes a phased approach to an enhanced system, in which an expanded set of country outcome indicators is identified and tracked over the coming year for consideration by IDA in the Spring of 2004. At that time, IDA Deputies and borrowers will have a stronger basis on which to discuss possible targets for the IDA14 period for a subset of these indicators. The selection of indicators was guided by three interrelated concerns: (1) consistency with priorities articulated by countries through their PRSPs; (2) alignment with MDG indicators and other international monitoring efforts; and (3) relevance to IDA's activities based on IDA's comparative advantage. Given the diversity of indicators in existing PRSPs, the enhanced system includes some indicators commonly found in PRSPs, others which capture PRSP priorities for which common indicators are not widely available, and still others which reflect IDA's focus on the growth and investment climate needed for sustained poverty reduction. Fifteen indicators are proposed that address poverty reduction through both sustainable, broad-based growth and targeted service provision, and include income poverty, malnutrition, maternal and child health, HIV/AIDS, gender, basic education, water supply, infrastructure, private sector development, public expenditure management and economic growth. No such list can be considered definitive or comprehensive. Rather, it should be considered as reasonably representative of PRSP, MDG and IDA priorities, shaped by data availability and subject to improvement over time as the knowledge base improves. The proposed indicators—ten of which are indicators for the eight MDGs—benefit from relatively better data availability and reliability than alternative indicators. Nonetheless, serious data gaps remain that make it difficult to monitor progress within countries on a three-year PRSP cycle or establish meaningful aggregate targets over a three-year IDA replenishment cycle. To address this, the international community should strive to reach consensus on a common core of outcome indicators for global results reporting that can complement other, country-specific PRSP indicators. This core set should be of limited number—perhaps less than 15—and most relevant to desired outcomes. Once agreed, an intensified effort will be needed to identify reporting gaps, enhance the efficiency of reporting systems and, in particular, scale up statistical capacity building in the medium-term. Ultimately, the ability of countries to monitor and manage their poverty reduction strategies depends on this.

8. ***Enhanced System for Monitoring IDA Contributions to Country Outcomes.*** The interim system measures IDA's contribution to country development in terms of its inputs of key economic and sector work (ESW). The enhanced system would focus on IDA's contribution to country outcomes. The proposal calls for monitoring four indicators, two of which derive from

introduction of a results-based CAS. This approach is consistent with the PRSP approach, since the CAS is the vehicle for linking selected country outcomes to activities for which IDA has a comparative advantage, taking into account partners' actions. The results-based CAS includes a "results framework" that identifies (a) core country outcomes as articulated in the PRSP; (b) associated intermediate outcomes that IDA can contribute to directly; and (c) the products and services mix that best supports these outcomes. By working backwards from desired outcomes to products and services, the results framework is expected to enhance IDA's allocative efficiency within each country: that is to say, IDA will be more likely to do the right things in a specific country context. In terms of IDA results measurement, it is proposed that IDA monitor the adoption of results-based CASs during the IDA14 period, as a critical input into developing a strong CAS outcome rating system. Such a system would provide a comprehensive assessment of IDA's contribution to country results. By FY06, a significant share of the newly-introduced CAS Completion Reports will rest on a results-based CAS, making this an appropriate time to introduce IDA monitoring of CAS outcome ratings. In the interim, and as a complement to the focus on outcomes at the CAS level, it is proposed to monitor outcomes at the project level, as well as quality-at-entry of the IDA portfolio, as a leading indicator of future outcomes.



## **IDA RESULTS MEASUREMENT SYSTEM: PROGRESS AND PROPOSALS**

### **I. INTRODUCTION**

1. The introduction of a results-based framework into the dialogue between donors and recipient countries and between donors and the International Development Association (IDA) Management was an innovation of the IDA13 replenishment arrangement. An interim system was created to monitor results during the IDA13 period. The IDA13 arrangement also called for a more robust system to measure results in IDA14 and beyond—a system that measures development results both at the country level and at the level of IDA programs. On November 4, 2002, a technical meeting was held for IDA Deputies and their representatives to discuss initial ideas for the architecture of this system. A draft proposal was then circulated to Deputies, IDA's Executive Directors, and borrowers in February 2003. This paper incorporates their feedback, and is being submitted for further consideration on April 10, 2003.

2. **Consultations.** Following distribution of the initial draft, a technical briefing was held for the World Bank Executive Directors in late February. A consultation meeting was also held March 31-April 1, 2003 in Addis Ababa, where the proposal was discussed with a cross section of government and civil society representatives from around 20 African countries. Consultations in other regions are being organized by country offices, structured around a survey instrument. In addition, the borrower representatives whom Executive Directors have helped to select in the IDA13 Mid-Term Review and in the IDA14 Replenishment negotiations will also provide valuable feedback on the proposal. Feedback from these consultations will be summarized for IDA Deputies during the April meeting.

3. **Purpose of the System.** The IDA13 arrangement calls for a system that tracks aggregate progress on development outcomes and on IDA's contribution to these outcomes. The purpose is to strengthen the focus of IDA's activities on development outcomes and to inform Deputies' discussions about IDA's effectiveness. The results measurement system does not affect the allocation of IDA resources among eligible countries. The latter process is guided by IDA's performance-based allocation system, which uses the Country Policy and Institutional Assessment (CPIA) to evaluate the appropriateness of countries' policies and institutions to support growth and poverty reduction. Because the results measurement system will track outcomes which are determined to a substantial degree by government policies and institutions, findings from these two systems—the CPIA and IDA results measurement—could be expected to show significant correlation over time on an individual country basis. However, the IDA results measurement system does not focus on individual country outcomes, but on aggregate progress of IDA countries toward the Millennium Development Goals (MDGs) and other goals.

4. **Structure of Paper.** The paper is organized as follows. Section II provides an overview of the Bankwide agenda for better measuring, monitoring and managing for development results, which provides the conceptual underpinning for the IDA results measurement system. Section III offers an update on progress within the IDA interim system. Section IV outlines the proposal for an enhanced system to monitor country outcomes, and Section V focuses on enhancements for monitoring IDA's contribution to country outcomes through Country Assistance Strategy (CAS) and portfolio measurement systems.

## II. RESULTS AGENDA OVERVIEW

5. Work on the IDA results measurement system is anchored in the World Bank's broader effort to enhance its results orientation. This effort was launched last year in the context of the follow-up to Monterrey, drawing on the international Roundtable on Better Measuring, Monitoring, and Managing for Development Results that the multilateral development banks (MDBs) cosponsored on June 5-6, 2002, in cooperation with the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD-DAC).<sup>1</sup> The results agenda also builds on the broad consensus (as witnessed in Doha, Monterrey, and Johannesburg) that the MDGs provide a frame for many of the desired outcomes and agreement about the actions for achieving them-especially the policies and institutions that developing countries need to put in place, and the trade and aid measures that developed countries must take to support them.

6. **Conceptual Framework.** In September 2002, the Development Committee endorsed the Bank's approach, which brings together three strands of the development dialogue of recent years: country-led development, results-based management, and development effectiveness.<sup>2</sup> Building on these antecedents, the Bank's approach uses standard results measurement concepts-inputs, outputs, intermediate outcomes, and outcomes-that are commonly used within the evaluation community.<sup>3</sup> The approach is based on the premise that improved country outcomes on sustainable growth and poverty reduction are the bottom-line measure of development effectiveness; that these outcomes emerge gradually as a result of influences from multiple sources, internal and external; and that for many development partners-both in developing countries and in development agencies-outputs and intermediate outcome indicators linked more tangibly and immediately to their own actions are appropriate performance benchmarks.

7. **Implementation Action Plan.** Following the endorsement by the Development Committee, Bank staff have been designing and piloting specific steps with a view to a concerted rollout on July 1, 2003. The Implementation Action Plan for Results, which the Board's Committee on Development Effectiveness discussed in December 2002,<sup>4</sup> can be summarized as follows:

- **Country Focus and Ownership.** Focusing on country outcomes, including the MDGs and other priorities, the results agenda puts a premium on country efforts to manage for results as set out in national strategies, such as the Poverty Reduction Strategy Paper (PRSP). It also emphasizes coordinated donor support for enhancement of country statistical systems and monitoring and evaluation (M&E) capacity, as well as the knowledge base that countries need to manage for results.

<sup>1</sup> See Roundtable Results at [www.worldbank.org/results](http://www.worldbank.org/results).

<sup>2</sup> See *Better Measuring, Monitoring, and Managing for Development Results* (DC2002-0019), September 18, 2002; and Development Committee Communiqué, Washington D.C., September 28, 2002.

<sup>3</sup> These are terms long used by the evaluation community. In addition, at the project level, evaluators refer to impact as the sustained effect years after the end of the intervention. When discussing sectoral or country program support, rather than discrete, time-bound projects, the concept of impact is more elusive, as the outcomes themselves emerge with long and variable lags, and intervention is a continuous process of development. Hence, this paper refers to country outcomes in both the medium and long term. See *Glossary of Terms in Evaluation and Results-Based Management*, OECD/DAC, 2002.

<sup>4</sup> After discussion in CODE, the paper *Better Measuring, Monitoring, and Managing for Development Results: Implementation Action Plan* (SECM2003-0038), January 29, 2003 was revised and submitted to the Board for information.

- ***Bank Strategy and Instruments.*** Central to the implementation of an enhanced results orientation within the Bank is the design and piloting of the results-based CAS. A distinguishing feature of this CAS is its clarity about intended outcomes, and thus its “evaluability,” which derives from the articulation of a clear M&E framework. This framework will serve as the basis for self-assessment in the CAS Completion Report (CASCR), which is now being piloted, and for subsequent independent evaluation. Efforts are also under way to ensure that the M&E framework used in the CAS and the supporting lending and knowledge activities are effectively joined up-and clearly linked to the country’s own efforts to manage for results.
- ***Corporate Reporting and Staff Learning and Incentives.*** Building on these efforts, investments in corporate reporting on results are being taken forward at three levels- in the IDA Results Measurement System, in Quality Assurance Group (QAG) operational reports (with the QAG Annual Report on Portfolio Performance evolving into the Operational Performance and Results Review), and in corporate strategy and budget documents. In parallel, staff learning programs and incentives are being reviewed to ensure that they are aligned with and supportive of the Bank’s enhanced results focus.

8. ***IDA and the Results Agenda.*** The proposal to enhance the IDA results measurement system builds on two key elements of this results agenda. First is the increasing focus on country outcomes and the associated measurement and monitoring that must occur at the country level through national statistical systems. The second is the introduction of a results-based CAS as the Bank’s business plan for contributing to selected outcomes at the country level. For IDA-eligible countries, this takes place within the PRSP context, applying the principles of the comprehensive development framework to facilitate alignment of the CAS with country priorities. Measuring and monitoring country outcomes remain a difficult challenge, however, especially in view of country capacity constraints and the need to ensure country ownership. Care is being taken to ensure that the proposed monitoring of country outcomes is consistent with both PRSP priorities and the United Nation’s (UN’s) monitoring of the MDGs. Care also is being taken to ensure consistency of the IDA results measurement system with the proposals that Bank and Fund staff are preparing for the Development Committee’s consideration with respect to the global monitoring of the policies and actions of developing and developed countries for achieving the MDGs.<sup>5</sup> Indeed, the IDA results measurement system coupled with IDA’s longstanding performance-based allocation system is fully consistent with the new partnership for development that emerged from Monterrey that links improved policies and institutions in developing countries with enhanced trade and aid measures in developed countries.

### III. IDA13 INTERIM SYSTEM: UPDATE

9. As Management defined the results agenda and an initial action plan for the Bank as a whole, it was also agreed during concurrent discussions on IDA13 replenishment that IDA will

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<sup>5</sup> See *Achieving the MDGs and Related Outcomes: A Framework for Monitoring Policies and Actions*, (DC2003-0003), March 26, 2003.

put in place an interim results measurement system that could be put during the IDA13. While beginning work on a broader system, Management designed an interim system that tracks results on two levels. On the agency level, input indicators capture the performance of the Bank in terms of selected pieces of analytic work that underpin IDA's dialogue with governments around the proper use of public resources and other key aspects of development effectiveness: Country Financial Accountability Assessments (CFAAs), Country Procurement Assessment Reviews (CPARs), Public Expenditure Reviews (PERs), Investment Climate Assessments (ICAs), and Poverty Assessments (PAs). On the country level, outcome indicators capture the performance of all development partners, including IDA and country governments, in achieving desired development goals in areas that are critical for growth and poverty reduction: education, health, and private sector development.

10. **IDA13 Targets.** Targets were established for both the input and the outcome indicators, and additional donor contributions are linked to the achievement of these targets.<sup>6</sup> In April 2003, Deputies will assess progress against the first set of input targets and will review the architecture and baseline data for the enhanced IDA results measurement system. In April 2004, Deputies will assess progress against the second set of input targets along with progress on the country outcome targets under the interim system.

#### A. IDA Inputs

11. Work is on track for meeting the agreed input targets for Spring 2003. As of March 26, 2003, analytic work completed for IDA countries, beginning in FY01, includes 28 CFAAs, 24 CPARs, 29 PERs, and six ICAs.<sup>7</sup> In addition, every CAS prepared for an IDA country since July 2002 has been underpinned by an up-to-date poverty analysis.<sup>8</sup> Thus, the Spring 2003 targets for CPARs and PERs have been met. The number of CFAAs and ICAs that are expected to be finalized by early April 2003 will increase the deliveries of these products to levels that meet or exceed the targeted figures in these categories as well.

12. **Africa Share of ESW.** In addition to the overall targets for these ESW products, Management was asked to ensure that half of the CFAAs, CPARs, and PERs are completed in African countries. It is expected that by the time the Deputies meet in April 2003 the Africa share will meet the target for CPARs, but will fall short of the target for CFAAs and PERs. This is because, in spite of efforts to reduce "bunching" of deliveries, nearly half of the CFAAs and PERs in the Africa region are scheduled for the end of the fiscal year.<sup>9</sup> Nevertheless, it is expected that IDA will meet the 50 percent target for CFAAs in May 2003 and for PERs in June 2003.

13. **Quality of ESW.** Efforts to ensure good core diagnostic ESW coverage across IDA countries should not compromise the quality of individual products or the Bank's capacity to

<sup>6</sup> See Schedule A and B to Attachment II of *Additions to IDA Resources: Thirteenth Replenishment: Supporting Poverty Reduction Strategies* (IDA/SecM2002-0488), September 17, 2002, attached as Annex A to this paper.

<sup>7</sup> See Annex A for further details on input indicators within the interim system.

<sup>8</sup> On poverty analysis, IDA Management has committed to ensuring that, beginning in July 2002, every CAS either is underpinned by current poverty analysis or it identifies the gaps and lays out a plan for how they will be filled and by whom.

<sup>9</sup> The tendency for ESW deliveries to "bunch" at the end of the fiscal year points to the need to better align IDA performance triggers with the institution's established business cycle in order to facilitate reporting, reduce additional administrative costs, and align with budget and staff planning.

respond to individual country priorities. Regional ESW guidelines are in place to ensure that the Bank delivers high-quality analytical and advisory work to its clients, and each CAS must set forth a well-balanced ESW program. The task leader, who is usually a sector specialist located in the Region, is aided by several quality-enhancement processes, including upstream support and peer reviews. While country directors and the regional sector managers are ultimately responsible for the quality of their Region's ESW, quality standards for the major ESW products are set and maintained by the Sector Boards. Before a diagnostic ESW product is delivered to the client, the Sector Board formally "certifies" that it complies with the guidelines that have been established for that product. Sector Boards also provide support to the country/task teams as needed, drawing upon the technical expertise in their anchor groups. Each year QAG evaluates a random sample of Bank ESW along four quality dimensions: strategic relevance and timeliness; internal quality; dialogue and dissemination; and likely impact. The QAG review process strengthens the accountability of staff and managers responsible for ESW, while the associated synthesis report shared with Management and the Board enhances learning and helps to identify best practices that can catalyze changes in ESW policies, programs, and procedures.<sup>10</sup>

## **B. Country Outcomes**

14. In addition to the ESW inputs, the IDA13 interim system includes a set of country-level outcome indicators and progress targets that will be assessed in Spring 2004. These indicators are in the areas of education (primary school completion), health (measles immunization), and private sector development (time and cost of business start-up).<sup>11</sup> In selecting these indicators, Deputies took into account the advice of technical experts in the Bank, as well as the indicators' reliability, accessibility, and comparability across countries over time and their link to development effectiveness and poverty reduction. While no major unforeseen obstacles have arisen to meeting the outcome targets, special efforts have been needed with respect to data collection and reporting in order to adequately assess progress.

15. Recent data for primary school completion and measles immunization suggest that IDA countries are on track to meet the spring 2004 targets for the population-weighted averages in each of these categories. In addition to the aggregate targets, the interim system includes a threshold target for each of these indicators. For primary completion, it is the number of countries with positive growth rates in primary completion; and for measles immunization, it is the number of countries with 80 percent coverage of measles vaccination. Because of the variability in individual country progress from year to year, it is not feasible to estimate the likelihood of reaching these threshold targets at this time.

16. With regard to the private sector development indicators (time and cost of business start-up), it is too early to assess whether the 7 percent reduction targets will be achieved because data from end-2002 are still being compiled. Nevertheless, there are some positive indications. For example, reforms to business registration procedures in Pakistan have cut the time for business start-up from 53 to 27 days, which is equivalent to a 2 percent population-weighted reduction for all 39 IDA countries in the sample. Streamlining of registration has also taken place in Bolivia, Honduras, Nicaragua, and Vietnam. Thirteen countries have been targeted as priorities for

<sup>10</sup> See Annex A for more details on the Bank's quality assurance processes for ESW.

<sup>11</sup> See Annex A for further details on outcome indicators within the interim system.

reform by the Regions and dialogue with country counterparts has commenced. A full assessment of progress will be possible by the time of the Deputies' meeting in April 2003 when the data will be updated through January 1, 2003.

#### **IV. ENHANCED SYSTEM FOR MONITORING COUNTRY OUTCOMES**

17. Following the introduction of the of the interim results measurement system under the IDA13, it was apparent that there should be enhancements to this system to better reflect PRSP priorities and the “localization” of MDG targets among IDA borrowers. For this reason, the selection of country outcome indicators for an enhanced system has been guided by three interrelated concerns: (1) consistency with priorities articulated by countries through their PRSPs; (2) alignment with MDG indicators and other international monitoring efforts; and (3) relevance to IDA's activities in borrowing countries. This chapter outlines proposed enhancements to the system based on monitoring aggregates of country outcome indicators. It looks at the foundations of such a system, proposes a set of indicators to be monitored under IDA14, and outlines the many methodological and data challenges in monitoring and targeting aggregate outcomes.

##### **A. Foundations for an Enhanced System**

18. Focusing on results means focusing on sustained improvements in outcomes at the country level: more families lifted out of poverty, more educated adults, fewer children dying. Ultimately, it is the countries that achieve these results (or not) with support from IDA and other partners. Thus, strong country ownership of a results-focused strategy for reducing poverty is essential. For IDA, the movement toward monitoring aggregates of country outcomes rests on two country-level foundations: articulation of desired outcomes through the PRSP, and capacity to assess progress toward these outcomes through national statistical systems.

##### ***1. PRSPs and Localized MDGs***

19. The PRSP process has enhanced country ownership of strategy development, and has encouraged donor alignment around national strategies. Establishing appropriate indicators and targets for poverty reduction is a key element of the PRSP approach. However, as recent reviews have indicated, considerable scope remains for setting clear and realistic targets, defining appropriate indicators to monitor progress, and strengthening monitoring systems and statistical capacity.<sup>12</sup> The World Bank, the International Monetary Fund (IMF), and other partners are helping countries strengthen the results focus of their PRSPs, including by better articulating desired outcomes and the indicators and targets needed to assess progress. The PRSP process is also being used where appropriate to translate a broad commitment to the MDGs into country-specific priorities and targets—targets that directly relate to national priorities and policies and facilitate midterm review and revisions as needed (Box 1).

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<sup>12</sup> *Review of the Poverty Reduction Strategy Paper (PRSP) (DC2002-03)*, March 27, 2002.

**Box 1. Integrating MDGs into PRSP Targets**

The MDGs reflect a shared international agenda and provide a set of goals and targets for the international community to meet by 2015. But they are broad goals that need to be adapted to local constraints, priorities, and timeframes. At the country level, target setting forms a key component of the PRSP process. As a tool for setting national priorities and strategies, including numerical and time-bound targets for human development and poverty reduction, the PRSP is a key instrument for integrating the MDGs fully within governments' priorities, policies, and resource allocation decisions. As an example, in Vietnam's PRSP process, Japan, the United Kingdom, and other partners helped to "localize" the MDGs so that they were relevant and meaningful to country circumstances.

20. ***PRSPs and Cross-Country Monitoring.*** Country specificity of progress indicators and targets poses a challenge, however, when building reporting systems with which the international community (donors and developing countries) can assess comparative and overall progress. Comparison of PRSP indicators with MDG indicators shows substantial alignment of priorities (e.g., universal primary education), but far less alignment of specific indicators for achieving those priorities (e.g., net enrollment rates, gross enrollment rates, primary completion rates, and teacher qualifications). This is particularly true for growth-enhancing priorities identified in many PRSPs and/or CASs, including infrastructure (e.g. water, energy, transport, telecommunications), private sector development and public sector management. Given the diversity of indicators—particularly in these latter areas—we cannot simply aggregate across PRSPs for the purpose of monitoring progress in IDA countries. Another problem is that only about one-third (23) of IDA-eligible countries had completed full PRSPs as of the end of January 2003. For these reasons, the proposal for an enhanced system includes some indicators commonly found in PRSPs, others which capture PRSP priorities for which common indicators are not widely available—but may be in future—and still others which reflect IDA's focus on the growth and investment climate needed for sustained poverty reduction.

## ***2. Strengthened National Statistical Systems***

21. Although many of the most frequently used PRSP indicators are also MDG indicators, data reporting on them may be sporadic and their reliability is uncertain. If monitoring is to be scaled up to the country level to assess progress on PRSPs—and permit IDA results measurement—there will be a need for reliable and timely data based on accepted standards and methodologies. In many countries, a lack of investment in statistical systems has led to poor quality statistical outputs, which in turn has led to reduced demand, and continued under investment in these systems. As a result, many countries have little technical or institutional capacity to produce reliable and regular estimates of many key indicators, either from administrative data (e.g., vital registration systems) or from household surveys. In important areas such as sanitation and electrification, internationally-accepted norms for measurable indicators will need to be defined before comparable data sets can be gathered. An intensified global partnership will be necessary to increase support for statistical capacity building and improve efficiency of international reporting systems to allow country-led monitoring of PRSPs, as well as aggregate results measurement by IDA.

22. ***Role of the PRSP and JSA.*** The PRSP process underscores statistical shortcomings, and countries themselves are beginning to address technical and capacity constraints that affect the measurement of development outcomes. The experience of Tanzania is one promising example: a range of partners, including IDA, are providing substantial assistance on indicators and PRSP monitoring (see Box 2). Joint Staff Assessments (JSAs) by the World Bank and the IMF are another avenue for feedback on the relevance of chosen indicators, the reliability of national data

and their consistency with international norms and standards, and the need for statistical capacity building. Staff will be asked to increase their focus on these aspects in future JSAs.

**Box 2. Tanzania: Improving Data Quality through the PRSP**

In response to the needs arising from the PRSP, the Government of Tanzania has developed a comprehensive monitoring plan using a joint funding mechanism between donors and government. The result is a comprehensive database of indicators for monitoring poverty and PRSP implementation, and the design of improved statistical instruments, including both household surveys and the extraction of data from routine administrative systems.

Tanzania was one of the first countries to produce a United Nations MDG report, and the latest PRSP Progress Report outlines plans for fully integrating the reporting of progress toward implementation of the MDGs into the PRSP monitoring framework. Many of the MDG indicators are already included in the PRSP, and explicit targets are set for many of the indicators proposed for the enhanced IDA monitoring system. The Government has improved the statistical basis for monitoring many of these indicators, particularly as a result of the Household Budget Survey conducted in 2000/2001, and has given a clear timetable, consistent with international recommendations, for updating PRSP and MDG indicators.

**B. Proposal for an Enhanced System for Monitoring Country Outcomes**

23. A phased approach is proposed in which an expanded set of country outcome indicators is identified and tracked over the coming year for consideration by IDA in the Spring of 2004. At that time, IDA Deputies and borrowers will have a stronger basis on which to discuss possible targets for the IDA14 period for a subset of these indicators. Those most amenable to measurement and targeting—because of the reliability and frequency of data and the acceptance of international standards and methodologies—could be adopted as targets in the context of the IDA14 replenishment discussions. This section describes the proposed indicators, outlines the data constraints and methodological considerations involved in defining targets, and discusses how IDA can contribute to an intensified global partnership for statistical capacity building and international reporting.

**1. Summary of Indicators**

24. Fifteen indicators are proposed for monitoring country outcomes, covering areas that are priorities in PRSPs and/or reflect IDA's activities in borrowing countries. These areas address poverty reduction through both broad-based growth and targeted service provision, and include income poverty<sup>13</sup>, malnutrition, maternal and child health, HIV/AIDS, gender, basic education, water supply, infrastructure, private sector development, public sector management and economic growth (Table 1). No such list of indicators can be considered definitive or comprehensive. Rather, it should be considered as reasonably representative of the priorities that have emerged in PRSPs and CASs to date, shaped by data availability and subject to improvement over time as our knowledge base improves.

<sup>13</sup> The indicator chosen for aggregation across countries measures the proportion of the population living on less than a dollar a day. This common indicator is calculated by the World Bank on the basis of national poverty data generally reported in PRSPs. It is recognized that this national data and associated national poverty lines are more relevant for strategy and programming decisions at the country level.



**Table 1. Proposed Country Outcomes Indicators**

<i>Indicator</i>	<i>Percent of PRSPs that include the indicator<sup>a</sup></i>	<i>Percent of PRSPs that highlight priority</i>	<i>Range of most recent year data for IDA countries</i>	<i>Number of IDA countries with data in the latest year<sup>b</sup></i>	<i>Number of IDA countries with sufficient data to calculate growth from 1990<sup>c</sup></i>	<i>Historical annual rate of growth<sup>d</sup> for IDA countries</i>	<i>Annual rate of change required to meet MDG target from 1990<sup>e</sup></i>
1. Proportion of population below \$1/day poverty line <sup>f</sup>	13	91	1995-2000	35	30	f/c	..
2. Prevalence of underweight children under five years of age	35	60	1995-2001	65	35	-1.4	-2.8
3. Under-5 child mortality	65	96	2001	80	80	-1.9	-4.4
4. Proportion of 1-year-old children immunized against measles	9	70	2001	79	72	0.4	1.7
5. HIV prevalence rate of pregnant women aged 15-24	-	52	1999-2001	57	-	..	..
6. Proportion of births attended by skilled health personnel	48	100	1995-2000	72	42	-0.7	2.9
7. Ratio of girls to boys in primary and secondary education	61	61	1998	52	47	1.3	2.2
8. Primary school completion rate	22	35	1998-2001	71	46	0.5	1.5
9. Proportion of population with sustainable access to an improved water source	74	74	1993-1999	75	35	1.7	0.9
10. Fixed lines and mobile telephone per 1000 inhabitants	13	17	2001	70	30	15.5	n/a
11. Formal cost required for business start up	n/a	48	2002	39	-	..	n/a
12. Time required for business start up	n/a	48	2002	39	-	..	n/a
13. Public expenditure management	n/a	100	2001-2002	25	n/a	6.0 <sup>g</sup>	n/a
14. Agricultural value added	22 <sup>h</sup>	70	1995-2001	61	72	2.8	n/a
15. GDP per capita	39	100	2001	75	73	2.1	n/a

**Notes:**

(..) means insufficient data, (n/a) means not applicable, (-) means zero, (f/c) means forthcoming

<sup>a</sup> The number of countries with full PRSPs was 23 at the end of December 2002.

<sup>b</sup> All data are taken from the latest 2003 World Development Indicators database.

<sup>c</sup> A country has been used in the calculation of growth if estimates for both end points (1990 and the latest year) either exist or can be extrapolated.

<sup>d</sup> Calculated between the “end points,” i.e., the population weighted average in 1990 and the latest year for which data are available, using the exponential growth method.

<sup>e</sup> Since two of the MDG indicators in this table do not relate directly to the MDG targets, illustrative targets have been used based on achieving, by 2015, 90% measles vaccination coverage, and 90% of births attended by skilled health personnel.

<sup>f</sup> \$1/ day indicator calculated by World Bank based on national poverty data used in the preparation of PRSPs(See Annex C).

<sup>g</sup> Average number of public expenditure management benchmarks met out of 15 total in sample countries.

<sup>h</sup> Includes countries that have monitoring plans for agricultural value added growth indicator.

25. **Consistency with PRSP priorities.** Indicators were selected by carefully assessing and balancing their relevance to desired outcomes, responsiveness to policy changes and measurability in low-income countries. Annex C contains a summary sheet on each indicator. As Table 1 shows, the selected indicators themselves appear in existing PRSPs to varying degrees, reflecting both country-specific priorities and the limitations of national statistical systems. Some indicators (e.g. under-five mortality) are relevant and responsive, with sufficient data availability that they are included as indicators in the majority of PRSPs. In some areas where data quality and frequency are weaker, indicators are used less as a monitoring tool (e.g. underweight children) even though they remain priorities in the majority of PRSPs. Economic growth is considered a prerequisite for large-scale poverty reduction in most PRSPs, yet strategies for stimulating growth need to be more clearly defined within many PRSPs. The ability to track progress on important determinants of growth—such as infrastructure and investment climate—is particularly weak. A lack of internationally accepted indicators and a related lack of data mean that PRSPs contain widely varying indicators in an attempt to monitor progress on growth determinants. On the basis of relevance, responsiveness and measurability in low-income countries, a number of indicators are suggested to better track progress on the growth agenda—an agenda that is strongly supported by IDA. These indicators may also prove useful to borrowers as common indicators for future PRSP design and monitoring. These include: (a) the growth in telephone subscribers, which is highly reflective of economic activity and investment; (b) the ease of business start up, which reflects both formal and informal barriers to market entry; (c) public expenditure management, which is indicative of government efficiency and the public/private interface; and (d) measures of economic growth in agriculture (given the importance of agriculture and rural development in low-income countries) and on an overall per capita basis (as the key to large-scale poverty reduction).

26. **Future options.** Alternative infrastructure indicators were considered that addressed important goals and appeared promising in terms of future measurability. These included access to improved sanitation, electrification rates, access of rural populations to all-weather roads and average cost of running a vehicle on the road network. For sanitation and electrification, definitional issues need to be resolved to establish internationally-agreed indicators, and mechanisms for regular, widespread updating would need to be put in place. For sanitation, some of these issues will begin to be addressed through the advisory panel for the World Health Organization and the United Nations Children's Fund (WHO/UNICEF) Joint Monitoring Program for Water Supply and Sanitation, in which the World Bank participates. For transport, although these indicators are clearly defined, data are currently limited. With the possibility of generating additional data at relatively low cost, these indicators may be worth considering for future improvements to the IDA results measurement system. Another possible avenue is to broaden the focus on public expenditure management to include other aspects of public sector governance.

27. **Consistency with MDGs and Other Global Initiatives.** The need for consistency among global initiatives was a key criterion in selecting outcome indicators for the IDA system. Ten of the 15 are MDG indicators, and IDA will monitor at least one indicator for each of the eight MDGs. The other indicators are complementary to the MDGs, reflecting PRSP and IDA priorities for private sector development, public sector management and economic growth needed to achieve the poverty reduction target of the MDGs. The list includes all but one

indicator being suggested by the European Commission for assessment of country performance,<sup>14</sup> and it also has commonalities with the indicators for the Public Service Agreements of the United Kingdom's Department for International Development and for the United States Millennium Challenge Account (see Annex B).<sup>15</sup>

28. ***Building on the Interim System.*** The proposed set of indicators includes all those used in the interim system, two of which (primary school completion and measles immunization) are also MDG indicators.<sup>16</sup> The other two—time and formal cost of business start up—capture two important dimensions of the opportunity cost of market entry. These two indicators are generated from the Bank's Doing Business Project which collects information on the laws and regulations that affect business registration. They represent a step forward in trying to identify internationally-accepted and comparable indicators for key aspects of private sector development—now monitored through an array of non-comparable indicators within PRSPs and CASs.

## 2. *Data and Methodological Issues*

29. Although the proposed indicators were selected partly on the basis of data availability and reliability, there are still serious constraints in this regard. Table 1 gives some sense of the challenge. For indicators of malnutrition, HIV/AIDS, water supply, business start-up and telephone subscribers, less than half the IDA-eligible countries have two data points with which to calculate a trend line for the decade of the 1990s—much less assess change within a three-year PRSP period or IDA cycle. For some countries, the most recent data are six or seven years old. For many indicators (e.g., child mortality rates) the most recently reported data are largely estimates based on survey data or incomplete vital registration data.<sup>17</sup> Only about eight IDA countries each year have new household survey data allowing calculation of a child mortality rate.

30. ***Sources of Data.*** Measurability in low-income countries was a key criterion in selecting the proposed indicators. Measurability and comparability depends on internationally-accepted definitions, well-established mechanisms for data collection and clear reporting channels. Annex C provides information on the measurability of the proposed indicators. The ten which are MDG indicators rely on relatively well-entrenched data collection and reporting systems, using

<sup>14</sup> The European Commission has been working with its members, other donors, and the OECD-DAC on a common set of outcome indicators. IDA is seeking to support this harmonization process by adopting virtually the entire set of European Commission-recommended indicators as central to its own approach. The one exception is in the area of basic education, where IDA will continue to monitor primary completion rates (PCRs), whereas the EC currently recommends net enrollment rates. The EC agrees that PCRs are a better indicator of outcomes, and may move in this direction shortly. See *Guidelines for the Use of Indicators in Country Performance Assessment*, European Commission, Directorate General Development, Brussels, December 2002.

<sup>15</sup> In the region with a large proportion of IDA-eligible countries there has been increasing use of development outcome indicators that are consistent with the MDGs and the indicator used by multilateral and bilateral development agencies. One example is the New Partnership for Africa Development (NEPAD) established in July 2001. For example, NEPAD's Action Plan implicitly include most the 15 proposed indicators as well as some others that are tailored to African circumstances. See *A Summary of NEPAD Action Plans*, July 2001. (NEPAD website: <http://www.avmedia.at/nepad/indexgb.html>)

<sup>16</sup> The primary completion rate has been recommended by the Human Development Vice Presidency as a more appropriate measure of progress toward universal primary education (MDG 2, target 3), replacing the net primary enrollment rate. The measles immunization rate of children age 1 or younger is included as one of the monitoring indicators for MDG 4, target 5.

<sup>17</sup> Annex B discusses accepted methods for estimating and extrapolating child mortality rates from survey data.

household survey data (e.g. under-five mortality) or administrative information systems (e.g. primary completion rates), and reporting to relevant U.N. agencies, including the World Bank. Primary completion rates are currently estimated by the World Bank based on enrollment data reported to UNESCO. Information on telephone subscribers is collected annually for many IDA countries by the International Telecommunications Union, using surveys of regulators and service providers. The growth figures are from national accounts maintained by virtually every IDA country and reported to the World Bank. Business start up and public expenditure management are currently based on World Bank-funded survey and assessment instruments that pose little financial or technical burden on borrowers today. Integration into national statistical systems of monitoring tools to address these issues would have costs—but these can only be estimated when appropriate tools are defined.

31. ***Addressing Data Gaps.*** Even where international reporting systems are well established, a lack of basic data makes it difficult to establish meaningful aggregate outcome targets during a three-year IDA replenishment cycle. More importantly, countries do not have the data they need to manage their poverty reduction strategies. On this, three points are salient. First, to reduce the burden on countries and align capacity building and reporting efforts, it is important to harmonize aggregate country-outcome monitoring around a core set of indicators. Second, it is imperative for countries and their partners to identify data gaps and develop appropriate action plans to build sustainable capacity to collect data and report on core indicators periodically. Finally, target setting for IDA monitoring must take into account the limits of data availability, while IDA needs to support improvements at the country level and within the international reporting system.

32. ***Selecting Targetable Indicators.*** The proposal is to establish targets for a subset of indicators that is most amenable to aggregate targeting. Those under initial consideration include child mortality rates, attended births, gender balance in education, primary school completion rates, fixed lines and mobile telephones per 1,000 inhabitants and time and cost of business start-up. The country sample for each aggregate target would be governed by data availability for the indicator, rather than restricting country coverage to a common set, which would be less than half the IDA-eligible countries.

33. ***Types of Targets.*** Various types of targets could be considered in the course of the IDA14 Replenishment discussions.<sup>18</sup> Targets based on a median value may be useful when the distribution of observations is very irregular. Typically, targets have been based on the mean value across IDA countries, which requires a decision on how to aggregate country data. The aggregation procedure should take into account the problem of missing data and the need for contemporaneous observations across a large number of countries.<sup>19</sup> For many of the proposed targets, the use of weighted averages of ratios calculated using the value of the denominator as the weighting variable (for example, the number of infants vaccinated divided by the total number of infants) would yield a mean value that corresponds to the ratio of the totals.

<sup>18</sup> See Annex B for further discussions of targeting.

<sup>19</sup> When data sets are incomplete, possible responses to enable aggregation for IDA include the estimation of missing data; the use of cohort sample of those countries with reliable data; the use of “proxy” indicators for which data might be more readily available; and the estimation of indicators that are reliable in aggregate form only. The latter is the practice used for the annual global estimates of poverty incidence calculated by the World Bank and published in *World Development Indicators* (Washington, D.C.: World Bank, 2002) and *World Development Report 2000/2001: Attacking Poverty* (New York: Oxford University Press, 2000).

Population or GDP weights are also common. Denominator or population-weighted targets best capture how many people are affected by progress (or lack thereof) toward the goal. A decision must also be made whether to target an absolute value (e.g., increase primary completion rate to 70 percent) or a rate of change (e.g., increase the aggregate primary completion rate by 2.2 percent annually) in the aggregate indicator. A further issue is whether targets should be defined as specific point values or in terms of a range. Because the statistics used to monitor outcomes are not exact, defining a target using a range of values may be more appropriate, especially when outcomes are the result of many factors, some of which are beyond government control. On the other hand, point targets may be more appropriate for indicators that reflect more directly the delivery of services over which governments can exert more direct control.<sup>20</sup> For some indicators, it may also be useful to complement or substitute for a target based on the growth of an average with a target based on the number of countries surpassing a threshold level either in the value of the indicator or in the rate of change (e.g., increasing the primary completion rate). This approach is used in the interim system, balancing the focus on how many people are affected with a focus on the breadth of progress across a range of IDA countries.

34. **Past Performance.** Target setting will also need to take into account past performance in IDA countries while seeking to accelerate progress toward the MDGs and other goals. Table 1 provides historical rates of change for most of the proposed indicators, based on trend lines calculated from 1990 to the most recent year of data. The number of countries included in the calculation varies by indicator. Using the same subsets of countries, the rates of change needed to meet MDG targets between 1990 and 2015 are also shown for many of the indicators. This was, in a certain sense, the normative goal for the past decade. For the majority of indicators, the IDA countries (or rather, the subsets for which data are available) did not progress at a pace sufficient to meet the MDGs. Clearly, catch-up rates would be even higher from today through 2015. In establishing targets for IDA14 and beyond, however, IDA Deputies and borrowers must temper ambition with realism, taking into account challenges, such as the HIV/AIDS pandemic which is increasing child and adult mortality rates in many IDA countries.

35. **Measuring Results.** The difficulty in defining and establishing baselines for a broader set of country outcome indicators for IDA has underlined the effort that will be needed by developing countries to collect information needed to manage the development process, and by donors to support countries and improve international reporting systems. An intensified effort will be needed to reach closure on a core set of outcome indicators for international results reporting that are consistent with PRSP priorities, without precluding PRSP monitoring of other country-specific indicators. This core set should be of limited number—perhaps less than 15—and most relevant to desired outcomes. Once identified, it will be critical to agree on standards and methodologies for data collection and reporting on core outcome indicators. It will also be necessary to identify data gaps and define action programs to improve data availability and reliability, as well as strengthen the mechanisms and incentives for international reporting. As highlighted in recent work on global monitoring, it will be essential to build on existing initiatives, review international data accountabilities, and strengthen coordination to help countries scale up national statistical capacity.<sup>21</sup> Box 3 describes some of the Bank’s activities in

<sup>20</sup> For a full discussion, see Luc Christiaensen, Chris Scott, and Quentin Wodon, “Development Targets and Costs” chapter in the Poverty Reduction Strategy Sourcebook, available in the World Bank website.

<sup>21</sup> See *Achieving the MDGs and Related Outcomes: A Framework for Monitoring Policies and Actions*, op.cit.

this area. The Bank is committed to working with countries and partners to bring about the improvement of global statistics through increasing support for countries and enhancing the global partnership for statistical capacity building and reporting.<sup>22</sup>

### Box 3. Statistical Capacity-Building Initiatives

The Bank has been stepping up its capacity-building efforts through initiatives such as the Global Trust Fund for Statistical Capacity Building established by the Development Economics Data Group (DECDG) two years ago. But much more needs to be done in this area. To improve the Bank's lending instruments for statistical capacity building, DECDG and OPCS have recently developed a new lending application, the Statistical Capacity Program (STATCAP). STATCAP aims to address countries' differing needs flexibly while offering a simplified preparation and approval process. Staff of DECDG are working with a number of a country management units to pilot STATCAP in three to five countries in FY04.

In parallel, a significant multilateral effort is under way to improve the quality of data in PRSP Countries. PARIS21, an international consortium of users and producers of statistics, is promoting the demand for statistics and mobilizing resources for investment in statistical systems. Through PARIS21, the World Bank and Eurostat are co-chairing a task team which is examining ways to improve the quality and availability of statistics to measure development progress. The work will involve detailed case studies to examine the constraints countries face in monitoring their own PRSPs and in providing data to monitor the MDGs, and a review of the systems international agencies use to collect and store these data. The output will be used to develop plans for improving methods at all levels, including the resolution of some of the major discrepancies between national and international datasets, and to inform discussion among UN agencies on improvements in the international statistics system. Finally, as a follow-up to the June 2002 Roundtable on Results, it has been proposed that the 2003 roundtable focus on the measurement and statistical aspects of monitoring and managing for results.

## V. ENHANCED SYSTEM FOR MONITORING IDA'S CONTRIBUTION TO RESULTS

36. Chapter IV proposes to enhance the IDA results measurement system through monitoring of an expanded set of country outcome indicators. This chapter looks at how IDA assistance contributes to progress toward development outcomes—not only at the project level, where measuring and monitoring have historically taken place, but also at the country level, which represents a new challenge. It reviews the foundations on which the proposal rests—development of a results-based CAS and use of existing portfolio measurement systems; proposes a set of indicators to assess the contribution of IDA programming to development results; and discusses data and methodological issues for the suggested indicators.

37. **Overall Approach.** The conceptual framework underpinning the Bank's broader results agenda recognizes the centrality of a country focus, reflecting the articulation of Comprehensive Development Framework (CDF) principles, the consensus on country-led development, and the introduction and strengthening of the PRSP process in IDA-eligible countries. Scaling up of measuring and monitoring to the country level reflects the understanding that improvements in country outcomes are the bottom-line measure of development effectiveness. For this reason it is proposed that an enhanced IDA results measurement system focus on IDA's contribution to country outcomes by drawing on the data that will emerge from development of a results-based CAS. This approach is consistent with the PRSP approach, since the CAS is the vehicle for linking selected country outcomes, as articulated in the PRSP, to activities for which IDA has a comparative advantage, taking into account partners' actions. The country outcomes supported

<sup>22</sup> A report on the overall status of the international statistical system and efforts to improve the statistical capacity of developing countries was prepared for an information session of the World Bank's Board of Executive Directors: *Building Statistical Capacity to Monitor Development Progress* (SecM2002-0539), November 12, 2002.

by the CAS will be country-specific: drawn from the PRSP with varying degrees of overlap with the core set of indicators defined in Chapter IV. This approach also builds on the interim system, under which IDA's contribution is assessed solely through the delivery of inputs, but it shifts the focus toward IDA's contribution to outcomes. The new focus on country outcomes at the level of the CAS needs to be complemented by a continued focus on project quality and outcomes within the IDA portfolio.

## A. Foundations for an Enhanced System

38. In the PRSP context, the CAS serves as IDA's business plan, linking the vision and outcomes articulated in the PRSP to IDA country programming.<sup>23</sup> Work on the Bank's results agenda has centered on strengthening the results focus of both the CAS and the lending products and analytic services within the CAS program. These are the foundations on which an enhanced IDA results measurement system can be built.

39. ***Toward a Results-Based CAS.*** Although in recent years CASs have been more closely aligned with country and Bank priorities, the definition of desired results—in terms of country outcomes—still needs to be significantly strengthened. Many CASs lack outcome-oriented objectives and measurable indicators of progress toward these outcomes, while the link between country-level results and the choice of IDA instruments is weak. The results-based CAS includes a “results framework” that identifies (a) core country outcomes (as articulated in the PRSP), (b) associated intermediate outcomes that IDA can contribute to directly; and (c) the products and services mix that best contributes to these outcomes.<sup>24</sup> By working backwards from desired outcomes to products and services, the results framework is expected to enhance IDA's allocative efficiency within each country—that is to say, IDA will be more likely to do the right things in a specific country context.

40. ***CAS Monitoring and Evaluation.*** An integral part of the movement to a results-based CAS is the strengthening of the CAS monitoring and evaluation architecture. Typically, the CAS monitoring framework consists of a large number of indicators for which there is little prioritization and often scant baseline data. An enhanced architecture would focus on results identified ex ante, as well as self-evaluation for midcourse correction and ex post learning. At the end of the CAS cycle, teams will prepare a CASC that will serve as a starting point for independent evaluation by the Operations Evaluation Department (OED). The results-based CAS, including the CASC, is being designed and piloted in FY03, with mainstreaming expected in FY04. Rollout will be gradual, however, as new results-based CASs will be prepared at the end of the normal CAS cycle in each country.

41. ***Results-Focused IDA Operations.*** Strengthening the results focus of IDA operations includes, on the one hand, clearly articulating outcome-oriented objectives and measurable indicators at the project level; and on the other hand, focusing the monitoring and evaluation framework more narrowly on project outcomes and integrating it into a comprehensive M&E

<sup>23</sup> This is in keeping with the country business model set out in the Prague Development Committee paper, *Supporting Country Development: World Bank Role and Instruments in Low- and Middle-Income Countries* (DC/2000-19), September 8, 2000, which links vision and diagnosis to programming that contributes to development results.

<sup>24</sup> The results framework is detailed in the third CAS retrospective, *Country Assistance Strategy: Retrospective and Future Directions* (CODE2003-0010), March 14, 2003. See also Annex D to this paper.

architecture reaching from the CAS downward. This will shift some of the M&E responsibility for outcomes upward from the product level to the CAS level. IDA has a strong track record of using independent evaluation and peer assessment to assess the quality and results of the operations it supports. Efforts to enhance the results focus of operations will strengthen the systems and databases with which IDA historically monitors project-level results and quality. With this foundation in place, it is possible to begin building results measurement beyond the project level, looking at the relevance of the CAS to the achievement of country outcomes.

## **B. Proposal for Enhanced Monitoring of IDA's Contribution to Results**

42. The enhanced IDA results measurement system will focus on IDA's contribution to country outcomes by drawing on the data that will emerge from mainstreaming of the results-based CAS. This will be complemented by a focus on project-level quality and outcomes within the IDA portfolio. This section summarizes the proposed indicators for enhanced monitoring of IDA contributions to development results and then discusses data and methodological issues for these indicators.

### ***1. Summary of Indicators and Sources***

43. Four indicators are proposed to measure IDA's contribution to development results (Box 4). The first two monitor the adoption of results-based CASs and, eventually, their outcome ratings. The other two monitor IDA's contribution to results through project quality and outcomes. The Operations Evaluation Department validates project outcome ratings when reviewing all Implementation Completion Reports (ICRs), which cover the universe of exiting IDA projects and stretches back for many years. These data, which are based on independent ex post evaluation, are the most reliable measure of results available across the IDA portfolio. Since the mid-1990s, the QAG has managed peer review processes for an annual assessment of project quality-at-entry and quality of supervision. Quality-at-entry is correlated with satisfactory project outcomes, and can serve as an early, leading indicator of project results.

#### **Box 4. Indicators for Monitoring IDA's Contribution to Country Results**

To measure IDA's contribution to development results, it is suggested that the following indicators be monitored annually:

##### **CAS-level indicators**

- Adoption of results-based CASs in IDA-eligible countries as validated by Operations Policy and Country Services (OPCS)
- CAS final outcome ratings as validated by OED through CASCR review

##### **Portfolio-level indicators**

- Project outcome ratings as validated by OED through ICR review
- Quality-at-entry indicators for IDA projects as assessed by QAG

### ***2. Data and Methodological Issues***

44. The key methodological issues for the proposed indicators are variability based on sample size, timeliness, and the ability to aggregate across countries for the purpose of IDA monitoring and targeting. Data availability is less an issue for these indicators than for those presented in the



previous chapter; in most cases the data are internally generated. Ultimately, though, the ability to accurately measure CAS or project outcomes is dependent on countries' ability to assess outcomes through national statistical systems, with all the issues of statistical capacity building this entails (see Chapter IV). In terms of ability to aggregate across countries, the constraint is the same for all proposed indicators: the diversity of CAS and project outcomes or quality factors prevents simple aggregation. To say something meaningful, it is necessary to aggregate through conversion to an ordinal rating system, either numeric (e.g., 0-100 percent achieved) or qualitative (e.g., six-point scale, from highly unsatisfactory to highly satisfactory). Beyond this, each indicator has strengths and weaknesses in terms of variability and timeliness that influence the setting of appropriate targets. These are discussed below and summarized in Table 2.

**Table 2. Indicators of IDA's Contribution to Country Results, FY97-02**

<i>IDA results indicator</i>	<i>Sample size (per annum)</i>	<i>Timeliness</i>	<i>FY97</i>	<i>FY98</i>	<i>FY99</i>	<i>FY00</i>	<i>FY01</i>	<i>FY02</i>
Adoption of results-based CASs (number of countries)	Population (67 CASs)	Timely (new CASs)			[beginning in FY03]			
CAS outcome indicator (% satisfactory)	Population (15-20 CASs)	Lagged (existing CASs)			[beginning in FY06]			
Project outcome indicator (% satisfactory)	Population (120-130 projects)	Lagged (existing projects)	74	66	64	75	77	n.a.
Quality-at-entry <sup>a</sup> indicator (% satisfactory)	Sample (27 projects)	Timely (new projects)	70	82	88	n.a.	90	76

<sup>a</sup> An extended quality-at-entry exercise was conducted in FY00-01.

Source: OED and QAG Databases.

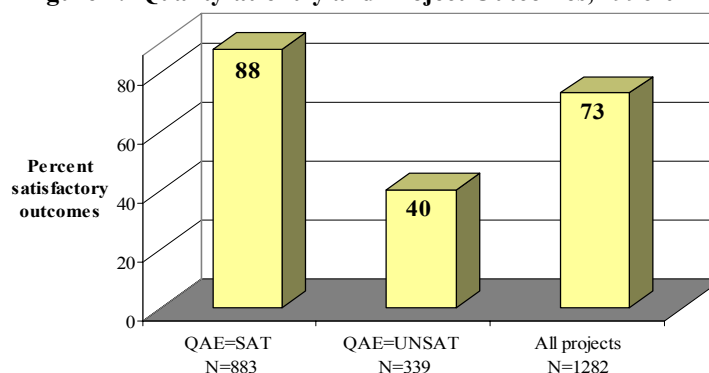
45. **CAS Outcome Ratings.** With a three- to four-year CAS cycle, the number of CASs from IDA-eligible countries reaching completion in any given year is likely to be between 15 and 20. This is sufficient to establish a time series of CAS outcome ratings, but is too small a population for any further annual disaggregation (e.g., by Region). On the basis of such a time series, IDA could report, for example, that 70 percent of CASs at completion had satisfactory or better outcomes. This type of ex post indicator is lagged by definition, providing input into the development of future CASs or the reorientation of ongoing CASs. Thus, any IDA targets related to outcomes would have a built-in lag and so would the response to targeting. With gradual rollout of the results-based CAS, it will take several years of CAS Completion Report reviews by OED before the quality of the outcome ratings is sufficient for IDA monitoring. Teams will begin preparing results-based CASs for IDA countries in FY03 and FY04, along with CASCs. By FY06, a significant share of the CASCs will derive from a results-based CAS, making this an appropriate time to introduce IDA monitoring of CAS outcome ratings.

46. **Adoption of Results-based CASs.** Until CAS outcome ratings are available, IDA Deputies may wish to monitor the adoption of results-based CASs in IDA-eligible countries. This is an input indicator, on par with the monitoring of ESW deliveries within the interim system. It is the most effective way to ensure that data for establishing outcome ratings will eventually be available. Tracking the adoption of results-based CASs poses no particular methodological difficulties, and a steady upward trend is expected during the IDA14 period. The Bank's Operational Policies and Country Services (OPCS) Vice Presidency would review these CASs to ensure that they contain an adequate results framework, including attention to the monitoring and evaluation (M&E) architecture and necessary country capacity.

47. **Project Outcome Ratings.** The database on project outcomes covers the entire population of exiting IDA projects, generally 120-130 per year. This population is too small to ensure statistical validity of subcategories (e.g., Networks or Regions) on a yearly basis. Project outcomes are rated on a six-point scale that is consolidated into satisfactory/unsatisfactory categories. As outcome ratings, they also have a built-in lag (the average age of projects exiting the portfolio is 5-6 years). Nonetheless, these ratings and the lessons behind them are highly relevant to the preparation of new projects and to midcourse corrections of ongoing projects. Setting targets for project outcomes must take into account the lagged nature of the response, building on recent trends in which the share of satisfactory outcomes has risen toward 80 percent.

48. **Quality-at-entry.** Good project design is correlated with satisfactory project outcomes, as indicated in Figure 1. Thus, quality-at-entry is an important leading indicator for results. Quality-at-entry ratings provide both timely and impartial feedback to project teams. QAG examines quality-at-entry through peer assessments of a random sample of IDA projects, as well as IBRD projects. Quality-at-entry provides information that is useful in short-term management for results with immediate impact on project implementation, including redesign and midcourse correction. However, because of small sample size, any subset (by Network or Region) would contain too few data points to be statistically valid. In addition, a relatively small sample introduces greater yearly variation that must be addressed in using this indicator to establish IDA targets. The Bank has an established target of 90 percent satisfactory quality-at-entry for the combined IBRD/IDA portfolio, which should be taken into account in considering targets for IDA

Figure 1. Quality-at-entry and Project Outcomes, 1996-01



Source: QAG

### C. System Administration

49. The enhanced system to monitor IDA's contribution to country outcomes will be managed by OPCS, with inputs from QAG and OED. OPCS will maintain the database on adoption of results-based CASs, as well as preparation of CAS progress and completion reports. OED will maintain data on CAS and project-outcome ratings, and QAG will maintain data on project quality-at-entry.