

Comprehensive Development Framework

Country Experience

March 1999-July 2000

September 2000

Contents

Section One—Country Experience	1
Preface	5
Abbreviations and Acronyms	6
Executive Summary	7
<i>Lessons from the Pilot Experience</i>	7
<i>Going Forward</i>	10
Background.....	13
<i>Scope of this Report</i>	13
<i>Non-formal Pilots</i>	14
<i>Consultations with Ministers of Developing Countries</i>	14
<i>Evolving Relationships with Partners</i>	14
Lessons Learned	16
<i>Long-term Vision and Strategy: a Prerequisite for Sustainable Development</i>	16
<i>Enhancing Country Ownership: the Country in the Driver’s Seat</i>	20
<i>Stronger Partnership Among Stakeholders</i>	24
<i>Focus on Accountability for Development Results</i>	27
<i>Overall Assessment</i>	30
Implications for Wider Application	31
<i>Links with PRSP and with Bank Instruments and Processes</i>	31
<i>Applying the CDF Approach at the City Level</i>	35
<i>Changing the Way the Bank Works</i>	36
Annexes	
Annex 1: Methodology for Tracking Progress.....	41
Annex 2: Country Assessments	42
Annex 3: Major Donors Per Sector in Pilots.....	54
Annex 4: Non-formal CDF Pilot Countries	55
Annex 5: Instruments in CDF Pilots.....	56
Annex 6: The CDF and PRSPs	57

contents, continued

Section Two—A Proposal for a Comprehensive Development Framework	59
Introduction	63
Part I — A Concept—A Balance Sheet with Two Sides, A Coin with Two Sides, a Duet with Two Parts	64
Part II—A Proposal for a Broader Approach to Partnership and to Management of the Development Process.....	70
Conclusion.....	73
Annex 1: A Prerequisite for Sustainable Growth and Poverty Alleviation	74
Annex 2: New Development Framework—Bolivia	75
Section Three—Questions and Answers	77
Background and Origins	79
The Principles	80
Issues to Which CDF Relates	81
Roles Under the CDF	83
Processes to Which CDF Relates.....	86
Implementation	88
CDF and the World Bank	90

Preface

At the 1997 Annual Meetings of the Board of Governors of the World Bank and International Monetary Fund, I raised the need for inclusion, since too many in the developing world were not being helped sufficiently by the development process, and we were in danger of losing the war against poverty. At the Annual Meetings in 1998, I took this idea further by raising the need to explicitly balance our concern for sound macro-economic policy and growth with an equal concern for effective poverty reduction, and an increased attention to institutions. In January 1999, I proposed a Comprehensive Development Framework (CDF) to take into account in an integrated manner the concerns I had previously highlighted. At that time, I promised that I would report back to you in 12 to 18 months on the experience gained with a dozen or so countries which I hoped would volunteer to apply this approach. This report does that.

In March 1999, we began to track implementation of the CDF and to draw lessons from the emerging experience. We recognized that some countries were already heading in the direction advocated by the CDF, and that many of our partners also had expressed similar views in their policy documents. Since launching the CDF proposal, we have held regular meetings within our own institution, and with all our partners, to discuss progress and exchange views and experience. Today, I can report that the countries applying the CDF have made progress, and while some have had to contend with severe external and internal shocks that have slowed the process of change, others have been able to make steady progress. This report

shows that countries have been most successful in laying the groundwork for developing a comprehensive development strategy, in enhancing inclusion through national consultations to build consensus on priorities, and in forging more strategic partnership among all actors. But, the report also shows that we are only at the beginning of the process and that there is much more to do to deepen and widen the implementation of the CDF.

As we look ahead, it is our intention to continue to support countries that are interested in implementing the CDF. Since Poverty Reduction Strategy Papers, which the Governors endorsed at the last Annual Meetings, should be based on the CDF principles, we shall cast the net wider to learn from the broader experience from this larger group of countries. We also intend to learn from the growing number of other countries that are implementing principles compatible with the CDF, and from sub-national experiences of applying the CDF principles, such as City Development Strategies and Community-driven Development.

The recent G-7 Statement at Okinawa, as well as the Ministerial Meeting of the Development Assistance Committee of the Organization for Economic Cooperation and Development in May, expressed a commitment to the CDF—and the PRSP—as the way forward to enhance country ownership and the achievement of international development goals. We intend to continue to direct the energy of our institution to make this a reality.

James D. Wolfensohn
President
World Bank Group

Abbreviations and Acronyms

ACC	United Nations Administrative Committee on Coordination
ADLI	Agricultural Development led Industrialization
AFDB	African Development Bank
AHLC	Ad Hoc Liaison Committee
APL	Adaptable Program Loan
CAS	Country Assistance Strategy
CCA	Common Country Assessment
CCPOQ	Consultative Committee on Program and Operational Questions of the ACC
CDD	Community - Driven Development
CDP	Country Development Partnership
CDs	City Development Strategy
CEM	Country Economic Memorandum
CG	Consultative Group
CPIA	Country Policy and Institutional Assessments
DAC	Development Assistance Committee
DEC	Development Economics Department
ECOSOC	Economic and Social Council of the United Nations
EU	European Union
ESW	Economic and Sector Work
HCMC	Ho Chi Minh City
HDF	Holistic Development Framework
IDA	International Development Association
IMF	International Monetary Fund
IPRSP	Interim Poverty Reduction Strategy Paper
LIL	Learning and Innovation Loan
MDB	Multilateral Development Bank
MTEF	Medium Term Expenditure Framework
MTPDP	Medium Term Philippines Development Bank
NAP	National Action Plan
NEPPF	National Economic Policy Framework and Program
NGO	Non Government Organization
NIR	National Institutional Review
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OED	Operations Evaluation Department
PA	Poverty Assessment
PEAP	Poverty Eradication Action Plan
PER	Public Expenditure Review
PERC	Public Expenditure Review Credit
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
RDB	Regional Development Bank
SIM	Sector Investment and Maintenance Loan
SS	Sector Studies
TAS	Tanzania Assistance Strategy
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Program
WTO	World Trade Organization

Executive Summary

The proposal for a Comprehensive Development Framework (CDF) was introduced by World Bank President Wolfensohn in January, 1999. Building on the lessons of development experience, the CDF is a holistic approach to development that balances macroeconomic with structural, human, and physical development needs. The framework is anchored in four key interrelated principles and objectives to be pursued at the country level:

- a long-term vision and strategy—a prerequisite for sustainable development;
- enhanced country ownership of development goals and actions;
- more strategic partnership among stakeholders; and
- accountability for development results.

Since March 1999, implementation of the CDF has been tracked in the West Bank and Gaza and in the following eleven countries: Bolivia, Côte d'Ivoire, the Dominican Republic, Eritrea, Ethiopia, Ghana, Kyrgyz Republic, Morocco, Romania, Uganda, and Vietnam. A growing number of other countries have also embraced the CDF approach.¹

The Bank has put in place various mechanisms to facilitate information exchange and learning as the CDF is implemented: regular meetings of a learning group of CDF pilot-country directors, chaired by Mr. Wolfensohn; meetings with the Bank's Executive Board, and meetings with networks of CDF bilateral, UN, and multilateral focal points. A questionnaire updated quarterly by the Bank's CDF pilot country teams has proved useful for tracking progress in a structured way.

Scope of this report

The CDF proposal stated that results from implementing the CDF in countries that embraced the idea would be assessed in 12-18 months time. Accordingly, this report examines the experience since the first pilots began to be monitored, and draws out salient implications for the Bank and other actors in the development community.

The piloting of the CDF has not been approached as an experiment with a clearly defined protocol to be tested. Fundamentally, the CDF is about societal transformation.

Over the long term, the criterion for judging the success of the CDF is better achievement of development goals. At this stage, given the long-term nature of the changes sought by the CDF approach, its comprehensiveness, and the short time span since the pilots began to be tracked, it would be difficult to link specific development results directly to CDF activities.

As the CDF itself recognizes, however, the key to better development results lies in the processes that are put in place, so an early assessment of progress with the CDF must be vitally concerned with changes in processes. This report therefore seeks to judge whether the actions that have been taken are consistent with CDF principles, and to weigh the quality of the processes set in motion, and, therefore, the extent to which the CDF may be making a difference.

A planned three-year research evaluation of the CDF by the Bank's Operations Evaluation Department, jointly with the Development Economics Department, is expected to shed more conclusive light on the impact of the new approach. The OED evaluation is expected to consider the costs and benefits of implementing the CDF.²

Lessons from the Pilot Experience

Experience since the pilots began to be tracked is examined below under each of the four key objectives of the CDF, and in relation to balancing better macro-economic and structural and social needs, with an identification of what has worked well, and where key challenges remain.

Overall progress

Overall, all the pilot countries are making progress, with more than half of them taking action or having largely developed a majority of the CDF elements. Individual country performance has varied from Bolivia and Ghana which have made the most overall progress, to Ethiopia, Morocco, West Bank and Gaza, and Kyrgyz Republic which have made the least. The area of greatest progress is on the long-term vision and strategy, where nine of the twelve countries have action well in hand. Least progress has been made in putting in place open and transparent development management information systems; only two

of the twelve countries (Bolivia and Ghana) have action well in hand. Bolivia, the Dominican Republic, Eritrea, and Ghana (and within Government, Vietnam) stand out in giving meaning to the concept of country ownership. Bolivia, Ghana, and to a lesser extent Eritrea, Uganda, and Vietnam have made meaningful progress in putting mechanisms in place to enhance partnership. Looking at countries' progress in relation to when tracking started—rather than absolute progress—Bolivia, Ghana and Romania have gone furthest in about the last 16 months. The Dominican Republic, the Kyrgyz Republic, Uganda and Vietnam have all also been making progress, albeit from very different starting points.

Define long-term vision and strategy—a prerequisite for sustainable development

The CDF goal of achieving faster, sustainable development for poverty reduction recognizes that poverty has multiple facets: income, physical security, environmental sustainability, and the ability of poor people to confront their future with confidence. Given the breadth of the development challenge, for a country to achieve sustainable development it needs to implement *all* the CDF principles, perhaps over a 20-year time frame, though progress will not necessarily be at the same speed on all fronts. These actions need to be built on a sound macroeconomic framework and institutions—good government, an effective legal system, a well-organized and supervised financial system, social safety nets and social programs. An overall conceptual framework, or shared vision, that captures the country's development aspirations, is needed to provide direction, consistency, and focus. The vision needs to be complemented by a strategy that sets out how the country will make progress. Such a holistic framework allows for more strategic thinking and better sequencing of policies, programs, and projects as well as better pacing of reforms.

What has worked well

- Some concrete steps have been taken to formulate long-term national development frameworks, drawing on broad-based participation and generally complemented by medium-term strategies with clearly defined priorities and monitorable development goals. Some existing visions that predate the CDF are being reviewed. Most of the countries have well-articulated medium-term strategies linked to the visions.

- Countries are now giving greater attention to balancing macroeconomic with structural, human, and physical requirements. Correspondingly, they are making more efforts to identify the tradeoffs entailed in balancing priorities.
- All countries piloting the CDF have, to varying degrees, begun a process of national consultations for formulating development strategies or medium-term action plans, though mechanisms and progress vary considerably across countries.

Remaining challenges

- Institutionalizing national consultation processes is proving to be politically sensitive; clearly, the pace cannot be faster than the capacity of existing democratic institutions permits.
- Focusing on the long term can be very difficult where a country faces a crisis. Four pilot countries either do not yet have a long-term vision or have only recently begun work towards one. Three countries do not yet have medium-term strategies.
- Implementing all the four key CDF principles simultaneously—which is an important lesson emerging from the country experience—remains a challenge particularly for some countries.

Enhance country ownership—putting the country in the driver's seat

Managing development is the responsibility not of development assistance agencies but of countries—their governments and their people. Hence the need to have the country (government at all levels, parliament, civil society, the private sector and other domestic stakeholders) firmly in the driver's seat.

What has worked well

- Governments are starting to assert ownership by taking the lead in aid coordination activities, including chairing in-country meetings with donors on a regular basis.
- Experience shows that holding the main consultative group (CG) meeting in the country's own capital is a valuable way to nurture and broaden country ownership, and does not adversely affect the debate or the level of participation from donor capitals—as some donors had feared. Many CDF pilot countries and some that are not formal pilots have recently had successful in-country CG meetings.

- Where civil society and the private sector have become actively involved in the policy debate, this can help deepen and widen country ownership of the development agenda, and the sustainability of the CDF approach. The inclusive approach, now reinforced by the Poverty Reduction Strategy Process (PRSP) where applicable, should further strengthen the involvement of domestic stakeholders in the policy debate.

Remaining Challenges

- The Bank and development partners generally need to show more confidence in country ownership, by allowing the time and space needed for ownership to be expressed, and being prepared to let go.
- The attainment of full country ownership will require more strategic support for capacity building and changes in the policies, practices, and procedures of the wider development community to nurture what is often a delicate process.
- Countries, in collaboration with their external partners, should consider defining additional concrete steps for making progress in supporting government leadership, e.g. through stronger country involvement in upstream joint analytical work—before policies and programs are formulated.
- Governments generally prefer domestic stakeholders to be engaged in the policy dialogue through established or strengthened democratic institutions, including parliaments, rather than through ad hoc consultation mechanisms. Some governments still question the need to involve domestic stakeholders in policy discussions, since, from their point of view, it is unclear to whom these stakeholders are accountable and since these governments are the elected representatives of the people.

Enhance strategic partnership among stakeholders

Development experience shows that there is too little coordination of effort, too much suspicion among the various actors, too little transparency and consultation, and not enough focus on accountability for performance. For greater poverty reduction, there are clear benefits to be had from stronger partnership and better coordination among assistance agencies, and greater selectivity of effort, based on agencies' comparative advantage.

What has worked well

- Stronger partnership is emerging in varying degrees in all pilot countries, both among assistance agencies and between these agencies and the countries.
- Sector and thematic groups comprising both government and donor representatives are now operational in several countries and meet regularly to exchange information and facilitate learning.
- In several pilot countries, donor assistance strategies are increasingly better aligned to the national medium-term development strategy.
- Donors are gradually becoming more selective in their interventions, following their comparative advantage.
- There is a much greater sense of urgency for harmonizing donor policies and procedures to reduce the burden on clients and make the aid delivery process more effective.

Remaining challenges

- Concrete progress in harmonizing donor practices and procedures remains limited both at the institutional level and at the country level, reflecting long-standing ways of doing business as well as constraints in donor capitals.
- The need for donors to demonstrate their individual contributions reduces aid effectiveness in almost all pilot countries. Where it dominates, it preempts more effective government leadership.
- Achieving greater selectivity and reducing duplication of effort and wasteful competition will require much better upstream coordination of analytical work among partners.
- Development of institutional capacity in partner countries needs strategic—not project by project—attention to allow for more effective partnership.
- As can be seen from the reactions at the WTO meeting in Seattle, and the April 2000 World Bank/IMF meetings in Washington, and as foreshadowed for the World Bank/IMF Annual Meetings 2000 in Prague, much suspicion still exists on the part of certain well-organized members of civil society. This must be overcome.

Increase focus on accountability for development results

To be accountable for development results, development managers need to make their goals clear, monitor the progress of programs and projects, and share the information that becomes available. Indicators of progress should focus on development results, rather than inputs, and given that most countries have very limited statistical and monitoring capacity, it is better to choose a few intermediate indicators that can be assessed regularly than to have results indicators that can only be assessed irregularly. Transparency and open sharing of information on development goals and progress by a country and its partners helps to make development more effective and greater poverty reduction possible. Achieving this objective, for example through a CDF-type matrix, would allow greater attention to development gaps, sequencing of interrelated development activities across sectors, and identification of comparative advantages. Ultimately it would allow much greater focus on results and accountability than has been the case so far.

What has worked well

- Governments increasingly recognize the need to take a more strategic approach to the gathering and dissemination of information regarding the CDF and a number of country-specific websites are already operational.
- Progress is being made in some pilot countries to develop a CDF matrix, or one like it, setting out details of individual stakeholders' activity sector by sector.

Remaining challenges

- Progress in developing the CDF matrix has been slower than originally anticipated. There are still barriers to the disclosure of information.
- While country-specific indicators of performance are available for a few pilots, most have not yet completed their preparation.
- Much work is still to be done on monitoring and evaluation capacity in-country.

Going Forward

The CDF has implications for how the Bank works and for the larger development community. Beyond the pilots, a number of other countries have already embraced the CDF approach. In adopting the PRSP process in September 1999, ministers decided that it should be based on CDF principles. And with the significant increase in the number of PRSPs expected, application of the CDF principles well beyond the current pilots is gaining momentum. At the subnational level, this is happening in both low- and middle-income countries, for example through the City Development Strategy initiative, which applies CDF principles and objectives at the city level.

As the CDF process evolves, the Bank needs to pursue a number of actions as set out below. External partners and the countries themselves may wish also to draw out the implications from their own perspectives. This report presents some measures they may wish to consider.

Actions by the Bank

The Bank's six Regions are already considering the region-specific implications of a wider application of the CDF approach, including actions required at the country level, the relationship with the country's key external partners, and internal change in support of the CDF approach.

Experience suggests that in order to implement CDF more broadly, the Bank should more systematically align its instruments, processes and way of working with the CDF approach. In particular, it should:

- *Better align the CAS and CPIA (country policy and institutional assessments)*, as proposed in the recent CAS Retrospective and in accordance with the proposal by the IDA deputies at their recent Lisbon meeting. As envisaged in the CAS Retrospective, the CAS can be used in non-pilot countries to introduce or deepen the CDF approach, as has been done in some countries such as Zambia. The recent CAS for the Philippines also reflects an approach that embodies CDF principles. In this

context, the Social and Structural Reviews (SSRs) should also be better aligned with the CAS and the CPIA.

- *Approach economic and sector work, identifying the constraints to development and poverty reduction and the priorities for action, with a three-pronged purpose of:* i) enhancing partnership by facilitating dialogue on analytical standards and policy options; 2) enabling the pursuit of broad-based consensus; and 3) knowledge transfer. This framework can provide a basis for the Bank's support for country leadership and for its professional judgement on the adequacy of country policies and processes for Bank programs.
- *Work towards greater selectivity in country assistance strategies*, building on the Bank's comparative advantage, and closer collaboration with partners in formulating support and its timing in individual countries.
- *Move towards a greater focus on programmatic lending*, to provide for a medium-term approach that is adaptable to country circumstances, consistent with a results-based approach. In this context, experience in the CDF pilot countries suggests that a greater use of programmatic lending instruments such as adaptable program loans (APLs), sector investment and maintenance loans (SIMs), and programmatic structural adjustment loans and credits (PSALs/PSACs) facilitates strengthened country ownership.
- *Promote concrete action on harmonization of operational policies and practices at the institutional and country levels*. This will help to reduce the transaction costs for partner countries and institutions, and facilitate more programmatic approaches to the delivery of development assistance.
- *Consider aligning its support more closely to the country's own budget process*. This would ensure greater predictability of future resource flows.
- *In the PRSP process, continue to ensure that CDF principles are fully incorporated in the way staff support these countries*. Also, any outstanding CDF-related issues need to be addressed in the joint Bank/Fund assessments, as has been done in an exemplary manner in the Ghana case.
- *Encourage the introduction and dissemination of CDF principles*. Use various mechanisms to introduce the CDF in the dialogue with countries, including at the sub-national level, for example, through the City Development Strategy.
- *Play a stronger role in bringing international experience to*

bear in designing and promoting alternative modes for more effective private-sector engagement in the CDF context.

- *Explore the introduction of multi-year administrative budgets at the country department level, and continue work to see how the Bank can increase the development impact of its safeguard and fiduciary policies, especially in the context of sector-wide approaches to lending.*
- *Create among Bank staff a better enabling environment for the CDF*. This requires further improvements in: 1) leadership behavior at all levels of staff; 2) the organizational environment—making the matrix approach excel; and 3) the approach to learning and training. Specifically, the Bank should further develop action learning, together with clients and partners, as used in some of the pilots; promote skills that support working in a partnership mode; and create a community of CDF change agents who support one another in nurturing the CDF approach. These changes should be pursued in a phased and tailored manner, concentrating on those cases where both the country and the Bank are ready to adopt this way of working, building on the accumulated experience.
- *More closely align recruitment practices and the incentive structure for assessing performance and promotion to support CDF implementation, by lending more weight for example to partnership-related competencies*. Greater progress in linking incentives to working in this new way will send more consistent signals to encourage staff to “walk the talk”. The Bank's Regions plan to set up an internal CDF focal points group, together with the CDF Secretariat, to enhance collaboration on CDF implementation.
- *Explore the implications for Board practices*. For example, the presentation of Ghana's development strategy to the Bank's Board by the Government was an explicit expression of efforts to strengthen country ownership. Although it is still early, a wider application of this initiative needs to be considered.

Implications for partner organizations

The key consideration for all external partners is the need for greater harmonization of policies, practices, and procedures. Experience shows clearly that this cannot be achieved solely on the basis of action at the country level. Indeed all actors, including the Bank, see this as an area that requires action at the institutional level. OECD/DAC has been encouraged by bilateral development ministers to proceed with identifying the constraints on

progress. This work should have the full support of the Bank and other multilateral development banks. More specifically:

- *The business plans of all partners should be derived from the country's strategy, or poverty reduction strategy in low-income countries. This has implications for individual donor visibility.*
- *The sector-wide approach is a promising instrument to establish effective coordination at the country level as well as reduce transactions costs.* External partners, including the Bank, must ensure that they do not superimpose their own requirements and thus defeat the partnership.
- *Steps need to be taken to help countries improve their capacity to monitor development results.* Here it is important to ensure coherence among various donor initiatives including with ongoing work by OECD/DAC on statistical capacity and on international development indicators, and in improving country monitoring and evaluation capacity.

Implications for partner countries

These include:

- *The holistic approach presents challenges for all countries but is essential for focusing on greater poverty reduction.* In this context, formulating an appropriate development vision, complemented by a medium-term strategy with well defined goals, is a fundamental need. Pilot experience shows that many countries are faced with multiple possible strategies. Countries should be supported in rationalizing the content of donors' strategies to ensure coherence of effort. Similarly, countries that have successfully devised short-term strategies, partly in response to crises, but have made less progress on a long-term vision,

must be supported in taking the long-term view. This is particularly relevant in PRSP countries, which have a relatively strong incentive to focus on the short term.

- *Seeking maximum synergy among programs designed to improve country capacity—such as the Partnership for African Capacity Building initiative.* Institutional capacity is central to implementing all the CDF principles of building ownership, forging more strategic partnership, formulating and implementing policies, and enhancing accountability for development results.
- *Moving forward with the wider and faster application of in-country consultative group meetings.* The World Bank should collaborate and encourage its partners, such as UNDP and the regional development banks, to work in this direction.
- *Countries will continue to be encouraged to open up the dialogue further to include all representative domestic stakeholders.* To the extent feasible this dialogue should be conducted through existing democratic institutions, rather than setting up parallel ad hoc consultation mechanisms that can undermine fragile existing institutions by implicitly questioning their legitimacy.
- *While all the efforts to put in place CDF or CDF-type matrices are incipient, they should be further supported—whether through the Development Gateway Initiative or other efforts.* This work contributes to transparency and accountability, as well as helping to create a better-informed development management environment.
- *Governments should widely disseminate their strategies so as to ensure full understanding by all stakeholders, and increase Government accountability.* Where this is not done, the commitment of stakeholders—even those within Government—is weakened.
- Lastly, pilot experience shows that all the CDF principles and objectives should be pursued simultaneously, because progress in one depends on progress in the others.

Background

The Comprehensive Development Framework (CDF), piloted in eleven countries and West Bank and Gaza, was introduced by World Bank President Wolfensohn in January, 1999.³ Building on the lessons of development experience, the CDF seeks to enhance development effectiveness through coordinated support of country ownership of a well-defined development agenda. It is a holistic approach to development that balances macroeconomic with structural, human, and physical development needs. The framework is anchored in four key interrelated principles and objectives to be implemented at the country level:

- a long-term vision and strategy—a prerequisite for sustainable development;
- enhanced country ownership of development goals and actions;
- more strategic partnership among stakeholders; and
- accountability for development results.

The Bank's Executive Board endorsed the proposal to pilot the CDF in March, 1999. A pilot program was then assembled on the basis of Bank/Country dialogue, with Bolivia and Ghana (two countries that had already embarked on approaches similar to the CDF) coming forward very early. Nine more countries (Côte d'Ivoire, the Dominican Republic, Eritrea, Ethiopia, Kyrgyz Republic, Morocco, Romania, Uganda, Vietnam) and West Bank and Gaza followed. Fundamentally, piloting the CDF is an investment in laying a more solid basis for sustainable poverty reduction, whose returns will be generated over time. The emphasis has been on learning by doing and distilling the experience.

In March 1999, the President established a small CDF Secretariat, supported by bilateral secondments, as a central focal point to provide support in the implementation of the CDF. Various mechanisms were put in place to facilitate information exchange and learning as the CDF is implemented: regular meetings of a learning group of CDF pilot-country directors, chaired by Mr. Wolfensohn; meetings with the Bank's Executive Board; and meetings with networks of CDF bilateral, UN, and multilateral focal points. A tracking mechanism updated quarterly by the Bank's CDF pilot country teams has allowed structured monitoring of progress.

Scope of this Report

The CDF proposal stated that results from implementing the CDF in countries that embraced the idea would be assessed in 12-18 months time. Accordingly, this report assesses the experience since the first pilots began to be tracked, and draws out salient implications for the Bank and other actors in the development community. Previous reports on the CDF limited themselves to describing progress and identifying promising practices and emerging challenges.⁴

Ultimately, the criterion for judging the success of the CDF is better development results. At this stage, given the long-term nature of the changes sought by the CDF approach, its comprehensiveness, and the short time span since the pilots began, it would be difficult to link specific development results directly to CDF activities.

As the CDF itself recognizes, however, the key to better development results lies in the processes that are put in place. An early assessment of progress with the CDF must be vitally concerned with changes in processes. This report therefore seeks to judge whether the actions that have been taken are consistent with CDF principles, and to weigh the quality of the processes set in motion, and, therefore, the extent to which the CDF may be making a difference.

Following this report, a three-year phased research evaluation of the CDF will be undertaken by the Bank's Operations Evaluation Department (OED) and Development Economics Department (DEC). The evaluation intends to: i) verify the extent to which the CDF principles are being practiced in diverse country contexts; ii) identify the difference the principles are making in promoting development; and iii) assess how the principles are reflected in the Bank's own instruments and processes and in poverty reduction strategy papers (PRSPs). The evaluation will use both cross-country analysis and case studies and, to the extent possible, involve the Bank's partners and client countries. This evaluation will also address costs and benefits of the CDF.⁵

The remainder of the present chapter describes recent events in the development community with regard to the CDF. The second chapter, *Lessons Learned*, takes stock of the pilot experience. It assesses progress at the country level over the last year and half in implementing various aspects of the CDF, responding to requests from close observers for a more evaluative approach, albeit one based on qualitative rather than quantitative judgments. The third chapter, *Implications for Wider Application*, examines implications and lessons for the Bank for possible replication in moving forward with CDF principles.

Non-formal Pilots

Several countries that are not formally part of the CDF pilot tracking mechanism have launched processes consistent with the CDF approach or expressed an interest in doing so. They include a growing number of middle-income countries. For example, both Thailand's Holistic Development Framework and the Philippines' Medium-term Development Plan seek to balance macro-economic considerations with structural and social interventions. In both those countries, the strategy is homegrown and has been developed through participatory processes involving the private sector and NGOs. The assessment in this report draws on some of the experiences of non-formal pilot countries. Annex 4 outlines how some low-income and middle-income non-formal pilot countries have applied the CDF principles, and the role of the Bank in this process.

Consultations with Ministers of Developing Countries

Regular consultations on the CDF have been carried out during the Spring and Annual Meetings of the Bank and International Monetary Fund. These consultations have allowed for exchange of views between the President of the Bank and finance ministers and senior officials of both CDF pilot countries and non-pilot countries. These meetings have added to understanding of the CDF and also led to requests for Bank support in implementing the approach in non-pilot countries. Developing country ministers have underscored the importance of treating each country according to its own circumstances. Some have also underscored the fact that countries interested in implementing the CDF can do so on their own initiative and do not need the Bank or other partners to be involved.

Evolving Relationships with Partners

Dissemination of the CDF proposal and consensus-building around its key principles was a major area of focus straight after the proposal was launched. An important goal of that effort was to ensure that the Bank's key multilateral and bilateral partners were fully briefed and to see whether a consensus might develop around the approach. Shortly after the World Bank's Board of Executive Directors discussed the CDF in March 1999, the development Ministers from several European countries met with Mr. Wolfensohn in Berlin. The ministers expressed support for moving forward with implementation of the CDF, and the first network of CDF bilateral focal points was established.

The network of CDF UN focal points was established soon afterwards. In addition, the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD/DAC) started a network of multilateral secretariats. This network took up the issue of the CDF in relation to other country-based pilot experience that was being sponsored by the DAC and other institutions.

Further to these formal exchanges, consultations on the CDF with partners have been continuous, and previous CDF progress reports have documented them. The Bank's Board of Executive Directors has been kept abreast of major outcomes from the exchanges. Systematic meetings have been held to discuss the CDF with ministers of developing and transition countries, and visits made to some countries implementing the CDF.

Bilateral focal points

The persons nominated to be focal points are mostly senior staff at the headquarters of development agencies. Their role has been to keep abreast of CDF implementation experience in the countries where the agencies are at work, and to keep the network and the Bank informed about progress and challenges as seen from their perspective. The CDF focal points networks have met three times in the sixteen months, and the substantial experience exchanged helped to shape this and previous reports.

Equally, the network has been an important source of support to keep the momentum of the CDF going. Specific issues raised by the agencies have been carefully

followed up. In the course of implementation of the CDF in the pilot countries, most issues related to coordination have been dealt with at the country level. Others that needed action at the institutional level have been discussed at bilateral focal points meetings; examples are the harmonization of practices and procedures, alignment of country assistance strategies to the national strategy, and budgetary support for sector-wide approaches.

UN agencies

Close working relationships have also been developed with various UN agencies and bodies such as the UN Development Group, through the UN focal points network. This network has worked to strengthen the integration of UN instruments—in particular the common country assessments and development assistance frameworks—with the implementation of the CDF.⁶ Work with the UN has also focused on keeping information on the CDF flowing to UN bodies such as ECOSOC and the CCPOQ. While parts of the UN system still have some doubts about the CDF, these groups have changed their views about the CDF substantially over the last year and half. Today, the focus of attention is not on whether the Bank will overwhelm UN instruments; rather it is on achieving better partnership among the UN agencies and the Bank in supporting country-led development efforts.

OECD/DAC

Work with the OECD/DAC on the CDF continues with good progress being made. The President of the Bank presented the CDF to the DAC Ministerial-level Meeting in May 1999, and working-level contacts intensified with the goal of ensuring greater coherence between the CDF and the partnership strategy espoused by the DAC. This culminated late in 1999 with a DAC-sponsored statement, *On Common Ground*,⁷ which builds on the CDF principles and integrates similar concepts from the current strategies of many partners in the development community, including the European Commission, the IMF, MDBs, and the UN. *On Common Ground* sought to put to rest the notion that the CDF competes with other strategies. It emphasized the consensus that now exists in the development community on the principles of the CDF and the resolve to translate them into reality.

The DAC Ministerial Level Meeting of May 2000, expressed the support of ministers for the CDF⁸. Minis-

ters recognized that CDF principles can be difficult to put into practice, because they may require fundamental change in the mindset of development agencies. However, they also stressed the need for such changes in order to make the most of the new development partnership, including through better engagement with local civil society, the use of sector-wide approaches, the simplification and harmonization of procedures, and the delegation of authority where possible to field level staff. In this regard, they emphasized that there should be full coherence between the CDF and the Poverty Reduction Strategy Papers, which are to be prepared in accordance with CDF principles (see chapter on *Implications for Wider Application* below).

Civil Society

Outreach to and consultation with civil society has taken a number of forms. In the pilot countries, the primary role in promoting such dialogue has rested with Government, as discussed in the chapter, *Lessons Learned*, below. Elsewhere, many development partners (both bilateral and multilateral) have engaged in such debate—at global and regional level. The Bank has welcomed and encouraged such exchanges. Its own contributions have included two on-line, electronic dialogues, one in May and June 1999, the other in June and July 2000; together with seminars linked to the Spring and Annual meetings of the Bank and IMF; and a long series of ad hoc meetings with individuals and groups, in headquarters, at regional level and in-country. CDF is also a key item in the World Faiths Dialogue on Development co-chaired by the President of the Bank and the Archbishop of Canterbury. These contacts have provided a great diversity of comments and suggestions, many of which are reflected throughout this report. Some particularly prominent themes included:

- the importance of the Bank's actions being seen to match with the language of the CDF;
- the need for World Bank staff to internalize CDF, so as to adapt their own behaviors to the partnership approach set out in CDF;
- participation, consultation and inclusion, however defined, need to be authentic to be meaningful. This kind of inter-action takes time;
- the importance of the focus on results— and results defined not through generic indices, but with reference to those most nearly concerned, i.e. the marginalized and the vulnerable poor.

Lessons Learned

This chapter examines the pilot experience under each of the four key objectives of the CDF: putting in place a development vision and strategy; enhancing country ownership; forging stronger partnership under government leadership; and a focus on development results. It identifies what has worked well over the last year and a half, and where key challenges remain. The last section of the chapter provides an overview of progress.

Data for the assessments in this chapter come from a variety of sources. Using a questionnaire that is updated quarterly, the Bank's CDF secretariat and the country teams track all the key elements of the CDF approach. The assessment also draws on information from the focal points representing the major bilateral agencies, the UN system, and multilateral development banks, and from structured interviews held in June 2000 with cross-sections of stakeholders in several of the pilot countries. Annex 1 outlines the approach used for making the assessments of progress, while Annex 2 provides the results of country by country assessments.

Long-term Vision and Strategy: a Prerequisite for Sustainable Development

Achieving faster, sustainable development for poverty reduction—the goal towards which CDF aims to contribute—recognizes that poverty has multiple facets, of which income or wealth are only an element: others include physical security, environmental sustainability, and the ability of poor people to confront their future with confidence. This goal also recognizes that the CDF is about societal transformation. Given the breadth of this development challenge, CDF identifies the need for a broadly based foundation, on which to build a long-term vision grounded in a holistic approach, which is in turn translated into medium-term development strategies.

Experience from the pilots has shown that the foundation needs to include a sound macroeconomic framework. If this is disrupted, countries face real difficulties in maintaining a long-term perspective of any kind. Short-term decision making can then quickly erode the accumulated benefits for the poor of previous long-term approaches. The experience has confirmed that it is difficult to focus

on the long term in the midst of a crisis, but has also shown that in some cases the use of CDF approaches has helped governments sustain a longer-term focus even at such times.

Experience also shows the need for sound institutions that respond to the interests of the people by providing good, clean, representative government; an effective legal and justice system; a well-organized and supervised financial system; and a social safety net. These structures need to be accessible to as much of the population as possible—often this will mean that they need to recognize issues of regionalism and decentralization. The pilots have shown that the lack of such sound structures is an obstacle to taking CDF forward, both in itself and because their absence prevents the confidence-building between government and other parts of society that is essential for effective dialogue. In most of the countries piloting the CDF, at least some of these structures remain to be fully developed⁹. Experience over the last year has shown that one benefit of CDF has been to make this unfinished agenda more transparent, and to facilitate public discussion of ways to take it forward. In this sense, the CDF may be said to have had a catalytic effect.

Setting a strategic direction

To build on these foundations at the country level requires an overall conceptual framework, or vision, that provides the direction, consistency, and focus essential to sustain any long-term process.¹⁰ Experience from the pilots shows that such a vision must have regard to all the CDF principles and must be country-specific (Boxes 1 and 2).

To establish such a vision, the following elements are needed:

- *A basic understanding of the nature of the opportunities and problems facing the country*, together with knowledge of and experience about the constraints they face, including the government's capacity limits.
- *A simple shared vision statement that sets out the country's aspirations*. This is about capturing the aspirations of the people; it need not specify concrete objectives. Realism and concreteness are desirable, but it is more important that the vision authentically reflect the broad aspirations of the country.

The vision needs to be complemented by a *strategy* that sets out how the country can make progress towards it. This strategy needs to be realistic, and framed in terms of concrete time-bound actions geared to delivering specific development results. Partly because of this specificity, strategies cannot be projected as far ahead as visions, and will need to be reviewed periodically as circumstances change. The vision and strategy should be extensively disseminated to ensure widespread commitment and support.

All parts of government then need to relate their own activities to the national strategy. The aim should be that all branches of government do so, together with all sectors of activity, and all levels (national, regional, local). In so doing, they will need to address both policy and implementation capacity. The greater the coverage of this process, the greater the likely consistency in pursuing the vision.

Box 1: Long-term Vision

A strong long-term vision will look forward at least ten years, and include a focus on key poverty reduction aims, including the role of gender, and propose results-measures by which to assess progress.

Bolivia	“Bolivia towards the 21 st Century” vision launched as part of national dialogue. Focuses on results; poverty reduction through higher, sustainable growth is main aim, with gender as a cross-cutting issue.
Côte d’Ivoire	“Vision 2025” promotes growth as means to reduce poverty. Some discussion of results, but treatment of gender limited. It now needs to be reviewed.
Dominican Republic	Ten-year vision, with partial focus on poverty reduction. Little discussion of results. Some recognition of gender issues.
Eritrea	Twenty-year National Economic Policy Framework and Program (NEPFP), strongly focused on poverty reduction, and specific section on gender. Results not covered in detail. Being reviewed in light of conflict with Ethiopia.
Ethiopia	Agricultural development-led industrialization (ADLI) vision not time bound. Evolves over time, based on pro-poor growth. Gender is integrated in government policy. Some treatment of results. Needs review in light of conflict with Eritrea.
Ghana	“Vision 2020” with strong focus on poverty reduction through economic growth. Gender is integrated, as are indicators of progress on results.
Kyrgyz Republic	“Vision 2010” now under development through national and provincial workshops. Three areas of focus: Poverty Reduction and Social Protection; Sustainable Economic Growth; and Good Governance, Legal and Judicial Reform. Due by end 2000.
Morocco	No clearly articulated long-term vision.
Romania	UNDP-sponsored National Strategy for Sustainable Development 2000-2020 consistent with EU accession. Poverty issues addressed by some aspects; gender partly covered. Results not yet spelt out.
Uganda	Current work on “Economic Vision 2025”, to build on Poverty Eradication Action Plan (PEAP), which focuses on reducing poverty. Gender-integral. PEAP goals not yet translated into result measures.
Vietnam	Twenty-year vision and ten-year strategy being prepared. Poverty reduction, equity and vulnerability as central themes, as will be shift to market based economy. Gender is recognized as major issue. Results not yet covered in detail.
West Bank & Gaza	No clearly articulated long-term vision.

The programming of work should be tailored to specific country circumstances, with a view to realizing all potential synergies. Achieving an effective vision requires a series of prior actions relating to consultation and inclusion. Although logic places the development of the vision at the beginning of the CDF process, pilot experience has shown that in practice it may not be the first action taken, and that it can be valuable to pursue different elements of the CDF simultaneously while

recognizing that some will advance more rapidly than others. Some countries, particularly where long-term prospects are hard to predict, have established medium-term strategies and related expenditure frameworks without having a vision in place.

Where the expenditure framework covers several years, the links between that framework and the strategy need to be carefully established when they are put in place, and

Box 2: Medium-term Strategies and Expenditure Frameworks

Any long-term vision needs to be supported by a medium-term strategy and other implementation plans; such strategies may also exist even where no vision is in place.

Bolivia	National Action Plan (NAP) 1997-2002, with detailed results indicators linked to Government spending plans and international goals. Not yet linked to new vision. Being updated as part of PRSP process.
Côte d'Ivoire	Two strategies, both linked to Vision 2025. Growth-oriented "Elephant of Africa" and separate poverty reduction strategy, endorsed by 1998 Consultative Group, with focus on results. To be reviewed as part of PRSP process.
Dominican Republic	Not adequate at present. A key challenge for newly-elected government.
Eritrea	Current priorities distorted by conflict with Ethiopia. However, five-year plan deriving from National Economic Policy Framework and Program is in preparation.
Ethiopia	Current priorities distorted by conflict with Eritrea, but some work in hand, building on sector strategies.
Ghana	Vision 2020 includes five-year "steps". First covered 1996-2000. Separate medium-term expenditure framework, linked to planning framework, and well presented. Second step being prepared for 2001-2005.
Kyrgyz Republic	A national Poverty Reduction Strategy is developing a three year expenditure plan for 2001 to 2003.
Morocco	Five-year development plan before Parliament. Because of political transition, not clear how this will translate into activities.
Romania	New Medium Term Development Strategy for 2001-2004 (not poverty focused) and accompanying Action Plan (modest treatment of poverty, mainly monitoring) part of EU accession.
Uganda	Medium-term Expenditure Framework provides robust, concrete, strategic basis for taking forward Poverty Eradication Action Plan. Needs linking to Economic Vision 2025.
Vietnam	Five-year plan under development, due for approval early 2001, which will be related to proposed longer-term strategies.
West Bank & Gaza	Elements exist, with little poverty focus, but work is in hand to build on them.

their continuing consistency must be monitored during implementation. Such strategies and expenditure frameworks need to be updated periodically to reflect changing circumstances and the passage of time, as several pilot countries are currently doing. Obviously this is especially necessary where external or internal events, such as war or natural disasters, significantly change the problems a country faces.

Holistic approach essential

The CDF is predicated on a holistic approach, which avoids compartmentalization and acknowledges the synergies between the macroeconomic perspective and the

structural, social, and physical ones, and between long- and short-term goals.

Pilot experience has shown the synergies that can be achieved among different elements of government—and the incoherence that can arise from uncoordinated actions (Box 3). Managing the synergies can be especially challenging in the context of decentralization, where sector programs will need to be cross-linked with horizontal initiatives at the regional or local level. The lessons emerging from experience of City Development Strategies and Community-Driven Development can help clarify the likely key synergies and incoherences, and so play a role in shaping these choices.

Box 3: Holistic and Balanced Approaches

A holistic, balanced approach will ensure adequate attention to both the macroeconomic essentials and structural and social issues, strike a balance between long-term and short-term priorities, and examine key inter-linkages.

Bolivia	Approach is holistic and balanced, and seeks to capture dynamic linkages between sectors. Implementation designed to support cross-sectoral working.
Côte d'Ivoire	Vision emphasizes economic growth and does not consider adequately how social and structural issues interact with growth, but PRSP process should help. Implementation remains highly compartmentalized.
Dominican Republic	Balance of priorities in vision, but no discussion of the linkages among them.
Eritrea	Strategic approach aims to be holistic and implementation seeks to reflect that. However, more work is needed on structural issues and inter-linkages.
Ethiopia	Strategic approach holistic, but structural coverage is incomplete, and how this approach translates into implementation is unclear.
Ghana	Strategic approach is holistic and implementation seeks to reflect that.
Kyrgyz Republic	Current planning framework still under development. Some elements of holistic approach emerging.
Morocco	New medium-term strategy includes both sectoral and cross-sectoral components. Not yet under implementation
Romania	Plans focus on EU accession—without identifying hard challenges ahead. Implementation is compartmentalized. However, Government recognizes need to use CDF process to become more holistic.
Uganda	Strategic approach aims to be holistic, but does not yet provide full coverage.
Vietnam	Thinking becoming quite holistic, as reflected in strategy documents. Macro, financial and structural issues assessed in light of their social consequences.
West Bank & Gaza	Articulation of holistic view being supported through CDF.

Enhancing Country Ownership: the Country in the Driver's Seat

Countries themselves need to own and manage the development agenda if it is to be successfully implemented and progress sustained, as the literature on aid effectiveness has increasingly underscored.¹¹ Certain features of the aid relationship, such as donor-driven reforms, dependent on externally-imposed conditionality for their implementation, have undermined country ownership, instead of enhancing it.¹² Achieving such ownership requires a strong leadership role by government, and active involvement of other parts of society, a complex and time-consuming process.

Experience in the pilots emphasizes that the move towards stronger country ownership needs to be approached through realistic concrete steps, under govern-

ment leadership, and with broad-based participation by all parts of society. Where appropriate, the Bank should use its leadership role for the time being to nurture country ownership, for example by supporting Consultative Groups (CGs) held in-country, transferring their leadership to the government, and by facilitating broad-based domestic participation.

Government's role

The government needs both to exercise leadership and to have the capacity to analyze development opportunities and problems and plan and implement solutions.

The *requirements of ownership* are best captured through four criteria set out by the Bank's Operations Evaluation Department:

Box 4: Homegrown Strategies

Homegrown strategies are developed and owned by the country, drawing on external advice where appropriate.

Bolivia	Government clearly leads strategy development, with change agents to take it forward. Challenge is to broaden beyond change agents.
Côte d'Ivoire	Previous government initiated work with partners and had some change agents in place. While some of that structure still available, future government role depends on outcome of current transition.
Dominican Republic	Current vision results from broad national engagement, by all major political figures, including incoming government. Priority now to put in place change agents to carry it through.
Eritrea	Strategy developed, and strongly endorsed, by the Eritrean Government, including key change agents.
Ethiopia	Government has clearly led strategy development, and is committed to its implementation.
Ghana	Government led strategy development, and is publicly committed to the key goals. Key senior officials are active change agents.
Kyrgyz Republic	The authorities have worked hard to push CDF, but partner technical inputs remain key.
Morocco	Government prepared the plan that is now before Parliament. Bank assisting with follow-on sector analysis.
Romania	Government intermittently active proponent of CDF. Key change agents face competing pressures from other key aims, only partially reconciled.
Uganda	Government leadership has been strong, with donor support.
Vietnam	Government has a long tradition of strong leadership and independent mindedness.
West Bank & Gaza	CDF process initially led by partners, but Palestinian Authority now developing planning capacity to lead. Key change agents face many competing pressures.

- the locus of initiative must be in the government;
- key policy makers must be intellectually convinced;
- there must be evidence of public support from the top political leadership; and,
- there must be broad-based stakeholder participation¹³.

Pilot experience as regards these ownership criteria is shown in Box 4. As to the *locus of initiative*, a growing number of governments are taking the lead in initiating policy changes and in program implementation. However, a key test is the ability of the country to say “no” where the locus of initiative is not from within. For heavily aid-dependent countries, this can be difficult to do. As to the *intellectual conviction of key policy makers*, most of the pilot countries have only a few key players, who are often forced to act in response to short-term crises in the domestic political economy. But it is the

commitment to new ideas of these same few that can make the difference in ensuring their sustainability.

Several CDF pilot countries have recently had elections or are now preparing for them. Their experiences should provide insights into the sustainability of the CDF approach where there is a change of government. As regards the *commitment of the top political leadership*, support is often found at the highest levels of government—the head of government or the ministry of finance—but the necessary commitment at the level of sectoral ministries can take longer to nurture.

As far as *broad-based participation*, for a government to play a strong role, it must consult with multiple stakeholders, and identify and often implement appropriate strategic responses. Government needs to have due regard

Box 5: Government Capacity

Adequate government capacity to own and manage their development agenda.

Bolivia	Capacity is concentrated in well-placed change agents in the executive branch; Institutional Reform Project recognizes capacity as a strategic priority, but it will take time.
Côte d’Ivoire	Capacity for implementation of medium-term programs fair, but weaker for long-term strategy. Partners supporting strategic capacity development.
Dominican Republic	Capacity weak, but political commitment has been strong, and Government plans public sector reform to strengthen capacity.
Eritrea	Strategy capacity exists but sparse; implementation capacity weak. Capacity development a strategic priority.
Ethiopia	Strategic capacity strong; implementation capacity varies by ministry. Strategy for capacity development being put in place.
Ghana	Government capacity relatively strong for region. Further capacity development a strategic priority.
Kyrgyz Republic	Very limited—and overextended—capacity. Now recognized as key constraint.
Morocco	Strategic capacity fair, but needs further strengthening
Romania	Strategic and implementation capacity both weak.
Uganda	Government capacity relatively strong for region, but inadequate to the tasks at hand. Further capacity development a strategic priority.
Vietnam	Capacity for central planning strong, but weak in developing more integrative CDF-style strategy.
West Bank & Gaza	Capacity weak.

to the concerns of all the parts of society that are engaged in supporting the overall process. In particular, it requires a relatively well-developed administrative framework through which to own and manage the development agenda. Effective capacity also entails systematic institutional arrangements within government for managing the work of implementing, overseeing, and reviewing the progress of strategies, and sufficient influence to ensure these activities are given the priority they need.

Experience from the pilots shows that the lack of adequate government capacity is a major constraint to more rapid progress on all fronts. Capacity building should therefore be an integral part of the agenda, not an add on (Box 5, page 21).

Beyond the government

In many countries piloting the CDF, civil society and the private sector are emerging as important forces for

Box 6: Consultation and Inclusion of Stakeholders

An effective consultative process will fully engage with a broad range of organizations from both civil society and the private sector, and will be institutionalized, i.e. made a regular and continuing feature of government administration.

Bolivia	Broad involvement across stakeholders, although some felt ill-prepared. Process being renewed in course of preparing the second dialogue as a basis for the Poverty Reduction Strategy.
Côte d'Ivoire	Highly centralized tradition of government, so patterns of dialogue new, but current Government making efforts at broad consultation.
Dominican Republic	Extensive consultation over several months, to articulate national vision and associated strategy. Inclusion of diverse national stakeholders now a continuous process.
Eritrea	Wide domestic consultation is part of informal tradition. Consistently inclusive process, but not yet formally institutionalized.
Ethiopia	Extensive grassroots consultations were held, but with limited involvement of NGOs and private sector. Unclear whether national consultations will be repeated.
Ghana	Vision was discussed at forum of national stakeholders, after it was written. Current consultations for Second Step more extensive, and continuing. But they may lack credibility without adequate follow-through.
Kyrgyz Republic	Multiple consultations on currently emerging vision, and robust dialogue has begun. However, efforts to include all national stakeholders have been uneven. Elements for institutionalization emerging, but some risk it could be a one-off experience.
Morocco	Involvement of national stakeholders, through sector working parties. A specific consultation on a broad issue is unusual, but consultations on narrower topics are common, and public think tanks are being established to support these processes.
Romania	National consultations held to initiate CDF effort, but dialogue needs to be sustained. Consultations not yet formally institutionalized.
Uganda	Broad engagement with civil society and private sector, and in a continuing manner. Scope for further development and institutionalization.
Vietnam	Government has supported broad and unprecedented consultation effort. Consensus-based decision processes are integral to the national system, but the inclusion of small private sector and civil society organizations has been new.
West Bank & Gaza	Consultations fairly narrow and sector-oriented, although broader consultations are planned. It remains to be seen whether Palestinian Authority-civil society consultations become routine.

change. And evidence is growing that participation improves the quality and sustainability of development efforts.¹⁴ The Uganda poverty assessment, for example, consulted with poor communities on their most urgent needs. As a result previously unconsidered dimensions, such as risk, vulnerability, physical and social isolation, powerlessness and insecurity, are included in the analysis and reflected in policy decisions.

But the *structured involvement* of domestic stakeholders, beyond government, in decision making remains spotty, and the pilot experience shows that seeking to elicit and incorporate the views of multiple stakeholders can present formidable challenges (Box 6). Even in those countries which have made most progress in implementing CDF, institutional structures for engaging civil society and the private sector are still rudimentary. Moving forward, developing such structures will be a key part of the agenda, as will the need for greater consistency and transparency in their use.

Some governments, however, take the view that domestic stakeholders should seek to engage in the policy debate only through existing democratic institutions, especially their parliamentary representatives. As was noted in the *CDF Mid-term Progress Report*, there are concerns about the risk of undermining fragile democratic institutions. And while governments are accountable to the people, they sometimes question who civil society is accountable to. Even where governments have made efforts to engage civil society in policy discussions, this has often been a perfunctory exercise, undertaken largely in response to pressure from donors.

A key challenge is to define the rules of engagement.¹⁵ Where the views of civil society are reflected in the outcome of consultations, this tends to build trust, as was the case recently in Zambia.¹⁶

The Private Sector

Consistent with the inclusiveness advocated in the CDF approach, and the increasing role of the private sector in development, a number of CDF pilot countries have taken steps to encourage a more active role by the private sector in policy discussions. But in the absence of adequate structures for regular consultations with Government in many countries, *ad hoc* approaches may not fully address the concerns of either side about how the public-private sector relationship should work. Still, there is

Box 7: Vietnam: Private Sector Forum

The Private Sector Forum is a direct result of the inclusive approach being taken by Vietnam in the context of the CDF and is seen as a catalyst for promoting comprehensive development. The Forum has focused on developing a shared vision and established working groups on legal, banking, and manufacturing and distribution. It has enabled a regular dialogue with government and good progress is being made in a number of areas including on regulatory issues. In a major breakthrough, the Working Group on the Banking sector built the platform for the first-ever discussions between Government and the private banking sector. The Private Sector Forum has also been instrumental in putting forward regulatory proposals for the consideration of Government.

encouraging evidence of progress in a number of CDF pilot countries including Vietnam (see Box 7), Romania, Ghana, the Dominican Republic, and Uganda.

Similarly, the run-up to recent in-country CG meetings in Côte d'Ivoire, Ghana, Uganda and Vietnam have all included consultations with the private sector. In some cases, the consultations have been quite extensive. However, giving a seat to the private sector at the main CG meeting is still resisted in part because the CG mechanism is seen as a forum for engaging the government in a debate on the country's policies. But an important threshold is being crossed and the perspective of the private sector should enrich the debate, especially in countries where private sector involvement in the policy debate has been minimal in the past.

In the case of Romania, the Romanian-American Business Network was launched in January 2000 to tap into the skills, experience and resources of émigré Romanians in facilitating private sector development in the country. The private sector in Romania has also participated actively in recent government-led consultations on a national strategy. Several other countries, building on earlier initiatives, are moving towards greater private sector involvement in policy discussions though progress, in many cases, remains relatively modest. Overall, the emerging experience with private sector involvement in the CDF context shows that the Bank Group has an important role to play in bringing international experience to bear on alternative modes for more effective private sector engagement.

Box 8: Effective Partner Coordination

Effective partner coordination requires suitable in-country arrangements to ensure good exchange of information and building of rapport, together with clear government leadership and direction.

Bolivia	Government leads and chaired last CG, but coordination capacity limited. They hold bi-monthly meetings with partners. Subgroups, chaired by Government and partner co-leaders, meet regularly.
Côte d'Ivoire	Partner coordination led by World Bank/UNDP/France. Government chairs working group with partners twice yearly. Other meetings irregular. Coordination in education sector good, but spasmodic elsewhere.
Dominican Republic	Quarterly partner meetings, chaired by Government. But coordination is otherwise fragmented and Government coordination capacity needs to be strengthened.
Eritrea	Government leads and actively manages all partners, including choosing whom to engage with. No regular coordination meetings in past; Government hosted meetings when it judged them desirable. Now committed to more regular cycle.
Ethiopia	World Bank coordinates partners locally. No regular high-level meetings with Government, outside CG. Four active sectoral partner-government groups.
Ghana	CG now held in-country and now chaired by Government. They have also established quarterly meetings of a mini-CG, and regular sectoral groups. Partners have divided up lead support roles for each of these groups.
Kyrgyz Republic	Bank chairs CG, and UNDP chairs information meetings among locally-based partners. Government holds bilateral meetings, but its capacity is very limited
Morocco	Government holds ad hoc, informal bilateral meetings. No other coordination mechanism.
Romania	Last CG held in Brussels in 1997 - World Bank/EU chair. Regular meetings among partners for some sectors, some of which the Government chairs, but capacity limited.
Uganda	CG held in-country, organized by Government, but World Bank chairs. There are monthly meetings between Government and partners, with Bank chairing.
Vietnam	In principle Government leads. CG meets in-country twice a year, with Bank chairing. UNDP hosts monthly partner lunch, sometimes with Government. 20 Government-donor partnership groups now seeking to place donor programs within policy and institutional frameworks and will lay out strategies to next CG meeting.
West Bank & Gaza	In principle Government leads, but Bank chairs CG, Norway chairs Ad-Hoc Liaison Committee, and both held outside region. Regular monthly meetings of Government and partners, plus sector working groups, some of which Government leads.

Stronger Partnership Among Stakeholders

Relations between development assistance agencies and their partner countries are becoming more structured. Experience has shown that almost all assistance agencies are now starting to put greater emphasis on aligning their strategies with those of partner governments and of other donors, and on forging closer partnerships with one another in their partner countries to achieve this. Many agencies are finding that greater decentralization of authority to the field facilitates such partnerships. With

the same goal of better strategic alignment, the agencies are also taking a more participatory approach to designing their assistance strategies, and having more purposeful consultations with governments. In addition, while much progress has been made in modifying the CG process, only three governments have chaired the CG, or equivalent donors' meetings to date (Box 8). In some pilots, the government would still rather go hand-in-hand to a CG with the Bank. In some other cases, the Bank finds it is premature to let go.

But the experience from the pilots shows that there are many challenges still ahead. At the highest level, development partners are now committed to partnership, and their in-country representatives are generally prepared to work closely to this end with the Bank and others. However, there is sometimes a disconnect between the policy principle and working practice, so that in-country staff do not always receive strong signals of support for partnership from their headquarters. Addressing this issue calls for action at the institutional level.

Selectivity

Selectivity of intervention—working together, looking to use the comparative advantage of each partner, and translating that into the choice of what programs to support—is one of the central tenets of CDF. Some progress is beginning to show in selectivity of intervention among donors (Box 9). But the frequency of sectors with seven or more active development partners vividly shows how far there is to go. Annex 3 shows the numbers of donors—not taking into account the various UN agencies

Box 9: Alignment with the Country Strategy—and Selectivity of— Partners' Assistance

Bolivia	Increasing partner alignment focused on National Action Plan 1997-2002 and matrix. Some selectivity among partners in evidence, but room for further development.
Côte d'Ivoire	Real partner alignment yet to emerge. Some selectivity emerged naturally among limited partner group that was active from early 1980s through the mid-1990s.
Dominican Republic	Fragmentation of agencies dealing with partners and lack of clear coordination are obstacles to alignment. However, CDF provides opportunity for dialogue. Selectivity beginning to emerge in some sectors as a result.
Eritrea	Closer alignment, based on Government leadership and partner support for overall strategy, emerging following development partners' meeting. Some sectoral selectivity among partners driven by Government.
Ethiopia	Relatively good alignment, being strengthened through sector programs, although bilaterals' strategies are more variable than multilaterals. Little strategic selectivity, but partners are few.
Ghana	Fairly close and growing alignment, given partner support for overall strategy, and effective local coordination. Best in sectors with strong local leadership. Selectivity and reduced duplication emerging from sector programs, within context of CDF.
Kyrgyz Republic	Partners broadly agree with National Plan currently before Parliament. Natural selectivity—based on respective priorities—has emerged among partners.
Morocco	Government holds ad hoc, informal bilateral meetings. No other coordination mechanism.
Romania	Degree of alignment unclear. Some, natural selectivity among partners beginning to emerge, particularly in context of EU accession priorities.
Uganda	Alignment with partner-supported PEAP improving, but some way to go. Selectivity explicitly addressed in context of CG with some success, but now need to develop it.
Vietnam	Bank CAS and UNDAF built around Government's plans. Many bilaterals increasingly aligning assistance at sector level. Partners committed to improve selectivity. Pilot schemes underway in several sectors, but more work needed.
West Bank & Gaza	Degree of alignment unclear, since no clearly articulated national strategy. Selectivity among partners, by sector, is beginning to emerge.

and civil society organizations—that were active in 1996-98 in different sectors in the CDF pilot countries. Though no one disputes the potential value of selectivity, individual donor countries’ concerns about visibility, and about their freedom to frame their development cooperation policies in the context of their overall foreign and trade policies, often pre-empt better partnership with other donors and government leadership of the agenda in their client countries. In one country piloting the CDF, a sector-wide approach is frustrated by donors’ insistence on supporting only particular activities. Some donors earmark funds, as mandated by the legislative bodies in their capitals. And the public relations aspect of, say, moving out of girls’ education into building power plants, even where that is apparently the correct choice, can be a

serious consideration. For their part, certain client countries are used to working with certain partners on certain issues and may want to continue to do so, even if other donors can provide more effective support.

Establishing the comparative advantage of individual partners, including the World Bank, can be difficult technically as well as politically,¹⁷ and this issue has yet to be addressed on a broad front. Innovative approaches are needed. As an example, in recent discussions between the Government of Tanzania and donors, it was suggested that an independent group should be established to judge donor performance. Such approaches might become a part of determining the comparative advantage of different partners.

Box 10: Harmonization among Development Partners

Harmonization of procedures and practices is likely to make the development process more effective.

Bolivia	Some joint appraisal, negotiation, monitoring and evaluation. Government would like to extend this to other practices and procedures.
Côte d’Ivoire	Some harmonization of appraisal, monitoring and evaluation. None on procurement yet, although work underway with AfDB on a regional approach to procurement.
Dominican Republic	No harmonization.
Eritrea	Some <i>ad hoc</i> coordination.
Ethiopia	Some harmonization of appraisal, monitoring, and evaluation policies being developed through sector programs, but none on procurement or financial management.
Ghana	Now an active topic. Progress varies by sector, but includes analysis, appraisal, procurement and monitoring, particularly where sector programs in place.
Kyrgyz Republic	Coordination on analytical work considerably improved, with case by case collaboration on activities but to date procedures and practices not harmonized.
Morocco	Virtually no harmonization, although some cooperation on procurement legislation has been evolving.
Romania	Some limited harmonization of appraisal, monitoring and evaluation approaches.
Uganda	Sector programs facilitating some harmonization of appraisal, monitoring, and evaluation. Use of basket funding may enable progress on procurement.
Vietnam	No harmonization in past, but issue given prominence at CG meetings. Three largest donors (World Bank, AsDB, and Japanese Government) have just completed joint portfolio review, and working actively with government on harmonization.
West Bank & Gaza	Virtually no harmonization.

Donor comparative advantage becomes less important to the extent that donors can be convinced to move from micro to macro delivery methods, from projects to budget support (via sector programs); selectivity is then internalized in the client country's own processes of choice.

Harmonization

Harmonizing donor policies, practices, and procedures is another important area where the gap between intentions and the reality is still wide (Box 10). Several events and institutions over the last year have called for harmonization.¹⁸ At the Stockholm workshop in August 1999¹⁹, Tanzanian President Mkapa eloquently described the burden created by the lack of partner harmonization, explaining that the multitude of missions, guidelines, and reports Tanzania has to deal with makes it almost impossible for it to claim ownership of its own development process.

Harmonization has to address policies and rules (procurement, evaluation, environmental assessments, anti-corruption policies, etc.) and also practices on the ground, such as joint program preparation and appraisal, use of common reports, and joint or synchronized missions. Harmonization at the institutional level, with donors harmonizing with one another, and harmonization at the country level, with donors harmonizing with local procedures, both need to be pursued, and it will require considerable attention to prevent the two from moving in different directions.²⁰

The multilateral development banks are now discussing more intensively the scope for harmonization in areas such as procurement (where some concrete progress has already been made in developing master bidding documents for goods), as well as environment assessments, social safeguards, financial management and evaluation where tangible progress is yet to occur and much sustained effort is required. Bilateral donors, e.g., through OECD/DAC, have increasingly expressed willingness to engage in serious attempts at harmonization.²¹ Ongoing discussions on linking multilateral and bilateral efforts aim to scale up these efforts.

An important issue in the harmonization discussion is the untying of aid or use of common funding pools—an arrangement where several donors contribute to a single fund, through which one set of project procedures are

followed. Recent developments in the DAC indicate that, in the short run, the international community will have to find ways to harmonize under the constraints of tied aid to most countries.²² The Bank should work closely with the DAC and with other multilaterals to move this agenda forward in the coming months, possibly under DAC leadership.

Focus on Accountability for Development Results

At this stage of the pilots it is too soon to expect a detectable change in development results that could be linked to CDF-related activities—even if there were adequate baselines and systems for monitoring progress, which is rarely the case.²³ This report thus concentrates on assessing the state of the mechanisms that are needed to provide transparent public information on development progress and results. Such information enables:

Government, as overall manager, to:

- understand how the implementation of the CDF principles is unfolding;
- identify the priority needs for action and adjustments; and
- explain its own policies and actions.
- *All those participating in the process* of implementation, but especially civil society and the private sector, to understand how they can contribute, and how their contributions are being used and drawn on.
- *Those outside the process* to have a picture of it, over time, as objective evidence on impact accumulates.

Defining and collecting information

A key initial step is to identify the *types of information needed* to manage the country's strategies and report on progress in implementing them. Best practice suggests these information needs should be defined during strategy development, in terms of results and indicators. Typically, the development results sought will be linked to the internationally agreed development goals. Indicators, in the form of objective and verifiable measures, are needed to assess how far those results are being achieved, and hence judge the progress made towards the goals set out in the vision and national strategy.

Government must ensure that the information needs defined are *consistent with the capacity in place*—inside or

Box 11: Government Mechanisms to Track Development Results

Tracking development results requires clear measures or indicators of success, and mechanisms to track changes in these indicators

Bolivia	Government and partners have agreed on intermediate indicators, and on further benchmarks and targets, incorporated with objectives for Bolivia's budget cycle. These are presented at annual CG.
Côte d'Ivoire	Yet to be discussed, beyond existing strategy framework.
Dominican Republic	Principles of tracking agreed, means of implementation yet to be determined.
Eritrea	CDF matrix will be used for tracking.
Ethiopia	Yet to be addressed.
Ghana	Sector groups have identified relevant indicators, available for both CG and CDF purposes, and being further developed in context of Poverty Reduction Strategy.
Kyrgyz Republic	Too early in the process. Some results being identified in context of matrix.
Morocco	Too early in the process.
Romania	Process at early stage, but some elements being identified through matrix, and support from UNDP.
Uganda	Not a priority at present, but will emerge with time.
Vietnam	No harmonization in past, but issue given prominence at CG meetings. Three largest donors (World Bank, AsDB, and Japanese Government) have just completed joint portfolio review, and working actively with government on harmonization.
West Bank & Gaza	Too early in the process.

outside government—to record information on a regular basis. Experience shows that it is better to choose a few good, intermediate indicators that can be assessed on a regular and continuing basis, than to have a larger number of precise measures that can only be assessed on an irregular basis.

Much work is still to be done on monitoring and evaluation mechanisms; few CDF pilot countries have reasonably complete systems (Box 11). Some have good record keeping systems, at least in some sectors, and several are beginning to relate those records back to their management systems. This is most obvious in the case of Bolivia, whose results-based budget links the initial objectives and resource allocations with actual outlays and results achieved, in an iterative cycle. However, putting such a

system in place takes time—in this case, it took a year for all donors and government agencies to agree on the indicators to be used. Even then these indicators are subject to revisions. But for many countries an initial element in CDF implementation will need to be the development or strengthening of arrangements for monitoring progress. The sooner such arrangements are in place, the sooner a baseline of information can be established against which countries' subsequent progress can be assessed.

All actors, and particularly external development partners, will need to be transparent about their contributions to the results sought. Most development partners are in principle committed to this approach, in line with the PARIS 21 Initiative on Partnerships in Statistics for

Development in the 21st Century. As with several other aspects of the CDF, the key is to translate the commitment into reality. The current state of such information is far from perfect (Box 12).

Dissemination

The reason for collecting information on progress is to support a transparent focus on results. Dissemination of accurate and timely information will be crucial, both to

Box 12: Development Information on Partner Contributions to Results

Government and their partners need to understand what their collective contributions are, and how these help achieve the results in the overall vision. The CDF matrix is one tool to help achieve this.

Bolivia	No formal information system in place, although partner coordination intended to help fill gap. Efforts underway to develop baseline information for health sector. The Government has its own CDF-style matrix, including indicators, in place.
Côte d'Ivoire	System in use needs improvement, an effort the Bank is supporting. CDF matrix, developed in 1999, is seen as a long-term commitment and contract between Government and its partners—with progress to be assessed in three years.
Dominican Republic	Inadequate information on partner activity. Early indications that new Government intends to make use of indicative matrix prepared by Bank (in context of CAS).
Eritrea	No system in place, but Government exerts strong control on who does what. Government and partners have agreed to use CDF matrix for feedback.
Ethiopia	No systematic means for sharing information on partner activities and results. Education sector system was constructed, but is not in use.
Ghana	Available system inadequate, but construction of lending database under discussion within context of CDF. Matrix may emerge from process, but sector annexes are primary source of information for all partners.
Kyrgyz Republic	As part of CDF process, partners working with Government to develop a system. Partial draft CDF matrix available on national website.
Morocco	Government System in place. CDF sectoral working groups may lead to matrix.
Romania	Debt management system being installed should assist Government. Joint indicators will be developed for joint evaluations—using the matrix as a broad framework
Uganda	Government does not have a system, although UNDP constructed a tracking system. Matrix has proven of limited use. Government intends to use Medium-term Economic Framework and Public Expenditure Review to assign accountabilities.
Vietnam	The government has systems at sector level (e.g. Agriculture and Rural Development). UNDP is transferring its Development Cooperation Database to government. A joint donor-government web site is to be prepared over the coming months.
West Bank & Gaza	Computerized database of partner activity exists, but may not be optimally used. Matrix is in use by the Palestinian Authority, but it is unclear to what extent partners will make the necessary commitment.

ensure government has what it needs to manage the CDF approach properly, and to enable other parts of society to play their roles.

Overall effective dissemination will require a strategic approach. Pilot experience has clearly shown the importance of tailoring the dissemination of information to the different interests, approaches, languages, backgrounds, and educational attainment of the various participants. Experience has also emphasized how challenging that task is, particularly given capacity constraints. In Ghana, for example, their vision was first established and publicized in 1995. Despite subsequent publicity including frequent reference to the vision in government statements, awareness of the vision, and more particularly of its content, remains very uneven, particularly outside the middle-class in Accra. While the government recognizes the need to improve awareness country-wide, this is placing a major burden on the planning Ministry and on the often weak regional administrations, which has to compete with more immediately pressing priorities. Similarly, in Bolivia, the Government's own CDF-inspired "Marco de Relacionamento" is hardly known beyond the level of senior officials.

CDF matrix

The CDF proposal put forward the use of a matrix that would show the activities of all partners across all sectors and be kept up to date. The goal of the matrix is to give all players a framework of information that can ensure openness and a basis for coordination of effort and for judgment of the effectiveness of programs and strategies.

The pilots have yielded less experience than was hoped about how the CDF matrix can be used. Some countries have felt that developing a matrix should be an output of the CDF process. Others have relied on other ways to achieve greater sharing of information, ways with which they were already familiar. These are judgments for individual governments to make. However, those countries that have established matrices, whether at national or sector level, have generally felt the benefit from doing so, and plan to build on the experience.

The CDF matrix has sometimes been seen as a static product reflecting an idealized position. This was not the intent—the matrix is meant to be an evolving management tool that can help channel information from and to

all involved, and enable more informed decision making. As policies and activities change, so should the information in the matrix. Repeated iteration of this kind was intended to be fundamental. It was also recognized that in many cases, information would be only partially complete, but that even partial information could help move the process forward. But, in some cases, partners have been hesitant about quantitative information, which would allow comparisons of support, being included in CDF-type matrices.

A key reason for using the matrix is to make information publicly available as widely as possible and in an easily accessible form, so that development stakeholders can draw information from it and contribute information to it. Some of the pilot countries have developed national CDF websites displaying the matrix to help achieve this end. So far there are six live sites: in Bolivia, Côte d'Ivoire, Ghana, Kyrgyz Republic, Romania, and Vietnam²⁴.

Overall Assessment

The CDF approach represents a major shift in collective thinking in the international development community about the nature of development, the relationship between government and domestic stakeholders, and collaboration among external partners to support government leadership in reducing poverty.

As emphasized above, it is too early to reach definitive conclusions from the pilots about the results of the CDF. Equally, it is not possible to quantify value added at this point in the sense of measuring changes that are specifically attributable to the CDF. The CDF is not an add-on, but rather an organizing framework that allows for an integrated approach to poverty reduction efforts. Overall, progress has been uneven because of: different starting dates and conditions for the pilots; unforeseen events such as civil conflict, changes in government; differences in the availability and use of domestic capacity. Consensus building takes time both between Government and other stakeholders and, in some instances, within Government.

The key to improved development results, as noted above in this report, lies in the processes now being put in place. Accordingly, any early assessment of progress must be concerned with these processes, which have been the major focus of the pilots. Given the very different points

of departure, history, and institutions in the pilots, inter-country comparisons are not appropriate, but there is evidence of progress which points to worthwhile practices. The country assessments show the following:

- More than half of the CDF pilot countries are taking action or have largely developed a majority of the CDF elements. Two of them have largely developed a majority of those elements. All CDF pilots are making some progress.
- Bolivia and Ghana have made the largest overall progress in implementing the CDF. This seems to be the case across all key objectives of the CDF.
- Progress remains modest in Ethiopia, Morocco, and West Bank and Gaza, with little change from the situation in March 1999. There are obvious reasons for this, as discussed earlier. Absolute progress in Kyrgyz Republic has also been modest, but recognizing the low base from which they started, there is progress to record.
- Bolivia, the Dominican Republic, Eritrea, and Ghana stand out in giving meaning to the concept of country ownership. Their development strategies are largely homegrown, and have been the subject of broad-based consultations with stakeholders. These countries could be said to be in the driver's seat. Vietnam has a long tradition of Government ownership, but they are still trying out step by step their level of comfort in relating to civil society and the private sector.
- Bolivia, Ghana, and to a lesser extent Eritrea, Uganda, and Vietnam have made meaningful progress in putting mechanisms in place to enhance partnership. Bolivia and Ghana have appropriate aid coordination systems, resulting in close alignment of assistance strategies to these countries' own strategies. The other three appear to be making good progress towards this objective.
- Bolivia, and to a lesser extent the Dominican Republic and Ghana, have made relative progress in putting in place mechanisms to make development information available and to adequately track development results.
- Looking at countries' progress in relation to their starting points—rather than absolute progress—Bolivia, Ghana and Romania have gone furthest in the last 18 months. Romania has made significant progress on all aspects of both the creation of a long-term vision and enhancing country ownership; while Bolivia and Ghana have made considerable progress in both of these areas and on partnership. The Dominican Republic, the Kyrgyz Republic, Uganda, and Vietnam have all also been making significant, relative progress, albeit from very different starting points.

- Overall, the greatest area of progress is in working towards a long-term vision and strategy, where nine of the twelve pilots are more than halfway there. Least progress has been made in putting in place open and transparent development management information systems; only two of the twelve countries are considered to be at or beyond the halfway point.

Implications for Wider Application

The CDF has implications for how the Bank works and for the larger development community. Ultimately, all actors in the development community must consider the implications from their own perspective, with the goal of facilitating more effective collaboration in support of country leadership. This chapter considers the implications of the CDF, in particular, for the Bank under three broad headings:

- Links with PRSP and Bank instruments and processes;
- Applying the CDF approach at the city level;
- Changing the way the Bank works.

Links with PRSP and with Bank Instruments and Processes

Experience shows that within the Bank, broader CDF implementation calls for more systematic alignment of Bank instruments and processes, including contributions to the PRSP process, country assistance strategies, and economic and sector work.²⁵ UNDAF, PRGF, and the Bank's CAS are some of the key business plans or programs for supporting the country's strategy. These links are illustrated in the Chart overleaf.

This chart representing the scope of the CDF has been the product of extensive discussion both internally and outside the Bank and has benefited from a well informed debate about the relationship of various key development instruments. While it does not encompass all relevant instruments, it provides a useful abstract about the operational implications of the CDF. In short, the chart describes a typical country situation, where the country's strategy (in middle income countries), and the country's poverty reduction strategy (in low income countries), are based on the CDF principles. The formulation of these strategies is supported by analytical work by partners, and

is guided by international development goals based on UN conferences –of which poverty reduction is the primary goal. The chart shows the matrix of activity embedded in the country's strategy. It explicitly recognizes the issue of strategic balance defined in a holistic manner, and the contributions of various illustrative players, both domestic and external.

In a real country situation, this matrix shows where the priorities are concentrated and the areas where there are duplications or gaps. The chart also underscores a major aspect of the CDF, that is, that business plans emerge from the country's strategy, and are not developed independently outside the CDF processes. For example, in this situation, the government prepares a PRSP which directly translates the country's long-term strategy into a time-bounded action plan. Similarly, the Bank develops its country assistance strategy drawing from the country's strategy, ensuring strategic alignment with country owned priorities, taking into account the comparative advantages of all internal and external actors. Finally, the matrix is simply an information management tool which is expected to change over time as the CDF process matures and the various country development programs are aligned. There are several examples already about how this process works in practice, such as in Ghana, where the CDF process has helped the Government to formulate its strategy and programs with the UN's CCA as an input.

Poverty reduction strategy paper (PRSP)

The PRSP is an operational vehicle which can be a specific output of the CDF or of processes based on CDF principles²⁶ in low-income countries. Its intent is to integrate countries' strategies for poverty reduction into coherent, growth-oriented macroeconomic frameworks and to translate these strategies into time-bound action plans, to be revised over time. In the PRSP process, it is the government, not the Bank and the IMF, that takes the lead in preparing the country poverty reduction strategy, drawing on broad-based participation of civil society and other stakeholders to formulate the strategy and monitor its implementation. The PRSP then provides the guiding framework for aligning external development assistance. It is expected that all active IDA borrowers will prepare PRSPs during the next two years.

Experience in the IDA countries among the CDF pilots shows that countries implementing the CDF as their development framework have been at the forefront of those preparing PRSPs. Notably, Bolivia, Ghana, Uganda, and Vietnam are basing their PRSP processes on national visioning exercises, in which representative groups of society are participating and to which they are contributing effectively. They are drawing up implementation action plans and forming representative sector groups that will be charged with defining sector strategies and desired development outcomes. In some of the non-pilot low-income countries that have adopted CDF principles, such as Tanzania and Zambia, work already done in the context of the CDF has also facilitated more rapid progress in adopting the PRSP process.

Notwithstanding progress, the Bank will need to ensure that it provides active support to countries to fully incorporate the CDF principles in the PRSP process, in the same way that the principles should shape its own financial support. Before the introduction of the PRSP, the Bank and Fund had often not explicitly recognized the paramount importance of country ownership in a way that is operationally relevant. The challenge for their own programs and policy advice is to reflect this broader, more balanced approach with more time and policy space granted to client countries, where warranted. To quote the July 21, 2000 Okinawa G-7 Statement, "The Comprehensive Development Framework (CDF) and the Poverty Reduction Strategy papers (PRSPs) should become the basis for programmes that have strong ownership by the recipient countries."²⁷

Country assistance strategies (CAS)

The CDF processes are changing the nature of the Bank's CAS. In countries where there is a homegrown CDF process, the CAS becomes the Bank Group's own business strategy in support of the country's development strategy. The country strategy in essence becomes the basis of the CAS, containing the diagnosis of the issues as well as the government's program²⁸. The government of Ghana, for example, in March, 2000, presented its strategy and the underlying analysis directly to the Bank's Board, drawing upon the country's CDF approach. Bank staff followed with a CAS assessing the Government's strategy and presenting the Bank's business plan to support its implementation.

As envisaged in the *CAS Retrospective*,²⁹ the CAS can be used in non-pilot countries to introduce or deepen the CDF approach, as has been done successfully in countries such as Zambia.

Going forward, the Bank will be designing its assistance strategies proactively defining its comparative advantage. Information sharing, working closely with key partners, and pooling diagnostic, analytical, evaluation, and financial resources, both in the country and in capitals, will now be essential.

As the Bank's support for CDF implementation becomes more integrated with the support of other partners, this support will increasingly be closely linked to the country's budget formulation and be reflected in the country's medium-term expenditure framework, as has been the case of Bolivia, Ghana and Uganda, relatively advanced CDF pilots.

Economic and sector work (ESW)

The CDF also has implications for the Bank's economic and sector work, which identifies the constraints to development and poverty reduction, and identifies priorities for action. Experience from CDF pilots shows that ESW needs to be approached with the more explicit three-pronged purpose of:

- enhancing partnership by facilitating dialogue on analytical standards and policy options;
- enabling the pursuit of broad-based consensus on policy directions; and
- becoming an important vehicle for knowledge transfer.

ESW approached in this manner can provide the analytical tools to support country leadership as envisaged in the CDF and PRSP. This approach also provides a basis for the Bank's professional—due-diligence—judgement on the adequacy of country policies and processes for Bank programs. In terms of partnerships, all ESW, from whatever source, should feed into the country's formulation of its vision and a shared diagnosis of the constraints to development and poverty reduction. What is needed is an explicit assessment of the comparative advantage of each partner, plus harmonization of the modalities of working together.

In some of the pilot countries it is becoming more common for partners (such as UNDP, EU, IMF and other assistance agencies together with the government), to work together to identify knowledge gaps to be filled and to jointly undertake the necessary work. In Vietnam, for example, a poverty analysis document has been prepared jointly by a working group with representatives from the government, international NGOs, and donor agencies, and a public expenditure review has been undertaken jointly with the government by the Bank and donor agencies. Doing upstream ESW jointly with the government and other partners is likely to help broaden the ownership of the analysis and the policy options identified.

Country policy and institutional assessments (CPIAs)

In designing its assistance strategies, Bank management sets out its own view of country performance, commitment, and progress, to provide a bridge between the country's vision and long-term strategy and the Bank's own business plan for the country. The CPIA, which supports this process, is currently a Bank-centered staff assessment and rating tool of the country's policy and institutional performance in areas relevant to economic growth and poverty reduction. The CPIA also informs the allocation of IDA resources. The SSR (Social and Structural Review) offers a comprehensive review and analysis of social and structural policies and has been piloted since the 1997 East Asia crisis. Core issues covered by pilot SSRs to date are: the public sector and governance, the private sector business environment, the financial sector and capital markets, and the social protection system, "...all within a medium-term macro-economic, growth, and poverty reduction framework"³⁰

Given the paramount importance of country ownership and partnership in the CDF/PRSP processes, the SSR and the CPIA will need to be transformed into a transparent assessment of country performance including the relevant stakeholders. The Bank's own professional judgement should be informed by the process and should be linked to its business plan for supporting a country's strategy. The transparent development and use of the CPIA and its wider sharing with partners, including in policy dialogue, was recommended by IDA Deputies at the June 2000 Lisbon meeting³¹.

Lending instruments

In principle, the CDF facilitates and provides a promising environment for much more programmatic support from assistance agencies. In cases where there is government administrative and leadership capacity, confidence in the quality of governance, and willingness on the part of other external partners, the Bank should consider aligning its support more closely to the country's own budget process. This would ensure greater predictability of future resources flows for the country, and would reinforce the potential of the sector-wide approach.

The pilot experience in CDF countries suggests the usefulness of increased use of programmatic lending instruments such as: adaptable program loans (APLs), sector investment and maintenance loans (SIMs), and programmatic structural adjustment loans and credits (PSALs/PSACs). These instruments can facilitate a long-term development perspective, catalyze coordinated donor support of country-owned sector and national strategies, and leverage development impact beyond the scope of individual projects. It is revealing to see that CDF pilot countries are making extensive use of these programmatic lending instruments (Annex 5).³² Going forward, the mix of instruments will reflect individual country circumstances and continue to be determined by a country-by-country basis through the CAS.

In addition to attention to lending instruments, the specific situation in the CDF pilot countries shows that there is great scope for better alignment of ESW and the CAS to the requirements of the CDF and PRSP. In most of these countries, the opportunities to do so exist (see Annex 5).

Multi-year administrative budgets and safeguard policies

A multi-year administrative budget for country department can provide more flexibility to better align the possible need for relatively higher expenditures up-front, with lower expenditures down-stream in the CDF implementation support process. This has been the experience of some CDF pilot country teams and its wider application will be considered.

Regarding safeguard policies, these have been designed largely with projects in mind and existing Procurement

and Consultants Guidelines apply to adjustment loans only when they have been made specifically applicable as a part of the loan. Experience shows that the increasing use of sector-wide approaches (e.g. APLs) in CDF pilot countries, support the ability of these countries to rationalize their work at the sector level. Accordingly, it is appropriate to explore the application of safeguard policies in a sector-wide approach. Staff guidance will be needed.

Applying the CDF Approach at the City Level

The City Development Strategy (CDS) is an application of the CDF at the level of cities, and is being implemented in several countries that are not formally piloting the CDF at the national level. The CDS approaches the development of a city from a holistic perspective, giving appropriate weight to economic, financial, institutional, social, human, and physical factors. It sees participation, inclusion, ownership, and transparency as vital to ensure the long-term sustainability of city programs. In addition, the CDS calls for a clear focus on development results—particularly poverty reduction—and strong partnership with external partners to ensure coherence of approach and integrated support.

The CDS introduces the principle of comprehensiveness at the local level, in large part, because of world wide shifts in the structure and roles of government. More than 70 countries are decentralizing, and the locus of spending, of public sector reform and action on the development agenda are shifting to sub-national levels. The CDS³³ is part of the Bank's response to these world wide changes. CDS complements the current CDF framework by addressing "vertical" issues in governance, that is the subnational units of government, and eventually linking these back to national policy.

The CDS is being implemented in 27 cities, including three cities in formal CDF pilot countries—Vietnam and Uganda (see Box 13). The largest concentration of effort is in Asia, accounting for 21 CDS programs.³⁴ This program shows how CDF principles can begin to be introduced at the sub-national level in countries where a national approach to the CDF is not yet possible.

Box 13: The City Development Strategy in Ho Chi Minh City

The CDS in Ho Chi Minh City illustrates how external partners can come together to support an integrated, more open, city development program. Under CDS, the city has developed a long-term vision and shorter-term strategies. It has begun holding consultations with stakeholders, including NGOs and the private sector, although it is confronting the complexity of city size and trying to minimize the risk of fragmentation of the process. The government has expressed strong ownership, as Vietnam's national government has done in the case of the CDF. But, it is still very early in the process and a more traditional concern with identification of priority projects and programs has received extensive attention. The Ho Chi Minh City Official Development Assistance Partnership, which bring all key donors together with the government, is seeking to mobilize coordinated support from donors according to their comparative advantage, to assist in overall strategy formulation and implementation. This partnership is a key element of the implementation of the CDS.

Changing the Way the Bank Works

Staff involved in implementation of the CDF in pilot countries have internalized and incorporated the CDF principles into their ways of thinking and relating to clients, partners, and each other. In its collaboration with the governments in these countries, the Bank has increasingly acted as convener, capacity builder, coach, and change facilitator. Experience shows that when carried out well, these roles have helped to strengthen relationships with other stakeholders in the development process.

But, creating an enabling environment for the CDF among Bank staff beyond the pilots, requires further changes in leadership behavior at all levels, in the organizational environment, and in the approach to learning and training. These changes should be pursued in a

phased and tailored manner, concentrating on those cases where both the country and the Bank are ready to adopt this way of working, building on the accumulated experience.

Leadership behavior at all levels of staff

Examples of new leadership behavior include greater efforts to build trust and mutual respect, empower individual staff members and teams, give priority to national experience and capacity, think more holistically, work as part of networks, cede leadership to others, and shift the focus of management from inputs to development results.

In the pilots, country directors have been the main leverage points for incorporating the CDF principles. They have acted as role models for their country team members and champion the CDF approach externally in their interactions with clients and partners. In addition, all staff members have had the responsibility for acting on this basis in their day-to-day work. But they have also needed consistently strong signals from senior managers, who themselves are called to model the new way of conducting the Bank's business, including the way they address obstacles to change. Senior managers can help in encouraging the breaking of silos across sector units which is essential to carry out the holistic approach.

Supportive organizational environment—making the matrix approach excel

Changes in individual behavior are influenced by the organizational environment, as reflected in the Bank's matrix structure, work processes, and internal culture. Pilot experience suggests that even small changes to facilitate working across sectoral and regional boundaries, decentralize decision making, and modify cultural norms, can significantly support new behaviors. Further progress with decentralization and empowerment of country teams will also help to cultivate an organizational culture of partnership and ownership. The Bank's key support units, for example, those working on leadership, organizational change and learning, should work together in a synergistic way to support managers and staff to incorporate CDF principles into the way they work.

Alignment of learning/training with CDF

Box 14 summarizes ways of working that the Bank has used to facilitate the implementation of the CDF in some of the pilot countries. It takes into account three key enabling factors: individual leadership behavior; organizational environment; and the learning approach. An independent assessment concluded that in some formal and non-formal CDF pilots, a customized action-learning approach used by Bank teams and their national partners has been crucial for adopting the CDF principles. The approach catalyzed innovative institutional change, enhanced leadership competencies consistent with CDF requirements, and led to enthusiastic support for the new way of doing business³⁵.

Based on promising experience of the pilots to date, the Bank should take steps to ensure that the units mentioned above develop an integrated program of support for country departments. Given their comparative advantage, offer a package of well-concerted support geared to delivering results at the country level. Specifically, the package should seek to further develop:

- action learning, in which managers and their teams learn while addressing real work challenges in real time;
- de-emphasize traditional classroom lecturing.
- joint learning with clients and partners;
- learning of process skills that support working in a partnership mode; and
- exchange of experience among staff members—creating a community of CDF change agents who support one another in nurturing the CDF approach.

Box 14: Promising Changes in the Bank's Way of Working

Examples from Bank's way of working with pilot countries that facilitated incorporation of CDF principles (one country per region shown).

	Leadership Behavior (roles, skills, attitudes)	Organizational Environment (structure, processes, culture)	Learning Approach (learning, context, content, process)
Bolivia	<i>Empowering teams incl. ACS staff and infusing passion inspired a higher level of effort and forged more committed internal and external relationships.</i>	<i>Decentralization of decision making facilitated receptiveness to emerging opportunities.</i>	<i>Using a results- and decision-oriented learning approach promoted a results- and decision oriented work culture together with the government.</i>
Ghana	<i>Giving priority to national experience and capacity encouraged government to take stronger leadership role.</i>	<i>Building a culture of mutual respect and trust gave the government the opportunity to present their long-term country strategy directly to the Board.</i>	<i>Building upon lessons learned in Bolivia and applying an action-learning approach sped the process of joint learning.</i>
Morocco	<i>Adapting our CAS practices to the dynamics in the country and to the timing of the national process for developing country strategy improved the relationship between government and Bank.</i>	<i>Developing cross-sectoral working practices promoted movement towards a more holistic approach.</i>	<i>Facilitation of country team retreat by process expert enhanced team process skills and effectiveness.</i>
Romania	<i>Being more innovative and working within the broader context together with the government is helping to create a network for change inside the country and to open up dialogue between the government and the private sector and other members of civil society.</i>	<i>Leveraging the matrix structure facilitated inter-sectoral teams, both within the Bank and within the government.</i>	<i>Leveraging external change process expertise into a joint learning experience supported vigorous national dialogue, including with civil society.</i>
Vietnam	<i>Performing in a networking role and ceding leadership to others facilitated synergies among development partners</i>	<i>Modeling more open and transparent work culture and processes encouraged government to take a more open and inclusive approach with civil society and private sector.</i>	<i>Sharing of knowledge and joint learning supported the institutionalizing of bi-annual mini-CG-meetings, bringing together internal and external stakeholders.</i>

Notes

¹For some examples of these, see Annex 4.

²The working assumption within the Bank is that CDF implementation is budget neutral Bank-wide, although internal reallocations of resources have taken place. Experience from the Country Directors shows that so far some expect to save resources while others have needed more. Ultimately, this depends on country-specific requirements and the support they need from the Bank.

³See Section 2—*CDF Proposal*.

⁴This report has two predecessors—*Comprehensive Development Framework (CDF): Progress Report*, Sept. 14, 1999 (SecM99-642); *Comprehensive Development Framework: Mid-term Progress Report*, Sec.M2000-320, June 1, 2000). A draft of the latter was considered at an informal meeting of the Executive Board on May 19, 2000.

⁵A note on the proposed approach has been discussed with the Board's Subcommittee on Development Effectiveness. While OED and DEC will present two distinct final reports because of their different mandates and perspectives, every effort will be made to assure coherence through a common evaluation and research program along with a common advisory group—including the CDF Secretariat—and joint workshops at the beginning of the evaluation to define an appropriate methodology.

⁶The Chairman of the UN Development Group sent a memorandum to all UN resident coordinators in mid-1999, encouraging their involvement and support for CDF implementation at the country level; such signals from headquarters can greatly help to forge more strategic partnerships at the country level.

⁷*On Common Ground: Converging Views on Development and Development Cooperation at the Turn of the Century*. Development Assistance Committee, Organization for Economic Cooperation and Development, September 1999.

⁸See paragraphs 48, 49 and 71 of the draft meeting record DCD/DAC/M(2000)4/PROV.

⁹See *CDF Mid-term Progress Report* (SecM 2000-320), June 1, 2000.

¹⁰For simplicity this framework is called a vision, although there are a number of related terms, including national strategies for sustainable development as proposed by the 1992 Rio Conference on Environment and Development, and the UNDP-sponsored National Long-Term Perspective Studies.

¹¹See for example, Paul Collier, "The Failure of Conditionality" in Gwin and Nelson, eds., *Perspectives on Aid and Development* (Washington, D.C., Johns Hopkins University Press, for the Overseas Development Council, 1997), pp. 51-78. Also World Bank, *Partnership for Development: Proposed Actions for the World Bank* (Washington, D.C., May, 1998); esp. pp.8-11.

¹²Paul Collier, *ibid*; pp.51-78.

¹³*World Bank Structural Adjustment and Sector Adjustment Operations: The Second OED Review*. World Bank Operations Evaluation Department, Report No. 10870, June 30, 1992.

¹⁴See World Bank, *The World Bank and Participation*, (OED, Sept. 1994); also OECD/DAC, *Final Report of the Ad Hoc Working Group on Participatory Development and Good Governance* (Paris, 1997).

¹⁵Consultations do not imply consensus. Earlier discussions with outside sources on the Bank's partnership strategy offered a pointed reminder about this: "In practice, it was extremely unlikely that an uncontested national consensus could be developed in any country on key issues of public policy; and even where it could, it was unlikely that such a consensus would favor the kind of substantial structural change that was implicit in most Bank-supported reform programs. Indeed, radical change often required brave and unpopular decisions by the political leadership." See *Partnership for Development: From Vision to Action* (Report of European Roundtable Meeting held at the Overseas Development Institute, London, on 2 July, 1998). World Bank, 1998.

¹⁶For more on this, and other non-pilot country experience with adopting the CDF approach, see Annex 4.

¹⁷For the Bank, increased selectivity can have considerable internal consequences. It may mean pulling out of sectors in certain countries, where Bank staff feel they have at least an absolute advantage in technical competence. It may call for a different skills mix, in technical terms and in terms of being able to work in partnership. Of course, pulling out of a sector in one country may be offset by moving into the same sector, with similar skills needs, in another country, but it is also possible that a more institutional comparative advantage may emerge, with consequences for staff careers and the Bank's overall skills mix.

¹⁸These include DAC's Development Partners' Forum and Senior and High Level Meetings in December 1999 and May 2000; the Utstein Group of Development Ministers; a workshop in Stockholm, co-hosted by the Nordic Countries and the World Bank, that involved bilateral and multilateral donors and developing countries; and the aid coordination studies produced by the Bank's OED and by UNDP.

¹⁹CDF Stockholm Workshop Report (SecM99-685), October 15, 1999.

²⁰To use procurement as an example: today borrower countries have to deal with widely varying, donor-imposed procurement rules, with enormous transaction costs for the country. Institutional level harmonization among partners could reduce these costs, but this is not an easy task since often these rules are themselves imposed on the partner agency by their own legislation. The solution lies in a two-fold approach: partners should seek to harmonize their rules and procedures, starting by a more flexible interpretation of existing requirements. Second, the partners should support the development

of country capacity, such as in procurement, tailored to meet acceptable standards for all.

²¹ The UK Department for International Development (DFID), for example, recently made known its intention to move towards common procedures on disbursement, accounting and audits. DFID also plans to collaborate with other donors in moving away from project to sector assistance and in making longer-term commitments.

²² However, the Okinawa G8 Communiqué of July 23, 2000 noted: *To achieve increased effectiveness of ODA, we resolve to untie our aid to the Least Developed Countries, on the basis of progress made in the Organization for Economic Cooperation and Development (OECD) to date and a fair burden-sharing mechanism that we will agree with our OECD partners. We believe that this agreement should come into effect on January 1, 2002.*

²³ The extent of changes will be examined over time, including by DEC and OED in the evaluative studies that were mentioned earlier.

²⁴ See the World Bank's CDF web-site (<http://www.worldbank.org/cdf>) for more information.

²⁵ The PRSP is a country-owned document. However, the PRSP—interpreted here as covering the interim PRSPs (IPRSPs) as well—is included in this section because of the close connection with the Bank's own instruments and processes.

²⁶ See Annex 6 on the relationship between the CDF and the PRSP process.

²⁷ G-7 Statement, Okinawa, July 21, 2000.

²⁸ The CAS has traditionally had three parts: a broad analysis of the country's economic and financial situation and development prospects; the Bank's recommended development strategy for the country; and the business plan to support this strategy.

²⁹ World Bank, Country Assistance Strategies—Retrospective and Implications (R99-228, December 7, 1999)

³⁰ World Bank, *Supporting Country Development: World Bank Role and Instruments in Low-and Middle-Income Countries, Questions and Answers*, August 2, 2000, (SecM2000-435/1); page 11.

³¹ *Summary of IDA 12 Mid-Term Meeting, Lisbon, Portugal* (IDA/SecM 2000 - 328), June 16, 2000.

³² Since tracking of the pilots began, seven of the formal pilot countries have used eleven adaptable program loans (APLs) to sustain changes in institutions, organizations, or behavior needed to successfully implement programs. Ghana has used three APLs and two sector investment and maintenance loans (SIMs), which are most appropriate where a sector expenditure program needs extensive coordination. Bolivia has used two APLs and 1 learning and innovation loan (LIL) to support institutional change and development goals. Four more countries have initiated LILs supporting small pilot-type investment and capacity-building projects.

³³ Recommended in the Bank's strategy for urban development and governance, World Bank 1999, *Cities in Transition: A Strategic View of Urban and Local Government Issues* (Infrastructure Group, PSI).

³⁴ Experience of CDS in Asia was recently reviewed at a conference in Fukuoka, Japan. The mayors of the Asian cities discussed at length the implications of implementing the CDF principles at the city level. Mayors were concerned about poverty reduction and city growth. They were concerned about how to link CDS to national policies. They also recognized the value of institutionalizing the various stakeholder consultation processes launched. They also agreed that they should share CDS experience on a more continuous basis and with the support of the Bank's Urban Group intend to launch an on-line network in the near future.

³⁵ The assessment was made by the Society for Organizational Learning, guided by an internal task force.

Methodology For Tracking Progress

From the inception of the CDF pilots, tracking progress was regarded as a key part of the process. Four inter-related approaches have been used so far: first, a tracking questionnaire was introduced covering all major aspects of CDF activity and updated by pilot country teams on a quarterly basis. Second, to promote learning and information exchange, a Learning Group of pilot Country Directors, chaired by Mr. Wolfensohn, was established and has met regularly since. Third, groups of focal points representing major bilateral agencies, the UN system and, the Regional MDBs, were formed to keep track of developments in the pilots, identify challenges and exchange information. Finally, in June 2000, structured interviews were held with broad cross-sections of key stakeholders in several CDF pilot countries.

It is the triangulation of information from the various sources that has facilitated making assessments of performance for all pilot countries and area of activity. These assessments are given in Annex 2 and essentially compare performance between March 1999 and July 2000 for individual countries. Five criteria are used:

- **Little or No Action** – Due to a wide variety of circumstances, including political developments, capacity limitations, unforeseen events, action has remained at a virtual standstill in some CDF areas of activity, in some countries.
- **Elements Exist/Being Considered** – There is some basis for making progress, either through what already exists, or definite plans.
- **Action Being Taken** – Progress is being made, although not yet enough, and the basis exists for even more substantive progress.
- **Largely Developed** – Significant action taken already, although some further action is needed.
- **Substantially in Place** – The activity is virtually accomplished.

These assessments are based on the information available and it is particularly important to emphasize that cross country comparisons are not appropriate given the vastly different nature of countries' institutions, histories, forms of government, etc. Most CDF pilot countries are still

looking into developing country-specific indicators for monitoring progress. Nevertheless, as noted in the main text, some pilots now have good record keeping systems, at least for some sectors and several are beginning to relate those records back to their management systems.

Overall, however, available information is necessarily uneven, for two reasons. First, there is no CDF 'blueprint', so full 'cross-sectional' data cannot be compiled. Countries start at different 'initial conditions', and make progress along a variety of trajectories. Second, there are very few countries in a position to make substantial progress simultaneously on all fronts in terms of CDF principles i.e. putting in place the prerequisites for improved outcomes, enhanced country ownership, more strategic partnership and a focus on accountability for development results. Thus, it is to be expected that there is great variation even within a country.

The cost of data collection—and its impact on data availability—should also not be under-estimated.

Finally, capacity limitations remain a problem and cut across individual countries and CDF principles from preparing the vision/strategy to keeping track of inter and intra-sectoral linkages. A wider application of the CDF will benefit from reinforcing existing arrangements for monitoring progress, taking into account specific country circumstances.

Major Donors Per Sector in Pilots

Number of Major Donors per Sector in Pilot Countries (excluding UN agencies and civil society organizations)

Country	Macro			Structural			Human			Physical					Specific	
	Structural Adjustment	Government and Civil Society	Other Services	Banking and Financial Services	Education	Health	Population	Industry	Water & Sanitation	Transport	Communications	Energy	Agriculture	Privatization		
Bolivia	1	9	4	3	5	8	2	7	6	1	1	3	12	1		
Côte d'Ivoire	4	3	1	1	4	6	0	1	4	3	0	2	10	1		
Dominican Rep	0	1	1	1	4	5	1	0	0	0	0	1	1	0		
Eritrea	1	9	4	3	5	8	2	7	6	1	1	3	12	1		
Ethiopia	1	9	4	3	5	8	2	7	6	1	1	3	12	1		
Ghana	1	9	4	3	5	8	2	7	6	1	1	3	12	1		
Kyrgyz Rep	1	3	2	2	1	3	0	0	0	3	0	3	4	2		
Morocco	0	0	2	1	3	1	1	3	6	4	0	4	4	3		
Romania	0	1	2	1	1	0	1	1	0	1	0	0	3	2		
Uganda	5	5	6	1	8	9	3	1	8	5	1	3	7	2		
Viet Nam	3	6	6	3	8	9	4	6	8	8	1	8	13	1		
West Bank & Gaza	0	5	10	0	6	6	0	2	8	5	0	3	3	2		

Activity defined in terms of new ODA commitments during period 1996-98.

Major donor defined as commitments of US\$ 1 million or more.

Source: DAC Database