



DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)



DC2010-0016
October 1, 2010

**DELIVERING ON RESULTS AND IMPROVING LIVES:
THE INTERNATIONAL DEVELOPMENT ASSOCIATION**

Attached for the October 9, 2010, Development Committee Meeting is a background document entitled "Delivering on Results and Improving Lives: The International Development Association," prepared by the staff of the World Bank.

* * *

ACRONYMS

CBO	Community-based Organization
FTI	Fast Track Initiative
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IDA	International Development Association
IDA 16	16 th Replenishment of the International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Corporation
ISR	Implementation Status and Results Report
MDGs	Millennium Development Goals
MIGA	Multilateral Investment Guarantee Agency
PBA	Performance Based Allocation
RMS	Results Measurement System
SSA	Sub-Saharan Africa
SSN	Social Safety Net
WDR	World Development Report

TABLE OF CONTENTS

I. Introduction.....	1
II. IDA Countries have Made Development Progress.....	2
III. IDA-Supported Programs Deliver Results	3
A. IDA has Improved Public Sector Governance by Supporting Sound Policies and Institutions	3
B. IDA has Changed Lives by Increasing Access and Quality of Basic Services.....	5
C. IDA Addresses Global Priorities	6
IV. IDA Provides Value for Money.....	9
A. IDA Allocates Resources Based on Performance.....	9
B. IDA Operations are Achieving their Development Objectives.....	9
C. IDA has Strong Operational Effectiveness and Quality Assurance Systems	10
D. IDA has Sharpened its Focus on Results Monitoring, Measurement, and Reporting.	10
E. IDA has Improved its Business Standards and Cost Effectiveness	12
F. Dynamism and Reform	13
V. Looking Ahead: A Successful Conclusion to the IDA16 Replenishment.....	14
VI. Issues For Discussion For the Development Committee	16
Charts	
Chart 1: Increase in Number of Projects with Satisfactory Outcomes	9
Boxes	
Box 1: What Makes IDA Different?.....	1
Box 2: IDA Graduates	2
Box 3: Sub-Saharan Africa and the Millennium Development Goals.....	3
Box 4: IDA Support to Haiti After the Earthquake of 2010	8
Box 5: Innovations in Mapping for Results.....	11
Box 6: IDA’s Platform Role in Partnerships	13
Box 7: IDA16 Results Measurement System: Principle Building Blocks.....	15
Attachments	
Attachment 1: IDA Supports Access to Key Services	17
Attachment 2: IDA Works with Countries to Strengthen Accountability and Institutions	18

DELIVERING ON RESULTS AND IMPROVING LIVES: THE INTERNATIONAL DEVELOPMENT ASSOCIATION

I. INTRODUCTION

1. The International Development Association (IDA) – the World Bank’s fund for the poorest – is one of the largest sources of development aid to 79 of the poorest countries in the world, providing up to 20 percent of official development assistance in some countries. IDA operates with a unique set of principles and strengths that enables it to support development results effectively and efficiently (see Box 1).

2. IDA is currently seeking its 16th replenishment (IDA 16). This replenishment occurs at a time when poor countries must: restore growth; regain the momentum toward achieving the

Box 1: What Makes IDA Different?

IDA Operates with a Unique Set of Principles and Strengths and Effectively Supports Development Results

- By using **customized and country driven approaches**, with resources that are not earmarked. It tailors its support to countries’ own development priorities and circumstances, and addresses the specific needs of fragile situations, natural emergencies and crises.
- By helping **develop institutions and capacity by engaging in long term partnerships**. A key feature of IDA is that it works through, and thereby strengthens the capacity of local institutions and governance.
- Through its **multi-sectoral perspective and integrative capacity** to address development challenges which are multi-sectoral, such as the MDGs.
- Through **strong local presence in nearly all active IDA countries**, enabling close interaction with governments, private sector and civil society. More than 2,300 staff are in the field, including 550 in countries in fragile situations; a substantial share of the tasks is managed from country offices.
- By **leveraging scarce aid resources**. Every dollar of IDA leverages two dollars. In some cases, especially in infrastructure projects, US\$1 of IDA has brought in an additional US\$7 from private investors and the International Finance Corporation (IFC). This does not include the long-term leveraging achieved by strengthening local institutions and helping them provide services sustainably on their own.
- By **offering a combination of financial and knowledge services** to fit country needs, and with its comparative advantage as a leader in development knowledge. Together with financial assistance, IDA provides experience on the ground, analytics and leadership in development knowledge and facilitates partnerships and promotes South-South knowledge sharing. In the last year alone, IDA carried out 184 studies for 59 countries in 11 thematic areas, and provided 200 instances of technical assistance.
- By **investing in pro-poor policies; human and infrastructure capital, and basic services for the poor**. IDA-funded programs have benefited millions through the improved quality, access, and governance of programs across sectors, helping countries close the gap towards MDGs.
- By **supporting global priorities** (climate change, communicable diseases), and integrating them in national development strategies and managing and pooling funds for these goals.
- By **managing the allocation of its resources and itself to maximize results**. IDA was the first development institution to adopt a performance based allocation model to allocate resources transparently and to achieve the highest development impact, while taking into account countries’ needs. IDA has robust quality assurance and monitoring and evaluation systems in place, and was the first to adopt a Results Measurement System to track and report on IDA results; and it has continued to strengthen it.
- By **providing a platform to Governments and development partners to manage aid resources more effectively**, thereby helping reduce the cost of aid administration at a time when an average of 30 donors are engaged in each country.

Millennium Development Goals (MDGs) in the wake of a series of crises that caused setbacks in development progress; and address additional challenges linked to climate change and new emergencies.

3. Against this backdrop, and consistent with the World Bank’s post-crisis directions, the overarching theme of IDA 16 is on delivering results. This focus builds on IDA’s strong track record in delivering results and helping improve millions of lives in the world’s poorest countries. IDA is an effective partner to help countries achieve their long-term development objectives, and provides a vital platform to enhance the overall effectiveness of development assistance.

4. This paper aims to provide information to the Development Committee on development impact of IDA’s support and the benefits of a robust IDA16 Replenishment. In this context, it provides an overview of the results achieved in the poorest countries in the world with the support of IDA. This paper is organized as follows: Section II describes the progress that countries have made, in part through IDA support; Section III documents – for the first time – the significant contributions that IDA has made over the last decade to development programs; Section IV focuses on how IDA manages its resources and organization in a results-driven manner to continually improve operational and organizational effectiveness and accountability for results; Section V looks ahead to the IDA16 Replenishment for IDA’s continued support to development results; and Section VI includes questions to the Development Committee for discussion.

II. IDA COUNTRIES HAVE MADE DEVELOPMENT PROGRESS

5. IDA has provided long-term support to development programs in low-income countries over the last five decades. IDA’s resources and knowledge services have complemented efforts by governments and other development partners to lift millions of people out of poverty. The 79 current IDA recipient countries, with support from IDA and other development partners, have achieved important development outcomes. Before the onset of the global economic crisis, many IDA countries experienced an extended period of economic growth and greater access to basic social and infrastructure services.

Box 2: IDA Graduates

An important outcome of IDA’s long term engagement is the remarkable progress in the 27 countries that have ‘graduated’ from IDA and are no longer recipients of IDA credits and grants. These ‘graduates’ are home to 2.1 billion people – over one-third of the world’s population. Some – including China, Egypt, Korea and Turkey – have now become contributors to IDA.

While some countries have not fully graduated, they have moved from relying solely on IDA as the main source of financing from the World Bank to ‘blend’ status and therefore are eligible for financing from IDA and the International Bank for Reconstruction and Development; these include Vietnam, Armenia, and India.

- Poverty declined to 42.4 percent of the population in 2005 (compared to 51.4 percent in 1990), aided by the acceleration in per capita gross domestic product;
- Key health indicators improved: the number of attended births increased; infant mortality declined; and the prevalence of adult HIV/AIDS stabilized;
- Access to education improved, and by 2008, 80 percent of children were able to complete their primary education, and in some countries as many girls as boys are able to attend school; and

- By 2008, 77 percent of people in IDA countries had access to an improved water source and 27 percent had access to improved sanitation.

6. Despite these overall achievements, progress at country level varies greatly, and development challenges have become more complex and global. Even before the recent crises progress in achieving several MDGs was lagging. Recent crises negatively affected the most vulnerable populations, making more difficult the challenge of reaching the MDGs by 2015. The challenges will be particularly significant in Sub-Saharan Africa (SSA), where 40 percent of countries are living in conflict or fragile situations and where the gaps are larger (see Box 3).

Box 3: Sub-Saharan Africa and the Millennium Development Goals

Although SSA countries are off-track on most MDGs, the region has made important gains. The poverty rate has declined at about one percentage point a year—from 58 percent in 1995 to 51 percent in 2005. Before the crisis, SSA demonstrated the fastest regional progress in primary school completion—from 53 percent to 65 percent between 2000 and 2008. Several countries had improvement in completion rates of 50 percent or higher, although from a low base. SSA countries have also made progress in closing the gender gap in primary school enrollment. While progress on health MDGs has lagged, evidence indicates that child mortality, after stagnating for some time, had begun to fall sharply before the crisis. Ethiopia, Gambia, Malawi, and Rwanda saw declines of 25 to 40 percent in under-five mortality during 2000- 2008.

The crisis could stall hard-won progress and could make it harder to sustain gains. The poverty rate is now expected to fall to 38 percent by 2015, not 36 percent. This will leave an additional 20 million people in extreme poverty in 2015 and under-five mortality might fall more slowly: to 139.5 per 1,000 (post-crisis trend) instead of the pre-crisis trend of 129.2 per 1,000. Faster progress depends on the strength of the economic recovery and how well countries address large infrastructure deficits, high unemployment, lagging agricultural productivity, poor service delivery, weak governance, and climate change.

III. IDA-SUPPORTED PROGRAMS DELIVER RESULTS

A. IDA has Improved Public Sector Governance by Supporting Sound Policies and Institutions

7. IDA has invested in government programs to strengthen their ability to design and implement sound policies to promote economic growth; develop institutions and strengthen governance, transparency and accountability—all essential for combating poverty and improving people’s lives. IDA also strengthens the capacity of institutions through its project finance by increasingly working through country systems. Strengthening core government institutions and public sector governance is a complex, continuous, and long-term process, and reaping the full benefits of these efforts takes time. Therefore, the full impact of IDA’s support to institutions, which is multi-faceted and covers a broad range of sectors and areas, cannot be easily quantified. Examples of the institutional reforms IDA has supported -- towards better public sector governance, fiduciary management, anti-corruption, and transparency -- show the important benefits they are yielding in IDA countries.

8. **Public Sector Management.** Over the last five years, in more than 60 percent of IDA-eligible countries, IDA supported a wide range of reforms to improve the management of their budgets and public debt. These reforms helped Governments to: modernize public finance legislation such as for taxes and customs; increase the effectiveness of budget preparation, and improve revenue collection, expenditure planning and cash flow management; improve

management of internal and external debt; align budgetary resources with Government priorities; improve public access and voice; and expand disclosure. With IDA support, 12 countries introduced innovative practices for **results and performance-based budgeting and management**, which are enabling these Governments to link scarce resources more directly to specific results. Such pay-for-performance and performance contracting schemes have been successfully applied with dramatic improvements. *In Rwanda, an impact evaluation has shown that a pay-per-visit scheme for doctors has improved health service delivery. In Madagascar, performance contracting of teachers has improved instructional quality. In Georgia, e-Government has increased the speed and transparency of government services.*

9. **Procurement.** Over the last five years, IDA has supported stronger, more transparent, and more efficient procurement in more than 50 percent of IDA-eligible countries, which is critical for reducing the risk of waste and fraud in the use of scarce development resources. IDA helped: strengthen procurement policies, legislation and administration and processes; and establish and strengthen procurement institutions, regulatory authorities, oversight agencies, and investigative units. In several countries, IDA successfully supported Government e-Procurement programs with significant gains in transparency and efficiency. *In Bangladesh, 90 percent of contracts were awarded in less than 12 months in 2008 as a result of a more efficient public procurement system established with IDA support in 2002.*

10. **Financial Management.** Over the past five years, IDA provided specialized support to bring about effective and efficient public financial management in 30 percent of IDA-eligible countries, at all levels of the government—central, local, line agency and sector. Through these operations, internal and independent audit systems and the Auditor General function were strengthened; better financial reporting and management information systems were introduced; and education, training and professional standards for financial management specialists were strengthened. *Bhutan has successfully strengthened its internal audit function, establishing a separate Internal Audit division, and Government entities handling at least 75 percent of total expenditures are now audited annually. IDA has supported this as part of Bhutan's broader reforms since 2006 to introduce integrated public financial management and new public finance and audit legislation.*

11. **Anti-Corruption and Transparency.** IDA helped increase transparency and accountability by supporting asset declaration by government officials in nine countries over the past five years. These countries have introduced new asset declaration laws; published/disclosed asset information of government officials, and/or adopted payroll verification and asset safeguarding programs. With IDA support, more than 40 percent of IDA-eligible countries improved access to information by citizens, empowering them to monitor and report on Government effectiveness and efficiency. *With IDA support Mongolia has now achieved over 90 percent compliance rates on asset declarations as a result of a strengthened independent agency against corruption which oversees the annual assets and income declarations of 50,000 public officials.*

B. IDA has Changed Lives by Increasing Access and Quality of Basic Services

12. Over the last ten years, IDA has supported major investments in human and infrastructure capital, and has helped transform the lives of hundreds of millions of people through access to basic services such as in education, health, transportation, and water supply and sanitation. (See Attachments).

13. **Education.** IDA helped finance one of the largest schooling expansions in history, which has supported progress towards the MDG of achieving universal primary education. In the past decade, IDA has supported Governments in recruiting and/or training over three million teachers, purchasing 300 million textbooks, and bringing over two million classrooms into use through new construction or rehabilitation. A conservative estimate shows that these interventions that improve the quality of teaching and provide a safe physical space for learning are benefiting at least 100 million children each year. IDA's support for education also includes providing stipends, cash transfers, and school lunch programs, bringing schooling to remote locations, improving compensation and incentive schemes for educators, and strengthening learning systems for lasting impact. *In India, 20 million more school-age children attend school since 2001, and 98 percent have a school within walking distance.*

14. **Health.** IDA support to Government programs in health has improved health outcomes and saved the lives of 13 million children and adults through multi-sectoral approaches. Over the last ten years, at least 47 million people have benefitted from IDA-funded health, nutrition, or population services. To fight against life-threatening childhood diseases and support the achievement of the MDG of reducing child mortality, with IDA support 310 million children have been immunized and 98 million have received targeted interventions to improve nutrition, including Vitamin A doses and deworming. *In Senegal, malnutrition rates have dropped to 10 percent in 2010 in IDA intervention areas, from 20 percent in 2004; and in 2010, about 70 percent of pregnant women and children under five years of age slept under insecticide-treated bednets—a six fold increase since 2005.*

15. IDA's focus on strengthening health systems to support sustainable health outcomes has led to improved quality and expansion of health services in IDA countries. Over the last ten years: more than 23,000 health facilities have been brought into use through new construction, renovation, and/or the purchase of equipment; over 1.8 million health personnel have been trained; and more than 2.5 million pregnant women received antenatal care during a visit to a health provider. In support of the MDG to combat HIV/AIDS, malaria, and other diseases, to stabilize the prevalence of HIV/AIDS, 0.8 billion condoms were purchased and/or distributed, and antiretroviral therapies were delivered to almost 2 million adults and children with HIV. IDA has been at the forefront of the fight against malaria, and has funded the purchase and/or distribution of almost 33 million mosquito nets (including those funded by other donors).

16. **Transportation.** IDA's support to Government programs in transportation has enabled millions of people to have reliable access to jobs, health and educational facilities, markets, and services. In the last ten years, IDA has enabled 26 million people in rural areas to have access to an all-season road. It has supported the construction or rehabilitation of over 118,000 km and the maintenance of over 134,000 km of roads, the construction or rehabilitation of almost 1,700 km of railroads, and the construction or rehabilitation of 1,600 bridges. Together with funding

infrastructure investments, IDA has helped countries to improve the management of transport infrastructure, Government agencies, and road funds. *Lao PDR successfully upgraded its road system that now provides all season access to important agricultural areas in the southern region, and established a road maintenance fund in 2001, with IDA's support. As a result, the time for commodities to reach key markets declined from an average of five hours to less than three hours; and a saving of \$39 million a year in vehicle operating costs has been achieved.*

17. **Water Supply and Sanitation.** Water is essential for life, and clean water and proper sanitation are necessary for good health. Over the last decade, IDA has provided over 113 million people with access to an improved water source by constructing or rehabilitating almost 500,000 improved community water points, and over 1.5 million piped household water connections. IDA has also provided almost 5.8 million people with access to 600,000 improved sanitation facilities. To ensure the sustainability of these services, IDA also helped strengthen 164 water utilities. *In Armenia, as of 2007, 75 percent of Yerevan, and 50 percent of people living in outlying areas, had access to continuous water supply as a result of the improved financial performance, operating efficiency and customer services of the water utilities, supported by IDA.*

18. **Social Safety Nets (SSN).** SSNs have an immediate impact by putting resources in the hands of the poorest and most vulnerable members of society. Over the last decade, IDA SSN operations have benefitted over 11 million people, mainly through public works schemes and conditional and unconditional cash transfer programs. These SSN programs facilitated access to health and education services for vulnerable groups, helped households manage better in times of economic stress, and enabled the poorest groups to take risks that could lead to higher incomes. *Kenya, with IDA support, is now ensuring better care for 32,000 poor orphans and vulnerable children by providing additional cash transfers to households who are caring for them.*

19. **Regional Integration.** IDA supported activities and initiatives at the regional level which had high demand, strong spillover benefits, and high impact. *By connecting seven countries in Eastern and Southern Africa to international undersea broadband cables, access to broadband capacity has increased and the price has dropped by 80 percent in Kenya and Malawi. In agriculture, common regulations for the registration of genetic material and pesticides have been adopted by the Economic Community of West African States to enlarge the target market and cross-border dissemination of agricultural technologies tailored to the specific climatic and geographic needs of West Africa.*

C. IDA Addresses Global Priorities

20. Over the past decade, IDA has increased its engagement in critical global priorities especially focusing on: gender; countries in fragile situations; climate change, and crisis response. Because of their relevance for achieving and sustaining development outcomes, these four areas have been selected as “special themes” for IDA 16.

21. **Gender.** Over the last five years, as a result of intensified efforts to support the MDGs of promoting gender equality and empowering women, and improving maternal health, gender coverage in IDA projects is increasing. In 2009, project design included gender coverage in 69 percent of IDA operations in agriculture and rural development, and 75 percent of IDA operations in the social sectors. In health, over the last decade IDA has supported the provision of antenatal

care and antiretroviral therapies to over three million pregnant women. In education, the rapid expansion of education coverage supported by IDA has improved gender parity in several countries. *With IDA support, in Afghanistan, 2.2 million girls attended school in 2008, and 32,000 teachers are now trained.* The Bank is further augmenting its knowledge on these subjects through the preparation of the 2012 World Development Report (WDR) on gender and development.

22. **Fragile Situations.** Twenty-nine of the IDA countries are currently in fragile situations, where the gaps for achieving the MDGs are the largest. Project implementation in these countries is risky, given the difficult and volatile political and institutional environment. But even relatively small achievements have made major differences in the quality of life of their populations. IDA has supported institutional improvements in fragile situations that are essential for state-functioning, while recognizing that it is a long-term process, and that there is no quick-fix for the often weak government capacity. Development support to fragile situations requires long-term engagement, and in this context, both the international community and partner governments have come to see IDA as a reliable partner. The scope and depth of IDA's engagement in fragile situations have expanded over the last decade. IDA has strengthened its own capacity to provide rapid and effective assistance by: adopting a new operational framework in 2007; increasing staff located in country offices; expanding its analytical work to gain a better understanding of country-specific factors that contribute to fragility; and preparing the 2011 WDR on fragility and conflict.

23. Although enormous challenges still remain, the results gained through IDA support are impressive. Over the last ten years, IDA has **financed the demobilization and reintegration** of almost 441,000 ex-combatants in eight post-conflict countries. The demobilization has facilitated a significant shift of government expenditures from defense to social and economic development priorities. *Over the last five years, with IDA support, Burundi has demobilized over 26,000 ex-combatants, providing them with a transitional subsistence allowance and basic medical assistance. With reintegration assistance, in 2008 almost 90 percent reported being engaged in sustainable income-generating activities.*

24. As a first step towards providing stability and demonstrating the tangible benefits of peace, IDA has often focused on the restoration of **essential infrastructure**, with the additional benefit of creating jobs. Over the last decade, IDA has created more than 17 million person-days of employment in the process of restoring or providing access to water, roads and other essential infrastructure. In health, IDA projects have supported the most basic needs of the population for access, diagnosis, and prevention. In education, where access for girls is especially restricted as a result of security concerns, IDA support has been instrumental in improving gender parity at the primary level, through financing and innovative approaches such as the training of female teachers and the use of gender-based double shifts in schools.

25. An important role that IDA plays in fragile situations is to support state-building. *With IDA support, Liberia strengthened its civil service by introducing salary augmentation for senior executives. Cambodia is formalizing a merit-based pay initiative system.* In the absence of a well-functioning state, community-driven development projects become more important. IDA has supported community-driven development in over 25,000 communities in the last five years, about 75 percent of them in fragile situations. These communities have adopted consultative and

transparent processes to select their community councils, and identify the subprojects for financing through IDA project funds. The introduction of such community governance structures has produced important positive impacts in post-conflict situations, bringing about greater unity and reconciliation within the community and providing a powerful demonstration of the benefits of transparent and consultative governance. *Nepal created employment for over 168,000 workers in the last two years, and constructed/ rehabilitated over 118 kilometers of rural roads through a community driven operation funded by IDA. In Afghanistan, in a program launched in 2002, over 20,000 community development councils have received grants for over 50,000 community projects for improved water supply, roads, and other small infrastructure, benefitting 17 million people in 34 provinces.*

26. **Climate Change.** IDA-eligible countries are likely to suffer the most from climate change impacts because of their location, low incomes, low institutional capacity, and greater reliance on climate-sensitive sectors such as agriculture. To support the achievement of the MDG on ensuring environmental sustainability, during the IDA15 period, the Bank has contributed to knowledge creation on climate change - including through the preparation of the 2010 WDR. IDA has provided core development finance to mitigate the growth of greenhouse gases and for adaptation, and has served as a platform for leveraging additional resources. *Moldova reduced its carbon (CO2) greenhouse gas emissions by switching from oil or coal to natural gas. Participating municipalities now receive carbon credits (about US\$10,000 per municipality). About 170 school, hospital and residential buildings were retrofitted and now have heat throughout the winter. In Bolivia 75,000 people have benefitted from the installation of 9,200 solar home systems in households, schools and clinics over the last five years, through an output-based approach.*

27. **Crisis Response.** IDA has also provided critical support to address the impact of economic crises and natural disasters. After the food price crisis erupted in 2007/2008, IDA supported school feeding and conditional cash transfer programs, as well as improvements in agricultural productivity. In the global economic crisis of 2008-2009, IDA provided crisis support by front-loading IDA resources of about US\$1.5 billion under the IDA Fast Track Initiative (FTI) and additional funding through a Pilot Crisis Response Window of US\$1.6 billion, benefitting more than 50 IDA countries. *Armenia was one of the first countries to benefit from the FTI. Over 760,000 person-days of employment in rural areas were created through 156 community infrastructure micro-projects and the rehabilitation of 160 km of roads.* IDA has also ensured a rapid response to natural disasters, such as supporting the countries that at the time were IDA-recipients to recover from the Tsunami in the Pacific, supporting Haiti after the earthquake (Box 4) and supporting Pakistan after the recent floods.

Box 4: IDA Support to Haiti After the Earthquake of 2010

IDA mobilized immediately after the earthquake in Haiti, enabled the country to acquire and equip offices for the Ministry of Economy and Finance and Tax Office (over 500 staff), restoring functioning of the Ministry and resuming revenue collection. IDA support also enabled the assessment of more than 200,000 buildings for structural damage; the removal of around 90,000 cubic meters of debris from key drainage canals in Port-au-Prince, reducing flood risk for temporary camps in the capital; and the purchase and distribution of 50,000 solar lanterns, increasing safety and reducing fire hazard and benefiting more than 200,000 people. IDA funded 140,000 children to attend school, providing a hot meal every day to 50,000 children in more than 1,200 schools. IDA also supported the completion of six water supply systems benefiting 37,000 people in rural communities in the South, which were struggling to absorb the exodus from the capital.

IV. IDA PROVIDES VALUE FOR MONEY

28. As a results-based institution, performance and results have long been central pillars of the way IDA operates. IDA was the first multi-lateral development bank to establish performance-based management of IDA resources and to adopt a results measurement framework, and it has continually improved and strengthened these approaches. These, together with IDA’s unique strengths (described in Box 1) form the basis for IDA’s strong development effectiveness. Currently, a Bank-wide comprehensive reform effort includes initiatives for modernizing instruments and increasing accountability, which together will serve IDA and its clients’ ability to achieve stronger development results.

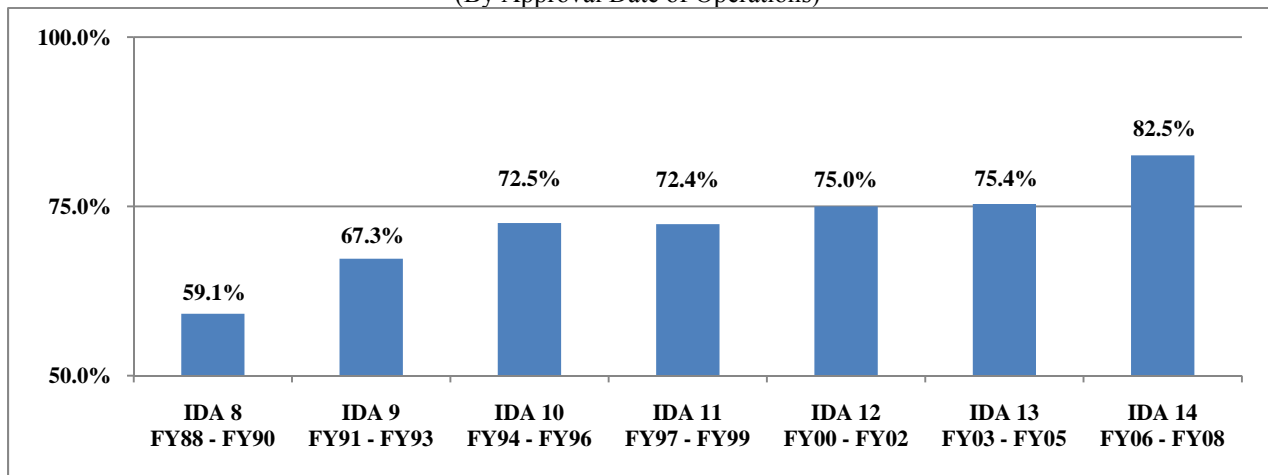
A. IDA Allocates Resources Based on Performance

29. IDA’s performance based allocation (PBA) system ensures that resources are allocated on the basis of country performance measured through ratings of policies and institutions, as well as population size, and per capita gross national income (to capture country needs). IDA also provides exceptional allocations for: post conflict and reengaging countries; arrears clearance; regional projects; and natural disasters. During IDA15, 84 percent of resources were allocated according to the PBA: the top-performing IDA countries received per capita allocations about 2.7 times greater than those in the lowest quintile. At the same time, about 50 percent of IDA15 resources have been allocated to SSA, the region with the greatest needs.

B. IDA Operations are Achieving their Development Objectives

30. Over a 21 year period, the overall outcomes of projects financed by IDA8 through IDA14 show the strong progress made: 82.5 percent of operations approved under IDA14 have reached their development objectives—representing a 23 percentage point increase since IDA8 (Chart 1). This is based on the evaluations of all IDA projects completed over the last two decades, validated by the Bank’s Independent Evaluation Group (IEG)—a credible measure of IDA’s progress in improving the development effectiveness of the government programs and projects it supports.

Chart 1: Increase in Number of Projects with Satisfactory Outcomes
(By Approval Date of Operations)



C. IDA has Strong Operational Effectiveness and Quality Assurance Systems

31. IDA's sustained efforts to improve and strengthen quality assurance, monitoring, reporting, and evaluation throughout the project cycle have greatly contributed to the improved development outcomes of IDA supported programs. All IDA Country Assistance Strategies are results based since 2005, with defined objectives and indicators of success. These strategies are updated and reviewed at mid-cycle, and their outcomes are evaluated by staff and validated independently by IEG. These results frameworks are new and are being strengthened to ensure that country programs are achieving their objectives.

32. Similarly for operations, comprehensive quality processes cover the whole cycle, starting with a solid analytical basis to define development objectives; each IDA operation has a results framework, setting the development objectives, indicators, baselines and targets. Each project ensures that appropriate arrangements are in place to monitor progress throughout implementation, and that results are documented in project Implementation Status and Results Reports (ISRs). ISRs will now be publicly accessible. All operations are evaluated when completed and the results are validated independently by IEG. As part of its quality assurance, IDA has systematically used lessons from independent evaluations, as well as impact evaluations, in the design and implementation of new operations and strategies. IDA has been increasing its focus on implementation support to address risks and better capture results, and ensuring that IDA funds flow into the hands of the beneficiaries in a timely manner. IDA is seeing results from these efforts: total disbursements reached record levels in FY10; and the rate of disbursements for ongoing investment projects rose to an average of 25 percent.

D. IDA has Sharpened its Focus on Results Monitoring, Measurement, and Reporting

33. IDA is continually improving the results monitoring and evaluation in its operations. Now virtually all recently approved IDA operations have results frameworks with baselines for at least one key outcome indicator, and 60 percent have baselines for all key outcome indicators. Project monitoring and evaluation is increasingly integrated within Government's institutions and systems, and IDA is supporting the development of Government statistical capacity.

34. IDA pioneered the use of a two-tier **Results Measurement System (RMS)** under IDA13. This approach was subsequently adopted by other multilateral development organizations. The RMS monitors and reports on both sustainable improvements in development outcomes in IDA countries, and IDA's agency effectiveness in contributing to these outcomes. The RMS has been strengthened over time, and as part of the IDA 16 Replenishment discussions, Management is expanding and further strengthening the structure of the IDA RMS. A four-tier RMS will be adopted; Tier 1 will focus on country progress on key development outcomes; Tier 2 will focus on outputs and outcomes supported by IDA operations; and Tier 3 and Tier 4 will now include key performance measures (i.e., IDA Report Card) to better capture IDA's operational and organizational effectiveness and efficiency (see Box 7).

35. In 2009 to more systematically capture and report on the aggregate results that IDA operations are achieving, a *set of standard core output/outcome indicators* were adopted and implemented using the Bank's information systems, starting with the four key sectors - education, health, water supply, and road transport. Building on this positive experience, IDA will **expand**

the use of core sector indicators to three new sectors, for more comprehensive corporate level monitoring and reporting on results. Outputs for these indicators will be estimated at the aggregate level, as part of monitoring on achieving results through IDA operations.

36. IDA is committed to supporting improvements in the **statistical capacity** of IDA-eligible countries, and there is evidence of success. Over the last decade, 360 million more people are included in a census in 18 more countries.

37. IDA is seeking innovative ways to communicate the results of its operations (see Box 5). The quantitative information collected through the RMS and core sector indicators is complemented by the systematic collection of qualitative results briefs at the country, sector, thematic, and project levels; over 250 of which have been prepared in the last year, providing valuable data and information for reporting and communications on IDA results.

Box 5: Innovations in Mapping for Results

The Bank is adopting innovative approaches to share results information and data using new technologies, building on two important advances in increasing the transparency and accountability of aid. The Bank launched the Open Data initiative in April, 2010 which provides free and easy access to statistics and indicators about development for all users through a new website and data catalogue, and implemented the new Policy on Access to Information in July, 2010 which significantly expands the externally available results data and information on operations. To better communicate the achievement and impact of results, the Bank is now working on a Mapping for Results initiative that will be launched as a pilot for four countries in October, 2010. This initiative will use new geomapping technology tools to: provide visual information on location of projects, project results and impact on people; to enhance transparency and social accountability; and to strengthen country dialogue and civic engagement.

38. Complementing this more comprehensive results focus and monitoring throughout the project cycle, IDA is expanding the **use of a variety of evaluation tools** and approaches, in particular, impact evaluations. Under the Bank-wide Development Impact Evaluation Initiative, the Bank has adopted a corporate strategic approach for expanding the use of impact evaluations, and disseminating the lessons learned more systematically to benefit relevant operations. IDA will increase the use of impact evaluations in associated IDA operations, and emphasize dissemination and communication of their findings to further improve the development effectiveness of the IDA portfolio.

39. While IDA is at the forefront of capturing results from its operations, there is a need to also better **capture the results of IDA's country engagement**. Given IDA's country-based model and multifaceted support to country priorities, capturing the overall quality and results of IDA's country engagement is both important and complex. IDA is piloting a simple self-assessment exercise to draw an aggregate snap-shot of the quality and impact of the Bank's overall engagements at the country level. Under the pilot, Country Directors are using a stop-light scale to summarize their assessments of IDA's engagement in a country over a three-year period. Once the framework is finalized, it will be applied more broadly across countries, to be updated annually to report on the aggregate findings within the context of IDA's scope of engagement in each country. Once implemented it could provide an overall 'snapshot' of the status of IDA's country engagement at any given point in time.

E. IDA has Improved its Business Standards and Cost Effectiveness

40. The efficient and effective use of resources is a top priority. Together with its results focus, IDA has improved effectiveness and enhanced speed of response to country clients. IDA's average loan delivery time declined by about 4 months since 2003. As part of the Bank-wide reform effort, IDA is seeking to further reduce delivery times and costs while maintaining fiduciary and safeguard standards, as well as better aligning resources with risks and increasing focus on implementation support.

41. IDA scaled up its commitments during IDA15 while operating in a flat budget environment. In FY10, both IDA commitments and disbursements reached record levels, with a 30 percent increase in commitments and 25 percent increase in disbursements over FY08. Cumulative IDA commitments since the onset of the crisis reached US\$29 billion—and disbursements reached US\$22 billion. The Bank's net administrative budget has remained flat in real terms since 1999, and will remain so in the near term. Such scaling up has been possible because of continuous cost savings and efficiency gains. Over the last six years, Management used mechanisms to capture productivity gains and savings in business units through the annual budget process. Savings have been redeployed to high-priority areas. The Bank's costing system provides accurate and timely information to management and the Board on the cost of its operations. Budget management is decentralized, to put decision-making close to the client, and resource allocations are made using criteria agreed by the Board. To ensure that efficiency principles apply consistently to all sources of funds, the processes now integrate the Bank's administrative budget and external funds entrusted by donors for the Bank's management or oversight. In FY10, all major financial decisions, income allocation, pricing, budget, and compensation were brought together to ensure fully informed decision-making. On-going systematic program reviews aim to further rationalize and prioritize cost efficiencies.

42. IDA programs deliver much more than financial support, through a combination of policy advice, analysis, sharing of knowledge and technical assistance, and by providing a platform for enhanced aid delivery through strong partnerships (See Box 6).

Box 6: IDA's Platform Role in Partnerships

IDA is making strong efforts to deepen and broaden its collaboration and coordination with other development partners – international financial institutions, bilateral agencies, private foundations, civil society organizations, and non-governmental organizations - consistent with commitments made in the context of the Paris Declaration, the Accra Agenda for Action, and the MDG of supporting global partnerships.

At the **country level**, by coordinating multi-lateral and bi-lateral donor efforts, IDA helps to ensure coherence around the Government's own development program. IDA has taken part in joint assistance and partnership strategies (e.g. Tanzania, Uganda, Ghana, Nigeria, and Cambodia), and participates in providing budget support against a jointly-agreed performance assessment framework. IDA also plays a critical role in bringing in the private sector, and is increasingly involved in convening the non-traditional donors. Partnership is especially important in fragile situations, and in these situations IDA works closely with United Nations agencies, international non-governmental organizations, and other international actors.

At the **sector level**, IDA supports global initiatives. Among these, the Bank hosts the Education for All Fast Track Initiative (FTI) and manages the US\$1.54 billion FTI Catalytic Fund and the US\$115 million Education Program Fund. IDA also uses its convening role, knowledge and lending to provide leadership in international health partnerships, climate change, and anti-corruption efforts.

At the **project level**, IDA cofinancing has allowed donors to engage in larger scale projects and to leverage Bank expertise. Countries have benefited from these coordinated, synchronized approaches, and as a result have broadened and deepened the scope of their development programs. For example:

- *With cofinancing from the European Commission, Germany, Japan, Nordic countries and the United Kingdom, IDA has helped increase **Ethiopia's** road network from under 20,000 km of roads in 1991 to over 44,000 km in 2008*
- *In partnership with France, Japan, the United States, the African Development Bank, the Islamic Development Bank, the World Food Program, and the United Nations Children's Fund, IDA has supported the education reform agenda in **Djibouti**, which increased the Gross Enrollment Rate at the primary level to 71 % in 2008/2009 from 52 % in 2003/2004*
- *With cofinancing from Italy, Japan, the Netherlands, Switzerland, Austria, and the United Nations High Commissioner for Refugees, IDA helped **Bosnia and Herzegovina** to create more than 200,000 jobs in 2005 through microfinance*

At the community level, 75% of IDA operations report on civil society engagement. Under the Global Food Crisis Response Program, community-based organizations (CBOs) supported project implementation in 13 countries, and the Multi-Country HIV/AIDS Program in Africa funded nearly 49,000 grassroot CBOs.

IDA's efforts are complemented by International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), which have both increased their support to IDA-eligible countries to support private sector development and better investment climate. Over the last five years, IFC has doubled the number of IDA countries it is engaged in – to 60 – and half of its new commitments are in these countries. Over the last three years, MIGA has issued 33 guarantees in 18 IDA-eligible countries. This scale-up of World Bank Group support to IDA countries has created new strategic opportunities for collaboration, and more effective ways to leverage the World Bank Group's strategies, instruments, resources and skills in IDA recipients through joint advisory activities and jointly financed projects and guarantees. ***Honduras**, over a two year period ending in 2008, with assistance from both IFC and IDA, reduced the average time to start a business from 80 days to 14 days, the average time to get a construction permit from 199 days to 106 days, and the capital requirement to start a business to one-fifth. Over 6,000 new jobs were created, and over 1,900 workers were trained.*

F. Dynamism and Reform

43. The Bank, including IDA, has embarked on a comprehensive reform program to enhance efficiency, effectiveness, and accountability, which all together will strengthen IDA's ability to deliver development results.

44. **Modernizing services.** The investment lending instrument is being overhauled to focus on results, increase the speed of delivery, and improve risk management and implementation support; it aims to better align our services with Government priorities. Design of a results-based lending instrument is underway, building on the earlier use of result-based approaches, which would strengthen the linkages between disbursements and results. This instrument will reinforce the culture shift towards results-management among partner countries and staff. Knowledge services are also being enhanced to better capture, share, and disseminate knowledge quickly to staff and clients, and to strengthen technical teams.

45. **Enhancing service delivery by revitalizing the Bank's matrix structure and improving the decentralization model.** These actions will help the Bank better bring global knowledge and services to clients, adopting them to country needs. They aim to combine close-to-the-client service and the ability for clients to tap top-flight global expertise quickly and easily, and strong central capabilities to guide a unified effort. In the near term, more task management will be moved to country offices.

46. **Greater transparency.** The new Access to Information policy adopted this year and the new Open Data initiative further strengthen accountability (as noted in Box 5).

47. **Revamping the IT, human resources and budget processes and systems.** IT reforms will facilitate knowledge sharing, retrieval of documents and information, and connectivity for country offices and staff. Human resources initiatives focus on skills and diversity; and budget reforms will strengthen the focus on results, integrate trust funds and achieve greater cost efficiency.

48. **Strengthening Internal Controls for IDA.** In pursuing development results, the Bank holds itself to strict fiduciary standards, and has been ranked among the top performers in the multilateral system. A thorough assessment of IDA internal controls was undertaken by Management, reviewed by the Bank's internal auditors, and independently evaluated by IEG. The first exercise of its kind among the international finance institutions, this review confirmed that IDA has a high level of effectiveness compared to other organizations of similar size and complexity, and identified a few areas for attention. In response, IDA has introduced improvements in the investment lending processes, in its capacity to manage operational risk (including in the area of fraud and corruption), and in its IT security and systems. An integrated risk management framework has also been established to allow for annual reporting of risk management in IDA.

V. LOOKING AHEAD: A SUCCESSFUL CONCLUSION TO THE IDA16 REPLENISHMENT

49. IDA is a global compact, comprising about 50 development partners and 79 partner countries, with a strong track record of delivering results. As one of the world's largest providers of aid to poor countries, IDA is critical to the achievement of the MDGs, and is well positioned to scale up efforts to help countries close the gaps in critical areas, and address additional challenges linked to crisis response and climate change.

50. With an ambitious replenishment, an illustration of what IDA 16 resources could achieve over the period 2011-2020 if current country demand and lending patterns continue are: a lasting

impact on improving lives— by supporting the immunization of over 200 million more children, the provision of health services to over 30 million more people, including 2 million pregnant women, and access to improved water sources for almost 80 million more people; investments for the construction or rehabilitation of over 80,000 km of roads; fostering institutions, especially in fragile situations, and supporting the training and recruitment of over 2 million teachers.

51. Understanding impact is crucial to the effective deployment of IDA resources, and with this intent the enhanced IDA16 RMS is organized in four principal building blocks, as depicted in Box 7.

<p style="text-align: center;">Box 7: IDA16 Results Measurement System: Principle Building Blocks</p> <p>I. Tracking Country Progress on Key Development Outcomes Growth, Poverty Reduction, Fragility, Governance, Private Sector Development, Infrastructure and Climate Change, Gender and Human Development</p> <p>II. Monitoring IDA's Support to Development Outputs/Outcomes Assessment of Country Assistance Strategies, IDA operations, and Advisory and Analytic Activities Tracking sectoral outputs/outcomes in Education, Health, Infrastructure (including Roads and Water Supply), Urban Development, Information and Communication Technology, and Micro, Small, and Medium Enterprises</p> <p>IDA Report Card</p> <p>III. Monitoring IDA's Operational Effectiveness Quality and Portfolio Performance, Monitoring and Evaluation, Use of Country Systems</p> <p>IV. Monitoring IDA's Organizational Effectiveness Speed, Cost, Decentralization</p>

52. To propel additional progress on poverty reduction and overall development objectives, IDA 16 will enhance efforts on four critical cross-cutting areas, with the following proposed actions:

- **Gender:** address gender issues to bolster progress on all MDGs
 - prepare and implement regional gender action plans
 - include gender related actions in the World Bank's education strategy and reproductive health action plan
 - strengthen monitoring of gender related activities
 - disseminate the business case for gender work through the World Development Report of 2012
- **Fragile Situations:** focus on countries lagging behind on MDGs
 - extend post-conflict financial assistance, on a country-by country basis
 - promote regional projects, requiring only 2 countries (rather than the 3 currently required) to access regional allocations
 - deepen decentralization efforts through greater delegation of authority to the field, and more effective skills mix
- **Climate Change:** enhance climate- resilience to sustain development progress
 - build in climate resilience and capture mitigation opportunities
 - strengthen monitoring and reporting of IDA resources used for climate change
- **Crisis Response:** propose the establishment of a Crisis Response Window (CRW) within IDA to assist countries to deal with unanticipated, severe natural disasters or exogenous economic shocks

53. There is a global challenge to make progress on the MDGs and maximize results in the poorest countries. This has to be accomplished with scarce development resources. With its track record, IDA16 provides a robust financing facility to meet this challenge, and a strong replenishment of its resources is critical. IDA is seeking contributions (i) from traditional donors, by balancing IDA countries needs with donors' fiscal constraints; (ii) from emerging donors, by actively engaging them in the IDA partnership; and (iii) from a maximum effort to mobilize internal resources. The combined effect of these efforts would result in a successful conclusion to the replenishment, and would provide IDA countries the partnership they need to implement the development programs that help reduce poverty and improve lives.

VI. ISSUES FOR DISCUSSION FOR THE DEVELOPMENT COMMITTEE

54. Members of the Development Committee may wish to discuss the following:

1. *Do you agree that IDA's experience with tracking and reporting on development results is a sound starting point and a good basis for further work on measuring results?*
2. *What other steps should we - and possibly donors - take to achieve a successful IDA16 replenishment?*

ATTACHMENT 1: IDA SUPPORTS ACCESS TO KEY SERVICES OVER THE LAST DECADE, IDA HAS WORKED WITH COUNTRIES TO ACHIEVE...

Education



- **More than 3 million teachers recruited and/or trained** – more than 4 times the number of primary and secondary school teachers in France.
- **Over 2 million classrooms built or rehabilitated benefiting over 105 million children per year.** Through IDA-supported projects in **India**, 20 million more school-age children are now attending school, and 98 percent now have a school within walking distance.
- **Around 300 million textbooks purchased and/or distributed** – 15 times the number of books in the New York Public Library.

Health



- **More than 47 million people** – equivalent to two-thirds of the population of the UK – were **provided with access to basic health, nutrition, or population services.** With support from IDA, millions of people in rural **Afghanistan** now have access to primary health care for the first time, as national coverage rates rose from 9 percent of the general population in 2003 to 85 percent in 2008.
- **310 million children immunized** – equivalent to four times the number of children in the United States.
- **23,000 health facilities constructed, renovated, and/or equipped**, and **1.8 million health personnel trained** to improve quality of health services delivered.
- About **33 million mosquito nets purchased and/or distributed** to prevent malaria. A study of bed net usage in Western **Kenya** reports a 25 percent reduction in death among children.

Transportation



- Over **118,000 km of roads** – enough to circle the globe nearly three times - constructed or rehabilitated and over **134,000 km of roads** maintained.
- Over **1,600 bridges** built or rehabilitated. IDA-funded reconstruction of the “old Bridge” in Mostar, **Bosnia**, contributed to the reconciliation of war-divided people and led to resurgence in tourism, which boosted the local economy through construction and the opening of new hotels and restaurants.
- **26 million people** provided with access to an all-season road. In **India**, IDA-funded all weather roads upped household incomes in rural communities by 50% to 100%. In **Lao PDR**, the travel time for transportation of key commodities along the country’s major artery decreased from 5 hours to less than three, which boosted local economic activity.

Water Supply and Sanitation



- Over **113 million people** given access to an improved water source. For every \$1 invested in water and sanitation, \$8 dollars is returned. The cost of meeting the sanitation MDG target every year until 2015: \$9.5 billion, an estimated one-third of what the world spends on bottled water every year.
- Almost **500,000 improved community water points** and more than **1.5 million piped household water connections** constructed or rehabilitated. In **Nepal**, the IDA-financed Rural Water Supply and Sanitation Project improved the water supply for more than 1.2 million people across Nepal and helped to reduce diarrheal death rates among children by more than 10%.
- **5.8 million people** provided with access to almost **600,000 improved sanitation facilities.** 11% more girls attend school when sanitation becomes available.

ATTACHMENT 2: IDA WORKS WITH COUNTRIES TO STRENGTHEN ACCOUNTABILITY AND INSTITUTIONS OVER THE LAST FIVE YEARS IDA HAS SUPPORTED ...

Public Sector Management



- Improved management of Government budgets in **50 countries**. In **Nigeria**, IDA-supported improvements in public financial management helped double the tax revenues of two states, increasing the government funds available for roads, education, and health.
- Implemented results-based budgeting and management in **12 countries** including **Rwanda**.

Procurement



- Increased the transparency and efficiency of Government procurement in **41 countries**, including support to **Sierra Leone**, which has established an anti-corruption commission, a national procurement authority board and independent review panel to help the government deliver “peace dividends.”

Public Financial Management



- Increased the effectiveness and efficiency of management of public finance in **24 countries**. In Bihar, one of **India**'s poorest and largest states, reforms have resulted in a tripling in expenditures in key areas such as roads, health and education.

Transparency & Accountability



- In **9 countries**, improved transparency and public accountability, including the **Kyrgyz Republic** where almost all politicians are now submitting assets declarations and summary results are published - including on the web.
- Improved citizen access to government information in **34 countries**. In **Ethiopia**, citizens are now able to get information on pending court cases through an interactive voice response system. Within the first year, the number of citizens using the system has increased from an average of 30 to over 300.

Community Driven Development



- Over **25,000 villages, communities, and neighborhoods** managed their own development programs through over 31,000 subprojects. In **Lao PDR**, community projects have provided access to clean water in more than 900 villages, constructed more than 460 schools and 40 health clinics, upgraded more than 2,000 kilometers of rural access roads, and built more than 70 bridges.