

II. EVOLUTION OF COUNTRY STRATEGY PRODUCTS

1. Country strategies are at the core of the Bank's country-based model. They are articulated in Country Assistance Strategies, which provide Management and the Board with an indicative business plan for the delivery of Bank services over a period of time (most frequently four years), to support the achievement of specific development results by the country's authorities.

2. **Country-based Development Model.** The Bank's country business model organizes Bank development services around each country's needs and development goals. The Bank understands that it needs to adapt its services to an increasingly diverse client base: Bank clients are at very different stages of development, and in implementing Bank support must reflect local priorities and policy choices. Thus a one-size-fits-all approach to Bank services will not suffice. Country management is expected to ensure that the Bank responds to country demand by customizing Bank services, drawing on Bank sector knowledge and financial products.¹ In parallel with Bank efforts, a broad consensus has formed in the international community in support of the country-based development model, which has been actively endorsed by developing countries and donors, in particular through the March 2005 Paris Declaration on Aid Effectiveness² and the September 2008 Accra Agenda for Action. This approach has proven applicable to all country client segments.

3. **Origin of the CAS.** The Country Assistance Strategy is the Bank's indicative business plan in a borrowing member country. According to the June 2005 Bank Procedure (BP) 2.11, *Country Assistance Strategies*, "It is the central tool with which Management and the Board review and guide the Bank Group's support for the country's development programs." At least since the 1980s, the Bank has realized the importance of placing individual lending operations into the context of the Bank's overall program of activities. Beginning as an internal, confidential document, the country strategy became a tool for organized discussion with the Board and then governments about the Bank's program. Since the late 1990s, when public disclosure began, CASs have been produced in consultation with key stakeholders.

4. **Overloading CASs.** As CASs aimed to address an expanding range of issues, they became more complex, less strategic, and longer. By 2000, concerns had emerged about overloading the CAS with a variety of goals and agendas. A sharper focus was recommended, to be achieved through greater alignment with the country's own priorities, as well as greater attention to articulating more clearly the indicative results of Bank activities over the CAS period. The results-based CAS (RBCAS) was launched as a pilot in 2003 and mainstreamed in January 2005 (see Box 1).

Box 1. A Brief History of the Country Assistance Strategy

¹ *Supporting Country Development: World Bank Role and Instruments in Low- and Middle-Income Countries* (DC/2000-19), September 8, 2000.

² The three main elements of the country-based development model as framed by the international community are nationally-owned development strategies; donor support of country-driven goals; and mutual accountability for development resources and results. This structure is consistent with the four-pillar approach followed by the Bank in formulating country strategies, as this paper describes. See *The Country-Based Development Model and Scaling Up*, Scaling Up Newsletter Series, No. 2, PREM Poverty Reduction Group, April 2007

Country strategy papers were prepared for years as internal management documents; however, in the late 1980s, the Executive Board sought information from staff on Bank strategy on individual countries. In June 1990, the IDA9 Deputies decided that the Bank should prepare country assistance strategies for IDA countries and discuss them with the Board;³ In August 1990, the China CAS (a 13-page annex to a project document,) was the first discussed by the Board. In 1992, based on the Report of the Ad Hoc Committee on Board Procedures, the Board decided that it should discuss CASs for all active borrowers, IBRD as well as IDA. CASs began to be prepared for Board discussion, in parallel with the internal country strategy papers prepared for Management. In 1994, CASs became the single strategy document for both Management and Board review. Also that year, CASs became free-standing documents, rather than attachments to Memoranda of the President or President's Reports for lending operations. The change to a free-standing CAS document opened the way to delink CAS discussions from lending operations in 1996. Result-based CASs were piloted in 2003 and mainstreamed in 2005.

- China (August 9, 1990): first Country Assistance Strategy, attached as “Schedule E” to the Memorandum of the President for the IDA Mid-Yangtze Agricultural Development Project (P003541).
- Burkina Faso (May 31, 1994): first free-standing CAS (a separate document), presented to the Board and discussed together with the IDA Population and AIDS Control Project.
- Burkina Faso (July 11, 1996): the first stand-alone CAS (a separate document discussed alone).
- Mexico (December 17, 1996): the first IBRD CAS and first joint IBRD/IFC CAS.
- Sri Lanka (April 1, 2003): the first results-based CAS.

³ *Approaches to Country Strategy Reviews of IDA Countries* (IDA/R90-97), June 5, 1990.

5. **CAS Architecture.** As part of the mainstreaming of the results-based CAS during FY05, in June 2005 Management issued a revised BP 2.11, *Country Assistance Strategies*, along with supporting Guidelines to Staff for CAS Products.³ The new BP, which replaced the version dated January 1995, established the four-year CAS cycle with a midpoint Progress Report (CASPR); introduced the Interim Strategy Note (ISN) for cases when a full CAS cannot be prepared⁴; referred staff to the updated disclosure policy for CASs, CASPRs, and ISNs; and introduced the use of the CAS Completion Report (CASCRCR) as part of the RBCAS approach. At about the same time, a new title – Country Partnership Strategy – started being used for IBRD CASs (see Box 2).

Box 2. Country Partnership Strategies

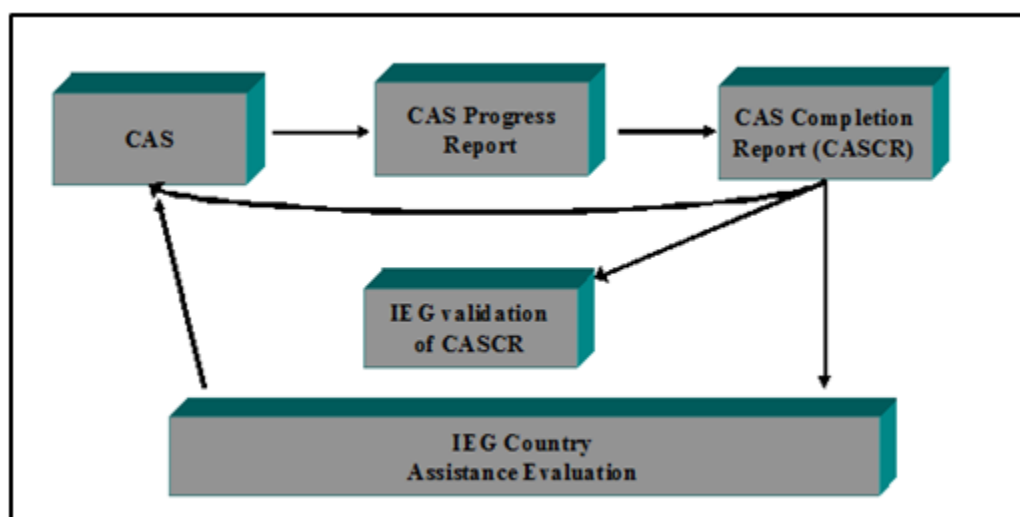
The title “Country Partnership Strategy”—first used in FY04 for the Mexico CAS document—has become common for CASs for IBRD countries. While all CAS products continue to be prepared according to BP 2.11, which offers room for customization and program flexibility within a standardized framework, a growing number of Bank teams—especially those working with IBRD clients—have determined that an emphasis on “partnership” better reflects a client relationship that is based on mutual learning and responsibilities, not on one-way Bank assistance.

³ The Operational Manual has no OP (Operational Policy statement) for Country Assistance Strategy products.

⁴ This term replaced a variety of others, such as “Transitional Support Strategy,” “Country Reengagement Note,” “Interim Strategy,” “Interim Support Strategy,” “Interim Assistance Strategy,” “Interim CAS,” “Interim CAS Update,” “Interim Strategy Note,” “Interim Strategy Progress Report,” and “Transitional Support Strategy Update.”

6. **CAS Cycle.** The move to the RBCAS placed more emphasis on the CAS as the anchor of a program cycle, rather than as a static, occasional statement of the Bank's program (see Figure 1). The country strategy is seen as an active and flexible roadmap for the Bank's engagement with a client country. The CAS cycle starts with a design phase and concludes with the finalization of the CAS document, setting out a four-year strategy of support for the country's own priorities, a Bank program of activities, and a results framework for managing and reporting on impact. Implementation of the Bank program follows, including midpoint reporting on progress and modification in response to changing circumstances. The cycle concludes with evaluation of the program through the CAS Progress Report, feeding into the next CAS.

Figure 1. The CAS Cycle



7. **CAS Trends since FY01.** The third CAS retrospective reviewed CAS products through the first half of FY01. During FY01 through FY09, 340 CAS products were prepared: 184 full CASs, 76 Progress Reports (of which 48 were prepared under the new definition set by BP 2.11), and 80 other CAS products (of which 36 were ISNs) (see Table 1). The annual preparation of CAS products has varied from year to year, as country circumstances (and over the past year the global financial crisis) have affected the timing of preparation. But on average about 38 CAS products are sent to the Board each year, of which about 20 are full CASs. During FY01 to FY09, 165 of these CAS products covered IDA-eligible clients, 129 covered IBRD clients, and 46 were for IDA-IBRD blend countries; also, 169 CAS products (50 percent) were prepared jointly with IFC and/or MIGA.⁵

⁵ Full fiscal years are presented in the text to ease comparisons.

Table 1. CAS Products during FY01-09

Category	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
CAS products	37	32	41	37	36	31	38	49	39
CASs	19	14	24	24	25	18	16	22	22
Progress Reports	4	11	9	4	3	7	10	18	10
Other CAS products	14	7	8	9	8	6	12	9	7
Of which ISNs					2	6	12	9	7
Joint with IFC	16	17	14	15	14	23	20	24	24
% Joint with IFC	43	53	34	41	39	74	53	49	62
Joint with MIGA	0	0	0	3	1	3	7	6	4
% Joint with MIGA	0	0	0	8	3	10	18	12	10
By Region									
AFR	11	9	12	15	13	5	16	18	10
EAP	2	2	4	3	5	2	3	3	4
ECA	10	12	7	7	7	8	9	12	7
LCR	7	6	10	7	7	6	8	11	10
MNA	3	1	3	3	3	5	0	3	5
SAR	4	2	5	2	1	5	2	2	3
By financing source									
IDA	17	14	22	21	17	16	20	21	17
IBRD	14	15	13	11	14	13	12	21	16
Blend	6	3	6	5	5	2	6	7	6

Source: SAP/Business Warehouse and Document Archives

8. **CAS Coverage.** Both Management and the Board expect the Bank to keep country strategies current—that is, to avoid long delays from the time one strategy’s coverage ends until the next is prepared. Coverage has been improving steadily over the years. The occasional use of ISNs as bridging documents has been partly responsible, but for the most part, improved coverage is due to country teams’ and Management’s preparing CAS products in a timely fashion. As a result, gaps between CASs are becoming much less frequent: the number of countries with active Bank programs without an active CAS has declined by more than half since the early 2000s (see Table 2). This attention to CAS coverage creates a more regular schedule of country strategies. However, over the last half of FY09 and as the financial crisis unfolded, countries and Bank country teams were faced with high uncertainty about the economic outlook and the nature and level of Bank support. Staff sought to respond to urgent country requests for additional financial and technical support from the Bank, and may have delayed the preparation of some CASs in FY09.

Table 2. Countries Covered by CAS Products FY01-09

Product	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
CASs	71	64	69	71	78	76	74	83	86
Other CAS products	16	19	16	17	15	16	20	21	17
Of which ISNs					3	9	18	21	17
TOTAL	87	83	85	88	93	92	94	104	103
% not covered	29	32	30	29	24	25	21	14	16

* Percentage of active countries (countries that have active Bank-financed country program) not covered by a valid CAS product

Source: SAP/Business Warehouse and Document Archives

9. **Cost of CAS Product Preparation.** The cost of preparing full CASs has been rising since the early 2000s, but with a high degree of variation. Over FY06-09, the average cost of preparation of full CASs was \$236,000, of Progress Reports \$63,000, and of Interim Strategy Notes \$132,000 (see Annex B). On average, IDA CASs are costlier to prepare than IBRD CASs.

10. **Process of CAS Product Preparation.** The process of preparing a full CAS can be lengthy (frequently taking a year). With Bank teams increasingly decentralized, technical work and discussions with the government, development partners and stakeholders now take place on a continuous basis. As a result, the CAS document itself is a snapshot of the country, its development challenges, and anticipated Bank program, a snapshot that evolves as country conditions change. Several country teams engage in an annual discussion with the government, to ensure that the strategy remains aligned with country priorities, a discussion that is often coordinated with an overall review of portfolio performance.

11. CAS preparation involves a higher level of quality assurance and management review than some operations, with two Bank Group-wide corporate reviews: the upstream review and the downstream (or final) review (see Figure 2). Depending on the level of complexity and risks involved in the Bank's engagement with the country, these reviews are conducted either by the Regional Operations Committee (ROC), chaired by the Regional vice president or her/his designate, or the Operations Committee (OC), chaired by the relevant Managing Director. The upstream Bankwide review takes place near the beginning of the process, following initial country team and/or Regional concept discussions but before external consultations are held; it provides systematic Bank Group-wide guidance on the development of the strategy. The downstream review occurs after government and external stakeholder consultations have been held and the country program has been elaborated, and the review package includes the CAS Completion Report of the previous CAS so that reviewers can judge how lessons from the Completion Report have been incorporated into the new CAS. Network Anchors, DEC, OPCS, Legal, CFP, FIN, and other Bank Group stakeholders are invited to comment on and participate in each of the reviews. Review procedures for Interim Strategy Notes (ISNs) typically are the same as a CAS, although the review process for ISNs may be abbreviated if country circumstances demand—for example, in emergency situations where speed of response is important. CASPRs usually take less time to prepare and are subject to a single Bank Group-wide review.

Figure 2. Internal CAS and ISN Preparation Process

