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IDA in ACTION

1996-1999



Improving Aid Effectiveness
and Reaching the Poor

Summary Report



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and Reaching the Poor**

Summary Report

The World Bank
Washington, D.C.

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The World Bank Group

Founded in 1944, the World Bank today consists of five closely associated institutions:

- IBRD** **The International Bank for Reconstruction and Development**
The IBRD provides loans and development assistance to middle-income countries and creditworthy poorer countries. Voting power is linked to members' capital subscriptions, which in turn are based on each country's relative economic strength. The IBRD obtains most of its funds through the sale of bonds in international capital markets.
- IDA** **The International Development Association**
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- IFC** **The International Finance Corporation**
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MIGA helps encourage foreign investment in developing countries by providing guarantees to foreign investors against loss caused by noncommercial risks. MIGA also provides technical assistance to help countries disseminate information on investment opportunities
- ICSID** **The International Centre for Settlement of Investment Disputes**
ICSID provides facilities for the settlement—by conciliation or arbitration—of investment disputes between foreign investors and their host countries.

Acronyms and Abbreviations

AFR	Africa Region	M&E	Monitoring and Evaluation
APL	Adaptable Program Loan	MDB	Multilateral Development Bank
BA	Beneficiary Assessment	MNA	Middle East and North Africa Region
CAS	Country Assistance Strategy	MP	Montreal Protocol
CBNRM	Community-Based Natural Resource Management	NEAP	National Environmental Action Plan
CFA	Communauté financière africaine	NGO	Non-governmental Organization
CPIA	Country Policy and Institutional Assessment	NRM	Natural Resource Management
CPPR	Country Portfolio Performance Review	OECD	Organization for Economic Cooperation and Development
CY	Calendar Year	OED	Operations Evaluation Department
DO	Development Objectives	PA	Poverty Assessment
EA	Environmental Assessment	PER	Public Expenditure Review
EAP	East Asia and Pacific Region	PHRD	Policy and Human Resources Development Fund (Japan Grant Funds)
ECA	Europe and Central Asia Region	PPI	Private Provision of Infrastructure
ERC	Economic Recovery Credit	PREM	Poverty Reduction and Economic Management Network
ESMAP	Energy Sector Management Program	PRS	Poverty Reduction Strategy
ESSD	Environmentally and Socially Sustainable Development	PSD	Private Sector Development
EU	European Union	QAG	Quality Assurance Group
FSU	Former Soviet Union	SA	Social Assessment
FY	Fiscal Year	SAC	Structural Adjustment Credit
FYR	Former Yugoslav Republic	SAR	South Asia Region
GDP	Gross Domestic Product	SDR	Special Drawing Rights
GEF	Global Environment Facility	SIL	Sector Investment Loan
HIPC	Heavily Indebted Poor Country	SME	Small and Medium Enterprise
HNP	Health, Nutrition and Population	SPA	Special Program of Assistance for Africa
IDF	Institutional Development Fund	SSA	Sub-Saharan Africa
IDG	International Development Grant	TA	Technical Assistance
IEC	Information, Education and Communication	TB	Tuberculosis
IFC	International Finance Corporation	UNICEF	United Nations International Children's Emergency Fund
ILO	International Labor Organization	UNDP	United Nations Development Program
IMF	International Monetary Fund	WBG	World Bank Group
ITF	Interim Trust Fund	WBI	World Bank Institute
LCR	Latin America and the Caribbean Region	WHO	World Health Organization
LIL	Learning and Innovation Loan	WSS	Water Supply and Sanitation

IDA8 The Eighth Replenishment period of IDA, from July 1, 1987, through June 30, 1990 (FY88-90)

IDA9 The Ninth Replenishment period of IDA, from July 1, 1990, through June 30, 1993 (FY91-93)

IDA10 The Tenth Replenishment period of IDA, from July 1, 1993, through June 30, 1996 (FY94-96)

IDA11 The Eleventh Replenishment period of IDA, from July 1, 1996, through June 30, 1999 (FY97-99)

All dollar amounts are in U.S. dollars.

Table of Contents

Introduction	1
Summary	2
Challenges in Reducing Poverty in IDA Countries	5
Financing New Operations Under a Stronger Performance-Based Framework	9
New Commitments During IDA11	9
The Stronger Link Between IDA Assistance and Country Performance.....	11
IDA’s Donors and Other Sources of IDA11 Resources.....	12
Strengthened Country Ownership and Partnerships.....	13
How IDA Assists Its Borrowers	17
Ongoing Projects in 75 Countries	17
Expanding Opportunities for Human Development.....	19
Improving the Coverage and Quality of Education. with Better Access for Girls.....	20
Supporting Basic Health and Fighting Communicable Diseases.....	25
Making Needed Improvements in Sanitation and Water Supply	27
Rising Use of Social Funds and the Need for Broader Safety Nets	28
Responding to Conflict and Natural Disasters	29
Encouraging Broad-Based, Private Sector-Led Economic Growth	30
Increasing Incomes in Rural Areas—Where the Poor Live.....	36
Working for Environmental Sustainability, Requiring Long-Term Efforts.....	38
Nonlending Activities—Supporting Analysis and Knowledge Sharing	43
Improving IDA’s Effectiveness—Emphasis on Participation and Good Governance	46
Better Ownership and Impact Through Participation.....	46
Improving Social and Economic Opportunities for Women.....	47
Focus on Better Governance	49
Improved Portfolio Performance.....	51
Improving Outcomes for the Poor and Measuring Impacts	54
The Way Forward	55
Tables	
Table 1 Population Under \$1/day	5
Table 2 Top Ten Borrowers During Fiscal 1997-99.....	10
Table 3 IDA11 Funding Sources	12
Table 4 Donor Governments. IDA11	13
Table 5 Projects Under Implementation. Fiscal 1999.....	17
Table 6 Top Ten Disbursement Recipients. Fiscal 1997-99.....	18
Boxes	
Box 1 What It Will Take to Reduce Income Poverty.....	8
Box 2 Supporting the Social Sectors and the Rural Poor in China.....	11
Box 3 A Growing Number of Partnerships.....	16
Box 4 Results from Education Projects Under Implementation.....	21
Box 5 Raising Girls' Enrollments Rates in Secondary Schools in Bangladesh.....	23

Box 6	Côte d'Ivoire Project Pilots Multiple Approaches to Boost Girls' Enrollment.....	23
Box 7	Donor Partnerships in Girls' Education.....	24
Box 8	Results from Family and Public Health Projects in South Asia.....	25
Box 9	Active Support for AIDS Prevention and Control.....	27
Box 10	Ghana Community Water and Sanitation Program Learns from its Pilot Project.....	28
Box 11	Social Funds Under Implementation.....	29
Box 12	Addressing Post-Conflict Needs in Bosnia and Herzegovina.....	30
Box 13	Examples of Countries with Adjustment Programs.....	31
Box 14	Bolivia's Privatization and Capitalization Program.....	33
Box 15	Supporting Mozambique's Financial Sector Development and Privatization.....	35
Box 16	Microfinance and Capacity Building in Benin.....	36
Box 17	Selected Projects in China Serving Interior and Upland Regions.....	38
Box 18	Empowering the Poor Farmer in the Sodic Lands Reclamation Project.....	40
Box 19	How Cambodia's Public Expenditure Review Influenced the Policy Dialogue.....	44
Box 20	Examples of IDF Programs.....	45
Box 21	Examples of Participatory Activities Influencing Project Designs.....	46
Box 22	Considering Women's Needs to Improve the Impact of Operations.....	48
Box 23	Governance and its Implications for Development in Kenya.....	50
Box 24	Examples of New Initiatives to Improve Governance at the Country Level.....	51
Box 25	Outstanding Performers Among Recently Completed Projects.....	53

Figures

Figure 1	Relationship Between IDA Lending and Performance. Fiscal 1997-99.....	12
Figure 2	IDA's Portfolio of Projects (end-fiscal 1999).....	18
Figure 3	Number of Countries with Social Sector Investment Projects.....	19
Figure 4	Composition of IDA's Social Sector Portfolio.....	19
Figure 5	Social Sector Commitments and Disbursements during IDA10 and IDA11.....	20
Figure 6	IDA's Environmental Portfolio (end-FY99).....	39
Figure 7	Formal Economic & Sector Work (Number of Reports).....	43
Figure 8	IDA Portfolio – Percent Projects at Risk.....	52
Figure 9	Outcome Measures.....	52
Figure 10	Sustainability Measures.....	53

Annex

Table A1	IDA-Eligible Countries During IDA11.....	63
Table A2	IDA11 – New Commitments by Country.....	64
Table A3	IDA Country Poverty Assessments Completed.....	66
Table A4	Sectoral Distribution of IDA10 and IDA11 Lending Commitments.....	67
Table A5	Investment Lending to the Social Sectors over IDA10 and IDA11.....	67
Table A6	Detailed Sector Breakdown of IDA11 Commitments by Fiscal Year.....	68
Table A7	IDA's Largest Borrowers.....	69
Table A8	Africa and South Asia Portfolios at end-Fiscal 1999-Breakdown by Sector.....	70
Table A9	IDA Disbursements by Region.....	71
Table A10	Cofinancing by Bilateral Donors During IDA11.....	73
Table A11	List of NEAPs or Equivalent Country Strategies in IDA Countries.....	74
Figure A1	IDA Disbursements.....	72
Figure A2	Disbursements in FY97-99 by IDA Replenishment.....	72

Map IDA Countries and Graduates

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Summary

The IDA11 period was a time of transition and experimentation in trying to improve IDA's effectiveness and deepen its impact in reducing poverty. It saw a renewed emphasis on pro-poor growth, reduction of inequalities, and human development—building on participatory initiatives and efforts to understand better the multiple dimensions of poverty

IDA11 also saw some exceptional challenges—the aftermath of conflict in some countries and continuing conflict in others, natural disasters and economic crises and the exploding AIDS epidemic—which have pushed back hard won gains in human development and poverty reduction in a number of countries.

For many countries, the strong economic expansion of the 1990s brought faster growth, especially in South Asia and Africa, reinforced by the macroeconomic and structural policy reforms that IDA encouraged and supported. The financial crisis of 1997–99 had a less immediate or severe impact on the poorest countries than was first feared, but the international economic environment became more difficult.

Most disturbingly, the absolute number of poor people remains very high—over 1 billion in IDA countries—principally because of continuing high population growth, but also because the prime beneficiaries of growth have not always been the poor or the poorest. There remains stark inequality of opportunity and access, making it difficult for the majority of the poor to share in the benefits of economic growth, often a self-perpetuating cycle. IDA has responded to the challenges in its client countries in the following ways:

- The focus on poverty has sharpened with a better understanding of poverty and its interrelationships;
- The link is now stronger between IDA's assistance and a recipient country's economic policies and efforts to reduce poverty;
- At the same time, IDA has been very responsive to the special needs of countries emerging from conflict and natural disasters;

Support for social sectors is broader and stronger, reflecting the importance of human development and access to basic services. Important efforts are underway to combat communicable diseases and expand girls' education;

- The emphasis on participation and ownership is greater and has helped to bring women's needs and issues to the fore, especially in social sectors and agriculture;
- Rural economic growth is a continuing priority, with greater efforts to understand farmer and community needs;
- The performance of the portfolio has improved because of stronger participation and ownership and greater attention given to all aspects of implementation; and
- IDA has experimented with new approaches to support institutional change, taking a longer term, more programmatic approach.

Over fiscal years 1997–99, IDA financed operations in 75 countries, out of 81 eligible countries. There were 381 new projects approved, which became part of a portfolio of 786

projects under implementation by end-June 1999. Moldova and Indonesia became IDA-eligible during the period. China, Egypt, and Equatorial Guinea graduated at the end, meaning they are now eligible for IBRD lending only. But China and Egypt still have a large number of IDA-funded projects under implementation; they focus largely on the social sectors and poverty reduction.

New instruments introduced during IDA11 provided the opportunity to pilot new approaches (through Learning and Innovation Loans, or LILs) or to consider an operation within a longer term, "programmatic" framework with the expectation of future follow-on projects (Adaptable Program Loans, or APLs).

Close to 2,000 studies, advisory tasks and technical assistance activities were undertaken over the period. Many of the studies provided the basis for designing country assistance strategies and individual operations; they included many poverty analyses and assessments which have built up IDA's knowledge about poverty in individual countries—and detailed public expenditure reviews, which analyze expenditures and their effectiveness relative to country priorities, especially human development needs, such as health and education. Other nonlending activities helped to share knowledge and build capacity for analytical work and policymaking within client countries.

The three years of IDA11 have been pathbreaking in being more open about governance and corruption and raising awareness of the costs of not addressing such problems in terms of economic growth and poverty reduction. More attention is going to better incentives, greater accountability, and the detailed work of institutional development—in areas such as legal and judicial reform, accounting, and tax administration. Building greater ownership at national and local levels and new programmatic approaches are efforts to strengthen institutions over time, step by step trying to assure the sustainability of reforms.

In addition, the Heavily Indebted Poor Countries (HIPC) Initiative got underway and was enhanced further during IDA11, offering a mechanism for reducing unsustainable debt burdens in some of the poorest IDA countries. As many as 35 countries could ultimately receive debt relief under this initiative, most of them in Sub-Saharan Africa.

These actions and accomplishments are important steps. But much more remains to be done to reduce inequality and poverty and to advance human development. There are no easy solutions. Fighting poverty is a huge undertaking, one requiring concerted efforts and continuous learning by all those involved.

Going forward, significant challenges remain. First of all, there is IDA's mandate to increase lending and other support to Africa, consistent with individual country performance and capacity. Africa represented only 35 percent of new commitments in IDA11, down from 40 percent in IDA10. This was disappointing—mainly the result of a substantial reduction in adjustment lending, together with the impact of civil conflict and poor economic performance in countries that are potentially large borrowers. At least 20 percent of Africa's people live in countries directly experiencing violent conflict, and almost all Sub-Saharan countries feel the impact of conflict either directly or through an influx of refugees and disrupted trade links.

- Sub-Saharan Africa has the highest incidence of poverty. And, because of population growth of 2.8 percent a year, the number of poor people has increased **considerably**—from 242 million in 1990 to 291 million in 1998.
- In Europe and Central Asia, both the share and numbers increased. The number of people in poverty more than tripled—from 7 million in 1990 to 24 million in 1998, mainly in countries of the former Soviet Union.
- In Latin America and the Caribbean, the share of poor people has remained roughly constant, while the number of poor has increased—to 78.2 million. Inequality remains very high.
- The Middle East/North Africa region has only two IDA countries. In Yemen, the proportion of people living in poverty increased by as much as 6 percentage points between 1992 and 1998, with now about 25 percent of the population living below the poverty line (about 4 million people). In Egypt, poverty decreased between 1991 and 1996, with the share of people living below the poverty line declining from about 25 to 23 percent (about 14 million people).

Improving Social Indicators Among the Poor. There are also many non-monetary measures of **well-being**—including health, educational attainment, and social integration. Health and education indicators in IDA countries have steadily improved over the past 17 years, led again by China. Regional differences are great, however, with South Asia and Sub-Saharan Africa having the poorest social indicators.

Social indicators for the poor remain systematically worse than those for the better off. Two million children die each year of diseases that are preventable by vaccines, 200 million children under the age of five suffer malnutrition, and 120 million couples lack options in family planning. In many countries, particularly in Sub-Saharan Africa, the gains of past decades in health and life expectancy are being destroyed by AIDS.

Communicable diseases kill the world's poor disproportionately; they account for 80 percent of the mortality gap between rich and poor countries. The top six diseases are: acute respiratory infection, diarrhea, measles, malaria, tuberculosis, and AIDS. Sixty percent of malaria deaths and half of all deaths from diarrhea occur among the poorest 20 percent.³

An estimated 125 million children are out of school worldwide, 66 percent of them girls. The majority of these **children** are in IDA countries. They likely will never attain basic literacy and **numeracy**, a factor which will restrict their lifetime opportunities and condemn many of them to lives in poverty. Gender differences in educational access and outcomes remain substantial—especially in Western and Central Africa, South Asia, and Middle East/North Africa—**despite** growing information about the economic and social benefits from girls' education.

³ Davidson R. Gwatkin, Michel Guillot, and Patrock Heuveline, "The Burden of Disease among the Global Poor," *The Lancet*, 14 August 1999.

Since health and educational outcomes vary considerably by economic status within countries, efforts to reduce infant and child mortality and improve literacy *need to target the poorest*.

Empowerment and Security. More generally, the development community increasingly recognizes the importance of empowerment and security, which affect the interrelationship of economic growth and income distribution. Empowering the poor means increasing their participation in decision-making, thereby improving the effectiveness of efforts to meet their needs and create opportunities for them. Security is also essential—security from conflict, natural disasters, and from financial crises. Adequate safety nets are needed and the institutions in place to respond when crises occur, in order not to lose the gains already won.

The International Development Goals. The challenges of reducing poverty and improving social indicators remain formidable as IDA countries enter the new millennium. To spur action over the next 10–15 years, the international community set specific International Development Goals (IDG)—for income poverty reduction, universal primary education, gender equality, reductions in infant/child mortality and maternal mortality, and sustainable development.⁴ The IDG provide a useful point of reference in selecting country specific goals and indicators, which IDA and its client countries are now doing. They challenge all donors and financing agencies to strengthen aid programs and make them as effective and responsive as possible. Box 1 discusses what it will take, region by region, to reduce income poverty based on recent scenarios developed by the World Bank.

Stronger Focus on Poverty Analysis to Guide Country Assistance

In recent years, IDA has increased its understanding of poverty and its multi-dimensions, largely through sector work on poverty—about 60 poverty assessments (PA) and progress reports were completed by the end of IDA11.⁵ The improving knowledge about poverty, in turn, has helped to inform and influence IDA country assistance strategies, which now have a stronger poverty focus—and will continue to grow stronger with a new generation of poverty work and greater emphasis on outcomes. Country assistance strategies provide the strategic framework and specify the mix of interventions (lending and nonlending activities) to promote economic growth and reduce inequality and poverty in each country.

A critical part of future poverty work will be continuing to work closely with local experts and teams, trying to build in-country capacity to develop and analyze information about poverty and contribute to domestic policymaking. Equally important is assuring dissemination of the results and continued follow up, once PAs are completed. Doing so helps to broaden public interest, influencing domestic support for policies that help to reduce poverty. In many countries, the translation and publication of the PA is the first opportunity to make information about poverty publicly available. Capacity-building and communications programs will remain substantial nonlending activities for IDA, requiring major attention and support in the foreseeable future.

⁴ See <http://www.oecd.org/dac/Indicators> for the IDG.

⁵ See **Table A3** in the **Annex**.

Box 1. What It Will Take to Reduce Income Poverty

The international development target for income poverty is to reduce the proportion of people in absolute poverty (living below \$1 per day) by half between 1990 and 2015. The World Bank has developed some illustrative scenarios for future poverty reduction, considering economic growth and inequality. They underline the centrality of achieving strong economic growth and macroeconomic stability and reducing inequality of opportunity.

Based on the recent scenarios, East Asia could be on track to meet the income poverty target with sustained economic growth. South Asia, on the other hand, needs more rapid and inclusive growth. Inequality must not increase, a significant challenge. India's poorer states need to adopt the more successful approaches of its more progressive states. In Pakistan, fostering the development of the rural poor and ensuring access to health and education, especially giving greater opportunities to women, would help reduce the country's high income disparity. So too in Bangladesh, faster agricultural and rural development would expand opportunities for the poor. Improved economic management and better infrastructure would encourage private sector investment and spur faster growth. More responsible governance is also important in the region as a whole.

Eastern Europe and Central Asia and the Middle East and North Africa could be on track in meeting the targets, again with strong growth and assuming inequality does not increase. In Latin America the challenge is greater. Studies suggest that halving the poverty rate requires both high economic growth and a substantial reduction in inequality.

Even if growth rates were 20 percent higher than projected over the next 10 years, Sub-Saharan *Africa* would still be unable to cut the poverty rate by half. SSA requires very high economic growth rates—5 to 8 percent—because of its high population growth. Given uncertain expectations for commodity prices and a poor climate for foreign aid, SSA countries need to continue to diversify and open their economies to sustain growth—including greater regional integration to expand markets. Countries with better policy environments and governance, effective export strategies, and more diversified economies are the ones likely to do better.

The region also needs to combat inequality. Seventy percent of people in SSA live in rural areas—with agriculture accounting for 30 percent of GDP, 40 percent of exports, and 70 percent of employment. So, African governments need to support further agricultural development and related basic infrastructure and finance in rural areas. They also need to strengthen access to key assets—land ownership and user rights. And they need to give more priority to access of the poor, especially women, to basic human development services, notably education and health.

See *Poverty Reduction and the World Bank, Progress in Fiscal* 1999, World Bank, March 30, 2000, Chapter 1.

Financing New Operations Under a Stronger Performance-Based Framework

IDA provides a greater share of assistance to countries that have demonstrated good policy and institutional performance, trying to get the greatest impact from its resources, a link strengthened further over IDA11. Individual country assistance strategies determine the exact level and nature of funding, tailoring assistance to each country's needs.

New Commitments During IDA11

New commitments during IDA11 totaled \$19.2 billion, about the same level as that of IDA10. Adjustment lending was **down**—from \$4.7 billion in IDA10 to \$3.8 billion. Investment lending was **up**—from \$14.4 billion in IDA10 to \$15.3 billion. The number of operations increased by 12 percent—from 339 to 381, with substantial increases in operations in ECA. Table 2 lists the largest borrowers over the period.⁶

Reducing Inequality Through Social and Human Development. The strong focus of IDA on the social underpinnings of growth and poverty reduction is seen in the **continuing** strong support for investments in human development and social services (education, health, nutrition and population, water supply and sanitation, and social protection). New investment lending to the social sectors totaled \$5.8 billion in IDA11, up from \$5.5 billion in IDA10 (in both cases, a share representing about 40 percent).

South Asia and Africa, the regions with the lowest social indicators, accounted for almost three-quarters of total social sector investment lending. Close to half the amount went to South Asia, **reflecting** the concentration of social sector lending to India and Bangladesh and exceptionally high lending in fiscal 1998 in those sectors. Africa had the highest number of social sector projects—with 50 projects, compared to 22 each in South Asia and ECA. Social sector investment lending represented 32 percent of total investment lending in Africa.

Responding to Difficult Challenges in Africa. Despite the mandate to increase lending to Africa consistent with individual country performance, new commitments to Sub-Saharan Africa declined—from \$7.6 billion in IDA10 to \$6.8 billion in IDA11 (35 percent of commitments, 42 percent of total projects). Adjustment lending fell by about \$590 million—understandable given the extraordinary lending to CFA countries in IDA10 following the CFA devaluation—and is now at more typical levels. Investment lending fell by close to \$250 million.

Lending increased significantly in several countries with good or improving performance—Senegal, Uganda, Madagascar and Zambia. IDA also responded swiftly to the restoration of stability and improved outlook in Rwanda and continued to help Mozambique rebuild its economy and basic services. But poor performance and civil conflict affected many other countries—resulting in no or minimal lending to such potentially large borrowers as Angola, Nigeria, Sudan, and Democratic Republic of Congo. Lending in Ethiopia and Eritrea also came to a halt in fiscal year 1999 due to a resurgence of armed conflict between them. And

⁶ Table A2 in the Annex shows new commitments country by country. Tables A4 through A6 give sector breakdowns and trends.

lending fell in countries with declining or less than satisfactory performance—such as Kenya, where lending was cut back because of governance issues.

Balancing the commitment story is the fact that the performance of active projects in Africa improved over the period, with a 35 percent reduction in projects at risk. Country risks remain high, however, an ever challenging backdrop to implementation of development activities.

Supporting Poverty Reduction in Asia. New commitments in East Asia and South Asia reached \$8.3 billion in IDA11, down from \$8.8 billion in IDA10, largely the result of a 50 percent reduction in lending to China—from \$2.0 billion in IDA10 to \$1.0 billion in IDA11—as part of IDA’s phase-out there. China’s program continued to emphasize human development and rural poverty reduction (Box 2).

Table 2. Top Ten Borrowers During Fiscal 1997-99

	Number of Operations	Commitments ^{a/} (\$ million)
India	16	2,631
Bangladesh	13	1,988
China	6	1,041
Vietnam	12	1,053
Ethiopia	5	769
Pakistan	6	733
Uganda	11	549
Bosnia-Herzegovina	23	538
Cote D'Ivoire	7	513
Zambia	7	513

^{a/} Includes IDA HIPC Grants.

New commitments to India were also lower, falling from \$3.2 billion in IDA10 to \$2.6 billion in IDA11, reflecting allocation decisions which balance India's improving creditworthiness with the fact that it continues to have a very large number of poor people. In Bangladesh, commitments doubled from \$1.0 billion to \$2.0 billion, with the increase concentrated in FY99 as part of emergency flood assistance to the country. Almost half of all investment lending in South Asia was in the social sectors.

Reconstruction and Transition in ECA. New commitments in Europe and Central Asia grew from \$1.2 billion in IDA10 to \$2.2 billion in IDA11, in support of the unique transition and reconstruction needs of countries in this region. IDA gave extraordinary support to Bosnia and Herzegovina as well as other countries coming out of civil conflict—Armenia, Georgia, Tajikistan, Albania and FYR Macedonia.

Broad Programs in MNA and LCR. Lending to MNA and LCR rose from \$1.5 billion to \$1.9 billion. IDA provided substantial support to the social sectors in Egypt, another country which graduated at the end of IDA11, and responded to improved performance in Yemen. Total new commitments to the MNA region were \$778 million.

Broad programs supported continued good performance in Bolivia, Honduras and Nicaragua. Honduras and Nicaragua received additional support in FY99 to support reconstruction after Hurricane Mitch in October 1998, one of the strongest, most damaging storms ever to hit Central America. Disaster management projects were launched in both countries. Regular investment operations in Honduras and Nicaragua support efforts to solve some of the problems of natural resource management, which make these countries especially vulnerable. Total new commitments to the LCR region were \$1.1 billion.

Box 2. Supporting the Social Sectors and the Rural Poor in China

At its peak in IDA9 (FY91-93), IDA lending averaged some US\$1 billion a year, led by the social sectors, making China IDA's second largest borrower. In both IDA10 and 11, lending in the social sectors remained strong and increasingly directed to the provinces in the interior of the country, home to the majority of those living below the poverty line.

China received transitional support of about \$1 billion over IDA11 before it "graduated" from IDA at end-FY99, in view of its rapidly growing creditworthiness. Many of the currently active projects *emphasize poverty reduction* in the context of agricultural activities, rural health, education, and water supply and water resource management.

The Stronger Link Between IDA Assistance and Country Performance

IDA has the closest link of any development assistance program to government performance on economic policy and poverty reduction—a link confirmed by recent research on aid effectiveness.⁷ Resource allocations are based on policy and institutional performance, including differentiated social and governance criteria, and also take into account how well a country manages its IDA portfolio.

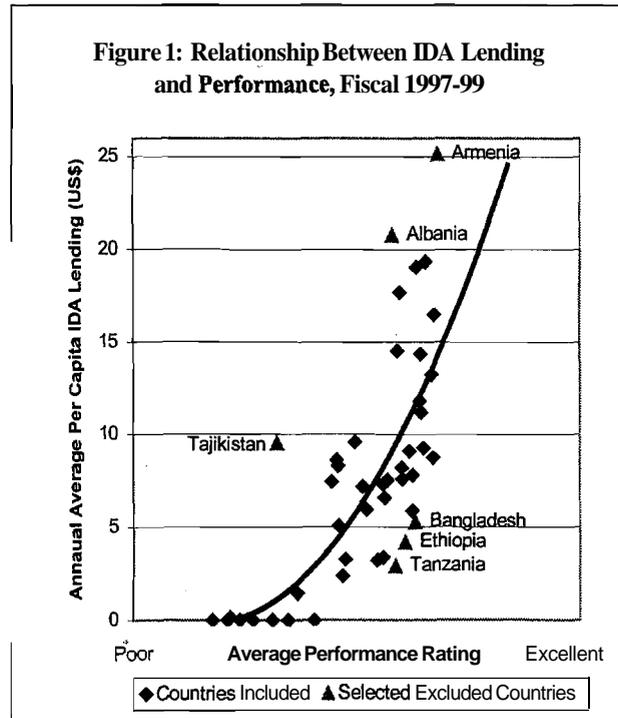
The best performers during IDA11 received an annual average of \$14 per capita from IDA—88 percent more than the average received by middle performers, and almost 5 times that received by poor performers. Also, a "governance discount" was introduced in IDA11, affecting allocations to countries with poor governance, signaling the importance IDA places on this issue. Because allocations are made in advance of commitment years, this discount affected allocations beginning in FY00 (the starting year of IDA12).

Figure 1 shows the relationship between actual lending and performance of the majority of IDA-only countries during IDA11.⁸ Good performers, such as Bolivia, Kyrgyz Republic and Senegal, received high per capita lending, while poor performers, such as Angola and Haiti, received low per capita lending. Inactive countries—such as Afghanistan, Myanmar, Sudan, and Democratic Republic of Congo—received no funding.

Some IDA-only countries were excluded from the correlation because of extraordinary circumstances or other factors that affected lending (again, Figure 1). Per capita lending was high in Albania and Armenia, for example, because of substantial financing needs related to their special circumstances and difficult economic transitions. Despite poor performance, Tajikistan received additional allocations stemming from its emergence from conflict and initial steps toward economic transition.

⁷ Paul Collier and David Dollar, *Country Assessments and IDA Allocations*, Washington D.C.: World Bank, 1999.

⁸ The correlation analysis illustrated in figure 2.1, which yields an R^2 of 0.69, is based on data for forty-two of the sixty-two IDA-only countries. Excluded are (a) small countries (with populations of less than 1 million) for which lending is mostly determined by an allocation thresholds; and (b) several countries where lending levels are determined by other factors such as extraordinary financing needs (e.g., Albania, Armenia, Bosnia and Herzegovina, Tajikistan) or constraints on institutional and absorptive capacity (e.g., Ethiopia, Bangladesh, Tanzania).



Bosnia and Herzegovina was, by far, the most exceptional case (not shown in the figure because of the scale). It received funding that was about three times higher, in per capita terms, than the next highest IDA recipient. This was the result of a special, temporary effort to assist the country as it began to rebuild its war-shattered economy.

In contrast, Ethiopia did not use its full allocation because its assistance program was disrupted by resumption of conflict with Eritrea. Bangladesh and Tanzania faced sector policy and capacity constraints which constrained lending.

IDA's Donors and Other Sources of IDA11 Resources

Resources from the IDA11 replenishment funded new commitments. Those resources came from three sources (see Table 3).

	<u>\$ billion</u>
Donor Resources	10.64
IBRD Transfers	1.20
Other Resources	6.88
Total	18.72*

* This amount differs from the total commitment level because of exchange rate differences.

Donor Resources. IDA's thirty-nine donors contributed 57 percent of the funding for new commitments; they are listed in Table 4. Donor resources included: (i) remaining IDA10 contributions, (ii) IDA11 contributions, and (iii) contributions to the Interim Trust Fund (ITF), established as part of the IDA11 replenishment agreement to ensure availability of resources to fund credits in FY97-99, in view of the inability of the United States to contribute to IDA11 until fiscal 1998, pending fulfillment of its commitments to IDA10.

The G-7 countries—Canada, France, Germany, Italy, Japan, United Kingdom and United States—accounted for nearly 80 percent of contributions during the IDA11 replenishment, including contributions to the ITF. Australia, Belgium, Denmark, Finland, the Netherlands, Norway, Sweden and Switzerland accounted for almost 16 percent—their contributions being generous relative to their economic size. Twenty-four other countries provided the remaining contributions.

New donors joining the IDA11 replenishment were Botswana, Oman, Slovak Republic and Israel. Several countries also increased their basic shares from those in IDA10—Brazil, Ireland, Luxembourg, Portugal and Switzerland.

Argentina	Finland	Korea, Republic of	Russian Federation
Australia	France	Kuwait	Saudi Arabia
Austria	Germany	Luxembourg	Slovak Republic
Belgium	Greece	Mexico	South Africa
Botswana	Hungary	Netherlands	Spain
Brazil	Iceland	New Zealand	Sweden
Canada	Ireland	Norway	Switzerland
Czech Republic	Israel	Oman	Turkey
Denmark	Italy	Poland	United Kingdom
	Japan	Portugal	United States

Other Resources. Other sources of funding for IDA11 were IBRD net income transfers (6 percent) and other resources (37 percent). The latter include repayments by IDA borrowers for past credits (called IDA reflows), investment income from IDA's liquidity, and any other resources that become available to IDA (such as residual resources from past replenishments). These resources (especially reflows) are gradually becoming a larger proportion of the total funding available to IDA.

Strengthened Country Ownership and Partnerships

IDA provides about 20 percent of net official development flows to IDA-only countries. This share has risen over the past 10 years, as official development flows have declined. Recent increases in private flows have not compensated for this decline and are concentrated in just a few countries (primarily China). The centrality of IDA funding for IDA-only countries underlines the need to deploy IDA resources effectively, in close collaboration with the broader donor community.

Building Country Ownership. Strong country ownership of assistance programs is essential to greater effectiveness and sustainability of assistance activities over time. IDA continues to build country ownership—through broader consultations with stakeholders in client countries, including a variety of groups in civil society and people who are poor. It also seeks the input of other aid agencies and donor partners, working collaboratively and more selectively, recognizing that other donors may be better placed to provide assistance in certain sectors. About 80 percent of recent IDA country assistance strategies (CASs) had medium to high participation by civil society with substantial experimentation in participatory approaches. There is continued learning from these exercises—to make them sufficiently representative without overwhelming the entire process.⁹

The Comprehensive Development Framework (CDF) was introduced in 1999 to ensure stronger country ownership of the development agenda and partnerships with all stakeholders. The CDF takes a long-term, holistic approach built on national and donor consultations and treating social and structural concerns equally with macroeconomic and financial issues. Eight IDA countries are piloting the CDF—Bolivia, Côte d’Ivoire, Eritrea, Ethiopia, Ghana, Kyrgyz Republic, Uganda, and Vietnam. Its principles, though, are influencing country assistance strategies and operations more broadly in the World Bank Group (WBG).

Working Together with Donor Partners. IDA collaborates with many bilateral donors and other aid agencies in its operational activities, manifested by the substantial cofinancing of IDA11 operations—about \$4.9 billion (see Table A10 in the Annex). Three examples of strong donor collaboration and support are the emergency reconstruction program for Bosnia and Herzegovina (see Box 12), the *Health and Population Program* in Bangladesh, and the *Madagascar Environment Program*.

Over IDA10 and 11, partnerships in the social sectors have become stronger through the growing participation in sectorwide programs, where governments and donors agree on a framework for sector reform and coordinated donor support (reducing the administrative burden on overstretched recipient governments). The *Bangladesh Health and Population Program* is an example. Another is the Mozambique's Education Sector Strategic Plan (ESSP), supported initially by the *FY91 Second Education Project*, which provides a framework under which a large group of donors are working collaboratively. Altogether, there are over 18 bilateral donors and UN agencies participating. IDA now supports the ESSP through the *Education Sector Investment Project (FY99)*.

Reaching the Poor. Many IDA projects work closely with non-governmental organizations (NGOs) and other development partners to reach the poor more effectively. This is true of many social sector projects and microfinance programs. The *FY95 Cambodia Social Fund Project*, for example, is working with more than 1,200 public, private and voluntary agencies throughout the Kingdom, leveraging local capacity to reconstruct primary and lower secondary schools and health facilities in rural areas. Over 2.4 million people have benefited from over 1400 projects, many of which were prepared by local community groups.

⁹ See also the section entitled Improving IDA’s Effectiveness which discusses stakeholder participation in implementing projects.

Again, under very difficult country circumstances, the *FY90 Haiti First Health Project* has been able to make progress in reestablishing a tuberculosis control program and implementing an HIV containment strategy by sub-contracting services and working through local NGOs to reach target groups. The *FY98 Uganda Nutrition and Early Childhood Development Project* delivers its child care intervention packages through NGOs, contracted by the government on a competitive basis to work as agents of change in collaboration with district governments.

Other IDA projects have incorporated or scaled up successful innovations by NGOs and other aid agencies. The *China Comprehensive Maternal and Child Health Project (FY95)* successfully built on the previous work of UNICEF, WHO and the US Center for Disease Control. The *Kenya Arid Lands Resource Management Project, FY96*, learned from and built on ongoing programs sponsored by Oxfam, the EU, UNDP, GTZ (Germany) and the Netherlands. It now collaborates with several of these programs.

Funding Activities to Improve Impact. Many donors also provide support to IDA in carrying out project preparation and implementation, especially supporting participatory activities, safeguard activities (environmental and social assessments), and gender analyses. This is done largely through bilateral trust funds made available for operational activities.

The Policy and Human Resources Development (PHRD) Fund, sponsored by the Government of Japan, is the largest bilateral trust fund program. It supports preparatory activities and related technical assistance to generate innovative, high quality projects. PHRD grants are increasingly recipient-executed, encouraging local capacity development. During fiscal 1997–99, about 645 PHRD grants (with a commitment value of \$419 million) were active in IDA-only and IDA-blend countries.

For example, a PHRD grant of \$600,000 funded several important preparatory activities for the *Mali Grassroots Initiatives Project (FY98)*: village participatory studies (with focus groups for women), development of an information, education and communications (IEC) program, preparation of feasibility studies for community-requested projects, and training of community-level project contractors, mainly local NGOs.

Special Thematic Partnerships. Donor partners also work with IDA in contributing to special thematic programs supporting in-country capacity building and networking across countries—in areas such as gender, health, microfinance, private sector development, and natural resource management. These programs raise awareness within IDA countries and help to lay the groundwork for action. They also build needed expertise internally and bring good practice to IDA operations (see Box 3). The thematic sections of this report, which follow, describe some prominent examples.

Box 3. A Growing Number of Partnerships

- Special Program of Assistance for Africa (and its Poverty and Social Policy **Working** Group)
- Global Alliance for Vaccines and Immunizations (GAVI)
- Global Child Labor Program
- Global Initiative to Roll Back Malaria (**RBM**)
- Consultative Group to Assist the Poorest (**CGAP**)
- The Partnership on Sustainable **Strategies** for Girls' Education
- The Regional Program on Enterprise Development in Africa (**RPED**)
- West and East Africa Enterprise Networks
- **Regional** Program for the **Traditional** Energy Sector
- Asia Alternative Energy Program
- Sahelian Natural Resource Management Program
- MELISSA—Managing the Environment Locally in Sub-Saharan Africa

The HIPC Initiative. Another major donor partnership is the Highly Indebted Poor Countries (HIPC) Initiative, established in 1996, which aims to provide debt relief to many IDA-only countries through comprehensive action by all creditors. The Initiative was "enhanced" by the international community in the fall of 1999. The enhancement resulted from a broad consultative review by the World Bank, the International Monetary Fund, and donor countries and the subsequent endorsement by the Cologne Summit at the end of IDA11. This enhancement deepens, broadens and accelerates debt relief within a framework that fosters action in reducing poverty—doubling the projected level of debt relief to be provided to these countries to close to \$50 billion. Altogether, 35 countries could ultimately receive relief, most of them African countries.¹⁰

To date over 20 bilateral donors and the European Commission have pledged to contribute close to \$2.6 billion to the HIPC Debt Initiative Trust Fund to support the debt relief efforts of multilateral creditors (other than the World Bank and IMF), particularly the African Development Bank and the Inter-American Development Bank. The World Bank is projected to provide roughly \$11 billion in debt relief to HIPC countries over time, most of which will be through the forgiveness of IDA debt service as it comes due.

¹⁰ See the concluding section, The Way Forward, for an update on HIPC activities in IDA12.

How IDA Assists Its Borrowers

Ongoing Projects in 75 Countries

At the end of June 1999, there were 786 IDA projects under implementation, including the 381 new projects funded by the IDA11 replenishment. The total portfolio represents a commitment value of \$37.5 billion. Also, over 300 projects were completed during the period. Projects generally take 5-7 years (or as many as 10 years) to implement, and their accomplishments usually come to the fore in the later years of implementation. For example, most of the projects funded by IDA11 resources will not be completed until after 2004.

Table 5 shows the regional composition of IDA's portfolio.¹¹ About 45 percent of total operations were in Sub-Saharan Africa (351 projects), with a commitment value of \$13.1 billion. With so many countries in Africa, IDA projects tend to be numerous but relatively small in terms of commitment value.

<u>Region</u>	<u>Number of Operations</u>	<u>Percent of Total</u>	<u>Commitment Value (US \$million)</u>	
			<u>Value</u>	<u>Percent of Value</u>
Africa	351	45	13,120	35
East Asia and Pacific	107	13	7,127	19
Eastern Europe and Central Asia	115	15	2,075	6
Latin America and the Caribbean	53	7	1,806	5
Middle East and North Africa	38	5	1,473	4
South Asia	122	15	11,872	32
Total	786	100	37,472	100

South Asia represented 15 percent of the project portfolio and 32 percent of total commitment value--reflecting the large populations in South Asian countries and therefore the larger operations. East Asia and Pacific and Europe and Central Asia each had about 15 percent of the portfolio.

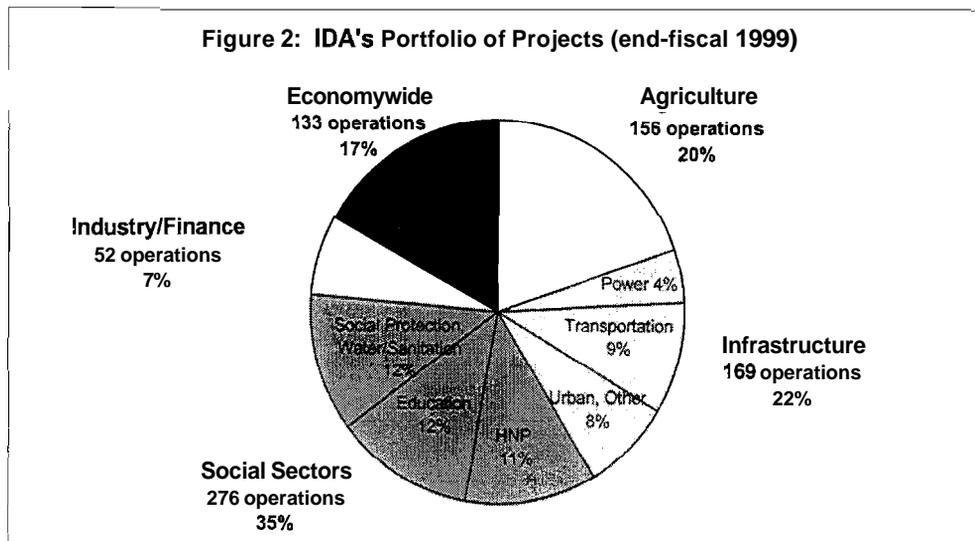
The most notable change in regional portfolios was in ECA. Seven countries in ECA became IDA-eligible between FY94 and FY97. As a result, the ECA portfolio more than doubled from 52 projects (\$971 million in commitments) to 115 projects (\$2.1 billion) over the last three years. Much of this new lending supports the social sectors (especially social protection projects), agriculture, and infrastructure (much of it reconstruction).

Three-quarters of the value of the active IDA portfolio is under implementation in 18 countries. More than half of them are in Africa, with particularly large programs in Ghana, Uganda, Ethiopia and Tanzania (see Table A7 in the Annex). The two largest individual country programs are in India and China. In both countries, the majority of active projects are in the

¹¹ Table A7 in the Annex lists the borrowers with the largest programs in the portfolio. Table A8 shows the sector composition of the portfolios in Africa and South Asia.

social sectors or in rural operations targeted at very poor provinces or geographical areas. Other large individual programs are in Bangladesh, Vietnam and Pakistan.

Figure 2 shows the composition of the portfolio by sector. The social sectors make up the largest share of the portfolio, followed by infrastructure and agriculture.



Actual Resource Transfers. Attention is often on commitment values, but disbursements represent a better picture of financial assistance delivered to client countries (see Table 6). Disbursements reached \$17.9 billion during IDA11, up from \$17.1 billion during IDA10 and \$14 billion IDA9. About 80 percent, \$14.2 billion, came from investment credits.¹²

Disbursements in social sector and infrastructure projects led the way. Social sector disbursements grew from \$4.3 billion in IDA10 to \$5.4 billion in IDA11, a substantial increase. Infrastructure disbursements increased from \$3.1 billion to \$4.2 billion.

**Table 6. Top Ten Disbursement Recipients
Fiscal 1997-99**

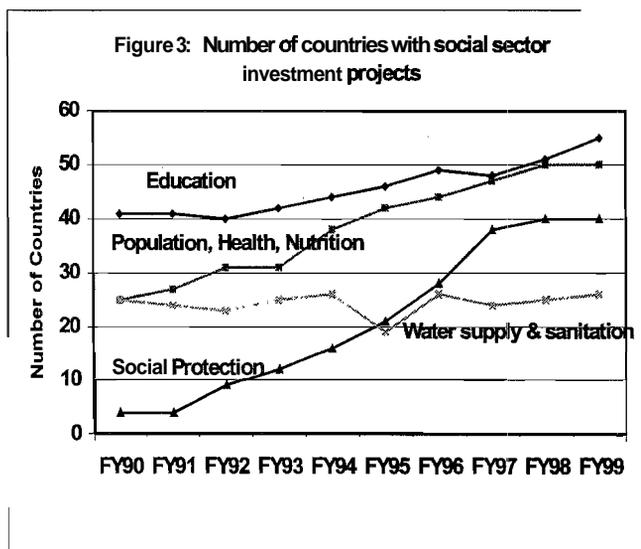
	FY97-99 \$ million	Disbursements per capita per year (\$)
India	2,594	0.9
China	1,934	0.5
Bangladesh	1,118	3.0
Pakistan	713	1.8
Ghana	708	13.1
Vietnam	691	3.0
Mozambique ^{a/}	617	8.4
Uganda ^{a/}	564	8.1
Cote D'Ivoire	503	11.4
Tanzania	454	4.8

^{a/} Includes disbursements from IDA HIPC Grants.

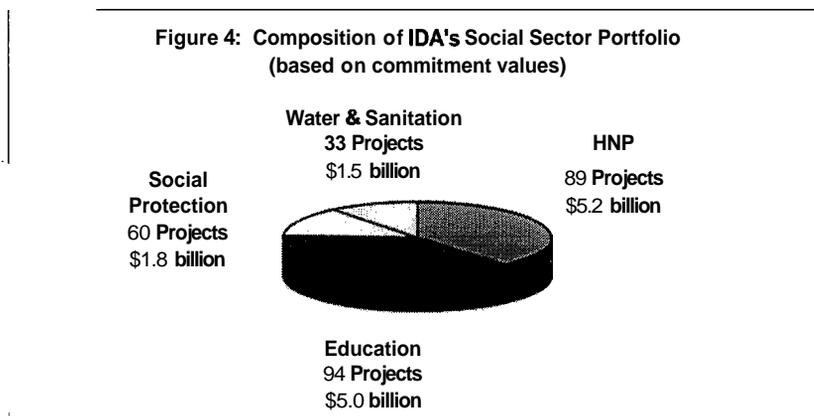
¹² Table A9 and accompanying information in the Annex provide more detail on regional disbursements and disbursements by age of projects (by replenishment period under which they were contracted).

Expanding Opportunities for Human Development and Access to Social Services

IDA is the largest external source of financing and advice to poor countries for human development, especially in Africa. The number of countries with IDA-financed investment projects in the social sectors has grown rapidly over the last 10 years (Figure 3). More than 80 percent of IDA countries have projects in at least two social sectors, and over half have projects in three or all four social sectors. The broadest coverage is in two subsectors—education and health, nutrition and population (HNP).



There were 276 social sector projects under implementation at end-FY99, with a commitment value of \$13.5 billion. Education and HNP each accounted for about 12 percent of the portfolio. New investment lending to the social sectors totaled \$5.8 billion in IDA11, up from \$5.5 billion in IDA10 (Figure 4).



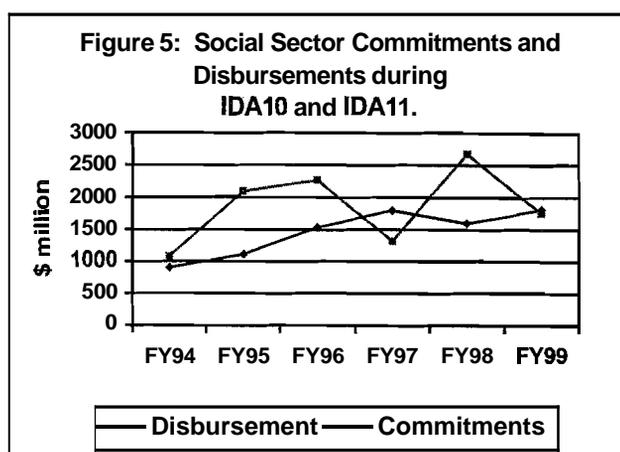
Improving Effectiveness. Qualitative shifts in approaches to the social sectors, over the past six years, have included:

- **Encouraging sectorwide reform.** A number of projects support sector-wide reform, including rationalization of staffing and long-term recurrent cost financing. These are collaborative efforts with other donors to create a coherent, financially sustainable program. The size and complexity of these projects require extraordinary efforts to build consensus for reform and encourage institutional change.
- **Protecting social sector spending.** In many countries, IDA supports measures that protect budget allocations for the social sectors, while also trying to improve the efficiency of those expenditures.

- *Emphasizing the links with macroeconomic policies and civil service reform.* The effectiveness of social sector spending is also affected by macroeconomic policies and overall public sector accountability. This link is increasingly recognized in IDA's dialogue with client countries.
- *Improving service quality.* IDA operations seek to improve quality and sustainability by decentralizing responsibility for service delivery and working with communities to understand and meet their needs.
- *Using participatory approaches.* Use of participatory approaches in the design and implementation of social sector projects has helped to understand better the needs of communities and target groups, such as women, and improve local ownership.

Size of Resource Transfers. Disbursements for social sector operations have increased dramatically over the last decade, from less than \$0.5 billion annually in the late 1980s to about \$1.8 billion annually over the last three years.

The more stable upward path of disbursements contrasts with the more variable level of new commitments from year to year (Figure 5). Periods with high new commitments are often followed by periods with lower new commitments, as more attention goes to implementation of newly approved operations.



South Asia and Africa accounted for much of the increase in social sector disbursements over IDA10 and 11. From the end of fiscal 1994 to the end of fiscal 1999, disbursements doubled in both Africa (from \$258 million to \$542 million per year) and South Asia (from \$378 million to \$753 million). Disbursements also grew rapidly in Europe and Central Asia, from a few million dollars in fiscal 1994 to close to \$100 million in fiscal 1999.

Improving the Coverage and Quality of Education, with Better Access for Girls

Low primary school enrollment and literacy rates, especially for girls and women, are the most important education concerns in most IDA countries. In Sub-Saharan Africa, the population is growing faster than primary school enrollments, a disturbing trend, challenging efforts to increase coverage. Education quality also tends to be low in many countries, which leads to low achievement and high drop-out rates.

Improving quality in education has been a major goal over the past 6 years—seen in the increasing share of project funds committed to training, technical assistance, books and writing materials, and other quality-related components (Box 4). There has also been a growing effort to reach minorities and the extreme poor in a number of countries, through decentralization and

community-level participation, although this remains challenging because it requires increasingly decentralized efforts to raise awareness and build capacity.

Box 4. Results from Education Projects Under Implementation

- The *Burkina Faso Education IV Project (FY91)* supported dramatic improvements in the quality of basic education infrastructure. Total primary school enrollment increased from 472,000 (1988/89) to 777,600 (1997/98). Female student enrollment increased from 179,600 to 310,490. "Groupes d'animation pédagogique" formed to conduct decentralized, in-service training for primary school teachers in a network of closely related schools. The project helped the borrower achieve efficiency gains by (i) reducing the cost of textbooks and classroom construction; (ii) utilizing teachers and classrooms more efficiently; and (iii) laying the foundation for better quality education. Project components were co-financed with France and the European Union.
- The *Mozambique Second Education Project (FY91)* made an important contribution to the restitution and rehabilitation of the war damaged education system, including distribution of textbooks, new teacher training, and construction of schools. Admission rates increased to 79 percent in 1998 and are expected to reach 86 percent in 2000. Completion rates for grade 5 have increased to 54 percent. Under the project, a women's NGO successfully implemented a nutrition and student health pilot program involving children and their mothers; the program provided 1,614 pupils in three provinces with iron and other micro-nutrients and food. School sanitary facilities were also rehabilitated. The project also assisted with the retraining and reintegration of about 2,100 ex-combatants and child soldiers.
- The *Senegal Second Human Resources Development Project (FY93)* improved the capacity of community organizations and women's groups by providing basic literacy and numeracy training to some 3000 women in local languages, raising their standing in both their households and communities and enabling them to generate income and manage 30 women's centers on a cost recovery basis. The project also included a public education program aimed specifically at men and religious leaders to counter negative attitudes toward family planning, helping to increase contraceptive prevalence rates.
- The *Vietnam Primary Education Project (FY94)* is aimed at improving primary school completion rates. The project to date has supported construction or replacement of over 3400 primary classrooms in 36 out of 61 provinces. And it has seen the school completion rate increase from 54 percent in school year(SY)1993/94 to 68 percent in SY97-98. The project was redirected at the mid-term review to scale back its scope and decentralize responsibility in order to have a stronger qualitative impact. This included introducing: (i) new teaching content and methods, a revised primary curriculum, and new textbooks in Vietnamese; (ii) a program to monitor student learning and performance; and (iii) a pilot program aimed at raising the quality and relevance of primary education for minorities.

Broader Sector or Programmatic Approaches. There is growing interest in moving away from narrow project interventions towards broader programmatic approaches. Two examples—showing contrasting but innovative styles—are IDA-financed education programs in India and Uganda.

In India, a series of investment projects (seven *District Primary Education Projects* under implementation with more under preparation) operate under a programmatic framework established through broad national dialogue and partnerships and nurtured by activities which strengthen public awareness and community involvement. The projects also use community-level participation to understand local needs, reaching disadvantaged groups in Indian society, including girls, working children, and scheduled castes.

In Uganda, the Education *Sector* Adjustment Credit, *FY98*, supplemented by a HIPC grant, provides umbrella financing for the government's universal primary education program. It reflects an approach that is gaining support (spurred by aid effectiveness studies)—giving substantial financial support to sound programs with strong government and public ownership in good performing countries. Disbursements under the Uganda credit are tied to the adequacy of budgetary resources for critical quality inputs.

Attacking the Constraints to Girls' Education. Trying to reach the more than 90 million out-of-school girls is a daunting task. Poverty and, relatedly, the direct and opportunity costs of education are the biggest barriers to girls' enrollment and retention in many countries. Of 94 education projects under implementation at end-FY99, 51 directly supported girls' education. New lending for girls' education during IDA11 totaled \$900 million, 45 percent of education lending.

These projects support school infrastructure for girls (schools, water points, latrines) and demand-side interventions, such as greater use of scholarships and voucher programs (albeit with attention to sustainability of such programs). They also support awareness campaigns which increase parental and community knowledge of the importance and benefits of girls' education, along with wider efforts to expand community involvement in education provision. IDA's interventions are concentrated in South Asia and Sub-Saharan Africa, regions with the largest gender disparities. An example of a large, successful scholarship program with a good track record is Bangladesh's Female *Secondary School* Assistance Program (*FY94*) (Box 5).

IDA projects also focus on improving education quality and relevance for girls. Where the opportunity costs of girls' education are high, parents will be reluctant to release their daughters from chores to attend a poor quality school. Prominent among these measures are efforts to increase the proportion of female teachers to train and motivate them and to assure support from the community they serve. This takes time to implement.

Other quality-enhancing strategies include gender sensitization training for teachers, development of improved gender-sensitive curricula (e.g., revision of textbooks to remove gender biases), and extra tutoring programs for girls. Provision of water points and early childhood education centers in or near schools also helps to reduce the opportunity costs of girls' time; water collection and care of younger siblings are chores which commonly keep girls out of school. Côte d'Ivoire's recently approved Education and Training *Support* Project combines a number of these measures and also sets up a system to monitor outcomes (Box 6).

The absence of community schools continues to be a major obstacle to girls' enrollment. Innovative approaches include constructing smaller satellite schools, motivating communities to build schools, and prioritizing funding for girls' schools. These approaches are employed extensively in projects in Pakistan and are evident in projects in India, Chad, Malawi, Mauritania, Niger, and Tanzania. Non-formal education and distance education programs provide literacy training for out-of-school girls and young women, frequently delivered by NGOs. Such projects are found in Bangladesh, India, Nepal, Senegal, and Mozambique, among other countries.

Box 5. Raising Girls' Enrollments Rates in Secondary Schools in Bangladesh

The educational attainment of women in Bangladesh is among the lowest in the world. According to the 1991 census, only 20 percent of women in Bangladesh could read and write. The disparity between girls and boys was most significant in secondary schools, where girls made up only one-third of enrollments in 1990. Only half as many girls as boys completed secondary school. Low female literacy rates mean that many women are ignorant about proper health care, nutrition and family planning and are unable to participate in the country's social development activities.

In 1994, Bangladesh launched a program to support female secondary education, setting goals of raising female literacy from 16 to 25 percent and creating employment opportunities for women in primary and secondary schools, health care, family planning, agriculture extension, and self-employment programs run by NGOs.

One new initiative uses stipends to increase the number of girls enrolled in and completing secondary school. IDA supports the stipend program under the *Female Secondary School Assistance Project* (FY94, \$68 million). Stipends cover tuition and examination costs and a share of fees, textbooks, supplies, uniforms, shoes, transport, and kerosene (for lamps). Districts were identified for inclusion in the program on the basis of low income, low female literacy levels, and low female attendance levels. Initially covering 118 districts, the program has expanded to 460 rural districts. The Asian Development Bank and the Government of Norway also provide assistance.

The number of girls enrolled in the program has increased each year. Some 555,000 girls were awarded stipends in 1996. By 1999, more than 800,000 girls received them. The program is increasing the number of secondary education teachers, especially women, providing occupational skills training to girls who are about to graduate, making schools more attractive to girls and their families by providing a healthier and safer setting, and strengthening government institutions for secondary education.

Box 6. Côte d'Ivoire Project Pilots Multiple Approaches to Boost Girls' Enrollment

In 1995, girls' enrollment at the primary level was just 58 percent in Côte d'Ivoire, almost 21 percentage points below boys' enrollment. Côte d'Ivoire is working to reduce this gender gap and to ensure universal primary education by 2010.

In addition to several mainstream initiatives, the *National Education and Training Support Project* (FY98) includes a package of targeted interventions to increase girls' education. About 300 three-room schools will be constructed in sparsely populated areas, reducing the distance girls must travel to school. The schools will be equipped with latrines and water resources, a response to factors shown to discourage girls' attendance. Initiatives to improve quality and relevance include remedial classes to reduce high repetition and dropout rates. Textbooks will be revised to remove gender bias and will be made more widely accessible. And teachers who have received gender sensitization training will be redeployed to poor and rural areas.

The project will also pilot programs to reduce the direct and opportunity costs of girls' education for families. Several national programs will underpin these targeted interventions, including legislation to protect girls from harassment in school and information and sensitization campaigns on girls' education. Progress under the project will be evaluated from longitudinal studies of girls' and boys' participation rates and learning outcomes.

Nonlending Activities. Economic and sector work has helped to strengthen operational lending programs in girls' education and expanding knowledge and awareness of girls' education issues.¹³ The District Primary Education Projects in India demonstrate the importance of analytical work in identifying and addressing barriers to girls' education. Each district in the program prepares a comprehensive report and action plan on gender issues to qualify for program support, helping to build local ownership of the programs.

An assessment of the status of women and children in Yemen, conducted with UNICEF and Radda Barnen (the Swedish "Save the Children" organization), laid the groundwork for an FYOO project (Child Development) aimed at improving the health and nutritional status of children and improving the enrollment of girls in primary schools in poor districts of the country, using community-based approaches.

Collaboration with other agencies builds consensus and support for girls' education. Working together, donors are often able to encourage and support new and expanded initiatives. Box 7 gives some excellent examples of cooperation in this area.

Box 7: Donor Partnerships in Girls' Education

The Partnership for Strategic Resource Planning. This is a joint program of the Forum for African Women Educationalists, the Association for Development of Education in Africa, the World Bank Institute, the Government of Ireland, the Government of Norway, the Rockefeller Foundation, and the US Agency for International Development (USAID). This Partnership works in collaboration with nine African countries, all of which are IDA countries (Ethiopia, Tanzania, Guinea, Ghana, Malawi, Mali, Senegal, Uganda, and Zambia). Its objective is to build capacity in education ministries to plan and utilize resources efficiently to help meet education goals. Special attention is paid to policies and investments in girls' education.

The Partnership on Sustainable Strategies for Girls' Education. This partnership between the World Bank, the UK Department for International Development, the Rockefeller Foundation, and UNICEF is exploring ways of ensuring more effective implementation of girls' education programs in developing countries. The initial focus is on seven IDA countries—Ethiopia, Malawi, Uganda, Zambia, Guinea, Senegal, and India. This partnership works collaboratively with the Partnership for Strategic Resource Planning.

Addressing Child Labor and the Needs of Children at Risk. IDA helps to curb child labor through its ongoing support for poverty reduction and improvements in education and human services. It is also taking direct measures through initiatives that started during IDA11. The Global Child Labor Program, established in May 1998, aims to increase the effectiveness and impact of IBRD and IDA work on children's issues, including child labor and children at risk (e.g. children with disabilities or street children). Through an international advisory panel, the program draws on the experience and works collaboratively with labor experts from academia, NGOs and organizations such as UNICEF and ILO.

¹³ Good examples of sector work include: "Primary Education in India," Development in Practice Series, South Asia Region, World Bank, 1997; "Improving Basic Education in Pakistan: Community Participation, System Accountability, and Efficiency," South Asia, World Bank, 1996; "Girls' Education Acceptance in Yemen: Baseline Study," Society for the Advancement of Women and Children, Sana'a, Yemen, MENA and HDNED, 1998; "Guinea: Beyond Poverty: How Supply Factors Influence Girls' Education in Guinea, Issues and Strategies," Africa Region, World Bank, 1996.

In India, activities directed at child labor have been incorporated in both ongoing and new projects. In FY98, changes were made in ongoing District Primary Education Projects (DPEPs) in selected states to incorporate working children as an additional target group. New projects with activities addressing the needs of working children include: new *DPEPs*, the Uttar Pradesh *Diversified* Agriculture Support Project (*FY98*), the Women and Children Development Project (*FY98*), and the District Poverty Initiatives Project (*FY00*).

In Indonesia, the government's Back to School Program, supported by IDA (through an FY00 project) and many other donors, provides scholarships to poor students and block grants to schools in deprived areas, trying to prevent school drop-outs and child labor from rising, in the aftermath of the financial crisis. The recent Egypt Social Protection Initiatives Project (an *FY99* LIL) targets poor children with disabilities and street children and pilots new approaches in getting services to these children with special needs.

Supporting Basic Health and Fighting Communicable Diseases

The 89 HNP projects under implementation at mid-1999 support an ambitious set of activities—in nutrition, child immunizations, reproductive health, malaria and tuberculosis control, HIV/AIDS prevention and control, and health system reform. Health interventions in other sector projects are extremely important as well—such as health and nutrition programs in schools, village interventions supported by social funds promoting better hygiene and sanitation practices, and investments in water supply and sanitation.

Supporting Child and Family Health. About 30 percent of IDA's HNP operations are directed at family and reproductive health, especially increasing immunizations and providing information on good health practices (Box 8 gives examples in South Asia). IDA is also a partner with WHO and other groups in the Global Alliance for Vaccines and Immunizations (GAVI). Partnerships with NGOs are also very important in service delivery, trying to reach the very poor.

Box 8. Results from Family and Public Health Projects in South Asia

- In Nepal, the *Population and Family Health Project (FY93)* has contributed to reductions in infant mortality (from 107 to 79 per 1000) and under 5 mortality (from 197 to 118 per 1000).
- In Pakistan, a series of social action and family health projects have contributed to an increase in the share of children, 5 and under, who are fully immunized against six diseases—from 25 percent (1991) to 51 percent (1997).
- In India, since start up of the *National Leprosy Elimination Project (FY94)*, almost 4 million cases have been cured of leprosy.

Success in Tuberculosis Control. IDA is the largest financier of tuberculosis control efforts in developing countries. Major operations against TB have been very successful in China and India, which together account for more than a third of the world's TB burden:

- The *China Infectious Diseases Project (FY91)* has demonstrated dramatic results with the "Directly-observed Treatment, Short-course"(DOTS) strategy. Its activities cover half of China's provinces—over 600,000 new infectious cases have been cured (cure rates over 90 percent). The challenge is to expand this success to the rest of China and to assure financial sustainability of the program. A follow on TB control project is under preparation, with likely additional support from the UK Department for International Development.
- Under the *Tuberculosis Control Project (FY97)* in India, service for DOTS treatment is available in 56 districts, and about 135 million people have been treated as of 1999, up from 18 million in the previous year; an estimated 40,000 deaths have been averted, as a result. In "DOTS" areas, the average detection rate is about 45 percent and cure rate about 85 percent. The project has also supported an effective information and education program. Again, there is more to do in expanding this initiative across the country.

IDA also support DOTS programs in many other countries—Bangladesh, Cambodia, Ghana, Haiti, Ethiopia, Kyrgyz Republic, Niger, Pakistan, Uganda, and Vietnam. In some countries, TB control is linked to prevention and control of HIV/AIDS, thus collaborative interventions, education, and referral are critical.

A partnership of the World Bank, WHO, USAID, various governments and NGOs recently launched the Stop Tuberculosis Initiative with the objective of boosting DOTS treatment rates to 85 percent by 2005 by promoting a coordinated global response, resolving key operational challenges, and stimulating research into new tools.

Attacking Malaria. Malaria kills more than 1 million people a year and causes 300 million cases of illness each year, most of it (90 percent) in Africa. Working with WHO, UNICEF, and UNDP, IDA is a founding partner of the Global Initiative to Roll Back Malaria, launched in 1998 with the aim of halving deaths from malaria by 2010. Some 30 IDA operations under implementation incorporate malaria components, 17 of them in Africa and 8 in South Asia. They are usually part of health sector projects, such as the *Senegal Endemic Disease Control Project (FY97)*, which seeks to reduce infant mortality from malaria by 25 percent, and the *Niger Health Sector Development Project (FY97)*, which supports decentralized interventions for women and children, the most vulnerable groups. They are also found in environment, irrigation, and water and sanitation projects.

Expanding HIV/AIDS Prevention and Control. The HIV/AIDS epidemic is both a public health crisis and a major development challenge—threatening past and potential gains in human and social development, especially in Africa. At mid-1999, 46 projects in the HNP portfolio supported HIV/AIDS prevention and control (representing commitments totaling \$540 million)—28 of which were underway in 23 African countries (Box 9). *Early* projects promoted prevention through health education, condom promotion, and ensuring blood safety. *Recent* projects also *try* to address the socioeconomic determinants of behavior change, working with the most vulnerable groups (among them, girls and women). A number of projects rely on NGOs to direct and manage educational efforts.

Box 9. Active Support for AIDS Prevention and Control

- In Zimbabwe, under the *Sexually Transmitted Infections Prevention and Care Project (FY93)*, IDA-funded research has increased awareness of the seriousness of the AIDS epidemic. IDA also co-sponsored innovative community AIDS prevention initiatives, such as involving women as peer educators in order to reach targeted groups. The project has been co-funded with Swedish, Danish and Norwegian aid agencies. The government's response, however, is still not commensurate with the scale of the epidemic, which may claim 1 million lives in the next decade. Budget deficits and continued economic problems have seriously affected the response as well.

- The *Population and AIDS Control Project (FY95)* in Chad aims to accelerate fertility decline and mitigate the effects of HIV/AIDS through policy-related activities by the Ministries of Planning and Public Health and grassroots activities implemented by local NGOs, supported by a social fund. In addition, the Association for Family Welfare is selling condoms (about 300,000 per month) in urban areas, in cooperation with other donors. A supplemental IDA credit of \$10.9 million was approved in fiscal 1999.

- In India, the aim of the \$84 million *National HIV/AIDS Control Project (FY92)* is to slow the spread of HIV through public awareness and mobilization of community support. Knowledge of AIDS prevention methods in targeted areas has increased to almost 80 percent, condom use in targeted groups reached 70 percent, and HIV education has been incorporated into the curriculum in several states. Over 90 percent of the blood supply is tested for HIV today, up from 30 percent when the project started.

The project's success paved the way for the \$191 million *Second National HIV/AIDS Control Project (FY99)*. One component targets cost-effective interventions for high-risk groups, including commercial sex workers, drug users, migrant workers, and homosexuals. Another finances efforts to strengthen planning and implementation capacity at national, state, and local levels; to build capacity for ongoing monitoring, supervision and research; and to support continued social mobilization and educational efforts.

National responses, and indeed IDA's response to date, have not been sufficient given the magnitude of the problem. Recognizing HIV/AIDS as the foremost threat to regional development, IDA's Africa Region established a multi-sector AIDS Campaign Team for Africa (ACTAfrica) during IDA11 to mainstream actions that address HIV/AIDS across a much broader range and number of lending operations, trying to reach out to people in their daily activities—whether they be in school or on construction or road building sites—to increase public awareness and encourage prevention.

Making Needed Improvements in Sanitation and Water Supply

A major killer of poor children is diarrhea, which underlines the importance of hygiene awareness activities and expanding investments in water supply and sanitation (WSS), especially the latter. Yet these investments continue to be difficult to implement successfully and in a sustainable way, largely because sustainability is linked to cost recovery and financial self-sufficiency, while charging higher fees for these services is politically sensitive and in some cases unaffordable. Sanitation has also been neglected in favor of water supply, a situation that is slowly changing with recent operations and more emphasis on basic health awareness and hygiene programs. Behavior change is hard to achieve and takes a long time; it needs to build on existing beliefs and requires collaborative work across health, education, and WSS sectors.

In rural areas, there has been a gradual shift in approach from "top-down" design and implementation, which had limited results, to more demand responsive approaches, based on community planning and management of village water and sanitation systems. A growing number of IDA projects encourage users to select the service they want and are willing to pay for. Where there is no ownership, systems get abandoned. That is less likely to happen if users are involved from the start in selecting and managing the projects. *The First and Second Ghana Community Water and Sanitation Projects* are examples of "good practice"—combining work on national policies with community-based implementation (Box 10).

Box 10. Ghana Community Water and Sanitation Program Learns from Its Pilot Project

The *Ghana Community Water and Sanitation Program (FY94)* assisted in the launch of a new community-based water and sanitation policy. From 1994 to 1999, the program financed projects in four regions covering 700 rural communities and 30 small towns. It also served as a platform for the government to lead extensive stakeholder consultations and coordinate external support. Each community decided whether to participate in the program, selecting a preferred technology and service level option, based on willingness to pay and capacity to sustain the service. Each community was required to pay part of the capital costs (5-10 percent in cash) and to assume full responsibility for operations and maintenance. An intensive community development program included hygiene and sanitation promotion and training in service management. The private sector and NGOs provided all goods and services, with the government facilitating this approach.

A follow-up Water and Sanitation Program (prepared during IDA11 and approved in August 1999) builds on the experience of the first project, but also takes into account decentralization reforms in the country. Designed by a Ghanaian team as a 10-year APL, it places greater responsibility on communities and district assemblies to express demand for water and sanitation services and take the lead in implementing their projects. Community capacity to manage services is strengthened by forming and training water boards and "watsan" committees. Finally, continuous learning and consultation contribute to ongoing refinement of the approach and supporting policies.

Rising Use of Social Funds and the Need for Broader Safety Nets

IDA financing for social funds has grown rapidly over the 1990s because these operations provide direct support to very poor communities, working to create jobs and supplement incomes and to build schools, clinics and other needed infrastructure. Communities choose the projects that are most valuable to them. Social funds also facilitate a rapid response to natural disasters, such as Hurricane Mitch in Central America and the recent drought in Zambia, and to the massive reconstruction needs after conflict, as in Angola, Bosnia and Herzegovina, and Cambodia (see Box 11).

Social funds often suffer the same problems and constraints as other projects, including issues of quality and sustainability (cost recovery, **funding** of recurrent expenditures). Also, sometimes it can be difficult to reach the very poorest communities, disadvantaged by lack of experience and capacity in submitting proposals to qualify for assistance.

Box 11. Social Funds Under Implementation

Angola Social Action
Bosnia and Herzegovina Emergency Demobilization/Reintegration
Egypt Social Fund for Development*
Ethiopia Social Rehabilitation and Development Project
FYR Macedonia Social Reform and Technical Assistance
Malawi Social Action Fund*
Haiti Economic and Social Fund
Honduras Social Investment Fund*
Moldova Social Investment Fund
Rwanda Food Security and Social Action
Zambia Social Investment Fund*

** Follow on projects, following success of a first project or more.*

The experience under social funds is spawning new efforts to improve their sustainability and broaden this decentralized approach. In Zambia, for example, sequential social investment funds have emphasized building capacity in local **governments** to provide a sustainable framework for local self-help activities. The experience is also influencing new "community action programs" in **Africa**, which involve phased operations to build capacity and devolve responsibility to local communities.

Social funds are not substitutes for national level safety nets that can protect the poor more broadly during crises. The recent crisis in Indonesia underlines the importance of safety nets to protect the most vulnerable and ensure that the near-poor do not lose the gains they have made in times of crisis. In response, IBRD and IDA are working with the Government of Indonesia to develop such safety nets, especially: (i) ensuring the availability of rice to the poor, (ii) providing jobs through public works and other community-based labor programs, and (iii) delivering basic education and health services. This is being done within a framework that tries to safeguard these programs from corruption.

A number of operations in Europe and Central Asia have also supported better safety nets in the form of pension reform and access of the poor to basic services. These operations, together with the work in Indonesia, will provide implementation experience for broader efforts to develop effective safety nets in other IDA countries in the future.

Responding to Conflict and Natural Disasters

Helping with emergency recovery and post-conflict situations is a substantial and growing part of IDA's activities, accounting for over **20** percent of IDA's portfolio (over **30** percent if China and India are excluded). Seventeen emergency recovery operations were under implementation in mid-1999. Seven of them were new operations, including those providing

disaster relief to Honduras and Nicaragua following Hurricane Mitch and to Bolivia and Guyana in the wake of El Nino.

Both emergency credits and regular investment projects support post-conflict reconstruction (see also Box 12). Examples include: *Mozambique*, *Rwanda* (supporting economic recovery and basic education, including reintegration of child combatants), *Angola*, *Tajikistan* (addressing urgent social needs and revitalizing local communities), *Bosnia and Herzegovina* (de-mining), *Ethiopia* (demobilization and reintegration of ex-combatants), and *Eritrea* (reintegration of displaced populations). In Africa, altogether there were seven countries with IDA operations or operations under preparation supporting post-conflict reconstruction at end-FY99: Angola, Burundi, Central African Republic, Eritrea, Ethiopia, Guinea-Bissau, Rwanda.

A Post-Conflict Unit was established within the World Bank in 1997 to strengthen work on post-conflict issues. It has assisted IBRD and IDA regional teams in supporting activities in 35 countries, ranging from Burundi to Bosnia, including: needs assessments, demobilization programs, and design of reconstruction projects. It also manages the Post-Conflict Fund, an internal grant program for post-conflict assistance.

Box 12. Addressing Post-Conflict Needs in Bosnia and Herzegovina

After three and a half years of war, a peace agreement was signed in Bosnia and Herzegovina in December 14, 1995, among Bosniaks, Croats, and Serbs. The population was less than three-quarters of its pre-war size of 4.4 million people: 200,000 had died, another 175,000 were injured, 1.2 million had fled, and 865,000 were displaced and homeless. GDP had plummeted 80 percent to about \$2.1 billion or \$500 per capita. Employment was extremely low. And the country's infrastructure was severely affected: more than half the housing stock, schools, and health facilities were damaged or destroyed; much of the power, transport, and telecommunications networks was inoperable.

The international donor community endorsed a \$5.1 billion 3-4 year "Priority Reconstruction Program." IDA represented a large share of overall official donor assistance—\$550 million in commitments over four years. IDA contributed quickly and visibly to the rebuilding of the war-shattered economy. During the first two and a half years (FY96-98), 24 projects were approved, supporting reconstruction in a range of sectors (agriculture, health, education, housing, water, transport, heating, and power) and in areas such as land mine clearing, employment creation, and credit lines for small businesses. IDA's focus recently shifted from reconstruction to sustainable recovery and growth by strengthening the institutions of macroeconomic management, supporting the transition to a market economy, and deepening the sustainability of reconstruction in key areas. Significant progress has been made, although Bosnia and Herzegovina has yet to regain its pre-war levels of economic activity.

Encouraging Broad-Based, Private Sector-Led Economic Growth

Economic growth is critical to poverty reduction, and IDA supports macroeconomic and market-oriented reforms and investments to accelerate economic growth. Over 50 percent of the IDA11 portfolio was devoted to these objectives—through structural adjustment lending, infrastructure investments, support for privatization and private sector activities, and financial and rural development.

Adjustment Operations. Typically, adjustment lending supports a variety of macroeconomic and sector reforms where the costs of introducing such reforms are best supported by substantial, quick-disbursing credits. Box 13 offers some examples during IDA11.

Box 13. Examples of Countries with Adjustment Programs

- a Macroeconomic and Public Resource Management Reforms—Albania, Bosnia and Herzegovina, Chad, Georgia, Guinea, Kyrgyz Republic, Malawi, Mauritania, Niger, Madagascar, Kenya, Solomon Islands, Tajikistan, Tanzania, Yemen
- Financial and Private Sector **Development**—Côte d’Ivoire (Private Sector Development), Ghana (Private Sector Development), Guyana (Private Sector Development), Mozambique (Financial Sector and Private Sector Development), Nicaragua (Financial Sector), Bolivia (Regulatory Reform)
- Sector Adjustment—Senegal (Agriculture and Energy), Côte d’Ivoire (Transport), Uganda (Education), Georgia (Energy), Kyrgyz Republic (Social Sectors), FYR Macedonia (Social Sectors), Moldova (Social Sectors), Tajikistan (Agriculture)

The bulk of adjustment operations over the period were in ECA and Sub-Saharan Africa. In ECA, they supported (i) post-conflict recovery in Albania, Bosnia and Herzegovina, FYR Macedonia and Tajikistan and (ii) broad economic and sector policy reform in Armenia, Azerbaijan, Georgia, Moldova and Kyrgyz Republic, including programs to help improve governance and establish social safety nets. They constituted 50 percent or more of overall assistance in Tajikistan (67 percent), Moldova (58 percent), and Bosnia and Herzegovina (51 percent).

IDA’s Africa regional team strengthened adjustment lending in Africa through its "higher impact adjustment lending" (HIAL) initiative over IDA10 and IDA11. It emphasized stronger demonstrated country ownership of reforms and fewer and more focused policy conditionality. This has improved the effectiveness of adjustment operations in the region.

Also, increasingly, adjustment lending includes measures that directly help the poor or protect the vulnerable (40 operations out of 51 during IDA11). Examples include the following:

- The *Guinea Public Expenditure Management Adjustment Credit (FY98)* supported the government's efforts to increase non-wage recurrent budget allocations from 25 percent to 30 percent in four priority sectors: primary education (particularly for girls), primary health care (particularly in remote areas), rural development (especially food security), and the maintenance of rural infrastructure.
- The *Malawi Second Fiscal Restructuring and Deregulation Program (FY99)* supported a widening of the price band at which the government purchases maize from smallholders and reform of the government's role in maize marketing to allow greater private sector involvement, thereby boosting the maize prices received by producers.
- The *Tajikistan Agricultural Recovery and Social Protection Credit (FY97)* supported the collection of household survey data to improve the targeting of child allowance programs and bread allocations for the neediest groups, the restructuring of pension and social

insurance programs to better reach eligible pensioners, and the creation of a more centralized unemployment fund to provide better coverage of distressed areas.

There is still more to do in integrating a stronger emphasis on poverty reduction into macroeconomic and structural policies and related IDA operations—to assure the strongest beneficial impact from reforms and to mitigate against potential negative impacts.

Building Needed Infrastructure. There were 169 infrastructure projects (\$9.9 billion in commitment value) underway at the end of IDA11. Transportation was the largest group with about 70 operations, reflecting the large needs in expanding and upgrading physical infrastructure—rural and feeder roads, highways, ports and railways—to support rural market development, private sector growth and expanded trade. There were also operations supporting urban development, electric power production and telecommunications improvements.

Africa had the largest infrastructure portfolio—88 projects at mid-1999, the largest share being transportation, followed by electric power production and urban development. This reflects the large infrastructure needs of the region. Investments in infrastructure are seen as critical to facilitating private sector development and economic growth.

Encouraging the Private Sector. Most of the investment, employment creation, and growth in IDA economies will come from the private sector, including private farmers and rural entrepreneurs. Between 1994 and 1998, private investment more than doubled to 10–15 percent of GDP in reforming IDA-only countries, such as Bolivia, Côte d’Ivoire, Ghana, and Uganda. This is good progress, but still not enough. Private investment remains well below the 25 percent necessary to sustain high economic growth rates, a GDP share enjoyed by fast-growing developing countries, such as Malaysia and Thailand.

Private sector development (PSD) is a cross-cutting theme and covers a range of activities. IDA supports reforms to improve the business environment, to downsize the public sector and privatize various services long managed by public agencies, and to strengthen financial systems and broaden access. Altogether, there were over 220 PSD operations under implementation at mid-1999 (including many infrastructure projects described above). The total includes 124 new operations approved during IDA11 (\$4.9 billion in commitments).

IDA’s broadest activities are those supporting improvements in the business environment: (i) policy reforms to sustain private sector confidence, such as trade and exchange rate liberalization and tax and public finance reforms; and (ii) reforms to foster entrepreneurial activities and mobilize foreign and domestic investment—reducing barriers to competition, eliminating administrative burdens, improving regulation and financial reporting, and building sound legal and judicial systems. Such activities are underway in 35 countries (some 69 operations, 34 of which were committed in IDA11). Many are supported by adjustment operations or technical assistance projects.

Divestiture activities are underway in 40 countries. The sale of small and medium-size public enterprises dominated the first generation of privatization transactions through the mid-1990s. But many countries have now adopted more ambitious programs in recent years, targeting larger enterprises—agriculture, manufacturing, and mining companies—and state

utilities responsible for infrastructure services, such as telecommunications, power, water, sanitation, and transport. Bolivia's privatization and capitalization program is an example of a series of operations, under implementation over IDA10 and 11, which have yielded important results, especially assuring broad-based participation in the privatization process (Box 14).

Box 14. Bolivia's Privatization and Capitalization Program

In the second half of the 1990s, Bolivia implemented a privatization and capitalization program supported by 5 IDA-funded projects (\$136 million total) and a host of nonlending activities. The projects helped the government design and implement its privatization and capitalization program in power, telecommunications, water, mining, and transport by setting up new regulatory frameworks, divesting and capitalizing the large enterprises that dominate the sectors and strengthening the financial sector regulatory framework. This led to a fundamental restructuring of the Bolivian economy and a redefinition of the government's role.

Under the capitalization scheme, strategic investors were offered 50 percent ownership and management control. Ownership of the other 50 percent was transferred to enterprise workers and to the population at large in the form of shares managed by private pension funds. To ensure broaden the distribution of capitalization benefits, the government created two types of accounts in 1997. Under one account, 70 percent of capitalization shares were issued as freely transferable mutual fund participation titles to all citizens 21-50 years old. Under the other account, the remaining 30 percent will be used to finance a small nonhereditary annuity benefit for those over 50.

The results have been impressive. New regulatory agencies were created and are rapidly building up their capacity and credibility. The process was transparent and participatory. The capitalization attracted over \$1.7 billion of private investments and stimulated major pension reforms. Private investment rose from 5.4 percent of GDP in 1994 to 12 percent in 1998. Coverage and quality of services have improved significantly.

Coordination within the Bank Group. IDA's efforts in PSD are coordinated with other parts of the World Bank Group (IFC, MIGA, and IBRD) to improve outreach and partnerships with the international business community. IDA and IFC, for example, prepared joint country assistance strategies in 12 countries during IDA11, giving special attention to PSD. They included: Cote d'Ivoire, Bangladesh, Bolivia, Egypt, India, Indonesia, Kyrgyz Republic, Macedonia, Mali, Moldova, Nicaragua, and Vietnam. "On the ground" activities have included technical assistance and sector work to strengthen national investment promotion agencies, analysis of the legal environment for foreign investment, identification of administrative barriers to foreign direct investment, and design of practical strategies to attract foreign direct investment back to countries in reconstruction. In Mauritania and Mozambique, for instance, IDA helped the authorities to improve the business climate using "road maps" developed by IFC.

Private Provision of Infrastructure. IDA governments are not able to meet the capital requirements to rehabilitate and expand badly needed public infrastructure, affected over the years by underinvestment and poor maintenance. Private sponsors and commercial financing are badly needed. Forty-six projects in IDA's portfolio support private provision of infrastructure (PPI)—in water supply, electric power, transport and telecommunications. IFC and MIGA play larger roles in financing and providing risk coverage for PPI activities. IDA typically facilitates the restructuring work and regulatory improvements. As part of a pilot program, IDA extended its first IDA partial risk guarantee (\$35 million) in fiscal 1999—to Côte d'Ivoire for a project supporting private participation in gas-fired power production and transmission. The IDA partial

risk guarantee covers country risks in debt financing—risks beyond the control of investors, in cases where official agencies (including other parts of the WBG) and the private market currently offer insufficient insurance coverage.

Smaller Local Enterprises and Market Integration. At the other extreme, IDA is also supporting new interventions to improve opportunities for small and medium size enterprises (SMEs) and to encourage local entrepreneurial development. They include (i) improving the business environment for SMEs, and (ii) developing private markets for SME financial and business support services. SMEs are also likely to benefit from greater regional integration and availability of financial services.

Greater regional integration in Africa is critical to expanding markets. Through nonlending activities, IDA is supporting a series of activities facilitating trade and fiscal reforms in that region: regional economic unions, reform of business legislation in Francophone countries and broader initiatives, such as the World Bank-European Union supported the Cross-Border Initiative, which facilitates private investment across countries in Southern Africa. IDA has also supported the creation of two major business networks (the West Africa and East Africa Enterprise Networks). These networks provide entrepreneurs with a forum for identifying regional business opportunities and regional policy and market constraints affecting enterprise growth and competitiveness.

Strengthening Financial Systems. Healthy financial markets facilitate private sector activity and economic growth. Yet, financial sector reform is a long-term endeavor, with both macroeconomic and microeconomic aspects; it depends on the strength of a country's basic institutions—legal, regulatory, accounting, and informational—all of which may be evolving as well. IDA's adjustment operations have supported financial sector reforms in many countries (refer to Box 12 above). It also financed some 20 projects with specific components for financial sector development in 16 countries during IDA11, representing \$644 million in commitments. These operations are helping to privatize or restructure state banks, strengthen the regulatory framework and prudential supervision, and liberalize private entry into financial systems. Borrowers include Bolivia, Nicaragua, Cape Verde, Cameroon, Ghana, Uganda and Mozambique (see Box 15).

Lending activities were supported further by advice and technical assistance to governments on systemic and institutional issues, undertaken in partnership with the IMF, regional development banks, and international organizations such as the Basle Committee on Effective Banking Supervision. In African CFA countries, IDA collaborated with IFC in studies on leasing legislation, microfinance, bank privatization, and development of regional stock exchanges. IDA helped the West African and Central African Economic and Monetary Unions develop payments systems and improve banking supervision, and it worked with the Southern African Development Community to harmonize its payment systems. As the Asian financial crisis unfolded, IDA provided technical advice through financial sector reviews in Bangladesh, India, and Sri Lanka to help them speed up financial reforms.

Box 15. Supporting Mozambique's Financial Sector Development and Privatization

Two adjustment operations in Mozambique—the *Second Economic Recovery Credit (FY94-FY98)* and *Third Economic Recovery Credit (FY97-FY99)*—supported the difficult privatization of the banking system, which had other important economic effects as well—slowing money supply growth and sharply reducing inflation. The reforms strengthened the regulatory role of the central bank and allowed entry of several new financial institutions. These developments fed through into a stable currency. The credits also were part of a sequential group of operations supporting the country's privatization program, which resulted in 48 large scale enterprises and almost 900 SMEs being privatized over 1992-97. In combination, these activities managed to create the conditions for macro stability and greater private sector-led growth in Mozambique.

The Third ERG was heavily influenced by the HIAL initiative, as well as the experience of the Second ERC and earlier adjustment operations. It had only 5 tranche conditions, aimed at completing bank privatization and moving forward on other key measures (budget and tax reform). Both adjustment operations were supported by other IDA activities—for example, a *Financial Sector Capacity Building Project* providing needed technical assistance. ESW findings defined the agenda for privatization, tariff and budget management reforms incorporated in these operations.

Improving the Poor's Access to Credit. IDA financed 36 rural and microfinance projects or components during fiscal 1997–99, totaling \$563 million. Ten of the projects (\$43 million) were in Africa, which is behind other regions in the emergence of sustainable rural microfinance institutions reaching large numbers of the poor. South Asia countries saw the start-up of two large stand-alone microfinance operations—the *Bangladesh Poverty Alleviation Fund (FY97, \$105 million)* and the *Pakistan Poverty Alleviation Fund (FY99, \$90 million)*—with emphasis on NGO delivery of services and components targeting women.

Innovative approaches have been tested over IDA10 and IDA11, such as creating microfinance apex institutions and fostering the development of institutions outside the banking industry, such as village banks, new credit unions, savings facilities, even in inhospitable operating environments (see Box 16). Another thrust has been to reach poor women and support village economic activities where women play a major role; the "Grassroots Management Program" under the World Bank Institute, the training arm of the WBG, has been a leader in this regard.

The *Consultative Group to Assist the Poorest (CGAP)*, a partnership with bilateral donors, has been a major supporter of microfinance development by building linkages and a knowledge base, working with other development agencies and with stakeholders in client countries. Since 1995, IDA and IBRD have also managed the *Action Research on Sustainable Microfinance Institutions in Africa*, a program to build networks of rural microfinance institutions in six countries (Cameroon, Ethiopia, Ghana, Kenya, Mozambique, and Zambia) and to provide additional assistance to networks in Malawi and Uganda. The program has facilitated registration of networks as professional associations, allowing practitioners a more formal role in the policy dialogue. The networks in Ghana and Zambia are increasingly active in rural microfinance, sponsoring training programs, developing industry performance standards, and finding effective ways to meet the needs of women clients.

Box 16. Microfinance and Capacity Building in Benin

The Benin Social Fund (*FY98*, \$16.7 million) makes grant funds available to rural microfinance institutions such as FECECAM (an agriculture savings and credit union) to deepen their outreach, especially to poor women in rural villages. The funds can be used to engage NGOs or other community development and training institutions to provide education, training, and technical assistance to prepare targeted groups to access the financial services offered by rural microfinance institutions. This social fund is part of a new IDA strategy to reorient the microfinance components of social funds toward training and preparing clientele for local savings mobilization and borrowing, rather than disbursing funds to clients through institutions that may not have adequate knowledge of financial intermediation.

A separate operation in Benin, the Private Sector Development Project, supports financial intermediation by providing credit lines directly to microfinance agencies or by helping them establish a relationship with a commercial bank. Thus, the two projects are complementary. The social fund helps clients access services, and the private sector development project supports the **financial** institutions. These projects have helped transform a **bankrupt** cooperative movement into one of Africa's most successful credit union systems.

The results are encouraging: 213 microprojects have been approved, more than twice the number anticipated. Projects include primary schools, clinics, markets, wells, and latrines. Almost 1,200 people (more than 70 percent of them women) have opened savings accounts, but so far few have received credit **from** formal financial institutions. Twenty-three NGOs are working with the informal financial institutions, providing training and helping to increase their capacity.

Increasing Incomes in Rural Areas—Where the Poor Live

If economic growth is to alleviate poverty, it needs to be widely shared and to generate productive employment opportunities for the poor, most of whom live in rural areas. The IDA portfolio had 156 active agricultural projects at mid-1999, with over 20 percent of them being irrigation and drainage projects, another 20 percent forestry and natural resource management, and about 17 percent agricultural extension and research. The broader *rural development* portfolio included almost 200 operations, adding some 40 other sector operations—improved rural roads and greater intermediate transport, rural market opportunities, rural literacy centers, and improved water supply and sanitation.

Increasingly, rural and agricultural operations are using consultations and participatory approaches to learn **from** farmers, including women, better adapting activities to farmer and community needs and enhancing ownership of project investments, whether they be agricultural extension services or irrigation systems.

The success of the *FY95 Albania Irrigation Rehabilitation Project*, for example, has been attributed to its encouragement of full ownership by farmer communities and the gradual devolution of responsibilities to them. Some 200 water user associations were established, representing 85,000 farmers. They initially took charge of tertiary irrigation canals and collection of water fees among member farmers. Later, they assumed responsibility for management of primary and secondary irrigation canals as well.

Africa represents a particular challenge in raising rural incomes. Here too a major thrust is to improve the links between research programs and extension activities because farmer acceptance of new approaches has been a problem in the past. In Madagascar, for example, agricultural extension was improved after project restructuring, by decentralizing responsibilities to the district level and hiring extension advisers who were closer to local communities than centrally-hired extension workers.

Other projects support complementary services, such as functional literacy programs. The functional literacy program in Burkina Faso, for instance, is credited with improving farmers' understanding and appreciation of technical alternatives. In Mali, 500 literacy centers are now operating in rural areas.

Village participation initiatives in eight countries have farmers choosing appropriate technology, better managing natural resources, developing communal infrastructure and managing other components of rural development. This decentralized, participatory approach has led to successes even in some difficult policy and operating environments.

For example, the *FY96 Kenya Arid Lands Resource Management Project (ALRMP)* is a highly participatory project working to create commitment and capacity in very poor rural communities, despite a difficult environment at the national level. It helps those communities to share or take the lead in the three components of the project—managing the inevitable cycle of drought, helping to secure marketing channels, and providing social and economic services, based on self-help. The continuing challenge, though, is to scale up—reaching a larger number of poor communities in order to have a broader impact.

In China, IDA has increasingly focused on the poorest provinces and counties through integrated, multi-sector projects that emphasize poverty alleviation by supporting rural health (especially maternal and child health), education, water supply and sanitation, and agriculture (see Box 17). In IDA countries of the former Soviet Union, the emphasis has been on helping to develop private farming and establish essential support services for emerging private farmers.

Box 17. Selected Projects in China Sewing Interior and Upland Regions

- The *Basic Education in Poor and Minority Areas Project (FY9.5)* has helped county and village governments to increase the access of poor children to quality education. It has targeted areas with high percentages of minority populations and helped to increase enrollments by production and distribution of books in several minority languages. It has also helped to increase female primary school enrollment ratios.
- The *China Comprehensive Maternal and Child Health Project (FY95)* is improving maternal and child health services in the poorest counties in nine of China's poorest provinces and is trying to target the neediest families, which is difficult to do because of their isolation. The project has involved the community in developing and providing health education, increasing family information about the benefits of timely care. Infant mortality rates in the project area have decreased from a range of 54-100 to a range of 34-51 per 1000 live births. Maternal mortality decreased from a range of 118-500 to a range of 58-222 per 100,000 live births. The project successfully built on the previous work of UNICEF, WHO and the US Center for Disease Control.
- The *Southwest Poverty Reduction Project (FY9.5)* has had a strong impact in its project area and also more broadly in influencing approaches elsewhere in rural China. It has helped to improve income levels, grain and other agricultural production, and overall well-being among poor households in the project area through education and health components. The labor mobility component has assisted over 150,000 people to secure off-farm jobs. While community participation is not very developed in rural China, the project has encouraged and helped to increase the use of participatory project design and implementation. It has also supported the upgrading of poverty monitoring at national and local levels. The project still is challenged in trying to assure that project benefits reach the poorest, most disadvantaged areas, the focus of the final years of the project.
- The *Qinba Mountains Poverty Reduction Project (FY97)*, based on the "Southwest Project" model, is trying to reduce poverty in 26 of the very poorest counties in Sichuan, Shaanxi, and Ningxia provinces by facilitating increased labor mobility, providing credit services to poor households, improving basic health and education services for the absolute poor at the village level, and increasing upland agricultural productivity—reversing the trend of environmental degradation through extension of improved agriculture and smallholder livestock management techniques and inputs, terracing for improved water and soil conservation, and supporting provincial and regional research.

Working for Environmental Sustainability, Requiring Long-Term Efforts

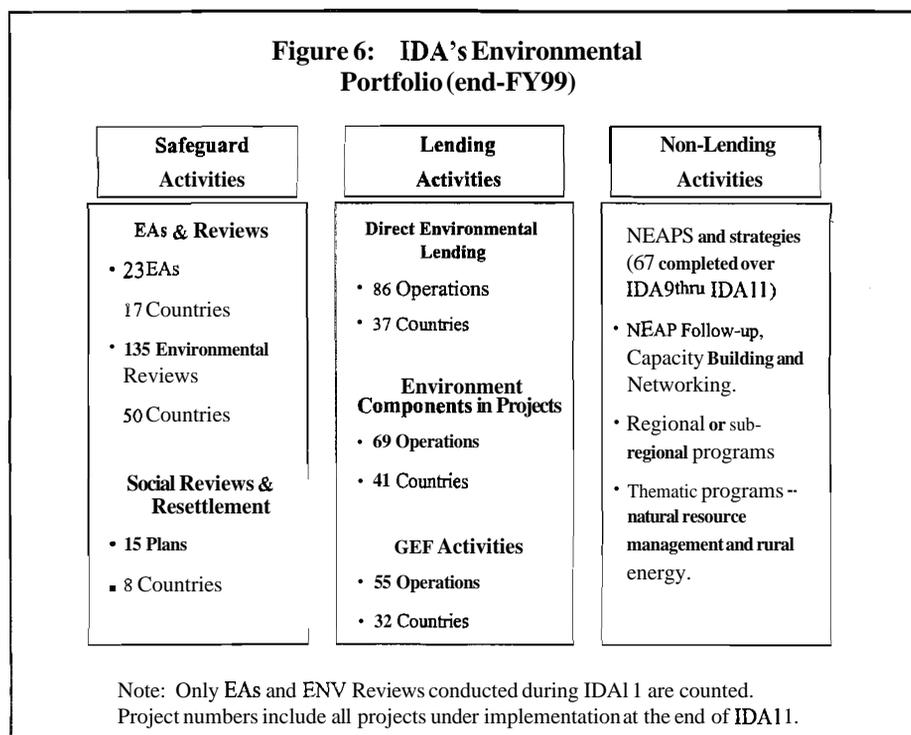
Environmentally sustainable development is another cross-cutting theme. Figure 6 gives an overview of IDA's broad activities, which include operations directed towards environmental improvements and natural resource management, nonlending activities supporting capacity building and thematic partnerships, and safeguard activities—to prevent harmful impacts, social and environmental, across IDA's operations overall.

Operations with Major Environmental Objectives. The portfolio of direct environmental projects at mid-1999 included 86 IDA operations under implementation¹⁴ (with a commitment value of \$3.85 billion). They include:

¹⁴ Close to 60 percent of these projects are managed by sector units other than Environment.

- 30 projects targeting pollution and urban environmental management;
- 46 projects addressing natural resources management and rural environment (forestry, wildlife, fisheries, and desertification); and
- 10 projects supporting capacity building in environmental management and regulatory activities.

Of these projects, about half (41) were approved during 1997-99. Another 70 projects in other sectors have important environmental components, although are not part of the formal environmental portfolio. The IDA portfolio also does not include the bulk of environmental operations in China, where there were eight environmental projects under implementation at end-FY99 (IBRD-financed, representing a commitment value of about \$1.5 billion).



The range of operations supporting environmental sustainability is very wide. It encompasses efforts to reduce health impacts on the poor (for example, reducing ambient air pollution caused by small coal burning stoves and boilers or improving sanitation in urban slums) as well as operations aimed at reducing natural resource degradation and biodiversity loss. No one operation is representative.

There are many community-based natural resource management projects under implementation—in South and East Asia, Africa and Central America—that combine economic, poverty reduction, and environmental goals. They engage local communities in improving agricultural productivity and rural transport, promoting other rural economic activities, and managing land, forestry and water resources better. Box 18 describes the Uttar Pradesh Sodic Lands Reclamation *Project*, a successful example in India; this operation shows the detailed

work on the ground and the participatory efforts that are necessary to achieve sustainable results. Such NRM projects have been early models for newly emerging programmatic approaches, which encourage longer term commitment.

Box 18. Empowering the Poor Farmer in the Sodic Lands Reclamation Project

Started in 1993, the Uttar Pradesh Sodic Lands Reclamation Project spearheaded a new approach to sodic soil reclamation, making otherwise barren land suitable for agricultural production. The project is also strengthening local institutions and effective management of reclamation activities and other development activities with strong beneficiary participation.

The problem of sodic soils is extensive and effective reclamation and management of lands takes long-term local commitment. It was recognized early on that active community participation had to go hand in hand with well-coordinated government intervention. Reclamation technology is relatively simple but managerially complex. Beneficiaries have been involved in decisionmaking from the planning stages. With NGO assistance, 10–15 water users were organized into groups with 4–5 hectares of command area. With technical support from a government agency, water user groups are carrying out all site activities associated with reclamation.

A site implementation committee composed of all water user groups acts as a forum for beneficiaries at the village level. It allocates resources to the water user groups, chooses community resource people, resolves conflicts, and monitors the project. Men and women from participating villages have been trained to serve as voluntary change agents to ensure that beneficiaries understand reclamation technology. The SA revealed the importance of links with the village-level self-government arrangements in assuring follow up and sustained action beyond the project. It also led to components supporting other village activities spearheaded by women's groups.

In its seven years of implementation (ending in 2001), the project will reclaim about 69,000 hectares of unproductive land for agriculture, benefiting 200,000 mostly poor families (about 1.1 million people). To date, some 16,000 poor, landless families have been allocated 6,700 hectares for reclamation and cultivation. Roughly 17,000 hectares have been brought under cultivation for the first time. Cropping intensity has increased from 37 percent to about 200 percent on average. Yields of wheat and rice on reclaimed land are more than twice the yields projected, and crop diversification has started. There have been documented increases in family income of up 30 percent and a substantial reduction in seasonal labor migration out of project villages. Environmental protection has been strengthened with the greening of formerly barren lands.

The *UP Sodic Lands Reclamation II Project* became effective in April 1999. It expects to recover another 150,000 hectares. It builds on lessons learned from the ongoing project and will foster further improvements in soil, irrigation, and drainage management.

A contrasting operation is the recently closed *Urban Rehabilitation and Management Project* in Benin (FY92). It illustrates the combination of activities and, again, multiple objectives being tackled in urban environment projects. The project supported infrastructure and sanitation investments, including specific investments in two low income areas. It also optimized the impact of public works on the employment and income of the urban poor by using small local firms. A community outreach program educated residents on a variety of public health interventions as well as some low cost environmental improvements that could be made. Aiming at the municipal governments involved, the project also demonstrated urban management techniques and supported preparation of an urban public investment strategy.

Follow up to National Environmental Action Plans (NEAPs). National Environmental Action Plans (NEAPs) or country strategies have now been completed for 67 countries (an initiative which commenced in IDA9). During IDA11, NEAPs were completed in Senegal, Mali, Niger, Togo, Armenia, Georgia, and Azerbaijan.¹⁵

NEAPs have provided IDA countries with an opportunity, usually the first of its kind, to try to identify and prioritize environmental issues in a systematic way and to build public awareness about them. Some NEAPs have been highly participatory, others more technically comprehensive in nature, the particular balance in each case dictated by country considerations and resources. These documents should be regarded as important first efforts. Many are still too general and do not provide sufficient prioritization. But as first efforts, they have focused attention on environmental issues and in many cases helped to generate follow up action.

Follow up has occurred in different ways—with some activities targeting national regulatory development and others focusing more on priority problems within sectors or specific areas. Where possible, they have been supported by IDA through lending and nonlending activities, while some countries have preferred to follow up on their own or with the support of bilateral grant programs. Conflict and changes in government have affected opportunities in several countries. There are important emerging lessons from the first generation of environmental operations which build on NEAPs; they demonstrate the complexity of implementation and the need to continue learning and adapting.

The experience of Madagascar's environmental management program, cofinanced with many other donors, is especially noteworthy and cautionary because of its ambitious approach in a very poor country, where subsistence agriculture activities are causing unique biodiversity loss. It highlights key lessons: (i) the importance of close links with communities and early interventions "on the ground" that provide alternative sources of livelihood for the poor in order to sustain support for conservation goals, (ii) the tension between building national level agencies and focusing on decentralized approaches, and (iii) the necessity and challenge of working across sectors, especially in agriculture and energy use. The public awareness and commitment developed through Madagascar's NEAP and related participatory and education activities could falter if results on the ground do not materialize, including tangible benefits for the poor. These lessons are incorporated in a second environmental project, which is taking a broader natural resource management approach with greater emphasis on poverty reduction.

IDA's many non-lending activities also support NEAP follow up—some supporting natural resource management, others energy conservation, renewable energy development, and removal of lead in gasoline. Various partnerships address thematic issues affecting groups of countries by building capacity and encouraging networking and collaboration. Some important examples in Africa include the Africa Soil Fertility Initiative, the Sahelian Natural Resources Management Program, and *African* Water Resources Management Initiative. The Sahelian program, supported by Norway, is especially noteworthy because of its efforts to pilot monitoring and impact evaluation activities to draw timely lessons from these long term NRM projects. An example in East and South Asia is the Asia Alternative Energy Program which

¹⁵ See Table A11 in the Annex for the full list of countries with NEAPs or equivalent.

works to mainstream energy efficiency and renewable energy options in IBRD and IDA projects. It enjoys partnerships with the Netherlands, Switzerland, United States, and UNDP.

Global Environmental Operations. On global and transboundary issues, IDA collaborates very actively with the Global Environment Facility (GEF). Fifty-five GEF projects were under implementation in IDA countries at mid-1999 (representing \$609 million in GEF grant funding), with 60 percent supporting biodiversity, 30 percent climate change, and 10 percent international water programs.

Africa had the largest number under implementation (21 operations). Well over half of them supported biodiversity activities in conjunction with natural resource management programs. In East and South Asia, GEF is a strong co-financier of energy efficiency and renewable energy operations (especially in China and India) and biodiversity conservation (especially in Indonesia). In Central America, GEF is supporting the Meso-American Biological Corridor, among other biodiversity projects, and is helping the small Caribbean states to plan for adaptation to global climate change (coastal vulnerability and risk assessment studies) and to manage shipwaste.

GEF also sponsors a range of "enabling activities" at the country level, such as biodiversity conservation and global change strategies. GEF was instrumental, for example, in supporting a biodiversity strategy in Georgia, which complemented a parallel NEAP exercise and was later influential in preparing an upcoming forestry project.

There were also 10 Montreal Protocol (MP) projects under implementation at the end of IDA11, supporting the phase-out of ozone depleting substances. All of these projects were in blend countries (China, India, Pakistan and Zimbabwe). A particularly innovative program is the recently approved China Production Sector Plan, which will close 36 chlorofluorocarbon (CFC) production facilities in China over 11 years. China represents about 43 percent of the world's CFC production, so this project will have a very significant impact. In all, there are four MP projects ongoing in China.

Environmental and Social Safeguard Activities. IBRD and IDA environmental assessment and safeguard policies were established and developed over the course of IDA8 through 10. Twenty-three projects committed during IDA11 underwent a full environmental assessment (EA) including public consultations (category A projects). Over 60 percent of them were in energy, transport and industry/mining. A further 135 projects underwent a more targeted or limited environmental review (category B projects). Altogether, category A and B projects covered 40 percent of new lending operations in IDA countries over FY97-99 (representing about \$7.7 billion in commitments). In addition, resettlement plans were developed for 15 projects in 8 countries (\$1.4 billion in commitments).

A review of EAs published early in IDA11 confirmed the benefits of EAs and that they have encouraged investments that are more sensitive to social and ecological concerns than those financed a decade ago by IBRD or IDA.¹⁶ Conducting EAs and environmental reviews remains

¹⁶ *The Impact of Environmental Assessment: The World Bank's Experience-Second Environmental Assessment Review, November 1996.*

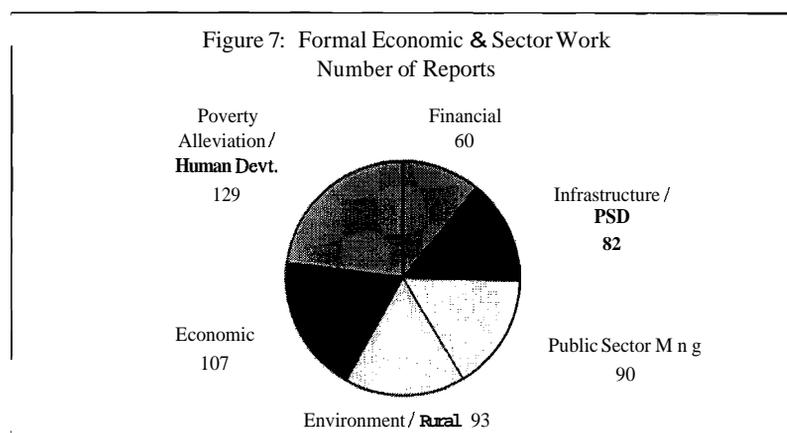
a staff-intensive process because of the need to assure country ownership and local involvement and to secure sufficient funding for these exercises, which often require a range of expertise to be fully comprehensive. Recent experience with the application of safeguard policies confirms the need to assure that implementation of these policies is systematic throughout the institution by building more effective support and teams with the right expertise and practical experience.

In 1999, the World Bank's Inspection Panel¹⁷ was asked to review safeguard implementation for the Qinghai component of the *Western China Poverty Alleviation Project, FY99*,¹⁸ an IDA11 project supporting decentralized poverty reduction activities in several remote areas of the country. The panel found that safeguard policies had not been fully implemented. The case raised several issues—the flexibility in interpreting operational directives and "good practice" guidelines and the strategic choice between applying tougher ("best practice") social and environmental standards for individual projects versus greater emphasis on building country capacity and ownership of environmental and social policies—issues which are under review in IDA12. The panel's concerns accelerated the work of a quality assurance and compliance team in the Environmentally and Socially Sustainable Development (ESSD) Network to put in place more systematic support for safeguard implementation.¹⁹

Nonlending Activities — Supporting Analysis and Knowledge Sharing

Other thematic sections have pointed out the influence and impact of IDA's nonlending activities—the body of analytical work and technical assistance (TA) informing policy development, improving participation, and supporting capacity-building and networking. Close to 2,000 studies, advisory tasks and technical assistance activities were undertaken over the period. This section provides a quick overview.

Economic and Sector Work. Formal country economic and sector work (ESW) develops country-sector knowledge and provides the basis for policy advice to clients and design of operations. About 700 formal economic and sector work tasks were completed for IDA countries (Figure 7).



¹⁷ The Inspection Panel convenes when there are reported problems or complaints about safeguard implementation.

¹⁸ This project is modeled after the *Southwest Poverty Reduction Project* described in Box 17.

¹⁹ See also the final section of this report, The Way Forward.

Country economic memoranda and general economic studies updated knowledge about the economy or focused on debt and fiscal sustainability, growth options and prospects, and structural policies. Public expenditure reviews and reports addressing specific public sector issues (including self-standing studies on corruption) examined current and intended allocations of public expenditures, as well as fiscal systems themselves, to determine the extent to which patterns of expenditures are in line with policy priorities (Box 19).

Box 19. How Cambodia's Public Expenditure Review Influenced the Policy Dialogue

Noting that outlays for defense were crowding out resources for development, the Cambodia PER estimated that the demobilization program could reduce the share of defense expenditures from 3.3 percent of GDP in 1997 to 1.9 percent by 2002, creating a sizable "peace dividend" to be used for basic social services. The review also concluded that insufficient resources were going to the rural sector (22 percent), where most of the population and the poor lived (88 percent). A large proportion of public resources were being spent on secondary and tertiary education and health facilities, which usually cater to the more affluent groups in society. It recommended substantially increasing outlays for social sectors, targeting health services for poorer individuals and underserved provinces, and redirecting resources from tertiary to primary health facilities. These recommendations were later incorporated into the structural adjustment program.

Reports about human development and social protection focused on increasing the efficiency of health and education services, designing financing and cost-recovery mechanisms for greater equity, and ways to improve access to basic social services by the poor. Rural ESW focused on improving incentives and services, meeting the needs of women, and realizing diversification possibilities in order to improve productivity and earnings in rural areas. There were six studies covering post-conflict.

Other Nonlending Activities. But many nonlending activities go beyond analytical products. Less formal analyses and activities have become more frequent in recent years—to increase the timeliness and effectiveness of advice and technical assistance to clients. These activities share knowledge or build capacity in client countries. They support participatory work or follow up on the recommendations of formal economic and sector work. They range from beneficiary assessments providing feedback on implementation of education projects in India—to an analysis of vulnerable groups in Albania to help design social programs for the neediest. They are also the core of many regional programs that have developed (highlighted in an earlier discussion on partnerships, see Box 3). While many non-lending activities are funded from IDA's budget, the growth of bilateral trust funds have allowed their expansion in recent years, effectively complementing operational work and providing additional technical assistance to client countries.

An example of an internally funded program is the Institutional Development Fund (IDF), supporting technical assistance for institutional development and funded by contributions from IBRD net income. Over 200 IDF programs are under implementation, with resource commitments of \$200,000–\$500,000 along with mandatory local contributions. Close to 100 of them aim to improve economic and public management, including governance; others supported social and environmental work (Box 20).

Box 20. Examples of IDF Programs

Georgia: Restructuring and Privatization

Honduras: External Debt Management

Mauritania: Bank Prudential Regulation

Lao PDR: Accounting Capacity Building

Armenia: Children's Initiative

Benin: Support for Empowerment of Women

Tanzania: Social Sector Policy Analysis

Bolivia: Social Sector Policy Design/Implementation

Africa Virtual University Project— Ethiopia, Ghana,

Kenya, Tanzania, Uganda, Zimbabwe

Armenia: NEAP Strategy Formulation

Georgia: NEAP Strategy Formulation

Vietnam: Water Resources Management

Yemen: The National Committee for Women

Enhancing the Impact of Nonlending Activities. The greatest challenge for both formal economic and sector work and other non-lending activities is broad knowledge sharing and dissemination in client countries, building a consensus for change. In formal ESW, the challenge is in assuring that the resources and time exist to encourage greater collaboration with local teams **during** the analytical phase—and, once the work is completed, to disseminate and discuss the messages and recommendations broadly and deeply in the client country.

In contrast, less formal non-lending activities or TA tend to be “on-the-ground” activities, directed to the client. However, their informality (especially those which are not part of a broader partnership) can make it difficult to sustain the work over time as well as to capture the specific experience and learning developed in implementing them—for broader use at the country level or across IDA operations. These are ongoing challenges.

Improving IDA's Effectiveness — Emphasis on Participation and Good Governance

Better Ownership and Impact Through Participation

Participatory approaches within operations have expanded and deepened since the early 1990s—moving from information sharing and consultations to greater collaboration and empowerment. Participation is especially strong in human development and rural/agriculture projects and is growing in rural water and sanitation projects, as part of a shift to a demand-oriented approach in that sector. It has been fundamental in supporting decentralization and community-based approaches that try to improve ownership and governance, and thus the likelihood of sustainability over time.

Participatory approaches have also helped in reaching and understanding the needs and priorities of women, as well as other disadvantaged groups. Several examples of the use and results of participatory work are described in Box 21. Many other examples in this report, in earlier thematic sections, highlight the impact of participation.

Over the past five years, there has also been greater use of broader social assessments (SAs) which combine stakeholder/civil society consultations with analyses of social dimensions and critical social issues. They focus not only on project beneficiaries but also broader issues of social impact as well. SAs have been helpful in identifying poor areas and targeting the poorest families and communities.

Box 21. Examples of Participatory Activities Influencing Project Designs

Guinea: *Health and Nutrition Sector Project, FY94.* Beneficiary assessments during implementation showed that many in the population remained uninformed about opportunities for treatment at community health centers funded by the project. The BAs were key to improving communication mechanisms within communities encouraging wider use of health services.

Bangladesh: The *Second Rural Roads and Markets Improvement & Maintenance Project, FY97*, builds on the lessons learned from a predecessor project. From the outset, it has involved a wide array of stakeholders in the selection, design and implementation of sub-projects. The site selection and layout of markets are being done through full day meetings with user groups, such as poor vendors, women's groups and market management committees. Road designs consider the preferences and concerns of non-motorized transport operators. Moreover, there has been a dramatic change in the attitude of the local engineering agency, which now actively uses field-based sociologists and community organizers in the participation process.

India: A social assessment for the *India Tuberculosis Control Project, FY97*, helped to develop an innovative strategy for information, education and communication (IEC) to help remove the stigma of TB and to formulate indicators to monitor the progress and effectiveness of project activities.

Yemen: *Seeds and Agricultural Services Project, FY98.* The social assessment contributed to changing the project from a seeds-focused investment project into a seeds and agricultural services project designed to meet the priorities of the majority of target farmers, the private sector, and the farmer association. This helped to break a seed monopoly, which in turn brought prices down and helped to improve the quality of seeds and other inputs and increase their availability

A forthcoming review of participation in operations, conducted by the World Bank's Operations Evaluation Department (OED), confirms the broad use of participatory approaches (60-70 percent of operations) including deeper forms such as collaboration and primary stakeholder input (about 42 percent of operations). Operations in South Asia have been particularly successful in integrating participatory approaches—reaching over 80 percent of operations in FY98.

There is still considerable learning to do in incorporating participatory approaches, and there remain further opportunities to broaden, deepen and improve the quality, especially encouraging greater collaboration with stakeholders throughout project implementation and for monitoring and evaluation.

With IDA's growing emphasis on outcomes in reducing poverty and improved governance and institution-building, broad and well-structured participation can play a key part in fostering inclusion, ownership and accountability. These are staff and resource intensive activities, however. Efforts are underway to further institutionalize participatory approaches and assure sufficient support.

Improving Social and Economic Opportunities for Women

Recognition of gender issues in country assistance strategies is getting stronger, with 62 percent of recent IDA country assistance strategies rated satisfactory or better, particularly in countries with serious gender disparities. Recent analytical work and gender surveys have demonstrated the benefits of addressing women's needs and have helped to identify actions. But further integration into poverty assessments and assistance programs is needed.

Many social and rural operations specifically consider women's needs, which has helped to improve such projects—demonstrating, for example, the importance women attach to achieving basic literacy, having better sanitation facilities, or obtaining credit for village economic activities (see Box 22). And there has been a strong effort to increase resources for girls' education (discussed earlier under education).

During IDA11, gender concerns and activities were prominent in new commitments in South Asia (55 percent) and Africa (39 percent), a substantial share in these regions with very serious gender disparities. But, overall, the share should be higher. There is still more to do institutionally in assuring greater use of gender analyses to design actions that will improve impacts for women across a broader range of sector operations. Close attention to gender should then carry on through project implementation and in monitoring and evaluation.

The Gender Network within the World Bank, established during IDA11, is working to strengthen gender activities across operations and to develop monitorable indicators and benchmarks (the latter activity supported by the Netherlands).²⁰ The IDA donors have requested that a gender strategy be prepared, which would draw on good practice to mainstream gender concerns and responses more broadly across IDA operations.²⁰

²⁰ See also the concluding section, The Way Forward.

Box 22. Considering Women's Needs to Improve the Impact of Operations

Honduras Rural Land Management (FY97)—The project incorporated the recommendations of a social assessment which addressed gender issues: hiring a gender specialist in the project coordinating unit; targeting extension services to women and men based on beneficiary assessments that identify crops grown and corollary needs by gender; designing **information** campaigns that promote joint land titling; and training on gender for field staff working with potential land beneficiaries. The project receives ongoing technical assistance on gender through the "Gender and Institutional Innovation" program, a regional program established to learn about the institutional constraints to gender **mainstreaming** and develop capacity in executing agencies to address these constraints.

Nepal National Rural Water Supply and Sanitation Project (FY97)—Under this project, water and sanitation sub-projects are being designed and implemented by communities in a participatory manner. As "project managers," communities are carrying out their own monitoring and evaluation. This has proved highly effective in many villages, where women have gained status by taking charge of choosing indicators and monitoring personal hygiene and sanitation practices in households and public areas of their communities. It also has enabled them to participate more actively in water and sanitation committees. The approach should reach 900 communities by the end of the project.

Ethiopia Education Sector Development Program (FY98)—**Gender** analysis for the program revealed that girls in rural areas were not attending school because they had to fulfill household chores, such as obtaining water and grinding grain. The program linked with other ministries to create water sources and grinding mills nears schools, so the girls could meet family obligations on their way to and from school.

Nonlending Activities and Partnerships on Women's Issues in Africa. Some very important nonlending work has demonstrated the potential benefits of focusing on gender in agriculture, law and transport. The Special Program for Africa, a donor group working to improve aid coordination and effectiveness, published a major report on gender and poverty during IDA11, documenting the importance of women in African economies, especially in agriculture, and the potential economic gains from 'aying more attention to women's needs and giving them better access to services and assets?' The results of this work are feeding into operations—with greater emphasis particularly on women's rural livelihood strategies.

Another example of non-lending activities in action are the "Gender and Law Programs" in both East and Francophone West Africa, which started up in 1996, supported by a series of IDF grants and bilateral funding, especially from Norway. They have brought together government ministers, women jurists and legal policymakers, and representatives from academia and NGOs to discuss and pursue legal and social avenues for women. The tangible accomplishments of these activities include: in Tanzania, legislation on the legal rights of women to land; and, in Ethiopia, development of a *Women's Development Initiatives Project* (an FY00 LIL of \$5 million, with major cofinancing from Italy) to support small, local projects designed to increase women's economic productivity.

Gender and Transport. Operations in Bangladesh and Ghana have spearheaded gender components in transport activities. The *Bangladesh First and Second Rural Roads and Markets Projects (FY88/99)* have created employment for women in road maintenance. In the second project, local market infrastructure was designed with women's input; as a result, the markets

²¹ SPA, *Gender, Growth and Poverty Reduction*, 1998.

will have special areas for use by women vendors. Under the Ghana National Feeder Roads Rehabilitation and Maintenance Project (*FY92*), the labor force had almost 50 percent female participation; meals were provided to the very poor female laborers to overcome poor nutrition and low energy. A pilot component administered by NGOs channeled some of the wage earnings from the road works to finance hire-purchase programs for intermediate transport (such as bicycles).

The Africa rural transport team, under the auspices of the donor-funded Africa Rural Travel and Transport Program (RTTP), has launched a 3-4 year program to strengthen gender capacity in rural travel and transportation projects in SSA. Operating in 10 countries, the program supports studies on women's transportation needs and constraints to meeting them, pilot projects to increase women's access to bicycles and other intermediate means of transport, and a review of women's participation in labor-based road construction and maintenance projects. Similar initiatives are underway in Asia and Latin America.

Focus on Better Governance

The three years of IDA11 have been pathbreaking in being much more open about governance and corruption and raising awareness of the costs of not addressing such problems. The importance of governance as a development issue was spotlighted at the beginning of IDA11 and taken up formally by the WBG in the Anticorruption Strategy presented to its Executive Directors in September 1997. An Anticorruption Action Plan was approved by management in fiscal 1999. And, as discussed earlier, IDA introduced a governance discount on IDA allocations for those countries which scored very low on several governance measures.²²

The World Bank's Strategic Compact, also approved in 1997, earmarked funding of \$4-5 million a year to fight corruption and support good governance over the period. Governance activities were also supported by the Danish Trust Fund on Governance.

Early work on corruption in fiscal 1998 focused on about a dozen IDA countries (mostly in ECA and SSA), assisting governments that sought support in analyzing the development implications of corruption, designing anticorruption strategies, and incorporating actions in new operations.

Addressing Governance in Assistance Strategies. All country assistance strategies must now diagnose the state of governance and the risks that corruption pose to projects in the country, recognizing the link between weak governance and ineffective public sector management, on the one hand, and poor service delivery to the poor, on the other.

But several CASs led the way in addressing governance during IDA11. In Kenya, IDA began work on a new CAS after curtailing lending in the summer of 1997 in response to several corruption scandals. The FY99 CAS focused on governance (**Box 23**). Consultations with civil society groups during preparation of the CAS demonstrated the deep concern about poor governance in the country and the broad effects on public services and rule of law. That input contributed to IDA's decision to reduce lending dramatically until governance improved. Other

²² See section entitled Financing New Operations Under a Stronger Performance-Based Framework

early CASs which addressed governance included: Bangladesh, India, Albania, Azerbaijan, Zambia.

Box 23. Governance and its Implications for Development in Kenya

Its exceptionally favorable resource endowment notwithstanding, Kenya has failed to make satisfactory progress towards realizing its economic potential. Growth steadily slowed since the mid-1970s, and poverty actually worsened, with an estimated 40-50 percent of the population being below the poverty line. Consultations undertaken in preparing the FY99 CAS indicated broad consensus in Kenyan society and among donors that the root of the country's disappointing development record was poor governance. There was ample evidence—poor management of public resources, weak application of the rule of law, and only partial implementation of policy reforms once adopted. The consequences were faltering rates of public investment and widespread dissatisfaction with the delivery of public services.

Mounting evidence suggested that pervasive corruption was undermining the independence and accountability of the public sector in Kenya. The country's ability to carry out its development objectives satisfactorily was likewise undermined and consequently its ability to utilize IDA resources effectively. Poor budget management and persistent shortfalls in government allocations for project counterpart funding, long a problem, had reached critical proportions by budget year 1998/99.

Taking into account these concerns, the FY99 CAS concluded that preparation of new IDA-supported projects should be curtailed pending a marked improvement in economic governance. The CAS included benchmarks or triggers for governance conditions, including the government's performance on several economic governance reforms, with a minimum requirement being adoption of an anticorruption strategy. It also shifted nonlending activities away from analytical and prescriptive work to activities that facilitate broad-based efforts to tackle governance.

Early Operational Experience. In analytical work, IDA has deepened the understanding of specific governance problems in different country contexts, through institutional and governance reviews (e.g. Bolivia, Bangladesh, Armenia and Ethiopia), use of public expenditure reviews to look at the issue of governance, and use of diagnostic surveys (e.g. Albania, Georgia, Cambodia). Through this work, IDA continues to improve governance indicators—very specific measures of things that governments can fix (and often very country specific).

In designing operations, IDA is focusing more on institutional development and addressing a broader range of institutional mechanisms that can improve governance: judicial reform/legislative oversight, improved public sector management (e.g. merit based recruitment, competitive service delivery), decentralization and community action, and civil society oversight. Efforts are underway to be more concrete, actionable and monitorable. Box 24 offers some recent examples.

Experience in a range of projects points to the importance of broad participation as a means of countering poor governance. Decentralization can also be powerful in improving community ownership and reducing the effects of poor governance at the national level. A competitive private sector also helps create competitive pressure and accountability, confirming the importance of IDA's support for private sector development.

Box 24. Examples of New Initiatives to Improve Governance at the Country Level

Checks and Balances

- Strengthening public accounts committees in Parliament (Ghana, Uganda, Nepal, Maldives, Bangladesh)
- Strengthening judicial independence and capacity (Armenia, Albania, Bangladesh)
- Income-Asset Declarations (Nepal, Georgia, Tanzania—revenue service staff)

Public Oversight and Transparency

- Public dissemination of performance benchmarks (education grants in Uganda, public officials surveys in Albania, Uttar Pradesh, India)
- Community led development (Guinea, Albania water user associations, Nepal, Yemen)

Public Sector Management

- Reducing patronage in public administration (civil service law in Albania)
- Making the budget more credible (Bosnia)
- Improving governance in key sectors (Albania education, Tanzania PIF, and power sector reform in India)

Governance issues go back to some of the same problems of civil service reform, incentives and institutional change that have remained consistently difficult for IDA to address effectively.²³ They are problems that require long-term, sustained efforts within countries. Recent moves to programmatic lending can help in some cases—providing a longer term vision (5-12 years) and focusing on institutional change across a range of interlinked activities (recent or upcoming examples include the *Uttar Pradesh Public Sector Adjustment Credit*, Bolivia, Ghana and Tanzania APLs, and Guinea APLs (*Village Community Support Program*, *Service Delivery Support Program*)).

There are many challenges ahead, as IDA works to support concrete, credible actions in individual country contexts. To be sure, there will be resistance to reform—there are powerful losers in anticorruption drives. It's important to have realistic expectations—improving governance is a complex development challenge, institutionalized in societies over a long period. Thus, improvements are likely to take time and often will be gradual.

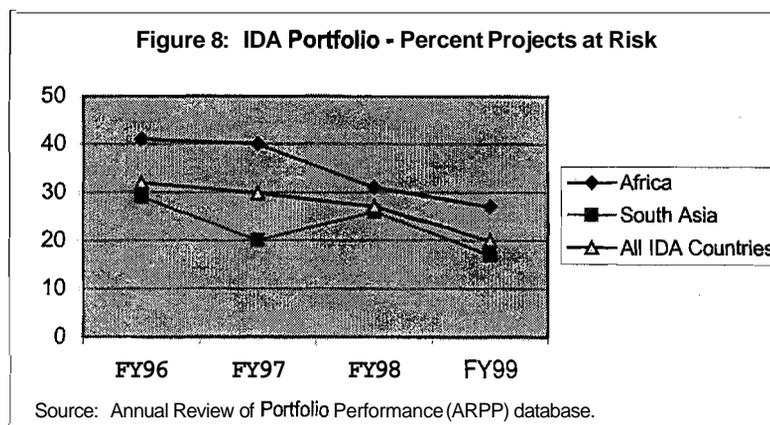
Improved Portfolio Performance

Over IDA11, the performance of projects under implementation improved, with problem projects down to 14 percent of the portfolio and "projects at risk"²⁴ down to 20 percent (Figure 8). These improvements reflect a series of actions—some substantive, such as efforts to improve ownership and seek feedback from stakeholders in order to redirect projects and improve their impact. Others have involved the substantial "details" of implementation—increased supervision and interaction in the field, better support to financial and procurement matters, and greater senior level attention to portfolio performance, both in IDA and client countries. Most of

²³ See the section below on lessons from completed projects.

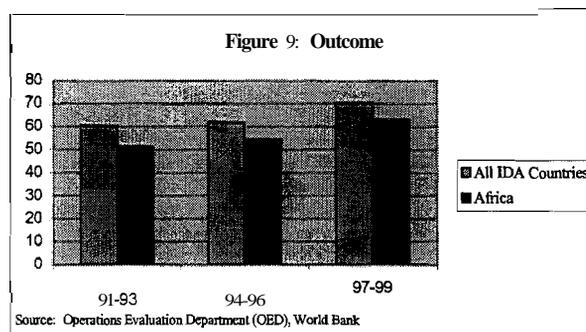
²⁴ This measure includes problem projects and *potential* problem projects.

the improvement in the "projects at risk" measure came from a reduction in potential problem projects, reflecting timely efforts to deal with emerging problems.



Because Africa and South Asia dominate the IDA portfolio, the improved performance in these two regions accounted for most of the overall improvement. In Africa, significant portfolio turnarounds in countries, such as Guinea, Mozambique, Senegal and Tanzania, contributed to a 35 percent decline in the share of projects at risk—from 41 percent to 27 percent. Improvements were particularly strong in sectors such as agriculture, transportation, finance, and in some adjustment operations.

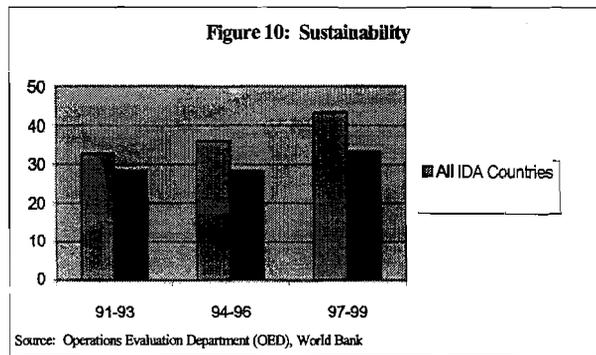
Lessons From Recently Completed Projects. The body of recently completed projects provide important feedback and lessons for future operations. OED assesses how well projects meet their stated objectives (the outcome measure). An encouraging trend shows up among recently completed IDA projects. They show gains in reaching project outcomes—70 percent with satisfactory project outcomes, up from 60 percent during fiscal 1991–96 (Figure 9). The largest gains were in the Africa Region. Among sectors, project outcome ratings were especially high in transportation (90 percent) and education (80 percent), two important sectors.



OED also assesses the likely institutional impact and sustainability of results from completed operations. While it is a challenge for projects to achieve the objectives defined during project design, it is even more difficult to ensure that projects strengthen local institutions and that results are lasting. Projects judged likely to be sustainable rose by 19 percent between fiscal 1994–96 and fiscal 1997–99 (Figure 10), while projects judged to have a substantial impact on institutional development rose by 35 percent. Again, improved performance in Africa contributed to these improvements.

Still, overall scores for sustainability and institutional development remain disappointing. Only 43 percent of projects completed in fiscal 1997–99 were judged likely to be sustainable,

and only 35 percent were considered to have a substantial impact on a country's institutional development. Civil service reform components remain among the weakest performing interventions in the portfolio. Institutional development in education also appears to be difficult.



Thus, major challenges remain in achieving institutional changes and making project results sustainable. While the problems are well recognized, addressing the distinct needs and incentives in each country is complicated. The greater attention to country ownership is key, as is greater openness about governance. The recognition that capacity building and institutional development require long-term, intensive support, beyond the time span of individual operations, is also essential. Solutions involve more detailed work on the "how to" of project implementation and a more integrated network of supporting activities in each country, including reinforcing nonlending activities and good communications.

OED's Annual Review of Development Effectiveness identified recently completed projects with especially good performance (Box 25). Despite many differences in approach, they share several elements, which are important:

- strong borrower ownership,
- flexibility in responding to changing conditions,
- good supervision,
- consistent monitoring, and
- continuity of IDA staff assigned to the operations.

Box. 25. Outstanding Performers Among Recently Completed Projects

Benin Urban Rehabilitation and Management (FY92)	Ghana Feeder Roads (FY92)
Bolivia Capitalization Program (FY96)	Georgia Transport Rehabilitation (FY96)
Bolivia Hydrocarbon Sector Reform (FY96)	India Technical Education (FY90)
China Integrated Regional Health Development (FY89)	India Maharashtra Emergency Earthquake (FY94)
China National Afforestation (FY90)	Lao PDR Second Telecommunications (FY90)
China Northern Irrigation—Part A (FY88)	Macedonia Transit Facilitation (FY95)
Mozambique Economic Recovery II and III (FY94/97)	Vietnam Structural Adjustment (FY95)

Improving Outcomes for the Poor and Measuring Impacts

Of course, the most important question is: What is IDA's impact in reducing poverty and improving social indicators in IDA countries? The challenges in reducing poverty and trying to meet international development goals, discussed at the beginning of this report, underline starkly the importance of IDA being as effective as possible and linking country programs and individual project outcomes more closely to the goals of poverty reduction. This change in

approach represents a major shift in evaluating effectiveness—moving from a system largely focused on measuring inputs to one that tries to measure outcomes in terms of poverty and social impacts in client countries, while acknowledging that many influences outside IDA’s control affect those outcomes.

The shift has influenced several changes and initiatives. During IDA11, country assistance strategies have given more attention to ongoing portfolio implementation and efforts to improve performance and impact. They are more candidly discussing the results of earlier assistance strategies, what has worked and what has not. And they have also introduced benchmarking—setting indicators for measuring the performance of IDA’s assistance activities, going forward.

The desire to focus on outcomes in reducing poverty also led to the introduction of country-owned poverty reduction strategies early in IDA12 (discussed in the next section, *The Way Forward*).

In parallel, there has been growing awareness that more organized monitoring and evaluation (M&E) is needed at the project level—to assess progress, help with remedial action, and determine the project's impact on beneficiaries as well as broader country outcomes. Documenting the impact of individual projects requires considerable information—good baseline evaluations or the information base to conduct sound evaluations later. Both quantitative and participatory methods are needed to monitor changes and assess impacts.

A small but growing number of projects are incorporating M&E and trying to build local capacity to do so as well. But the approach is still very new. Some examples show the innovative efforts underway. A LIL in Azerbaijan, the *FY99 Education Reform Project*, includes a set of key performance indicators and a strong but flexible M&E system that will help project managers determine project impacts on beneficiaries. A social assessment combining household surveys, key informant interviews and focus groups will provide baseline information. The *FY99 Pakistan Poverty Alleviation Fund* mandates the collection and analysis of gender-disaggregated data and monitoring indicators that will help to evaluate this microfinance project's impact on women over time. The *FY98 Uganda Nutrition and Early Childhood Development Project* tracks its impact through random surveys of children and households (using an experimental design with baseline and follow up surveys). Lessons learned from these approaches will help to guide future projects.

The Way Forward

An ambitious development agenda is now being addressed in the current IDA period, mid-1999-mid-2002 (IDA12), building on the work and lessons learned in IDA11. It recognizes the continued importance of economic growth to expand economic opportunities for the growing number of people in the developing world. It also recognizes that deep, persistent income poverty and rising inequality, despite economic growth, demand that aid be more effective in reaching the poor—via stronger country ownership, a multi-dimensional approach to poverty reduction, and a much greater emphasis on outcomes.

The World Bank's World Development Report 2000/01 (WDR) confirms the importance of a multi-dimensional response to poverty and inequality, based on both its analyses and participatory input, especially the Voices of the Poor initiative which let the poor speak for themselves. The WDR suggests a framework for attacking poverty with four key themes—assuring strong economic growth, promoting opportunity through better access to human and physical assets, empowering the poor, and enhancing security against devastating shocks.

IDA has launched important new initiatives and is reinforcing ongoing efforts to strengthen aid effectiveness and sharpen the emphasis on poverty reduction. The most notable are: introduction of country-led poverty reduction strategies supported by sound poverty analysis, ensuring that resources freed by debt relief are allocated to poverty-reducing expenditures, greater emphasis on outcomes and sustainability, expanding work on good governance and institutional change, increasing support for communicable disease control, and continued attention to increasing resources for poverty reduction in Africa. In each of these areas, there are also continuing challenges.

Stronger Commitment to Poverty Reduction

At the beginning of IDA12, IDA and the IMF launched a program of action to help low income countries fight poverty more effectively. They introduced country-led poverty reduction strategies (PRS) which were initially linked to enhanced debt relief under HIPC. The key elements of poverty reduction strategies are:

- understanding the nature of poverty in a country,
- setting goals for reducing poverty,
- choosing public actions that have the highest poverty impact, and
- carefully tracking outcomes and end results.

All of this is to be done through a participatory process which encourages ownership by the government and society at large, including the poor themselves—thus building strong internal support for poverty reduction.

All IDA countries are now expected to prepare poverty reduction strategies. They are underpinned by increased poverty analysis at the country level, with growing improvements in the quality of data and in understanding the different dimensions of poverty. Poverty reduction strategies will provide the context for IDA's future country assistance programs and should also

help strengthen partnerships by providing a framework by which to prioritize aid commitments and foster increasingly collaborative donor assistance. Indeed, PRSs are not intended to be a one shot effort, but rolling programs iterated over the longer term.

Learning from early experience, there are several practical challenges. Most countries have set quantified targets for poverty reduction, guided by the International Development Goals. But these targets are not always supported by solidly prioritized plans and actions for reaching them. Work is underway to make them more concrete.

Another concern is how to continue this initiative without overburdening very poor countries with limited staff. There is also considerable variability in data. Both IDA and bilateral donors are trying to help, by strengthening local capacity in analyzing poverty and in developing poverty reduction strategies, but capacity building also takes time.

Finally, there is the challenge of building ownership. The international community wants a higher standard of commitment to poverty reduction. At the same time, it recognizes how important ownership is for any poverty reduction program to be implemented and truly sustainable. In countries with little experience in participatory approaches, especially broad efforts to engage civil society, communicating about poverty issues and building broad ownership of poverty reduction policies will take dedicated "on the ground" work for some time to come.

The emergence of genuine country-owned and managed poverty reduction strategies will therefore require time and flexibility. Careful experimentation, learning by doing, and forging a shared community of interests will be critical in the next few years.

IDA's new operations during IDA12 will be linked closely to support for each country's poverty reduction strategy. IDA is also now experimenting with a possible new instrument, the Poverty Reduction Support Credit—which would provide substantial programmatic support for sound poverty reduction strategies. Good performing IDA countries are early candidates for this approach.

Action on Debt Relief

In the year since the endorsement of the enhanced HIPC initiative, IDA and the IMF have moved forward expeditiously with country cases, with the aim of having up to 20 countries reach their decision point for debt relief by the end of 2000. By September 2000, ten countries had reached their decision point and were benefiting from assistance under the enhanced framework—Benin, Bolivia, Burkina Faso, Honduras, Mali, Mauritania, Mozambique, Senegal, Tanzania and Uganda. Debt service relief committed to these countries totals \$16 billion.

Ten other countries are likely to reach their decision point soon—Cameroon, Chad, The Gambia, Guinea, Guyana, Guinea-Bissau, Malawi, Nicaragua, Rwanda and Zambia. Their total debt service relief is expected to be about \$16.5 billion. Fifteen other countries could ultimately seek debt relief under HIPC after 2000.

IDA's contribution to HIPC debt relief will be the largest of any single creditor—it is expected to provide close to \$11 billion of debt relief in total.

Aiming for Increased Impact and Sustainability

Greater Focus on Outcomes. The renewed focus on results and outcomes spurs IDA's efforts to build local ownership (among not only governments but also civil society and key stakeholders), to experiment with new lending instruments which support sound country programs over a longer time frame, and to improve governance (see thematic discussions below).

IDA continues to improve its ability to monitor overall progress towards poverty-related goals at the country level, while distinguishing between country goals and shorter term benchmarks by which to measure IDA's impact.

More monitoring and evaluation at the project level is **also** necessary—not in every project but in selected projects—to gauge project impacts over time and provide timely feedback to improve their effectiveness. A practical balance is needed between impact evaluation at the country level and efforts in individual projects. To this end, IBRD and IDA are launching an M&E improvement program in FY01, undertaking 5 country pilot programs (in Africa, East Asia and ECA) to intensify impact evaluation activities. The pilots will provide the experience and cost information necessary to scale up evaluation activities in the future.

Programmatic Approaches and Decentralization. More programmatic approaches in lending are evolving but with different emphases—some supporting national or sector programs, others supporting decentralized, community-based development, working to empower communities to take action for their own development. Both approaches are needed.,

In Tanzania and Uganda, new programmatic operations are underway or planned, supporting reform programs that have strong ownership. The Uganda Sector Education Support Credit, launched during IDA11, led the way in taking such a programmatic approach. A very recent operation, the Local Government Development *Program(LGDP)*, FY00, is a hybrid operation—it combines the traditional disbursements for specific investment components with a quick disbursing budget support component, supporting Uganda's decentralization of the development budget to local governments. Besides involving major internal stakeholders, the government has designed the LGDP through a detailed consultative process involving key donors, and many of the donors plan to channel their financial assistance through the LGDP framework.

In India, programmatic operations will support the programs of reforming states. As an example, the recently approved India-Uttar Pradesh Fiscal Reform Public Sector Restructuring *Credit/Loan*, FY00, (using both IDA and IBRD resources) is the first in a series of 3 or 4 intended operations supporting Uttar Pradesh's efforts to reduce widespread poverty, improve governance and the quality of service delivery, and address the state's economic stagnation and fiscal crisis. The operation was developed within a country assistance framework that acknowledges, in this case at the state level, the close link between improved overall governance and the effectiveness of projects that IDA supports in the social sectors.

Broad efforts are underway to improve project impacts, by rooting them more strongly in the communities they serve—through greater stakeholder input and empowerment, considering women's needs, and decentralizing responsibilities to local communities. Programmatic "community action programs" are being launched in a number of African countries to build stronger institutional frameworks at the local level in rural Africa, using the demand responsive approaches of earlier participatory community-based projects and social funds. These are very staff intensive, demanding projects—but with the potential for strong impacts.

Building on the Gains in Participatory Work. Participation has been at the heart of community-based initiatives and has had a major impact on IDA's operational work, fostering inclusion, ownership, and accountability—attributes shown to improve project outcomes and contribute to good governance and institution building. There remain opportunities to broaden, deepen and improve the quality of participation, however, especially encouraging greater collaboration and input from stakeholders throughout project implementation and for monitoring and evaluation. There is continued learning and experimentation to improve participatory work—both within the Bank Group and in client countries.

More Systematic Responses to Gender Needs. There have been some genuine achievements in integrating gender considerations in IDA's assistance. IDA has addressed women's needs and gender issues in a significant number of social sector and rural operations and in nonlending work. It has also focused on girls' education. But, given gender disparities in many countries, there is clearly more work to do to consolidate successful initiatives and broaden gender activities further.

This calls for more systematic responses to gender needs in IDA's operational work—to evaluate potential impacts and take action, not only to protect women but also to enable them to take advantage of opportunities for economic and human development. Work is underway to clarify the World Bank's gender policy, develop a clear and realistic implementation strategy, and establish monitorable benchmarks to measure progress and effectiveness in policy implementation. The new gender strategy will be completed by early 2001. Implementing the strategy will require substantial institutional resources in the years ahead.

Working Towards Sustainable Environmental Management. The World Bank is preparing an environmental strategy that emphasizes the link with poverty reduction and calls for stronger cross-sector approaches—especially with agriculture, energy and infrastructure, and health and education—to target the environmental health problems of the poor and support the sustainability of natural resources on which they depend.

The evolving experience with environmental management and biodiversity protection projects underlines the importance of involving local **communities** and creating **early** economic opportunities for them, thus building support for conservation objectives. There is also a "global public goods" dimension in cases where environmental problems and impacts transcend national borders. Hence; IDA continues to support regional programs and collaborate very actively with the Global Environment Facility and Montreal Protocol activities.

Actions to improve safeguard policy implementation are underway, learning from problems of uneven implementation that arose during IDA11. ESSD's quality **assurance** and compliance team is working to assure more systematic implementation of environmental assessments and **social/resettlement** policies. In January 2000, its responsibilities were further expanded:

- to develop a stronger, more integrated system for providing timely advice on compliance issues, drawing on experienced professionals in the WBG;
- to undertake, in collaboration with the World Bank Institute, a broad program of training initiatives for IBRD and IDA staff and teams in borrower countries to equip them better to address safeguard policy issues in their work; and
- to ensure that safeguard policies are considered in policy-based lending (and that guidelines for this are developed), used appropriately in new lending instruments, and made part of the Comprehensive Development Framework.

Improving Governance, Step by Step

IDA12 brings an even stronger commitment to addressing corruption and poor governance. The need for good governance and its link to poverty reduction is now more broadly accepted by donor and client countries alike. The poor are hampered by vulnerability, voicelessness, and powerlessness in their day to day lives, especially in trying to access basic social services—hence the importance of good governance and responsive institutions at all levels, but especially in service delivery to the poor.

The difficulty is to implement changes in governance within society. Overall solutions involve a network of activities. They include:

- Broadening the approach to public sector reform, emphasizing "bottom up" approaches—communication and participation, transparency, and competition in public service delivery where possible—as well as "top down" reforms inside government (civil service reform, **legal/judicial** and accounting reforms);
- **Working** closely with clients to understand the governance situation on the ground and designing approaches that address institutional realities. Participatory public expenditure reviews (expenditure **tracking**) and anti-corruption diagnostic surveys are **moves** in this direction;
- Taking a longer term approach in lending to allow time and space for institutional reform, hence more **programmatic** approaches, bolstered by continuing efforts to encourage public understanding and awareness; and

- Strengthening the World Bank's in-house skills and partnerships. Work is underway to strengthen staff expertise in practical approaches to public sector and governance reform, both by recruitment and skill enhancement, and by collaborative arrangements with UNDP, other MDBs, bilateral donors, and NGOs.

There is also scope for further strengthening IDA's performance based allocation system, building on progress already achieved in incorporating more specific governance criteria.

Communicable Diseases—Greater Resources and Regional/Global Responses

IDA and its partners are trying to expand support for treatment of communicable diseases, working across borders, recognizing that more needs to be done to translate the knowledge and wherewithal that exists into practical programs that reach the poor. Greater global support is needed to expand disease control activities on a broader, regional basis, rather than relying solely on country-specific operations, and to create incentives for the private sector to stimulate research on vaccines and drugs that would be cost effective and available to the poor.

Communicable diseases are one of the few problems that cannot be addressed at the country level alone; here also there is a "global public goods" dimension. The failure of one country to control communicable diseases hurts not only its own population, but also people in neighboring countries and ultimately the world. Cross border disease transmission cannot be ignored, given the growing speed and volume of travel and the growing number of antibiotic and drug resistant strains.

IDA donors recently endorsed support for at least \$1 billion to go to a greatly expanded effort by IDA to fight communicable diseases (AIDS, malaria, tuberculosis, measles, polio) and support immunization programs. IDA intends to triple its commitment of resources for communicable disease control in fiscal 2001. It aims to go from recent levels of \$200 million per year to \$600-700 million over the next year.

As part of this effort, a \$500 million IDA "umbrella" credit for HIV/AIDS prevention and control in Africa is now underway—it represents a substantial increase in resources to African countries fighting AIDS. The facility will provide a cross-national financing framework through which individual countries can get support for effective national programs. The first two country operations are in Kenya and Ethiopia.

IDA donors have also signaled a willingness to increase resources further in the future and to consider innovative approaches to funding regional and global dimensions of disease control, including through carefully limited but strategic use of grants.

Greater Attention to Africa

In both IDA11 and IDA12 replenishments, IDA's donors recommended that support to Africa aim to reach 50 percent of IDA lending, albeit consistent with individual country performance. This objective remains to be achieved, affected by a combination of unfavorable political and policy performance as well as temble conflicts among many countries. IDA is working to help African countries overcome some of these obstacles and to increase IDA flows to the region. Some of the steps underway or being explored include:

- Strengthening support for good performers, especially those countries that **have** recently shown steady or tangibly improving policy performance, such as Ghana, Madagascar, Malawi, Mauritania, Mozambique, Rwanda, Tanzania, Uganda, and Zambia;
- Using new lending instruments to support well-conceived poverty reduction programs and sector-wide or regional programs of assistance, via: programmatic **lending**, sector investment programs, local community action programs, capacity building **projects** across sectors, and regional "umbrella" projects; and
- Working to increase support to post-conflict countries. IDA is reviewing the status of countries in conflict or coming out of conflict and working with partners to explore how to assist more quickly and powerfully in support of post-conflict recovery and prevention of **further** conflict.

One of the difficulties of development is the fact that assistance programs and earlier development gains can be undermined by political and economic setbacks as **well** as natural disasters. Then it is necessary to re-engage and start to rebuild the relationship. There are several examples in IDA12.

IDA has re-engaged with Kenya, supporting a public sector reform credit, now that the country has undertaken to pursue anti-corruption and other governance measures. With cessation of hostilities, IDA has resumed activities in Eritrea and Ethiopia, starting with projects addressing basic needs—the *Early Childhood Development Project* in Ethiopia and the *Women's Development Initiative Project* in Eritrea. IDA is preparing transition strategies and will likely develop economic recovery projects for both countries over the next year.

In addition, Nigeria, Africa's most populous country (125 million people), has returned to active IDA status **after** recent elections. The ongoing dialogue focuses on poverty reduction, improving management of the country's internal resources, and institution building.. Substantial engagement by IDA will depend on the country's progress on economic reform and commitment to poverty reduction.

Among good performers, IDA's introduction of new programmatic lending offers a chance to provide substantial support for major poverty reduction programs and the budgetary expenditures they entail, in cases where there is demonstrated **government** and civil society ownership of poverty reduction goals.

Two innovative regional efforts are the regional AIDS credit (discussed above under communicable diseases) and a regional trade facilitation project under preparation. The latter will reduce risks to private sector activities in several African countries (Uganda, Rwanda, Burundi, Kenya, Malawi, Tanzania, and Zambia) by providing guarantees for short- and medium-term financing associated with international trade. These examples hail a strong effort to be more innovative in providing assistance to Africa.

Stronger Partnerships

IDA remains the bedrock of international assistance to the very poor. Increasingly, it is also working in greater partnership with its client countries and other donors, strengthening aid effectiveness and impact. The work towards stronger partnerships continues in IDA12, with the launch of poverty reduction strategies and ongoing formulation of **country** assistance strategies, taking into account the input of governments and civil society as well as other donors. IDA is also **working** to make country assistance programs more selective, recognizing that other donors, bilateral and multilateral, can be better placed to provide assistance in key sectors in individual countries. Partnerships with NGOs are also very important, providing models for grassroots work on which IDA can build, or helping to improve IDA's effectiveness in reaching the poor—in offering services **from** health care to microfinance. These efforts continue.

Table A1. IDA-Eligible Countries During IDA11

Africa	East Asia	MNA
Angola	Cambodia	Egypt ^{a/}
Benin	China ^{a/}	Yemen
Burkina Faso	Indonesia ^{a/}	
Burundi	Laos	
Cape Verde ^{b/}	Mongolia	
Cameroon	Myanmar [*]	LCR
Central African Republic	Kiribati	Bolivia
Chad	Solomon Islands	Dominica ^{a/ b/}
Comoros	Samoa ^{b/}	Grenada ^{a/ b/}
Congo, Republic of	Tonga ^{b/}	Guyana
Congo, Democratic Republic of [*]	Vanuatu ^{b/}	Haiti
Côte d'Ivoire	Vietnam	Honduras
Djibouti		Nicaragua
Ethiopia	South Asia	St. Lucia ^{a/ b/}
Eritrea	Afghanistan [*]	St. Vincent ^{a/ b/}
Gambia, The	Bangladesh	
Ghana	Bhutan	
Guinea	India ^{a/}	
Guinea, Bissau	Maldives	
Guinea, Equatorial	Nepal	
Kenya	Pakistan ^{a/}	
Lesotho	Sri Lanka	
Liberia [*]		
Madagascar	ECA	
Malawi	Albania	
Mali	Armenia ^{a/}	
Mauritania	Azerbaijan ^{a/}	
Mozambique	Bosnia-Herzegovina ^{a/}	
Niger	Georgia ^{a/}	
Nigeria ^{a/ *}	Kyrgyz Republic ^{a/}	
Rwanda	Macedonia, FYR ^{a/}	
Sao Tome & Principe	Moldova ^{a/}	
Senegal	Tajikistan	
Sierra Leone		
Somalia [*]		
Sudan [*]		
Tanzania		
Togo		
Uganda		
Zambia		
Zimbabwe ^{a/}		

Total IDA-Eligible Countries: 81

^{*} Inactive status during IDA11: no new commitments

^{a/} Blend Country: 18 countries

^{b/} Small Island exception economy: 9 countries.

Table A2. IDA11 – New Commitments by Country
(Amount of Lending in US\$ million)

Region	Country	1999 Population (million)	Number of Operations	FY97-99 Commitments		
				Adjustment	Investment	Total
Africa	Angola	12.35	1		5	5
	Benin	6.11	4	-	86	86
	Burkina Faso	11.00	5	15	94	109
	Cameroon	14.69	3	236	20	256
	Cape Verde	0.43	5	30	49	79
	Chad	7.49	3	55	16	71
	Comoros	0.54	4	-	29	29
	Cote d'Ivoire	14.73	7	347	166	513
	Djibouti	0.65	3	-	24	24
	Eritrea	3.99	4		108	108
	Ethiopia	62.78	5		769	769
	Gambia, The	1.25	3	-	53	53
	Ghana	18.95	10	236	197	433
	Guinea	7.25	7	70	85	155
	Guinea-Bissau	1.18	2	-	26	26
	Kenya	29.41	5	44	245	289
	Lesotho	2.11	2	-	28	28
	Madagascar	15.05	12	171	249	420
	Malawi	10.79	6	95	164	259
	Mali	10.91	5	-	163	163
	Mauritania	2.60	6	1	84	85
	Mozambique	17.26	6	250	212	462
	Niger	10.49	6	94	107	201
	Rwanda	8.31	3	75	100	175
	Senegal	9.29	10	102	288	389
	Sierra Leone	4.95	-	-	-	-
	Tanzania a/	32.92	7	133	150	283
	Togo	4.57	4	-	111	111
	Uganda	21.48	11	280	269	549
Zambia	9.88	7	271	243	513	
Zimbabwe*	11.90	4	0	144	144	
	Subtotal		160	2,505	4,282	6,787
EAP	Cambodia	11.76	6		164	164
	China*	1249.67	6		1,041	1,041
	Indonesia*	207.02	1		136	136
	Lao PDR	5.10	4	-	113	113
	Mongolia	2.62	5	10	36	46
	Samoa	0.17	1	-	14	14
	Solomon Islands	0.43	1	12	-	12
	Vietnam	77.52	12	35	1,018	1,053
		Subtotal		36	57	2,521

Table A2. IDA11 – New Commitments by Country
(Amount of Lending in US\$ million)

Region	Country	1999 Population (million)	Number of Operations	FY97-99 Commitments		
				Adjustment	Investment	Total
SAR	Bangladesh	127.67	13	3	1,986	1,988
	Bhutan	0.78	1	-	14	14
	India*	997.52	16	-	2,631	2,631
	Nepal	23.38	6	-	163	163
	Pakistan*	134.79	6	-	733	733
	Sri Lanka	18.99	6	-	214	214
	Subtotal			48	3	5,741
ECA	Albania	3.38	11	100	109	209
	Armenia*	3.81	11	125	162	287
	Azerbaijan*	7.98	8	77	127	204
	Bosnia-Herzegovina*	3.88	23	275	263	538
	Georgia*	5.45	15	145	171	316
	Kyrgyz Republic*	4.74	7	81	106	187
	Macedonia, FYR*	2.02	5	59	71	130
	Moldova*	4.28	6	85	61	146
	Tajikistan	6.22	9	117	59	175
Subtotal			95	1,063	1,128	2,192
MNA	Egypt, Arab Republic of*	62.43	8		402	402
	Yemen, Republic of	17.05	11	130	246	376
	Subtotal		19	130	648	778
LCR	Bolivia	8.13	9	50	343	393
	Guyana	0.86	1	4	9	13
	Haiti	7.80	2		34	34
	Honduras	6.33	4	34	318	352
	Nicaragua	4.92	7	71	219	290
	OECS Countries				8	8
	Subtotal			23	160	930
Total			381	3,917	15,250	19,168

a/ This reflects the latest correction for an FY99 Tanzania IDA Reflows of \$1.5 million.

* Blend countries.

Table A3. IDA Country Poverty Assessments Completed

FY90 and earlier	FY91-FY93	FY94-FY96	FY97-FY99
Completed:	FY91 Completed:	FY94 Completed:	N 9 7 Completed:
Bangladesh (90)	Mozambique	Benin	Albania
Bolivia (90)	Nepal	Cape Verde	Azerbaijan
India (90)	Pakistan	Guinea-Bissau	Congo
Malawi (90)		Guyana	Cote d'Ivoire
Philippines (89)	FY92 Completed	Rwanda	Guinea
	China		India
	Egypt	FY95 Completed:	FY98 Completed:
		Cameroon	Bangladesh
	FY93 Completed	Comoros	Chad
	Ethiopia	Ghana*	Djibouti
	Gambia	Honduras	India*
	Ghana	Kenya	Rwanda*
	Mali	Kyrgyz Rep.	
	Philippines*	Mauritania	FY99 Completed
	Sierra Leone	Nicaragua	Armenia*
	Uganda	Senegal	FYR Macedonia
		Sri Lanka	Georgia
		Vietnam	Haiti
		Zambia	Kyrgyz Rep.*
		Zimbabwe	Nepal
		FY96 Completed:	
		Armenia	
		Bolivia*	
		Eritrea	
		Lao PDR	
		Lesotho	
		Madagascar	
		Malawi*	
		Mongolia	
		Niger	
		Nigeria	
		Pakistan	
		Tanzania	
		Togo	
		Yemen	
Number Poverty Assessments completed (including updates*)			
5	12	32	17
Cumulativenumber of IDA countries with completed Poverty Assessments			
5	16	45	57

Table A4. Sectoral Distribution of IDA10 and IDA11
Lending Commitments (\$ million)

	IDA10		IDA11	
	Amount	Share (%)	Amount	Share (%)
Investment Lending				
Agriculture	3,496	29	2,957	19
Industry/Finance	417	2	668	4
Infrastructure	3,805	27	4,420	29
Human Resource-Related	5,487	36	5,767	38
Economy-wide	1,175	6	1,518	10
Total	14,379	100	15,330	100
Adjustment Lending				
Agriculture	481	10	52	1
Industry/Finance	721	17	219	6
Infrastructure	4	0	251	7
Human Resource-Related	277	6	246	6
Economy-wide	3,263	67	3,069	80
Total	4,746	100	3,836	100
Total Lending (Adjustment + Investment)				
Agriculture & Rural Development	3,977	24	3,009	16
Industry/Finance	1,138	6	887	5
Infrastructure	3,809	20	4,671	24
Human Resource-Related	5,764	29	6,012	31
Economy-wide	4,437	21	4,587	24
Total	19,125	100	19,166	100

Note: Sectors included in the above Groups:

Agriculture.

Industry/Finance: Finance, Industry, Mining/Other Extractive.

Infrastructure: Electric Power, Other Energy; Oil & Gas; Telecommunication, Informatics; Transportation; Urban

Human Resource: Education; Population/Health/Nutrition; Social Sector; Water Supply & Sanitation.

Economic-Wide: Environment, Multi Sector; Public Sector Management.

Table A5. Investment Lending to the Social Sectors over IDA10 and IDA11
(\$ million)

Social Sectors	FY94	FY95	FY96	PDAPQ	FY97	FY98	FY99	IDA11
Education	392	722	785	1,899	255	2 2	540	1,917
Health, nutrition, and population	520	650	858	2,028	675	1,079	593	2,347
Social protection	106	407	555	1,067	86	381	377	844
Water supply and sanitation	103	309	81	493	302	114	243	660
Total social sectors	1,121	2,887	2,278	<u>5,485</u>	1,318	2,696	1,752	<u>5,767</u>
as percent of total investment lending	24%	45%	44%	38%	36%	44%	36%	39%
Total investment lending	4,595	4,600	5,185	14,380	3,674	6,154	5,423	15,250

Table A6. Detailed Sector Breakdown of IDA11 Commitments by Fiscal Year
US\$ million

	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>IDA11</u>	<u>%</u>
Agriculture	751.9	1,236.9	1,020.1	3,008.9	16
Economic-wide					
Environment*	224.2	148.3	228.3	600.8	
Multi sector	813.0	664.9	1,607.9	3,085.8	
Public Sector Mgt.	190.8	321.7	387.8	900.4	
Total Economic-Wide	1,228.0	1,134.9	2,224.0	4,587.0	24
Human Resource-Related					
Education	255.1	1,276.5	539.8	2,071.4	
Population/Health/Nutrition	674.6	1,079.4	592.5	2,346.5	
Social Sector	86.0	406.1	442.7	934.8	
Water Supply & Sanitation	302.4	114.3	242.9	659.6	
Total Human Resource	932.1	2,124.1	1,337.2	4,393.4	31
Industry					
Finance	185.1	146.5	301.5	633.1	
Industry	50.5	73.0	87.0	210.6	
Mining/Other Extractive	21.4	7.0	15.0	43.4	
Total Industry	257.0	226.5	403.5	887.1	5
Infrastructure					
Electric Power, other Energy	275.8	889.0	100.0	1,264.8	
Oil & Gas	21.6	10.0	17.5	49.1	
Telecomm., Informatics	0.0	2.4	10.8	13.2	
Transportation	601.0	1,002.8	981.3	2,591.1	
Urban Development	162.3	203.9	386.6	752.7	
Total Infrastructure	1,060.7	2,108.1	1,496.2	4,670.9	24
IDA11 Total				19,166.2	100

* This category represents only those commitments managed by Environment units. It does not reflect the full number of operations or commitments across sectors with major environmental objectives.

Table A7. IDA's Largest Borrowers
Portfolio at end-fiscal 1999

	Number of Operations	Commitments (US\$ m)		Number of Operations	Commitments (US\$ m)
Africa			South Asia		
Côte d'Ivoire	15	609	Bangladesh	23	2,612
Ethiopia	13	1,297	India	57	7,164
Ghana	28	1,195	Pakistan	19	1,401
Malawi	17	747			
Mozambique	13	692	MNA		
Senegal	16	622	Egypt	17	834
Tanzania	18	1,066	Yemen	21	640
Uganda	24	1,033			
Zambia	14	676	LCR		
			Bolivia	18	654
			Honduras	11	604
East Asia			Total:	397	28,068
China	53	4,208	(Largest Borrowers)		
Vietnam	20	2,014	IDA Total	786	37,472

Table A8. Africa and South Asia Portfolios at end-fiscal 1999 — Breakdown by Sector		
Region	Number of Projects	Commitment Value (US\$ m)
AFRICA		
Social Sectors	115	3,701
Education	35	1,171
Population, Health & Nutrition	38	1,219
Social Protection	27	666
Water Supply & Sanitation	15	645
Infrastructure	88	5,206
Electric Power and Energy	19	1,384
Oil & Gas	6	207
Telecommunications	2	85
Transportation	38	2,666
Urban Development	23	863
Economy-wide	63	2,264
Agriculture	60	1,407
Industry/Finance	25	541
Total	351	13,120
SOUTH ASIA		
Social Sectors	53	5,837
Education	23	2,460
Population, Health & Nutrition	22	2,765
Social Protection	2	261
Water Supply & Sanitation	6	350
Agriculture	34	3,008
Infrastructure	16	1,825
Economy-wide	11	760
Industry/Finance	8	441
Total	122	11,872

Table A9. IDA Disbursements by Region (\$ million)		
	IDA10	IDA11
Africa	7,884	7,006
Investment	4,111	4,690
Adjustment	3,773	2,316
East Asia	2,904	2,929
Investment	2,686	2,790
Adjustment	218	138
South Asia	4,584	4,855
Investment	3,999	4,854
Adjustment	584	1
ECA	692	1,389
Investment	161	583
Adjustment	532	806
MNA	301	593
Investment	301	466
Adjustment		127
LCR	753	1,083
Investment	440	832
Adjustment	313	251
Total	17,118	17,855
Investment	11,698	14,216
Adjustment	5,420	3,639

Additional Information on Disbursements

Africa led in total disbursements (\$7.1 billion). Investment disbursements were strong throughout the region, but particularly pronounced in countries such as Côte d'Ivoire, Ghana, Malawi, Mozambique, Senegal, and Uganda. There was a 14 percent increase in investment disbursements, while disbursements from adjustment operations fell, causing total disbursements to be lower than the total in IDA10.

Disbursements in *South Asia* reached \$4.9 billion—the result of significant increases in investment disbursements to Bangladesh (69 percent) and India (23 percent), following intense efforts in both countries to improve implementation of projects.

In *East Asia and Pacific* (with disbursements of \$2.9 billion), declining investment disbursements to China were offset by an increase in investment disbursements to Vietnam, reflecting the lending build-up in the latter, which started in FY94.

Disbursements in Europe and Central Asia reached \$1.4 billion during fiscal 1997–99, a doubling of the IDA10 level of \$0.7 billion. Investment disbursements were strong in countries with good performance—Armenia, Georgia, and the Kyrgyz Republic—and in Bosnia-Herzegovina in support of massive rehabilitation efforts there.

Disbursements to the *Middle East and North Africa* (\$600 million) and *Latin America and Caribbean* (\$1.1 billion) also grew significantly between IDA10 and IDA11 (by 97 percent and 44 percent, respectively), for the most part the result of sharp increases in investment disbursements to good performers in both regions—Bolivia, Honduras, Nicaragua, Egypt, and Yemen.

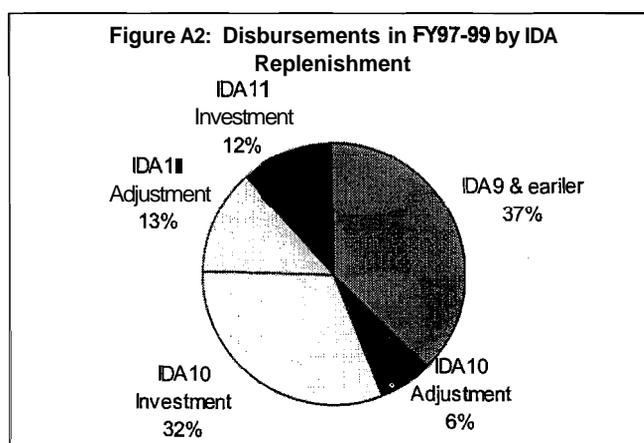
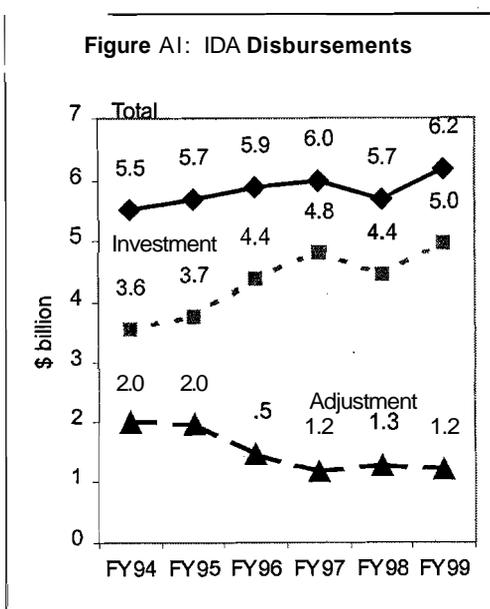


Table A10. Cofinancing by Bilateral Donors During IDA11				
Donor	FY97	FY98	FY99	Total
Bilateral (Unidentified)	451.3	570.6	1174.7	2202
Japan	21.2	566.5	1.1	589
United Kingdom	5.1	182.0	242.3	429
France	157.5	154.4	67.3	379
Germany	96.5	139.3	60.1	296
Netherlands	56.0	85.1	52.5	194
United States	61.5	121.2	8.0	191
Denmark	14.8	93.7	13.8	122
Sweden	15.9	69.6	27.3	113
Norway	14.0	65.7	-	80
Switzerland	20.0	30.5	24.6	75
Canada	27.2	25.1	7.0	59
Italy	12.8	33.4	2.4	49
South Africa	-	45.0		45
Saudi Arabia	20.0	2.4	-	22
Finland	3.9	6.9	7.6	18
Belgium	3.3	2.3	7.0	13
Portugal	-	10.0	-	10
Australia	1.3	4.9	1.2	7
Austria	0.8	4.9	0.8	7
Ireland	<u>0.5</u>	<u>3.7</u>	-	<u>4</u>
Total	983.6	2217.7	1697.7	4899

Table A11. List of NEAPs or Equivalent Country Strategies in IDA Countries

Country	Completion Date	Country	Completion Date
Africa		East Asia	
Benin	FY93	Cambodia	CY99
Burkina Faso	FY92	China	FY94
Burundi	FY94	Indonesia	CY93
Cameroon	FY96	Kiribati	FY95
Cape Verde	FY95	Lao PDR	FY94
CAR*	CY95	Mongolia	FY95
Comoros	FY95	Solomon Islands	FY95
Congo	FY95	Tonga	FY94
Cote d'Ivoire	FY95	Vanuatu	FY95
Equatorial Guinea	CY97	Vietnam	FY96
Eritrea	FY95		
Ethiopia	FY95	LCR	
Gambia	FY93	Bolivia	FY94
Ghana	FY92	Dominica	FY94
Guinea	FY95	Grenada	FY94
Guinea-Bissau*	CY93	Guyana	FY94
Kenya	FY94	Haiti	CY99
Lesotho	FY89	Hondoras	FY93
Madagascar	FY89	Nicaragua	FY94
Malawi	FY94	St. Lucia	FY96
Mali	FY98	St. Vincent & Grenadines	FY96
Mauritania*	CY97		
Mozambique	FY96	ECA	
Niger	FY97	Albania	FY94
Nigeria*	FY91	Armenia	FY99
Rwanda	FY91	Azerbaijan	CY99
Sao Tome & Principe*	FY93	Georgia	FY99
Senegal	FY97	Kyrgyz Republic	FY95
Tanzania	FY94	Macedonia	FY97
Togo	CY99	Moldova	FY95
Uganda	FY94		
Zambia	FY95	MNA	
Zimbabwe**		Egypt	FY92
South Asia		Yemen	FY96
Bangladesh	FY95		
Bhutan	FY94		
India	FY94		
Maldives	FY93		
Nepal	FY94		
Pakistan	CY92		
Sri Lanka	CY98		

* CESP

** Under preparation but building it up regionally

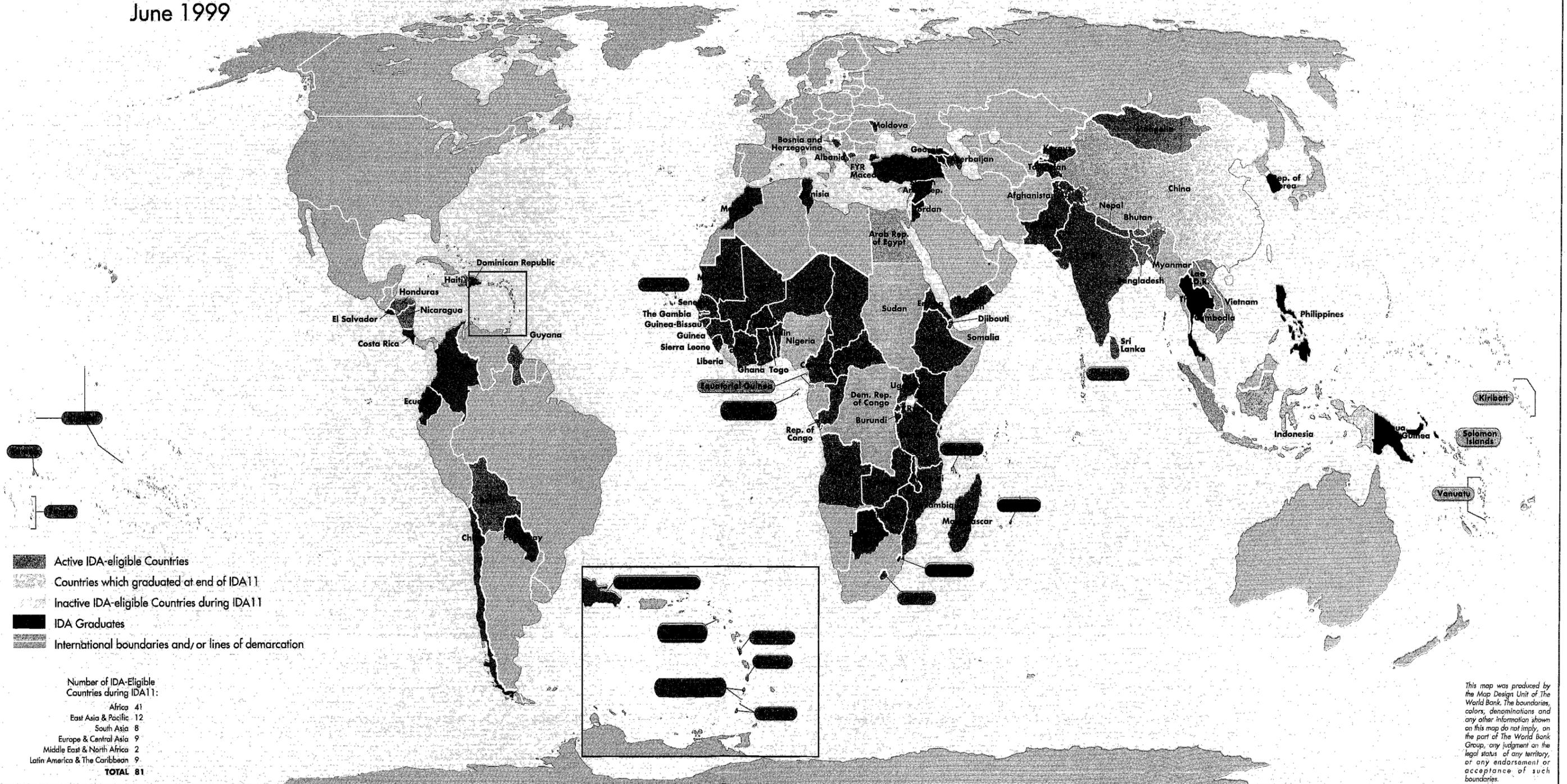
Note: There was no NEAP or equivalent for the following countries: Afghanistan (inactive), Bosnia and Herzegovina, Angola, Chad, Djibouti, D.R. Congo (inactive), Liberia (inactive), Myanmar (inactive), Somalia (inactive), Sudan (inactive), **Tajikistan**, Samoa, Sierra Leone.

MAP SECTION



IDA Countries and Graduates

June 1999



- Active IDA-eligible Countries
- Countries which graduated at end of IDA11
- Inactive IDA-eligible Countries during IDA11
- IDA Graduates
- International boundaries and/or lines of demarcation

Number of IDA-Eligible Countries during IDA11:

Africa	41
East Asia & Pacific	12
South Asia	8
Europe & Central Asia	9
Middle East & North Africa	2
Latin America & The Caribbean	9
TOTAL	81

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