

**IMPLEMENTATION OF THE AGENDA ON
MANAGING FOR RESULTS:
PROGRESS REPORT**

MARCH 31, 2004

ACRONYMS AND ABBREVIATIONS

CAS	Country Assistance Strategy
CDF	Comprehensive Development Framework
ESW	Economic Sector Work
FY	Fiscal Year
GPP	Global Programs and Partnership
IDA	International Development Association
MDB	Multilateral Development Bank
MDG	Millennium Development Goal
MEIP	Monitoring and Evaluation Improvement Program
OECD-DAC	Organisation for Economic Co-operation and Development- Development Assistance Committee
OPCS	Operations Policy and Country Services
PREM	Poverty Reduction and Economic Management Network
PRSP	Poverty Reduction Strategy Paper
PSIA	Poverty and Social Impact Assessment
STATCAP	Statistical Capacity Building Program
WBI	World Bank Institute

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EXECUTIVE SUMMARY

1. The need to better manage for results—to use information to improve decision-making and steer country-led development processes toward clearly-defined goals—has emerged at the forefront of the global development agenda in the post-Monterrey period. The conceptual framework for the results agenda was defined in the course of 2002 as the next step in the World Bank’s long-standing efforts to improve delivery management, operational quality, and aid effectiveness. Implementation of the Bank-wide agenda on better managing for results began in early 2003 with an Implementation Action Plan that called for actions across three pillars: (a) *in countries*, where development results are achieved, to strengthen both capacity and demand to manage for results; (b) *in the Bank*, to enhance the relevance and effectiveness of our contribution to results; and (c) *across development agencies*, to harmonize results-based approaches and better coordinate support to strengthen country capacity to manage for results.

2. ***Questions for the Committee.*** Progress across the three pillars of the results agenda is summarized below. In reviewing this report, members of the Committee on Development Effectiveness may wish to address the following questions:

- How could the Bank further bolster its efforts to help countries strengthen their capacity for strategic planning, public sector management, statistics and monitoring and evaluation?
- To what extent has the design of early results-based country assistance strategies met the need for a more monitorable and evaluable way to track the Bank’s contribution to country results?
- What more could the Bank do to encourage the global partnership to harmonize results reporting and increase coordination of support to countries to strengthen capacity?

A. Recent Progress

3. Over the past year, the Bank has moved beyond the conceptualization phase into the implementation phase of the results agenda. Within this short period, progress has been made on all pillars of the Implementation Action Plan. Nonetheless, much remains to be done to fully implement an agenda that requires medium-term institutional development at the country level, systems development and a further change in mindset within the Bank, and an easing of constraints to harmonized action among donors.

4. ***Strengthening Country Demand and Capacity to Manage for Results.*** Developing countries need both sustained political will and national institutional capacity to manage for results. This is the fundamental issue of the results agenda and its most difficult challenge. To address this challenge, the Bank has focused on helping countries strengthen national strategic planning (including for poverty reduction strategies) and provided support for results-based public sector management, statistical capacity and monitoring and evaluation systems. Initial

progress includes strengthened guidance from the Poverty Reduction and Economic Management Network (PREM) on design and monitoring and evaluation of Poverty Reduction Strategy Papers (PRSPs), and demand-driven support from the Bank's Monitoring and Evaluation Improvement Program (MEIP) for countries to assess their institutional readiness and to strengthen results-based approaches to public sector management. An important step this past year was development by the Development Economic Data Group (DECDG) of the Statistical Capacity Building Program (STATCAP)—approved by the Board on March 25—which provides a sectorwide approach to building capacity based on a strategic statistical plan for providing reliable and timely data on countries' core development outcomes as articulated in their PRSPs or national development strategies.

5. ***Enhancing the Bank's Contribution to Development Results.*** Significant first year progress has been made in increasing the focus on results in Bank strategies, instruments, incentives, and reporting systems. In particular, country teams have made progress in piloting a central element of the agenda: moving to a results-based country assistance strategy (CAS) that shifts the focus to country-level results and more explicitly links these results to the choice of products and services within Bank programming. Sector Boards also made progress in strengthening the results frameworks and outcome monitoring for sector and thematic strategies. Revision of basic documents and procedures has begun to strengthen the articulation of outcome-oriented objectives and monitoring for Bank operations. Further, broad agreement on an International Development Association (IDA) results measurement system that focuses on progress toward country outcomes and on IDA's contribution through the CAS has been an important step toward improved reporting on results. However, development of a more comprehensive results reporting system will be sequenced in coming years to take advantage of enhanced monitoring and evaluation of CASs, sector strategies, and global programs. . In terms of staff learning and incentives, a Bank-wide event, Results: Everybody's Business, held in early January 2004 highlighted emerging good practices and sent strong signals throughout the institution on the importance of implementing the results agenda.

6. ***Fostering a Global Partnership on Managing for Development Results.*** A formal partnership has been established through the Multilateral Development Bank (MDB) Working Group and, more recently, through the MDB/Organization for Economic Co-operation and Development-Development Assistance Committee (OECD-DAC) Joint Venture on Managing for Development Results. For the global statistical community, more than a year of preparation resulted in agreement on a medium-term global action plan to strengthen international statistical systems. The Second International Roundtable on Managing for Development Results, held in February 2004, helped foster an emerging consensus on priorities for the global partnership. Sponsoring agencies endorsed a Joint Memorandum, core principles and action plan that can serve as a foundation to broaden this consensus and take further action in coming years.

B. Looking Ahead

7. In FY05, the Bank will deepen implementation of the results agenda. A continued change in mindset within the institution will be critical for this deepening to occur across all three pillars of the action plan.

8. **Country Capacity.** Supporting countries in strengthening capacity to manage for results remains the most difficult longer-term challenge of the results agenda. In the near term, the Bank will increase advocacy and outreach on the importance of managing for results through regional workshops, and teams will intensify support within country assistance strategies to strengthen country capacity to manage for results. Regions and Networks will work more closely with the World Bank Institute, PREM, DEC, OPCS and other central units to provide clients with a better integrated menu of services to support the strengthening of core capacities in public sector management, statistical systems, and monitoring and evaluation.

9. **Internal Focus.** Within the Bank, implementation will focus on expanding coverage and improving the quality of results-based CASs and CAS Completion Reports, strengthening the monitoring and evaluation framework for sector strategies and global programs, beginning to develop a more comprehensive results reporting system, reinforcing technical support for task teams and rolling out a revised staff learning program. Getting staff incentives right—particularly informal ones—will remain the greatest internal challenge in supporting countries to achieve sustainable development results. The Bank will further analyze this internal issue in the coming year, drawing on the work of the new Task Force on Organizational Effectiveness.

10. **Global Partnership.** The global partnership requires greater commitment and coordination of resources for strengthening country capacity, as well as increased donor willingness to harmonize reporting requirements. In 2004, the MDB Working Group and OECD-DAC Joint Venture will identify and disseminate good practices in managing for results, raise awareness through regional activities and support country-led processes to harmonize results reporting in at least four countries. The Results Secretariat will coordinate preparation of a global good practice guide on managing for development results, drawing on country and partner experiences to date.

11. **Near-term Progress Indicators.** In looking ahead to the next Progress Report which will report on implementation of the results agenda through end-FY05, the Bank has established monitorable indicators that reflect the concerns of the three pillars. By end-FY05, Committee members can expect the following:

- Ten country studies on poverty monitoring systems completed, to draw lessons and good practice on the design, establishment and functioning of such systems in the PRSP context;
- Strategic statistical plans completed for at least half of all PRSP countries;
- STATCAP programs effective in at least five countries;
- At least 20 CASs with adequate results frameworks and Completion Reports;
- At least 75 percent of projects under implementation are satisfactory or better for monitoring and evaluation;
- Bank participation in country-led processes to harmonize results reporting around national M&E systems in at least four African countries (per Marrakech Action Plan).

12. **Driving Progress across the Three Pillars.** At the Results: Everybody's Business event in January 2004, Bank staff noted that "the focus on results is here to stay." As one Manager

concluded, “it is no longer a question of ‘if’, but rather, of ‘how’ we manage for results.”¹ This represents an important—albeit nascent—change in mindset that is critical to a sustained and successful focus on results. Nurturing this change will be essential, and the Bank will take further action to ensure that managers at all levels of operations send consistent signals on the importance of managing for country results, and provide clear rewards for doing so. With appropriate signals from managers, and continued support from Executive Directors, Bank staff will become increasingly results-focused in their day-to-day work, incorporating in Bank programming greater support to strengthen country demand and capacity to manage for development results. Ultimately, nothing can substitute for countries’ capacity and will to steer their own development processes toward desired outcomes. Much can be done, however, to help countries achieve better development outcomes through the Bank’s unwavering commitment to implement the agenda on managing for results.

¹ See Results Everybody’s Business Newsletter for January 12, 2004, http://opcs/ME/rx/news/results_jan12_screen.pdf

IMPLEMENTATION OF THE AGENDA ON MANAGING FOR RESULTS: PROGRESS REPORT

I. INTRODUCTION

1. In September 2002, the Development Committee endorsed an agenda on “Better Measuring, Monitoring and Managing for Results” as the next step in the World Bank’s long-standing efforts to strengthen delivery management, operational quality, and aid effectiveness.¹ This report takes stock of progress in implementing the agenda on managing for results, and highlights challenges ahead as the Bank strives to deepen the implementation process.

A. Genesis of the Results Agenda

2. The World Bank’s agenda on managing for results is rooted in the mid-1990s shift to a more country focused approach. This approach recognized that the country program cycle had replaced the project cycle as the Bank’s most important business model. It acknowledges the centrality of the country and confirms the Bank’s role as a supporter of policy and institutional change, together with other development partners, within a country-led development vision. Operationally, it is an iterative approach that starts with the country’s vision and agenda, applies diagnostic tools to determine appropriate level and mix of Bank support, and uses information on progress toward results to guide future strategy and implementation.²

3. ***Delivery, Quality, and Results.*** Historically, the Bank has had relatively strong systems for tracking deliveries and for monitoring and evaluating development outcomes at the project level. These have yielded reliable time-series data for learning and accountability purposes. In the movement to enhance development effectiveness, the Bank also undertook extensive efforts to improve the operational quality of Bank-supported operations and analytic work and focus increasingly on results on the ground. A rising trend in satisfactory project outcomes mirrored upward trends in the quality of operational design, supervision, and analytic work in the late 1990s and early 2000s.

4. ***Monterrey Consensus.*** The International Conference on Financing for Development in May 2002 in Monterrey was an important external reinforcement for the Bank’s agenda on managing for results.³ In calling for developing countries to strengthen their commitment to policies and institutions that stimulate growth and reduce poverty, and for developed countries both to provide more and more effective aid and to improve their trade and debt policies, the Monterrey Consensus underscored a shared responsibility for achieving development results such as those embodied in the Millennium Development Goals (MDGs). A joint Statement of the Heads of Multilateral Development Banks (MDBs) at Monterrey underscored the

¹ See *Better Measuring, Monitoring, and Managing for Development Results* (DC2002-0019), September 18, 2002.

² See *Supporting Country Development: World Bank Role and Instruments in Low- and Middle-Income Countries* (DC2000-19), September 8, 2000.

³ See Final Outcome of the International Conference on Financing for Development (Monterrey Consensus), March 2002, paragraphs 39-46: <http://www.un.org/esa/ffd/aac257L13-E.doc>.

commitment to a greater focus on results.⁴ The statement highlighted the centrality of the country context; the alignment of agencies' programs with country priorities within a country-led partnership; scaling up of efforts to improve measuring, monitoring, and managing for results; and strengthening country capacity for public sector management to enhance transparency and mutual accountability for development results. Since Monterrey, the effort to better manage for results—to use information to improve decisionmaking and steer country-led development processes toward clearly-defined goals—has emerged at the forefront of the global development agenda.

B. Conceptual Framework on Managing for Results

5. The conceptual framework underpinning the Bank's agenda on managing for results reflects ideas emerging from the First International Roundtable on Results, in June 2002, cosponsored by the MDBs in collaboration with the Organisation for Economic Co-operation and Development-Development Assistance Committee (OECD-DAC).⁵ In particular, the conceptual framework brings together three strands of the global development dialogue: country-led development; aid and development effectiveness; and results-based management. It defines results as sustained improvements in development outcomes at the country level, and posits that they can be improved through enhanced attention at all phases of the development process, from strategic planning through implementation to completion.

6. ***Implementation Action Plan.*** The conceptual framework on managing for results was translated into a specific Implementation Action Plan, which was discussed with the Executive Board's Committee on Development Effectiveness in December 2002 and finalized in January 2003.⁶ In seeking to enhance the Bank's focus on results, it calls for actions at three levels: (a) *in countries*, where development results are achieved, to strengthen both capacity and demand to manage for results; (b) *in the Bank*, to enhance the relevance and effectiveness of our contribution to results; and (c) *across development agencies*, to harmonize results-based approaches and better coordinate support to strengthen country capacity to manage for results. Implementation of the results agenda has begun on all fronts, and it is summarized in Chapters II-IV.

7. ***Organizational Arrangements.*** Implementation of the agenda on managing for results is a Bankwide effort. To coordinate this complex effort, a Results Secretariat was established within Operations Policy and Country Services (OPCS) in February 2003. The Secretariat catalyzes, and coordinates at all levels of the Bank, develops and disseminates lessons and good practice on managing for results, serves as a technical focal point for results-based approaches, and represents the Bank within the global partnership. The Secretariat works directly with Regions and Networks, where implementation has gained momentum (see Annex B), and will have the greatest effect on country programs and results. Regional and Network focal points have been identified with responsibility for coordinating implementation of the agenda within

⁴ See *Statement of Heads of Multilateral Development Banks on Better Measuring, Monitoring, and Managing for Development Results*, Monterrey, March 2002.

⁵ See proceedings of the International Roundtable on *Better Measuring, Monitoring, and Managing for Development Results*, June 5-6, 2002, Washington: www.worldbank.org/results.

⁶ See *Better Measuring, Monitoring, and Managing for Development Results: Implementation Action Plan* (SecM2003-0038), January 22, 2003.

their units and representing their units in a corporate advisory role. It also works with central units such as Vice President Development Economics & Chief Economist (DEC), Resource Mobilization Department, and Strategy, Finance & Risk Management on corporate issues such as international statistical systems, International Development Association (IDA) discussions, and strategy/budget processes, respectively.

II. STRENGTHENING COUNTRY CAPACITY TO MANAGE FOR RESULTS

8. To get better results, developing countries need to better manage their development processes toward desired outcomes. In the past decade, the Bank has placed increasing emphasis on good governance, recognizing the links between accountability and transparency in public sector management, the delivery of services, and the achievement of results on the ground. This results focus has also been highlighted within the Comprehensive Development Framework (CDF), putting a premium on the use of results information in country policy and programming decisions. This adds an important feedback loop about outcomes and consequences of government actions to the more traditional governance systems emphasizing budget, human resources, and auditing. Key to this approach are reliable information for strategic planning and policy formulation, management of programs for performance improvements, and feedback of monitoring into future decisions. All of this must be embedded in an overall incentive framework that encourages actions to achieve desired results.

9. ***Focus of Bank Agenda.*** Introducing results-based approaches with necessary changes in incentives and systems at the country level is part of a long-term reform agenda. The Bank's relatively recent agenda on managing for results—and the earlier Monitoring and Evaluation Improvement Program (MEIP) that fed into it—have focused on supporting countries in strengthening capacity for strategic planning (poverty reduction strategies and other national strategies), public sector management and monitoring, and evaluation (including development of national statistical systems).

A. Poverty Reduction Strategy Process

10. Poverty Reduction Strategy Papers (PRSPs) are the vehicle by which country policies and programs and resource requirements are linked to country outcomes including those embodied in the MDGs. The focus on results is one of the core principles underlying the PRSPs. Results-focused PRSPs explicitly identify the expected outcomes and the indicators to be used to monitor progress towards development goals, as well as a monitoring and evaluation system to track policies and their effects over time.

11. ***PRSP Progress.*** Low-income countries have provided feedback on the poverty reduction strategy approach, indicating that it has generally enhanced country ownership, clarified long-term vision, and improved donor alignment with country priorities. The latest PRSP progress report finds that countries are beginning to give greater attention to the sources of growth underpinning their poverty reduction targets, make clearer links between the poverty reduction strategy and the macroeconomic framework underlying the budget envelope, increasingly employ Poverty and Social Impact Assessments (PSIAs) to examine the distributional effects of policy choices, increase poverty-reducing spending and pay greater attention to public

expenditure management.⁷ Countries are also making progress in defining indicators and targets. Country specific indicators are increasingly aligned with the MDGs—for example, all PRSPs completed by July 2003 included targets related to poverty headcount, education enrollment/attendance, and maternal health.

12. **Remaining Challenges.** Countries have expressed concern that the necessary national monitoring and evaluation systems and institutions are not in place to properly support and adapt their strategies to changing circumstances.⁸ National capacities are also strained by fragmented, donor-driven systems and reporting requirements. A study of CDF pilot countries confirmed this assessment and concluded that monitoring and evaluation efforts at the national level were inadequate in all cases, with only one-fourth of such efforts engaged in building systems that would allow findings to spur corrective actions.⁹ Annual progress reports on implementation of PRSPs have also noted this weakness, as well as the disconnect between monitoring efforts and policy formulation.¹⁰ Countries still have difficulty striking an appropriate balance between ambition and realism in setting targets, and—despite significant improvements in coverage of MDG indicators and in data availability and quality—they have weak institutional arrangements for monitoring and negligible planning for evaluation. The Poverty Reduction and Economic Management Network (PREM)—through its monitoring and evaluation unit has taken action to better support countries in strengthening the results focus of their PRSPs. This includes revising the *PRSP Sourcebook* and guidance to include chapters on target-setting, monitoring and evaluation arrangements, and deepened participation. Establishment of the Poverty Reduction Strategy Trust Fund, administered by the Bank through PREM, also supports countries in strengthening capacity to design, implement, and monitor and evaluate poverty reduction strategies.

B. Public Sector Management and Monitoring

13. Public sector management for results involves policy formulation and strategic planning, as well as public expenditure management and accountability, and results-based monitoring and evaluation systems. It also depends critically on putting in place an institutional setting that encourages use of information for flexible decisionmaking.

14. **Public Sector Management.** Middle-income countries have no common platform for national strategy development, but most countries define such strategies, often in the context of results-based expenditure management and performance orientation in public administration. Public expenditure management has proven to be a strong entry point for results-oriented reforms, particularly in middle-income countries such as Chile, Mauritius, and the Philippines, and in highly-committed low-income countries such as Uganda and Ghana. In tandem, bringing service delivery closer to citizens, and increasing their voice in policy decisions and monitoring of government services, have encouraged governments to reform. The pro-poor scorecard in the

⁷ See *Poverty Reduction Strategy Papers: Progress in Implementation and Detailed Analysis of Progress in Implementation* (IDA/SecM2003-0468), September 3, 2003.

⁸ See *IDA Results Measurement System: Survey Findings and Summary of Africa Consultation*, August 18, 2003.

⁹ See *Getting Serious about the Millennium Development Goals A Comprehensive Development Framework Progress Report*, OPCS, July 8, 2003.

¹⁰ See *Poverty Reduction Strategy Papers—Progress in Implementation*, September 2002. IDA/SECM2002-0453.

Philippines provides one example.¹¹ The Bank has ramped up its support for public expenditure management and public sector reform in recent years, through a variety of channels and Bank operational units. Regions and Networks (such as PREM, World Bank Institute [WBI] and Financial Management) are increasingly coordinating across various channels to provide a more integrated menu of services to clients to assist in managing for development results.

15. **Monitoring and Evaluation Capacity.** Results-oriented public sector management relies on useful monitoring and evaluation systems that provide feedback on policy decisions and resource allocation. The Bank supports countries in incorporating monitoring and evaluation systems into public sector governance mechanisms through the work of country teams as well as through the WBI learning programs, the Operations Evaluation Department's Evaluation Capacity Development initiative, and the Bankwide Monitoring and Evaluation Improvement Program. A 2002 stocktaking of Bank efforts in monitoring and evaluation capacity development noted an increase in support to countries to strengthen monitoring and evaluation systems, as well as the weak starting point and limited progress for most countries concerned.¹² A stronger, long-term effort by the Bank was recommended. WBI has responded, for example, with an increase in courses offered and countries and participants attending its monitoring and evaluation courses in FY01-04 period. This will be embedded in the broader public sector governance agenda and integrated in the Bank's country programming. The MEIP, which was launched in 2000, began to do this by piloting a diagnostic instrument—the readiness assessment—that examines the institutional setting, incentives, and capacity of governments to derive and use monitoring and evaluation information in decisionmaking (see Box 1).

C. Statistical Capacity Building

16. The value of monitoring and evaluation systems depends on the availability and quality of data that can be used to influence decisionmaking. The poverty reduction strategy process and the global focus on the MDGs have highlighted basic data gaps and quality issues, and increased demand from countries for support to strengthen statistical capacity. The most recent PRSP progress report noted that “coverage of MDG indicators and baseline data have increased significantly over time, which strengthens the basis for harmonized reporting on results.”¹³ The Bank has worked in partnership with the international statistical community to support strengthening of country statistical capacity and improvement in international reporting systems (see para. 41). The Bank has directly supported countries through the multidonor Global Trust Fund for Statistical Capacity Building, which has been increasingly oriented toward supporting the development of strategic statistical plans linked to monitoring and evaluation of poverty reduction strategies. The Bank has also developed an umbrella lending program, the Statistical Capacity Program (STATCAP),¹⁴ that adopts a sectorwide approach to statistical capacity building. The umbrella program was approved by the Board on March 25, 2004 along with two STATCAP operations for Ukraine and Burkina Faso.

¹¹ See *Filipino Report Card on Pro-Poor Services*, World Bank, May 2001.

¹² See *Annual Report on Evaluation Capacity Development 2002*, World Bank, June 13, 2002.

¹³ See *Poverty Reduction Strategy Papers: Progress in Implementation and Detailed Analysis of Progress in Implementation* (IDA/SecM2003-0468), September 3, 2003.

¹⁴ See *Statistical Capacity Building Program* website:

<http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/SCBEXTERNAL/0,,contentMDK:20100816~menuPK:244195~pagePK:229544~piPK:229605~theSitePK:239427,00.html>

Box 1: Lessons of Experience from Readiness Assessments

In managing development processes to achieve national goals, governments need to strengthen and use results-based monitoring and evaluation systems to influence policy, programming and resource allocation decisions. Building these systems and strengthening capacity to use them is a long-term process which must be adapted to country circumstances and integrated into broad public sector reform efforts. In 2001, the Bank piloted a readiness assessment as a diagnostic tool to help countries better understand the context for developing results-based monitoring and evaluation systems that provide useful information for decision-making. The pilot readiness assessments were closely linked to public expenditure reviews and findings were integrated into phased public sector reform programs. The pilot assessments helped to increase the global knowledge base on how different country circumstances affect efforts to introduce results-based approaches for public sector management. Among the early lessons drawn from pilots:

- Middle-Income Countries (Egypt, the Philippines, Mauritius, Argentina) These countries tend to benefit from high-level champions with a good understanding of results-based approaches in public sector management. Many of the foundations necessary to move toward results—legislation, planning processes, capacity-building efforts—are largely in place. Creating an environment that expects and values a focus on results, and putting in place appropriate staff incentives at different levels of government, remain key challenges. Commenting on experience in the Philippines, the Budget Director noted that her country’s efforts were “home-grown and started in the middle level of the bureaucracy. It was not built on one personality, but was institutionalized—thus surviving changes in administration.”^a
- Transition Countries (Kyrgyz Republic, Romania) Interest in results-based public sector management is increasing in transition countries, with EU Accession discussions and on-going budgetary and public sector reforms serving as key leverage points for building results-based monitoring and evaluation systems. Transition countries tend to have significant and sustained capacity for social research and statistical systems—but less experience in using data to inform government planning and decision-making.
- Low-Income Countries (Bangladesh, Madagascar, Tanzania) The foundations for managing for results vary widely in low income countries. The poverty reduction strategy process and increasing focus on public expenditure management within the HIPC initiative has helped create greater awareness and demand to use results-oriented information to steer toward national goals. Early efforts to reinforce country capacity to manage for results have focused heavily on overcoming fundamental data constraints by strengthening statistical systems. This critical task needs to be coupled with increased emphasis on integrating results information in public sector reform processes.

^a See www.managingfordevelopmentresults.org for Budget Director Boncodin’s Remarks.

D. Going Forward

17. Developing and transition countries need both sustained political will and national institutional capacity to manage for results. Fostering these is the fundamental issue of the results agenda, and its most difficult challenge. Strengthening the focus on results in the public sector takes time and commitment. It also requires steady support, an emphasis on priority reforms, and proper sequencing and integration of capacity-building efforts into governments’ strategy and budget management systems. Going forward, the Bank will intensify its efforts to support countries in integrating a results focus in public sector management. This effort will be built on upstream diagnostic work to define how best to leverage instruments across sectors to strengthen capacity in partnership with other development agencies. Bank efforts will concentrate on the following four areas.

18. **Regional Outreach.** Much remains to be done to increase awareness that getting better results depends on managing development processes toward clearly defined goals. The Bank

will work with its partners, especially the regional development banks, on advocacy and outreach, most concretely through sponsorship of regional workshops on managing for development results that build on the momentum of the Second International Roundtable on Managing for Development Results.

19. **Knowledge-Sharing.** As an institution with global reach, the Bank has an obligation to distill and disseminate lessons about what gets results in different country circumstances. PSIAs will be used increasingly to assess the intended and unintended distributional effects of proposed reforms. In addition, 14 country case studies are being conducted jointly with Agence Française du Développement, Department for International Development, Deutsche Gesellschaft für Technische Zusammenarbeit, and Kreditanstalt für Wiederaufbau to analyze the poverty and growth effects of key macro and sectoral policies under varying country circumstances. The Bank is also examining how to use development impact evaluation more systematically to better identify what gets results. On the basis of the experience in 10 countries, the Bank is also preparing good practice guidance on the institutional arrangements for country poverty monitoring systems.

20. **Assessment Tools.** Priority will be given to further developing tools for countries to use in assessing the adequacy of their management systems. This includes refining and mainstreaming results readiness assessments and increasing support for statistical master planning.

21. **Country Programming.** Support for strengthening country capacity to manage for results should be an integral element of a results-based country assistance strategy (CAS) (para. 23). Guidance on results-focused poverty reduction strategies will continue, with trust funds helping countries strengthen capacity to design, implement and monitor progress on their strategies. Half a dozen country operations are under preparation for next year as part of the STATCAP program. Regions and Networks will also work more closely with the WBI, PREM, DEC, OPCS and other central units to provide clients with a better integrated menu of services to support the strengthening of core capacities in public sector management, statistical systems, and monitoring and evaluation.

III. ENHANCING THE BANK'S CONTRIBUTION TO DEVELOPMENT RESULTS

22. Historically, the Bank has tracked progress through deliveries, quality, and outcomes of its operations. In the past few decades, Bank products and services have diversified dramatically, to include an array of analytic work, capacity-building initiatives, and global programs. Coupled with the gradual shift to a country program approach, this diversification has put the focus on improving the effectiveness of Bank products and services in contributing to broader country and global results. For the results agenda, the aim is to enhance the focus on results in Bank strategies and instruments, reporting systems, and incentives; and progress in this respect is detailed in the remainder of this chapter. This work will provide Bank staff with the tools, information, skills, and motivation needed to manage for results in their day-to-day work.

23. **Regional and Network Implementation.** Regions and Networks are involved in all facets of the results agenda, as evidenced by the specific action plans outlined in Annex B. A few examples of progress include the Africa Region's early decision to have all CASs apply the

results-based methodology. Three results-based CASs have been approved by the Board and several other teams are in advanced stages of preparation. AFR is also bolstering guidance to countries and teams through placement of results-based monitoring and evaluation advisors in the field. The Europe and Central Asia Region has also developed just-in-time support for task teams on results-based design and monitoring and evaluation. ECA management has also implemented an internal communications strategy to raise awareness among teams. In the networks, the Infrastructure Action Plan includes a commitment to improve infrastructure diagnostic work--emphasizing the development of a standardized infrastructure assessment--and to develop infrastructure sector indicators to monitor performance. The Financial Sector Network has built a results focus into its core work program, including defining indicators that will improve understanding of how some financial systems better provide people with the means to pursue economic opportunities. Early progress has been made in Regions and Networks particularly on strategies, instruments and processes, but this will be complemented by intensified work to build skills, provide support and create incentives to manage for results.

A. Strategies and Instruments

24. Progress in enhancing the results focus of Bank strategies and instruments has been most substantial where the Bank already had strong foundations, building on the country program approach and the instruments that have traditionally supported country programs. Strengthening the focus on results in the country assistance strategy—the Bank’s business plan—is a central element of the results agenda and has been the focus of concerted effort in the early implementation phase.

25. ***Results-based Country Assistance Strategy.*** A pilot phase is well under way for introducing a stronger focus on results in Bank country programming. The essential elements of a results-based CAS include using lessons learned to define a more relevant strategy (through preparation of a CAS Completion Report),¹⁵ establishing a results framework that links country priorities more explicitly to Bank programming, strengthening monitoring to help steer CAS implementation toward agreed results, and increasing the emphasis within the CAS on strengthening country capacity to manage for development results. Six results-based CASs have been discussed by the Board, and five more are under preparation, while other country teams have seen the benefits and are beginning to apply the methodology (see Box 2). An evaluation of the pilot phase later this year will be the next step toward mainstreaming in fiscal year (FY) 2005.

26. ***Sector and Thematic Strategies.*** A strengthened results framework and monitoring and evaluation architecture will help Management make better allocation decisions across interventions, among country programs, and between country and global programs. Outcome monitoring and results reporting along sectoral and thematic lines is also easy for a wide audience to understand, and it corresponds with MDG reporting systems. However, monitoring and evaluation architecture of Sector and Thematic Strategies is at a less advanced stage than that of country programs and specific instruments. As part of last year’s Implementation Follow-Up exercise, eight sectors prepared results frameworks and identified outcome indicators for

¹⁵ See *Country Assistance Strategies: Retrospective and Future Directions* (CODE2003-0010), March 14, 2003.

Box 2: Country Team Experience in Designing a Results-based CAS

“It makes the trade-offs clearer. It doesn’t make the selectivity process any easier, but at least it makes the process clearer and more systematic.”

Country Director, Cameroon

At a Bankwide learning event in January 2004, Country Directors from Brazil, Cameroon and Mozambique shared early experiences in preparing a results-based CAS.^a They noted that applying a results-based approach contributes to greater selectivity, stimulates multi-sectoral problem-solving and strengthens the dialogue with clients on how best the Bank can contribute to country goals. Preparing a Completion Report on the previous CAS provides more systematic lessons of past experience and helps to define how the on-going program will be integrated and adapted to a new strategy. Although country environments differ, the approach was viewed as being equally useful in low and middle-income countries.

In Cameroon, the process of preparing a results-based CAS shifted the dynamics of the country dialogue from the financial details of the program to the intended results, leading to a better understanding of necessary trade-offs. In Mozambique, the country team worked with government and other stakeholders to delineate results chains that helped link macro-level outcomes with micro-level decision-making. More country teams are beginning to see the benefits of the approach and apply the methodology in preparing country assistance strategies. In Zambia, the process helped the team reexamine the relevance of the proposed program to achieving high-order outcomes related to growth and poverty reduction. Although preparation is demanding, the initial view from country teams is that the results-based approach leads to a more relevant CAS, with greater clarity and realism in expected outcomes, and a framework that facilitates monitoring and adjustment to achieve desired results.

^a For more information, see <http://opcs/ME/index.html> for Results Everybody’s Business website.

annual progress monitoring. This will gradually be expanded over time and incorporated in the annual Sector Strategy Implementation Update to be discussed by the Committee on Development Effectiveness later this year.¹⁶ Sector Boards are also taking the lead in strengthening the focus on results in economic and sector work (ESW) through inclusion of action plans to influence outcomes and monitorable indicators to gauge progress.

27. **Instruments.** As part of a program of modernization and simplification,¹⁷ the Bank has introduced a revised Project Concept Note and Project Appraisal Document for investment lending that better define expected results and relevant indicators, and assess the institutional arrangements for monitoring and evaluation. A redesigned Project Status Report, to be introduced in FY05, requires more explicit monitoring of progress toward expected outcomes. A new Operational Policy and associated guidelines for policy-based lending are being developed that tighten the links between program objectives, reform measures and eventual outcomes.¹⁸ These changes to lending instruments and associated processes help address previous shortcomings in the selection of outcomes and indicators. The most recent Quality-at-Entry Assessment for FY03 suggests a growing focus on results at the project level,¹⁹ with improvement in specification of outcome-oriented development objectives and initial monitoring and evaluation design. This improvement was most marked in Regions that provided task teams with demand-driven just-in-time support for results-focused design.

¹⁶ See *Sector Strategy Papers: Stocktaking and Future Directions* (CODE2003-0067), October 9, 2003.

¹⁷ See *World Bank Lending Modernization and Simplification: An Update* (CODE2003-0086), December 24, 2003; and *Investment Lending Modernization and Simplification* (CODE2003-0037), June 19, 2003.

¹⁸ See *From Adjustment Lending to Development Policy Lending: Update of World Bank Policy* (CODE2003-0061), October 20, 2003.

¹⁹ See *Quality at Entry Assessment for FY03* (QAE6), forthcoming.

28. **Global Programs.** In response to the growing importance of global programs and partnerships (GPPs) in the Bank's work, the Bank has adopted a number of changes in the management of GPPs that will encourage improved oversight and a greater results orientation. It has established a GPP Council comprising Network and Regional Vice Presidents and chaired by two managing directors, and established a GPP Group within the Concessional Finance and Global Partnerships vice presidency. The objective of these organizational changes is to enhance the monitoring and evaluation of operational efficiencies and development impacts of GPPs, building on the standards and requirements for evaluating monitoring and evaluating Bank-supported GPPs under the Development Grant Facility.

B. Results Reporting

29. Building a system over the medium-term that captures information on results from country and global programs, as well as along sector and thematic lines, fulfills both learning and accountability functions within the Bank.

Box 3. IDA Results-Measurement System

For the IDA13 period (FY03-05), the IDA Deputies requested an interim system to assess Bank progress in delivery of selected analytic products and aggregate progress of IDA countries toward core development outcomes. These indicators are now being tracked and reported regularly. At the same time, they called on the Bank to develop an enhanced results measurement system for IDA14 and beyond that would reflect the priorities of national poverty reduction strategies, have clearer linkage to the MDGs, provide aggregated information on country progress and assess IDA's contribution to development results. Following analysis and consultation with IDA borrowing countries, the Bank proposed a two-tiered system which is an integral part of its broader agenda on managing for results. Adoption of this system was agreed in principle by IDA Deputies and borrower representatives in Spring 2003, and focuses on monitoring of aggregate country outcomes and of IDA's contribution to country outcomes.

- **Monitoring aggregate country outcomes.** The first tier monitors the aggregate progress of IDA-eligible countries on a -set of core development outcome indicators. An initial pool of 17 outcome indicators have been studied in the past year. Many are reflected in poverty reduction strategies, either as specific targeted indicators or as priority subjects for discussion in the text. Ten are MDG indicators, and the others are complementary, reflecting IDA's support for the economic growth, private sector and infrastructure development, and public sector management necessary to reduce poverty.
- **Monitoring IDA's contribution to country outcomes.** The second tier of the system rests on the medium-term development of results-based country assistance strategies in IDA-eligible countries, to better link key country outcomes to IDA programming. Complementing future assessment of results-based CASs will be on-going assessment of the quality at entry and development outcomes of projects in the IDA portfolio, drawing on data from the Quality Assurance Group and the Operations Evaluation Department.

In July 2004, IDA Deputies and borrowers will continue discussion of the results measurement system for the IDA14 period (FY06-08). From the initial pool of country outcome indicators, the Bank will recommend a more limited number for aggregate monitoring based on the criteria of relevance to key development outcomes, sensitivity to policy actions, and measurability in a sufficient number of IDA countries. To varying degrees, the ability to monitor these indicators on a regular basis—and the quality of the resulting information—are dependent on expanded coverage, increased periodicity, and standardization of questions within household surveys and other data-gathering mechanisms. This will require a greater financial and technical commitment by the global community to strengthen statistical capacity in low-income countries and improve international reporting mechanisms.

30. **IDA Results Measurement System.** At the request of IDA Deputies, the Bank took an initial step in the direction of capturing this information through development of an IDA results

measurement system for IDA13.²⁰ Subsequent enhancement to the system has built on two important aspects of the results agenda: country capacity to monitor core development outcomes and adoption of a results-based CAS to better track IDA's contribution to country outcomes (see Box 3). Following consultations, Deputies and borrowers broadly agreed on the parameters of this two-tiered system in April 2003.²¹ Pilot monitoring of aggregate country outcomes has been launched in advance of IDA14 discussions, and much work has been undertaken to improve the availability of data for core outcome indicators.²² Further discussions of the system for the IDA14 period will begin in July 2004.

31. ***Medium-term Development.*** The Bank is in the early stage of conceptualizing a more comprehensive results reporting system that would integrate data from country, sector, and global programs. This important medium-term objective depends on successfully mainstreaming the results-based CAS and its monitoring and evaluation framework, as well as filling current gaps in monitoring and evaluation along sectoral lines and within global programs. This system will allow the Annual Review of Portfolio Performance to be transformed into a more results-focused document, the Operational Performance and Results Review. Successful development of a results reporting system will also permit more appropriate long-term linkages between results, strategy formulation, and resource allocation within the Bank.

C. Staff Learning and Incentives

32. It is important to strengthen staff skills in results-based design and monitoring and evaluation, but the ongoing MEIP has demonstrated that this is not sufficient to ensure a results-focused organization. Staff learning must be accompanied by commensurate changes in corporate systems and processes, availability of hands-on technical expertise and consistent management signals and institutional incentives (see Annex C). In short, staff learning must be placed squarely within the context of the broader agenda on managing for results.

33. ***Results: Everybody's Business.*** Task leaders cannot delegate responsibility for focusing on results—they must have the core skills to clearly define expected results and steer toward them. At the same time, they can benefit from timely technical advice at critical junctures. The Bank needs to bolster just-in-time support to task teams, but the cadre of technically specialized staff to do this is limited. In coming years, bolstering this support through the Regional and Network focal points will be important. Nonetheless, Regions and Networks have made significant progress in defining and implementing unit-specific action plans to better manage for results (see Annex B).

34. ***Learning and Incentives.*** A Bankwide learning event in January 2004 launched the roll-out of a revised staff learning program on results-based approaches and highlighted results oriented innovators and risk takers. Senior Management and staff participated in a range of discussions on how the Bank can be a more effective partner in contributing to country results. Staff awareness and enthusiasm reflected an important change in mindset, while Senior

²⁰ Additions to IDA Resources: Thirteenth Replenishment: Supporting Poverty Reduction Strategy, September 17, 2002, SecM2002-0488.

²¹ See *IDA Results Measurement System: Progress and Proposals* (IDA/SecM2003-0159), April 7, 2003.

²² See *IDA Results Measurement System: Update Note* (IDA/R2003-0189), October 31, 2003.

Management sent strong signals about the importance of managing for results. Formal incentives to focus on sustainable results are being addressed through human resources policies on performance evaluation and promotion criteria, while changes in processes—such as the results-based CAS approach—provide informal incentives to staff to work across sectors to achieve development results. However, reform of incentive structures is complex and requires further assessment.

D. Going Forward

35. Ongoing implementation efforts across the Bank will be deepened within the coming year with a particular focus on the following areas:

- Evaluating the pilot phase and beginning the mainstreaming of the results-based CAS and its strengthened monitoring and evaluation framework;
- Expanding work on results frameworks and outcome monitoring to other sector and thematic strategies;
- Beginning to develop a common framework for monitoring and evaluation of global programs;
- Rolling out the revised Project Status Report to enhance outcome monitoring at the portfolio level;
- Introducing a results-tracking framework for ESW that allows systematic self-assessment of progress in achieving stated development objectives;
- Preparing a concept paper and consulting widely on a phased approach to implementing a more comprehensive results reporting system within the Bank; and
- Testing and implementing a revised staff learning program, and drilling down consistent Management signals on managing for development results.

IV. FOSTERING A GLOBAL PARTNERSHIP ON MANAGING FOR RESULTS

36. The Monterrey Consensus spurred a global partnership for results that has been changing the way development agencies work. This partnership seeks to reduce the cost to developing countries of poorly coordinated results reporting systems for assistance programs by: overcoming the development agencies' political and organizational constraints to coordinated and harmonized action; fostering capacity-building efforts to reverse the tendency of agencies to bypass weak national systems; establishing international norms and standards for measuring key development outcomes; building more efficient international reporting systems and data sharing mechanisms; promoting evaluation efforts and use of relevant findings for future management decisions; and distilling and disseminating widely knowledge about good practice in managing for results.

37. ***Bank Agenda and Contribution.*** The partnership for development results forms the basis for a more disciplined and strategically selective approach to the World Bank's work, within a coherent and cost-effective framework for development assistance; and fostering it has become a key part of the Bank's results agenda. The Bank contributes to the three critical areas of the global partnership: sharing knowledge, harmonization and coordination, and improving statistical systems.

A. Global Awareness on Managing for Results

38. The World Bank recognizes the importance of drawing international lessons from what has and has not worked, and disseminating this information broadly. For this purpose, a formal partnership has been established through the MDB Working Group on Managing for Results, and, more recently, an MDB/OECD-DAC Joint Venture on Managing for Development Results has been created to provide a forum for participants to share emerging practices and learn from each other (as well as from partner countries), as the basis for harmonizing operational policies and procedures and coordinating support for country capacity building.

39. **International Forums.** The World Bank has facilitated and participated in a series of international forums focused on harmonizing the approach to managing for results. The *First Roundtable on Results* in June 2002 was an initial opportunity for representatives of the MDBs, OECD-DAC, and the United Nations to exchange information on results-based approaches to development, and establish a community of practice dedicated to harmonizing and coordinating support to countries in their quest for development results. *International consultations on the IDA Results Management System* and continued work on MDG monitoring brought critical measurement and reporting issues to the fore. These issues were the focus of a two-day conference on *Improving Statistics for Measuring Development Outcomes*, which helped move toward more systematic identification of core data gaps, clarification of reporting accountabilities, and coordinated international support for statistical capacity building. In February 2004, bilateral and multilateral agencies joined with representatives from developing and transition countries for the *Second Roundtable on Managing for Development Results* (see Box 4). The Roundtable provoked an important opportunity for the development Agencies to take stock of where they are in managing for results.²³

B. Harmonization and Coordination

40. As the Bank and other development agencies align their cooperation strategies to country priorities, results reporting requirements need to be harmonized around national monitoring and evaluation systems that help countries to manage for results. Support to countries to strengthen strategic planning, statistics, and monitoring and evaluation capacity also needs to be increased and better coordinated among partners.

41. **Harmonizing Results Reporting.** Both at the country level and through broader initiatives (such as the recently established OECD-DAC Joint Venture on managing for development results), the Bank and other development agencies are beginning to harmonize results-based approaches and reporting requirements to better support country ownership. Support to strengthen country capacity for poverty reduction strategy preparation and implementation—including results reporting and monitoring and evaluation—increasingly figures in CAS programs. The Bank and the International Monetary Fund have also proposed a

²³ See *Managing for Development Results in the Multilateral Development Bank: Progress Report*, February 2004. <http://www.managingfordevelopmentresults.org/documents/MDBProgressReportonMfDR.pdf>; and *Combined Views on Managing for Development Results*, Organization for Economic Co-operation and Development, January 2004.

Box 4. The Second Roundtable on Managing for Development Results

The Second International Roundtable on Managing for Development Results, sponsored by the multilateral development banks in collaboration with the Development Assistance Committee of the Organisation for Economic Co-operation and Development, took place on February 4-5, 2004 in Marrakech. It brought more than 60 representatives from developing countries together with representatives from bilateral and multilateral development agencies to discuss the challenges of managing for development results at the country level, and the ways in which countries and development agencies are addressing these issues on the ground.

Participants discussed how to continue strengthening country and agency commitments to harmonize monitoring and evaluation around national strategies and systems, to provide useful reporting on results. They also discussed ways donors can better coordinate support to strengthen strategic planning, accountable management, statistical systems, and monitoring and evaluation capacity that countries need to manage their development processes toward better results. Presenters from Chile and the Philippines discussed progress in adopting results-based approaches to public sector management; Burkina Faso and Vietnam discussed implementation and monitoring of their poverty reduction strategies; and Bangladesh, Bulgaria, Timor-Leste, and Yemen shared good practice on using information to manage sectorwide programs and projects toward measurable results in the areas of reproductive health care, environmental remediation, post-conflict governance, and support for women, youth, and street children.^a

In a Joint Memorandum, the MDBs Heads and OECD-DAC Chairman endorsed a set of core principles for a harmonized approach to managing for development results and a plan of action for taking forward the results agenda. They encouraged development agencies and partner countries to work along the same lines. These core principles and action plan provide a foundation for building a broad consensus among development agencies and developing countries on how best to support countries in managing for results and, ultimately, getting better results for sustainable improvements in the lives of poor people.^b

^a For more information, see: <http://www.managingfordevelopmentresults.org>.

^b For the full text of the Joint Memorandum, Core Principles, and Action Plan, see Annex D to this report.

framework for coordinating donor budget support and alignment with PRSPs. The framework aligns donor conditions and assessments of progress with the PRSP process. Through the Evaluation Cooperation Group, the Bank is contributing to harmonization of project and country strategy evaluation methodologies.

42. ***Coordinating Support for Strengthening Country Capacity.*** Enhanced country capacities for strategic planning, policy formulation, statistics, and monitoring and evaluation are essential for generating and using information to make better decisions. Too often, donor support to countries to strengthen these capacities has been fragmented and uncoordinated, with limited effect on sustained institutional development. The Bank is taking steps to make support for country efforts to strengthen capacity in these areas a more central component of the Bank's country assistance strategies, developed and implemented in close cooperation with other development agencies. Better coordinated support to countries to strengthen capacity to manage for results will help develop monitoring and evaluation systems, which will in turn facilitate country ownership and harmonization.

C. International Statistical System

43. Even for fundamental development indicators associated with the MDGs—such as malnutrition and literacy—many developing countries cannot measure trends over a decade, much less use data regularly to manage programs for better results. Addressing these gaps requires improvements in both national and international statistical systems. At the first Results Roundtable in 2002, the global statistical community was asked to take action to improve the

availability and quality of basic statistics. Since then, the statistical community has worked to respond with the Bank as a strong partner at global, regional and country levels.

44. ***Strengthening Statistical Systems.*** Effective international partnership is essential to increase resources and collaboration to strengthen statistical systems and reporting mechanisms. Following on the first Results Roundtable, the Bank sponsored an interagency workshop in June 2003 on *Strengthening Statistics to Measure Development Outcomes*. Building on agreement reached at this workshop and follow-up work, including six country studies and a study of the international statistical system, participants at the Second International Roundtable on Managing for Development Results supported a medium-term global *Action Plan on Better Data for Better Results*. This plan aims at sustainable improvements in national and international statistical capacity. The plan calls for strengthening collaborative mechanisms, notably the Partnership in Statistics for the 21st Century Consortium, and reorienting the Bank-administered Global Trust Fund for Statistical Capacity Building toward helping countries with statistical strategic planning. It also calls for improving international accountability, setting up a household survey network, and increasing resources to strengthen national statistical systems.

D. Going Forward

45. Translating an emerging consensus into international action at the country level will be the main task for the next few years. This will require greater commitment of resources for strengthening statistical and monitoring and evaluation systems—as well as increased donor willingness to harmonize reporting requirements around national monitoring and evaluation systems and coordinate support to countries to strengthen capacity to manage for results. Although progress will depend on efforts at the country level, the broad-based harmonization initiatives, the increasing number of sectorwide approaches, and agreement among IDA deputies and borrower representatives on the IDA results measurement system, will all facilitate greater harmonization of results reporting on the ground.

46. For the statistical community, the steps for the coming 12-18 months will revolve around the targets set out in the Marrakech Action Plan on Better Data for Better Results. At the national level, the action plan focuses on mainstreaming strategic planning of statistical systems, preparing for the 2010 Census Round, and increasing financing for statistical capacity building. At the international level, it focuses on setting up an International Household Survey Network, improving MDG monitoring, and increasing accountability for the international statistical system. The actions are interdependent: improvements in national statistical systems will lead to improved international statistics, while a more effective international system could provide more consistent advice and better support to countries in improving national statistics.

V. CONCLUSION

13. The high priority accorded to the results agenda by Executive Directors has been translated into a medium-term plan of action based on a country-led business model and a global partnership for coordinated support. Significant progress has been made during the first year of implementation, despite the complex and medium-term nature of many of the challenges. Progress across the three pillars of the results agenda is summarized below. In reviewing this

report, members of the Committee on Development Effectiveness may wish to address the following questions:

- How could the Bank further bolster its efforts to help countries strengthen their capacity for strategic planning, public sector management, statistics and monitoring and evaluation?
- To what extent has the design of early results-based country assistance strategies met the need for a more monitorable and evaluable way to track the Bank's contribution to country results?
- What more could the Bank do to encourage the global partnership to harmonize results reporting and increase coordination of support to countries to strengthen capacity?

47. In FY05, the Bank will deepen implementation of the results agenda. A continued change in mindset within the institution will be critical for this deepening to occur across all three pillars of the action plan.

48. **Country Capacity.** Supporting countries in strengthening capacity to manage for results remains the most difficult longer-term challenge of the results agenda. In the near term, the Bank will increase advocacy and outreach on the importance of managing for results through regional workshops, and teams will intensify support within country assistance strategies to strengthen country capacity to manage for results. Regions and Networks will work more closely with the World Bank Institute, PREM, DEC, OPCS and other central units to provide clients with a better integrated menu of services to support the strengthening of core capacities in public sector management, statistical systems, and monitoring and evaluation.

49. **Internal Focus.** Within the Bank, implementation will focus on expanding coverage and improving the quality of results-based CASs and CAS Completion Reports, strengthening the monitoring and evaluation framework for sector strategies and global programs, beginning to develop a more comprehensive results reporting system, reinforcing technical support for task teams and rolling out a revised staff learning program. Getting staff incentives right—particularly informal ones—will remain the greatest internal challenge in supporting countries to achieve sustainable development results. The Bank will further analyze this internal issue in the coming year, drawing on the work of the new Task Force on Organizational Effectiveness.

50. **Global Partnership.** The global partnership requires greater commitment and coordination of resources to support countries in strengthening capacity, as well as increased donor willingness to harmonize reporting requirements. In 2004, the MDB Working Group and OECD-DAC Joint Venture will identify and disseminate good practices in managing for results, raise awareness through regional activities and support country-led processes to harmonize results reporting in at least four countries.²⁴ The Results Secretariat will coordinate preparation of a global good practice guide on managing for development results, drawing on country and partner experiences to date.

²⁴ See Annex D for the complete text of the Action Plan on Managing for Development Results.

51. ***Near-term Progress Indicators.*** In looking ahead to the next Progress Report which will report on implementation of the results agenda through end-FY05, the Bank has established monitorable indicators that reflect the concerns of the three pillars. By end-FY05, Committee members can expect the following:

- Ten country studies on poverty monitoring systems completed, to draw lessons and good practice on the design, establishment and functioning of such systems in the PRSP context;
- Strategic statistical plans completed for at least half of all PRSP countries;
- STATCAP programs effective in at least five countries;
- At least 20 CASs with adequate results frameworks and Completion Reports;
- At least 75 percent of projects under implementation are satisfactory or better for monitoring and evaluation;
- Bank participation in country-led processes to harmonize results reporting around national M&E systems in at least four African countries (per Marrakech Action Plan).

52. ***Driving Progress across the Three Pillars.*** At the Results: Everybody's Business event in January 2004, Bank staff noted that "the focus on results is here to stay." As one Manager concluded, "it is no longer a question of 'if', but rather, of 'how' we manage for results."²⁵ This represents an important—albeit nascent—change in mindset that is critical to a sustained and successful focus on results. Nurturing this change will be essential, and the Bank will take further action to ensure that managers at all levels of operations send consistent signals on the importance of managing for country results, and provide clear rewards for doing so. With appropriate signals from managers, and continued support from Executive Directors, staff will become increasingly results-focused in their day-to-day work, incorporating in Bank programming greater support to strengthen country demand and capacity to manage for development results. Ultimately, nothing can substitute for countries' capacity and will to steer their own development processes toward desired outcomes. Much can be done, however, to help countries achieve better development outcomes through the Bank's unwavering commitment to implement the agenda on managing for results.

²⁵ See Results Everybody's Business Newsletter for January 12, 2004, http://opcs.worldbank.org/me/rx/news/results_jan7_screen.pdf

RESULTS FRAMEWORK FOR THE AGENDA ON MANAGING FOR DEVELOPMENTS

Higher-order Outcome	Issues and Obstacles	Intermediate Outcome	Action (or Date)	Progress Rating	Next Steps
<p><i>Pillar 1:</i> Developing countries adopt a results-oriented approach to public sector management to enhance accountability and improving delivery of public services.</p>	<p>Results-based M&E systems are not sufficiently integrated into public sector management processes of Government (from strategic planning, to budgeting, etc.). In many countries, capacity constraints result in:</p> <ul style="list-style-type: none"> ▪ national strategies that do not adequately reflect trade-offs among competing priorities nor include credible mechanisms for tracking implementation; ▪ lack of links to expenditure management, with loose linkages between the institutions for transparent resource allocations; ▪ lack of reinforcement of a results-based culture in agencies; and ▪ inadequate training and legal systems in government for modern data management and insufficient resources for improving statistics. 	<p>Poverty reduction strategies and other national strategies have clear results frameworks that allow the outcome oriented tracking of implementation toward national goals and proper costing and tradeoffs of interventions .</p> <p>Improvement in results-orientation of PRSPs, as assessed in annual PRSP Progress Report.</p> <p>Civil society actively involved in demanding transparency of Government, using information on government programs to influence policy decisions and holds government accountable.</p> <p>Increased focus on performance in expenditure planning and management.</p> <p>Increase in average score on public expenditure management index for IDA countries.</p>	<ul style="list-style-type: none"> ▪ Revised Guidelines for Joint Bank/Fund staff assessment report. ▪ Revised Sourcebook (chapters on targeting, M&E, civil society) Training ▪ Provided support for PRSP M&E 	<p>Medium</p>	<ul style="list-style-type: none"> ▪ Prepare a summary note on good practice in poverty monitoring systems, based on 10 country case studies by End-FY05. ▪ Develop a series of reform-specific notes, based on PSJA reviews, on the impact of the implemented policy reforms. ▪ Carry out 14 case studies to analyze the poverty and growth impact of key macro and sectoral policies and how they are influenced by country conditions.
			<ul style="list-style-type: none"> ▪ Applied diagnostic of country readiness in 21 countries. ▪ Supported countries in strengthening their results focus through IDF mechanism. ▪ Supported countries in focus on results through public sector reform programs. ▪ Delivered workshops, training, and other by country teams, WBI, OPCS, OIED, PRMPS. 	<p>Medium</p>	<ul style="list-style-type: none"> ▪ Refine and mainstream the readiness assessment tool to gauge country capacity and design better support strategies. ▪ Expand and adapt the readiness assessment tool for sector-specific applications. ▪ Develop a "menu" of services available for building client capacity in results-based approaches and a mechanism for better coordination. ▪ Increase the derivation and dissemination of country cases of what it takes to move Governments to a focus on results. ▪ Increase partnerships with other donors in assessing and supporting country capacity for results.
		<p>The demand for statistical data drives the production of statistical products that are integrated into the needs of Government M&E systems and are reliable and timely feeding into.</p>	<ul style="list-style-type: none"> ▪ Presented Board document on Statistical Capacity Building ▪ Reoriented Trust Fund for Statistical Capacity Building ▪ Presented STACAP to the Board together with the first two country projects (Ukraine and Burkina Faso). 	<p>High</p>	<ul style="list-style-type: none"> ▪ Replenish of the Statistical Capacity Building Trust Fund. ▪ STACAP Programs effective in at least 5 countries by FY05. ▪ Complete Strategic statistical plans for at least half of all PRSP countries by End-FY05.

ANNEX A

Higher-order Outcome	Issues and Obstacles	Intermediate Outcome	Action to Date	Progress Rating	Next Steps
<p><i>Pillar 3:</i> Global community makes it easier for developing countries to manage for development results</p>	<p>High cost to developing countries of poor donor coordination. Agencies' political and organizational constraints to coordinated and harmonized action: Agencies' tendency to bypass weak national systems in favor of parallel systems. Lack of international norms and standards for measuring key development outcomes such as PSD, governance, infrastructure. Inefficiencies in international reporting systems and data sharing. Insufficient evaluation and use of findings. Lack of incentives to distil and disseminate knowledge widely.</p>	<p>Increased global awareness of—and consensus on—the need to coordinate support to countries on managing for results. Harmonization of donor results reporting around national monitoring and evaluation systems. Increased resources and collaboration to strengthen statistical systems and reporting mechanisms Enhance global knowledge on what get results through research and dissemination</p>	<ul style="list-style-type: none"> ▪ MDB Working Group and MDB/DAC Joint Venture established. ▪ First and Second Roundtable on Managing for Results. ▪ Roundtable sponsors endorsed core principles and 2004 action plan. ▪ Joint Venture elaborated medium-term global work program. ▪ Studied and highlighted problem of fragmented M&E in the Harmonization agenda. ▪ Inter-agency Workshop on Improving Statistics for Measuring Development Outcomes. ▪ Development of Infrastructure Database with links to WDI. ▪ Second Roundtable—adoption of a medium-term global action plan on Better Data for a Better World. ▪ Partnerships in Development report and brochure. ▪ TORs for Good Practice Guide. ▪ Launched Bank Taskforce on Development Impact Evaluation (DIME). 	<p>High</p> <p>Low</p> <p>High</p> <p>Low</p>	<ul style="list-style-type: none"> ▪ Support implementation of Marrakech Action Plan through MDB Working Group and Joint Venture activities. ▪ Participate in a country-led process of harmonizing results reporting in at least four African countries by end-FY05. ▪ Mainstreaming strategic planning of Statistical Systems. ▪ Preparation of the 2010 Census Round. ▪ Increasing financing for Statistical Capacity Building. ▪ International Household Survey Network. ▪ Prepare Good Practice Guide on Managing for Development Results. ▪ Launch and maintain results website.

REGIONAL AND NETWORK IMPLEMENTATION OF THE RESULTS AGENDA

I. REGIONS

A. Africa Region

1. Africa Region is implementing a four-prong program to build capacity in results-based management in client countries and to improve the quality of World Bank operations. The program aims to strengthen Results-Based Country Assistance Strategies (RBCASs); statistical capacity development; results-based lending; and knowledge and learning.

- **Results-Based CAS.** Of the approximately 15 RBCASs developed by the Bank, five (Cameroon, Ghana, Kenya, Mozambique, and Zambia) are in the Africa Region, and have either been approved by the Board or been through one level of Regional Review. Cameroon and Mozambique are considered best practices by the Board. Two additional CASs, Uganda and Tanzania, are immersed into the R-B CAS process, with Uganda finishing a draft of the CAS Completion Report. Of the \$260,000 allocated to support country teams directly, all but \$20,000 has been disbursed. An additional \$100,000 is being used for knowledge and learning activities, such as debriefings, training programs, and seminars and clinics.
- **Statistical Capacity Development.** The new STATCAP instrument will go to the Board on March 25 with the first two operations, Burkina Faso and Ukraine. The Region is also moving forward with the Kenya and Nigeria STATCAP, and a STATCAP in Guinea is also planned. Our results strategy is to ensure that a statistical capacity plan will be developed for each CAS, so the outcomes proposed can be measured with credible data. Thus, a strategy is being developed for Ghana, Kenya, and Zambia to ensure that an M&E system will be available to assess CAS progress. Similar discussions are being held with the Mozambique, Tanzania, and Uganda teams.
- A recent meeting with DFID sought agreement on the secondment of a Senior Statistician to AFTKL to support the numerous statistical capacity-building activities related to the results agenda in Africa. One of the key assignments of the Senior Statistician will be to work with PREM on a strategic review of the Africa Region survey program to recommend improvements to the use of the integrated survey and to assess survey needs across the Region for the next three years.
- **Results Based Lending.** An important part of the results strategy in AFR is to improve the design of the PRSCs and other projects to include results-oriented monitoring and evaluation (M&E) arrangements. There is new expectation that operations will focus on results to be achieved and that frameworks will be developed to allow for better assessment of whether outcomes are being measured throughout the operation. The Ethiopia and Ghana PRSCs include outcome M&E frameworks and the Uganda PRSC 4-6 is being planned to improve the way outcomes are being measured. In addition, the Region is providing just-in-time advisory support to project teams on results frameworks for PADs and to help them think through good project conception and design. To date, approximately 15 project teams have been provided with support on results-based M&E.

- **Knowledge and Learning.** Three activities are planned or under way to capture lessons learned from designing RBCASS and to improve the Region's understanding of building a results orientation into its work. First, four knowledge debriefings have been conducted related to designing RBCASS and M&E systems. One, with the Assistant Director of Poverty Monitoring in the Office of the Vice President of Tanzania, was conducted in both Swahili and English. Another client debriefing is planned for early February with the MOF in Mozambique. Second, AFTKL has begun a new learning program: Conversations On Results is a monthly series of brown bag seminars on relevant to implementing results-based management within the Bank and within client organizations. The first event was held on January 8 with the Assistant Director of Poverty Programs in Tanzania to share lessons learned in building a R-B M&E system. (The Tanzania model is widely regarded to be the best system in Africa.) Third, a series of short courses are planned to build basic knowledge in results orientation for AFR staff. The first short course, held on March 3-4, centered on Designing and Building a Results-Based M&E system. Approximately 35 task team leaders attended the course. A series of monthly one-day courses on results-based M&E is being planned.

2. **Other Developments.** A Senior Results M&E Specialist has been hired for East Africa (Nairobi) to provide technical expertise in several countries, beginning with Ethiopia, Tanzania, Uganda, and Zambia. A similar position for West Africa will be hired in the next 60 days.

3. **Issues.** While a number of activities are under way (see Table B1), there are large gaps that must be filled if the Region is to demonstrate that things are changing on the ground. (The AFR Results Team will focus on these gaps over this year and next.) Experience shows that country teams need

significant hand-holding in designing results-based products. More hands-on training in results management is needed, along with greater exposure to good techniques for designing results frameworks. AFTKL will be providing training for both project-based results arrangements and CAS frameworks over the next year. Lessons learned from colleagues with success in this area should be helpful.

Table B1. Implementing the Results Agenda in Africa—FY04-05

Country	Results CAS	Strengthening Client Capacity:	Statistics Policy	Country Team Capacity Building	Results Focused PRSC
Burkina Faso	○	●●	○	○	○
Cameroon	●●●	○	○	○	○
Ethiopia	○	●●	○	○	●●
Ghana	●●	○	○	○	●●
Kenya	●●	●●	○	○	○
Mozambique	●●●	○	○	●●	○
Nigeria	○	●●	○	○	○
Tanzania	●●	●●	●●	○	○
Uganda	●●	○	○	●	●●●
Zambia	●●●	○	●●	●●	○

○= little or no results activities

●●= results activities underway with CT commitment

●●●= good practice

B. East Asia and the Pacific Region

4. EAP Region has identified three priorities to advance the institutional results agenda:
 - **Support country efforts** to build performance-based planning, budgeting and management systems. This includes work with central agencies, line ministries, subsovereign governments, and civil society.
 - **Adopt a results orientation in regional management** through continued development of the Unit Compact and the adaptation of other management routines, such as the CPPRs and sectoral portfolio reviews, to put more focus on achievement of developmental results.
 - **Develop tools and approaches** to manage toward results at the CAS and portfolio levels.

5. **Recent Progress.** In Vietnam the CAS is nested in the MDG-based Country Poverty Reduction and Growth Strategy (CPRGS), and the Bank is assisting Vietnam to develop key indicators to track its performance. IDF grants are being used to develop sector capacity to monitor and evaluate its implementation, and individual projects are developing Ministry leadership capacity to use results-based management. The new Public Financial Reform Project aims to strengthen the links between an improved budget system (including reporting) and the CPRGS goals. The donor harmonization effort includes actions to align performance monitoring frameworks. In Indonesia, the Bank has worked closely with central agencies to develop a performance-oriented budgeting and planning system while working with the government on improving M&E systems in Bank programs and projects. CDD initiatives such the Philippines social report card are increasing civil society's capacity to create a demand for increased transparency and accountability for results.

6. **Results Orientation in Regional Management.** EAP is piloting a results-based CAS in Cambodia. The Region is focusing on a sector by sector analysis of effectiveness and impact. For example, the Infrastructure sector has analyzed its Vietnam portfolio to improve its capacity to use results-oriented M&E as a tool to leverage effectiveness on a real-time basis. CPPRs are being used to emphasize portfolio effectiveness. Regional Portfolio and Operations Managers are working collaboratively on sharing lessons of implementing a results approach at the portfolio and individual instrument levels. As client orientation and client feedback lie at the heart of the Region's results approach, continued emphasis on client feedback surveys will guide our approach to becoming the partner of choice.

7. **Tools and Approaches.** EAP recognizes the need to plan for future results, yet has decided to put equal emphasis on leveraging the supervised portfolio to align with recent CAS strategic objectives to find better ways to enhance EAP's *current* developmental impact. A Special Advisor has been leading a study to develop a model with two country pilots for results-oriented portfolio management and alignment, and to advise the Regional management team on moving toward a results orientation.

8. **Looking Ahead: Key Actions/Outcomes Expected Through End-FY05.** EAP plans to take a sustained, iterative approach to integrating a results orientation into its own managerial processes, its support to borrowers and collaboration with partners. EAP will focus on three

areas: the Country/CAS pillar and its link to MDGs; the multi-sector level of core strategic outcomes of the CAS, where partnership is crucial; and aligning the outcomes and intermediate outcomes of the portfolio with CAS objectives. In 2004, further testing of a methodology for managing at the portfolio level will continue with a view to increasing our capacity to achieve rapid results and to focus supervision on actions to improve project performance on a real-time basis.

C. Europe and Central Asia Region

9. *A Bottom-Up Evolution*

- Task force formed over 18 months ago to improve focus on results
- Task force members included staff at all levels
- Recommendations of task force validated by Regional Leadership Team and used as basis for implementation by Management

10. *Areas of Early Progress.*

- 1) *Building awareness and creating space for dialogue on results.* Every six weeks, Regional operations director hosts “brown bottle” conversations. These are meant to be free-wheeling discussions, where guests--such as Greg Ingram from OED, Prem Garg from the Quality Assurance Group, country directors from other Regions (such as Peter Harrold), and, most importantly, task managers from within the Region--are invited to share their views on a particular area (e.g., the link between quality and results, use of M&E as a tool for getting better results, ways to develop more outcome-focused CASs).
- 2) *Incremental package of support to CAS teams in focusing on results*
 - All CASs in FY04 are designated as pilots for results-based CASs
 - Brainstorming sessions at the pre-upstream stage with those who have been involved in results-based CASs in and outside the Region
 - Country workshops, where required, to enable all sectors to sharpen their outcome focus
 - A results “guide” for the team to draw on—from within the Region
 - Learning sessions organized between teams that have been through the process of preparing a R-B CAS and those embarking on one.
- 3) *ECA knowledge fair organized around the theme of using knowledge as a strategic tool for better results*
 - Selected ESW highlighted to show the link between ESW and results
 - Best practice (in and outside the Region) in preparing results-focused ESW highlighted
 - Menu of options developed for further implementation in the Region to enhance link between ESW and results.

- 4) *Direct support to Task Teams to strengthen focus on results in projects*
 - Consultant time of up to three days per project
 - Help desk in ECSPS for best practice sharing and upstream support in design
- 5) *Sector strategies that provide a vision for what results can be expected in the next 3-5 years, and portfolio reviews*
 - Stocktaking of Unit Portfolio to measure results of sectoral interventions (ECSSD served as a pilot)
 - Sector strategies, building on the Regional strategy presentations, outline the results orientation of the Units interventions going forward.

11. ***Future Support.*** Continue all of the above and strengthen the following:

- 1) *Support for CPPRs that focus counterpart attention on results, through the portfolio review exercises.*
- 2) *Improve links between ESW, lending, and dissemination.* The focus would be on using ESW to effect change and better link it to our lending operations.
- 3) *Improved role of communications in results.* Some examples of innovation in the Region.
 - ***“Results on the ground”*** sections in all country briefs. To date, ECA is the only Region to do this.
 - ***Country in Focus.*** These weeklong events draw attention to achievements and innovations in our country programs. So far we have done Russia and Turkey. The aim is to inform the ECA internal audience about what we have achieved at the country level (the premise is that our staff are our best ambassadors and they need to know the good we are doing).
 - ***Sector in Focus.*** The first event, held this February, focused on infrastructure. The aim parallels that of the country in focus events.
 - ***Country communications strategies:*** All have a significant element aimed at drawing attention to the results achieved with Bank support (the premise is that too little is known about the Bank’s contribution, and that this hinders development of new business and good country relations).
 - ***Big Picture Seminars*** on the history and politics of the countries in which we work (to date, Albania, Armenia, and Romania have been featured; Croatia, Kazakhstan, and Turkey are in the pipeline).
 - ***Country communications strategies for results.*** We have developed a model for the design of country communications strategies that uses the prism of our country program goals to focus our external affairs support. We have developed “results focused” EXT programs using this model for Russia, all of the Balkans states (ECCU4 and 5), all of the Central Asian states (ECCU8), and Turkey.

D. Latin America and the Caribbean Region

12. ***Regional Priorities.*** Across the region, LCR is strengthening the results focus in everything it does. LCR’s efforts encompass development of results-based CASs, selection of

country and regional analytical work based on its potential development effect, broader public dissemination of the results of that work, a strengthened focus on outcomes in preparation and supervision of investment and policy-based lending operations, and intensified coordination with development partners. LCR is also increasing its efforts to monitor, collect, and report on results that it and its clients are achieving. Corporate reviews of draft CASs and policy-based lending operations conducted in LCR's Regional Operations Committee are an important tool for strengthening the region's results focus; concept reviews for regional ESW and investment projects perform a similar function. LCR's regional website provides guidance to task team leaders on enhancing the results focus of CASs, ESW, and lending operations. LCR has appointed a results coordinator for the region.

1. Recent Progress

13. ***Results-based CASs.*** The 2003-2007 CAS for Brazil, which the Board endorsed in November 2003, is the region's first formal results-based CAS. The proposed Costa Rica CAS also pilots the results-based approach. Both link possible Bank assistance directly to specific medium-term outcomes and the countries' own longer-term goals in a monitoring framework that contains intermediate indicators. While not formally results-based, the Bolivia CAS, which the Board endorsed in February 2004, and the proposed Mexico CAS build on in-depth analyses of the experience and results achieved over the last CAS period and contain monitoring and results indicators. Focusing the region's dialogue with clients first on the objectives and results that they wish to achieve during the CAS period has contributed to improved selectivity and instrument choice in each of these CASs. The special "results" budget allocation that the region received supported development of these CASs, except for the proposed Mexico CAS, which was funded entirely with regional resources.

14. ***Lending Operations.*** LCR is also carrying the results agenda forward in its lending operations. Guidance to task managers on the region's website, "Ten Tips for Preparing Adjustment Lending Operations", explicitly addresses how to structure policy-based lending operations to strengthen the focus on, and incentives to achieve, good developmental results. In preparing policy-based loans, task teams have worked closely with the clients to articulate the developmental results that the clients wanted to achieve with the Bank's support and to identify intermediate performance indicators that could be monitored to assess progress towards those results. Recent examples of such loans include the Programmatic Social Reform SAL for Peru, the Social Protection SAL for Chile, the Sustainable and Equitable Growth SAL for Brazil, and the Programmatic Bank and Corporate Restructuring SAC for Bolivia. The task team working on the proposed Bolivia Social Sector Programmatic Credit is consulting closely with the government and other development partners to identify the obstacles to achieving some of the MDGs and to establish explicit links between policies, specific actions and programs, costs, and results.

15. The region is experimenting with specific investment loans that will link disbursements to performance, such as the proposed Brazil Family Health & Vigisus II and Argentina Maternal and Child Insurance projects. A number of technical assistance loans accompanying larger policy-based loans have incorporated support to strengthen the client's institutional and statistical capacity to monitor and manage program implementation for results. The region is

supporting the mainstreaming of impact evaluation in other activities such as Central America social funds.

16. LCR's experience in the region with SWApS shows that they can also be a tool for focusing dialogue with clients and development partners on desired sector outcomes rather than inputs and for achieving systemic benefits reaching far beyond what a single project can achieve. In Mexico, the Country Management Unit is in the advanced stages of preparing a state-level multi-sectoral infrastructure investment SWAp that would disburse against results. Experience with this project will be carefully evaluated to assess whether it can serve as a model for similar operations in Mexico and in other countries in the region. LCR is also exploring a SWAp in the education sector. In Brazil, the CMU has begun using the SWAp approach as an integral part of its effort to support programs of high priority to the government. The proposed *Bolsa Familia* project is an early example. The CMU is working on a federal-level public expenditure review aimed in part at strengthening the policy context for additional SWAp opportunities. In both Honduras and Nicaragua, as part of the Education for All initiative, teams are collaborating actively with the government and with other development partners to develop a common view of sector priorities and to create a common fiduciary structure that will permit pooling of donor resources and managing sector budget resources for better educational outcomes.

17. Project portfolio supervision in LCR emphasizes early intervention and proactive action to rework projects where necessary to achieve and sustain their development outcomes and institutional effects. As part of this effort, the region has initiated special portfolio reviews in high risk country situations, such as Argentina. OED's analyses show that the region's key portfolio performance indicators for development outcomes, sustainability, institutional development impact, and supervision improved significantly between FY 99 and FY 03. For projects closing in FY 03, LCR's rating indicators were generally above those for other regions and well above Bank-wide averages.

18. **Economic and Sector Work.** The region's flagship 2003 ESW report, *Inequality in Latin America and the Caribbean: Breaking with History?*, is one example of analytical work that is influencing government policies and objectives and the Bank's assistance programs. *Policy Notes* for Mexico, Colombia, Ecuador, and Brazil have also been well received by clients as valuable input for public policy formation and we are working to strengthen the strategic focus of similar products going forward. *Lessons from NAFTA for Latin American and Caribbean Countries* and the previous flagship report, *From Natural Resources to the Knowledge Economy*, are examples of other regional ESW that have fed into results-oriented lending operations in the region. LCR is using the *bancomundial.org* website to disseminate its findings and results more broadly to leverage greater development effectiveness. Guidance to task managers on the region's website, "Twenty Questions to Ask about Economic and Sector Work Tasks", is aimed in part at strengthening counterpart and stakeholder ownership and involvement, identifying indicators of success, and establishing arrangements for dissemination to achieve greater development effect.

19. **Monitoring Results.** LCR has begun systematic efforts to track the results that its clients and the Bank are achieving. The region's March 16 informal presentation to the Board, *Latin America and the Caribbean: Achieving Sustained Growth with Equity*, reported on advances in health and education outcomes that clients have already achieved in their own programs, such as

Colombia's *Familias en Accion* (which receives some Bank finance), Mexico's *Oportunidades*, and Nicaragua's *Red de Proteccion Social* projects. Across the region, Bank-financed projects, such as water sector, micro-finance, and rural roads projects in Colombia, Brazil, and Peru, have resulted in significant increases in access to services and employment among the poor in rural and urban areas.

2. *Looking Ahead*

20. Looking ahead to the remainder of this fiscal year and the next, LCR intends to consolidate and expand on its successful experience with results-based CASs. The Brazil team will prepare for the first of the semi-annual reviews with the government that will be conducted to assess Brazil's progress towards the intermediate performance indicators and the contributions that our own assistance is making to that progress. Resources have been allocated to the field to prepare a new, results-based CAS for Guatemala.

21. LCR will also continue to give close attention to strengthening the results orientation in lending operations, both adjustment and investment. Programmatic approaches will remain an important part of the effort to strengthen the results focus of lending operations and efforts to gain experience with performance-based disbursements will continue. The region will adapt its successful experience with the special portfolio review in Argentina to other high risk situations and efforts will continue to strengthen LCR's portfolio performance indicators, with special attention to institutional development.

22. In the region's ESW, high priority will be assigned to the diagnostics that are needed to move to client fiduciary and safeguard systems in countries such as Mexico and Brazil, consistent with the middle-income country strategy, and to provide the foundation for consolidating and expanding the region's experience with SWAs in other countries as well.

23. As resources permit, LCR will continue build on successful learning experiences, such as the January 2004 workshop on monitoring and evaluation for both government officials and Bank mission staff in Santiago, Chile, to step up learning events and assistance to task teams in the region to strengthen LCR's internal capacity to enhance the results focus in CASs, ESW, and in the preparation and supervision of lending operations.

E. Middle East and North Africa Region

24. ***Results agenda implementation priorities in MNA.*** The MNA region is involving its staff and clients in a joint effort to implement the results agenda. Priority actions are mainly focused on the country/strategic level but are also extended to the project level as requested by client countries. Those actions include:

- (a) Aligning lending and non-lending program with country results and regional strategy's areas of focus: Results-Based Country Assistance Strategies (CAS) in MNA: The Tunisia CAS is built on a results-oriented framework that focuses on three main strategic pillars (strengthening business environment and improving competitiveness; enhancing skills and employability of graduates in the labor force; and improving social services through enhanced efficiency of public expenditures) and identifies measurable indicators as tools to manage for results. The CAS is

scheduled to be presented to the Board in April 2004. In addition to Tunisia's, four other Results-based CASs will be submitted by the end FY05: Djibouti (progress report); Egypt; Lebanon; and Morocco.

- (b) Staff and client capacity building: The region's focus is currently shifting from transactions to permanent capacity building. A program of staff training is being prepared and support materials in results-based management will be made available to provide guidance to all MNA staff. Capacity building efforts included client countries and will be expanded to all countries in the region.
- (c) Improving national statistical systems to manage for results: This is a prerequisite for strengthening countries' ability to own the management for results process. Although this is not a critical problem in some MNA IBRD countries, the region is engaged in assessing the needs of its countries and assisting them through grants and other instruments such as STATCAP (Yemen is currently considering using STATCAP).
- (d) Partnership with donor agencies and local institutes for a harmonized results reporting system: In line with the harmonization agenda and in order to lift the burden on client countries, the region is increasing its focus on partnership in the area of measuring results and is particularly encouraging partnership with local institutes in client countries to ensure the sustainability of its efforts (dialogue is currently ongoing with the Government of Morocco and a local institute on establishing a permanent training of trainers program).

25. **Recent progress.** MNA has taken significant steps in the direction of results-orientation, particularly in lending activities, in client capacity building efforts, and in monitoring portfolio riskiness.

1. Lending activities

26. The region is focusing on results management at every stage of the project cycle: concept notes and project appraisal documents, implementation and supervision, and completion and evaluation. The main questions asked are the following:

- Institutional responsibilities and staffing
- Data collection: sources, instruments & methods
- Capacity: assessment and supplementation
- Reports: types and frequencies
- Costs and financing

27. In addition, the region has developed Readiness Filters for each country that ensure project preparedness for implementation and which include the designation of Monitoring and evaluation (M&E) staff, the identification and preparation of training program in M&E, and the existence of a sound M&E system as key items.

Box 1. Yemen Social Fund for Development : making poor communities as part of the solution not as part of the problem

The Social Fund for Development (SFD) is undertaking a participatory outcome-based approach to implement three main programs: community development related to social and infrastructure; capacity building; and micro-finance. SFD's approach is focused on evaluations at every stage of the project cycle to assess processes and outcomes and take timely and effective corrective measures. Also, the SFD undertakes ex-post impact evaluations to generate lessons of experience. Over the past six years, the project benefited about 7 million people, of which 49 percent are female, and generated 8,000 permanent jobs.

28. ***Client capacity building.*** The following efforts have a cross-cutting value that goes beyond donor-funded projects and that ensures continuity and sustainability of capacity building in client countries.

- **Algeria:** Strengthening the Ministry of Finance's capacity in results-Based management. An activity is being put in place to strengthen the oversight entity in Algeria to plan, manage, and implement all donor-funded projects with a results-based approach.
- **Morocco:** training of trainers program: An activity is under preparation to partner with a local institute to build a permanent in-country training of trainers program in results-based management and budgeting.
- **Tunisia and Morocco:** Monitoring and Evaluation Systems from the perspective of client population: At the request of the clients, the region conducted outcome-focused training sessions of about 215 project staff on results-based project management. The outcomes of the training include: better understanding of results-based project management; common understanding of each project's results matrix and performance indicators; and agreement on action plans for sound M&E systems at the project level.
- **Egypt: Enhancing public system management through M&E:** The region is working with the Government of Egypt to establish in the Ministry of Finance the required institutional capacity to implement integrated national Results-Based budgeting.

29. ***Results-based Portfolio Monitoring System.*** In addition to helping client countries measure results on the ground, the MNA region had developed its own Results-Oriented monitoring and evaluation system for better portfolio performance. The region reports on a monthly basis in Regional Management Team (RMT) meetings on portfolio status and suggests time-bound monitoring actions to be taken.

Box 2. Managing portfolio riskiness through Results-Based CPPRs

One example of successful results-based portfolio monitoring in the MNA region is Algeria. Algeria started the fiscal year 03 with commitments at risk that exceeded 50% and this percentage went down to 14.6% at the end of the fiscal year. To address riskiness, the region conducted an outcome-based CPPR that tackled systemic issues as well as project-specific issues. Focus on results, fiduciary and M&E capacity building, close coordination and portfolio monitoring by the oversight entity, proactivity in taking necessary actions to minimize riskiness and address project flags, were among the priority issues. The CPPR was conducted with a participatory approach and emphasized collaboration of all parties: government counterparts, central agencies, line ministries, and project entities. The effective portfolio monitoring system which led to timely follow-up on CPPR recommendations has largely contributed to reducing Algeria's commitments at risk.

2. *Looking Ahead*

30. ***Key Action expected through FY05.*** In line with the Bank's results agenda and with MNA's on-going results-based activities, the region is committed to continue increasing its efforts in: creating an environment conducive to share experiences and re-evaluate M&E methods within the Bank and in countries; extending client capacity building efforts to the rest of MNA countries; targeting priority M&E actions according to project cycle; developing a regional

training program for staff and clients; developing guides and support materials and making them available on the MNA website; and using IDF resources and STATCAP instrument to strengthen countries' systems to meet M&E requirements of PRSPs, CASs, MDGs, and other national development plans.

F. South Asia Region

31. SAR's results agenda focuses on four priorities: adopting results-based CASs; mainstreaming results-focused country and sector portfolio reviews; enhancing the results focus of new lending operations; and fostering client ownership of results management.

32. **Recent Progress.** Results-based CASs went to the Board in April (Sri Lanka) and November (Nepal) of 2003, and preparation of the India and Bangladesh CASs are under way. Appraisal of the Sri Lanka STATCAP pilot is scheduled for April 2004. The RVP is chairing regular country and sector portfolio review meetings, focusing on actions to enhance results. With support of OPCS and the Results Secretariat, SAR has integrated a results focus into the Regional staff operational training program. Training on results-oriented project design and supervision is being rolled out in Washington and in field offices. India and Pakistan are commissioning results -focused portfolio evaluation, to draw lessons and identify possible actions to enhance results at project, sector, and country levels.

33. **Looking Ahead.** For FY05, the Region plans to proactively engage our client countries with the objective to establishing programs of actions toward better managing for development results.

II. NETWORK IMPLEMENTATION OF THE RESULTS AGENDA

A. Environmentally and Socially Sustainable Development (ESSD)

34. ESSD's work on promoting and monitoring results is fully consistent with the outcomes of the WSSD—i.e. the MDGs 'plus'—and the implementation agendas identified in sectoral and thematic strategy papers. Efforts cut across all three levels outlined in the Implementation Action Plan (in countries, in the Bank, and across development agencies). This note provides selected highlights of ESSD work in promoting results, primarily at the level of country and development agencies, as reporting on activity in the Bank is provided in detail in other documents (e.g. strategy and thematic updates). Where commonly agreed results indicators did not already exist, the first step has been to focus on articulating agreed analytic frameworks which will allow specification of reliable indicators. Where widely accepted indicators already existed, the focus has been on promoting consistent application and use.

35. ESSD—through ENV and ARD—has been closely involved on UN work focused on indicators for tracking achievement of the MDGs, in the areas of hunger and environmental sustainability.

36. **Agriculture and Rural development.** Progress in agriculture and rural development is essential to 'Eradication of extreme poverty and hunger'. As detailed in other reports on implementation of 'Reaching the Rural Poor', significant work is being done to ensure results

through expanding Bank's assistance to clients and ensuring quality. At the aggregate indicator level, the focus is on two areas: national rural development strategies and trade.

37. National rural development strategies facilitate identification of priorities by policy makers and other stakeholders; integration of these priorities into broader national agendas and analytic work; and monitoring of progress. Consistent with 'Reaching the Rural Poor' and the Implementation Action Plan, a substantial level of effort is being devoted to this area of work – both within and across countries. For example, a "Drivers of Growth" study for Central America uses an asset-based approach (where assets are broadly defined to include natural, physical, financial, human, social, political, institutional and locational assets) to evaluate how policies and investment strategies contribute to rural economic growth that is both poverty-reducing and environmentally-sustainable. The work goes into great detail, and will provide both baseline data and useful insights for policy-making and progress monitoring. Further, to monitor that commitments to poverty reduction are being fulfilled, a methodology for reviewing the poverty focus of national rural development portfolios and individual projects are being prepared.

38. ARD is embarking on a major joint research project on Trade Policy, Environment, and Rural Poverty with World Wildlife Fund (with financial support from the EU, the Dutch, and the British governments). The overarching goal of this project is to identify policy and institutional measures for national governments and international trade bodies that will ensure the contribution of trade liberalization to alleviating rural poverty and promoting environmental sustainability in rural areas.

39. Natural Resources Management. In addition to ARD and ENV-specific efforts, cross-sectoral work underway focuses on promoting results in cross-sectoral areas. For example, in forests, the inter-departmental team has been leading international efforts to assist clients in: deriving value from forest ecosystem services; specifying underlying concepts of forest landscape restoration – leading to indicators for monitoring; and developing methodologies for economic valuation of forests. Analytic and workshop efforts are leading to improving policy frameworks in client countries.

40. **Environment.** In terms of strengthening countries' capacity to manage results along environmental dimensions, ESSD both supports delivery of Country Environmental Analysis (CEAs) and reviews PRSPs with the objective of disseminating good practice lessons to client countries embarking on the preparation and updating of PRSPs. The recent department papers on Indicators of Environment and Sustainable Development and the review of PRSPs and the MDG on Environmental Sustainability bring forward lessons on indicators and M&E arrangements, particularly on MDG7. The program on environmental indicators includes participation in the Global Monitoring Report, the World Development Indicators, and the annual publication *The Little Green Data Book*, which has become an international reference document for development partners and client countries in the monitoring of environmental issues at a country level.

41. ENV and DEC are undertaking a research program that combines information on environmental threats in client countries, the OED database on project success, and the Bank historical lending using the new thematic codes, to analyze the opportunities for enhanced Bank activity in countries where environmental threats are of greatest importance in a global ranking,

the potential for successful implementation of Bank activities is high, and our lending levels have been low¹. This research has been used over the last year in several regional training sessions and corporate training activities in coordination with the Results Secretariat.

42. ENV maintains an active CAS review program linked to its indicators work and promotes the use of environmental indicators for countries where environment and natural resources management is a key factor in their development and poverty alleviation efforts. After a comprehensive review of potential indicators for environmental sustainability in the context of the Bank's internal implementation exercise (which followed WSSD), five indicators are being used to monitor progress in focus countries. These indicators are part of the corporate reports to Senior Management on the IFU7 exercise.

43. Going forward, the above programs will continue. Other areas of focus that will be considered include: (i) expanding the existing monitoring system for the implementation of the Environment Strategy to include results information; (ii) support the replication of the ECSSD experience at the project level on monitoring for results; (iii) expand the use of environmental indicators in PRSPs and CASs, especially in results-based CASs; and (iv) leverage our experience with indicators to support through DEC activities to strengthen country capacity to manage for results.

44. ***Social Development.*** Promoting inclusive, cohesive, and accountable institutions increases the effectiveness of Bank assistance in the following areas: aligning corporate directions with country priorities; promoting policies, procedures, and practices supporting action on-the-ground; strengthening external partnerships, including local and community based groups; and providing countries with impact monitoring tools to better assess progress in reducing poverty.

45. Substantial progress has been made at the project level in terms of aligning corporate directions with country SD priorities and supporting action on the ground. Currently, there are 922 Bank-assisted projects with social development (SD) components. The total allocated Bank financing for these SD components is presently at \$14.7 billion (from \$10.0 billion at of end FY03). SD issues are increasingly incorporated into the Bank's lending and non-lending work through application of SD approaches. Key analytic work aimed at ensuring results of this work include: strengthening of country social analysis and poverty and social impact analysis (PSIA in collaboration with PREM); social accountability; impact monitoring and evaluation of effectiveness of operations with CDD components; and conflict/post conflict analyses in LICUS and conflict-affected countries (e.g., Conflict Analysis Framework, TSS).

46. In terms of aggregate-level indicators, work is continuing on the: impacts of CDD at the community and national policy levels; most effective means of investing in social capital; and sustaining participation, especially of marginalized populations. A set of social development indicators (SDIs) has been identified at the country level for tracking changes in measures of inclusion, cohesion, and accountability.

¹ Buys, P., S. Dasgupta, C. Meisner, D. Wheeler, K. Bolt, K. Hamilton and L. Wang (2003) "Measuring Up: New Directions for Environmental Programs at the World Bank", World Bank Policy Research Working Paper No. 3097, World Bank: Washington DC. Available at: http://econ.worldbank.org/files/28405_wps3097.pdf.

B. Finance Sector

47. The Financial Sector Network has built a focus on results into the core work program, including all three of the main product areas of the Vice Presidency: financing for growth and empowerment; financial stability; and financial integrity. The reorganization of the VPU in FY03 reflected these product areas and has contributed to monitoring the relationship between institutional objectives, resources, and operational results.

48. FSE is also initiating several innovative approaches to measuring results on the ground including a sharpened focus on development outcomes in the Financial Sector Assessment Program (FSAP) and development of an expanded set of financial sector indicators.

49. Extensive evidence confirms that creating the conditions for a deep and efficient financial system can contribute to sustained economic growth and lower poverty. This is the motivation for the development assessment component of the FSAP, whose goal is to (a) assess the current provision of financial services and missing services and markets; and (b) identify the obstacles in the country to extensive and efficient provision of a broad range of financial services. A recent Bank-Fund workshop drew attention to the most distinctive feature of the development assessment: its focus on the users of financial services. Policy reforms that benefit users, even at the cost of the providers, are generally to be favored by the development assessment. The dialogue created or enriched between the Bank and the officials in the financial sectors assessed has been an outcome of the program in many instances. In addition, the provision of baseline, comparable information on financial sector development and performance supports efforts under way to determine how to better monitor the conditions of clients' financial sectors.

50. In response to both corporate mandates and demand by operational units to define tractable, measurable indicators, FSE is also launching an initiative to develop an enhanced set of financial sector indicators. The objective of this project is to develop a comprehensive set of standardized financial sector indicators that will help us to understand why some financial systems are good at providing people with the means to pursue economic opportunities while others are not. The indicators will provide benchmarks to describe the soundness of a country's financial system and the level of access to financial and insurance services by its population.

51. The indicators will include standard financial sector statistics as well as some new intuitive and quantifiable measures of financial development created from the perspective of users of financial services. For example, part of the data to be collected in the first year of the project (FY05) will revolve around the ability of a fictional, prototype firm to obtain different financial services: Would our model firm (a five-year-old, formal sector, nonfinancial firm, with a simplified corporate structure and approximately 50 employees) have access to export finance, equipment finance, working capital, payroll services, insurance services, venture capital or other start-up capital, and so forth? What would be the procedural requirements for these different financial services in terms of notaries, securing collateral, legal documentation, and so forth? What would be the approximate costs and real interest rates and other "hidden" fees such as requiring savings and other demand deposits in exchange for access to credit?

52. Other indicators will relate to the institutional and policy framework for financial services. Taken together, these indicators will shed light on the ability of a country's financial system to promote growth and contribute to poverty reduction by fulfilling its primary functions:

- Allocating resources to the most productive investments;
- Providing instruments for risk mitigation; and
- Delivering basic financial services to a broad segment of the population including savings, credit, insurance and payment services.

C. Human Development.

53. Results agenda implementation priorities in HNP:

- Improved health outcomes of the poor is number one priority.
- Improved monitoring of outcomes and intermediate determinants is an important part of this.
- Increased collaboration with development partners to achieve common goals is needed.

54. ***Recent progress:***

- Completed ESW on reaching the health MDGs ("Rising to the Challenges"). This focuses on overcoming obstacles in improving health services and reaching those who have the greatest need, with the objective to improve health outcomes.
- Increased collaboration with partners (WHO, UNICEF, Gates Foundation, bilaterals) leading to "High Level Forum" on reaching the health MDGs, including an emphasis on performance-based assistance to countries.
- Active participation in Health Metric Network, which aims to build capacity for improved health statistics.
- Completed analytical work on measures of health outcomes and access to services for the poor, and organized "Reaching the Poor" conference.

55. ***Looking ahead:***

- Improved coordination with development partners at the country level with common goals of PRSPs to achieve better health outcomes.
- Address specific bottlenecks in implementation of health interventions at the country level (human resources, access and use of services).

56. ***Results Agenda Implementation Priorities in Education.*** The education sector program stands on two pillars: the EFA/MDG agenda to build the foundations for further education and development, and Education for the knowledge agenda to enable countries to become competitive in a global economy. In both cases, key results are – access, equity, education quality, and effectiveness of resource utilization.

57. ***Progress.*** In reaching the goal of education for all and primary completion – 77% of the education sector project approved in FY03 all address primary completion and /or learning achievement while the rest address a combination of intermediate indicators (for intake, enrollment, equity, survival, drop-out, repetition, transitions to higher levels). While most

projects have good designs for the monitoring and evaluation of the indicators, weaknesses in the implementation of the M&E design is being given more reflection by HDNED. On-going work with the UIS on improving the quality and timeliness of education indicators for global monitoring is quite well advanced.

58. The Fast Track Initiative is the major initiative directed at ensuring the attainment of the MDG goal of 100% primary completion by 2015. Plans for achieving this goal have been established for 12 countries and donor financing to support incremental costs resulting from these plans are forthcoming. The results-framework for the evaluation of the FFTI is based on donor consensus.

59. Education for all also calls for children to achieve reasonable levels of quality, one dimension of which is assessed learning. In this respect the sector is encouraging and promoting the measurement of learning achievement across countries. It has established a program of capacity building in national assessment of education achievement. Furthermore, work is under way to prepare a comparative picture of educational effectiveness indicators across more countries than has been done before. If successful, this analysis will allow us to develop a better idea of which countries are more effective spenders, in terms of results per dollar spent, and why. For assessing adult literacy, the sector has worked with DEDDG and UIS to support the development of methods for valid and reliable assessment. Likewise progress is made in the assessment of early childhood readiness.

60. For tertiary education, Bank-financed project now give a clear focus to the key indicators of quality, governance, institutional development and standard setting. Clear performance indicators for these results and systems for monitoring and evaluation are important areas of focus in project work.

61. *Looking Ahead.* Increased collaboration and harmonization of mechanisms for supporting and financing the FTI to achieve better education outcomes. Improvements in the development of M&E systems in client countries and capacity for education statistics, the assessment of learning, and the evaluation of impact. Given the significance of the measurement of learning outcomes, the sector is developing a program for global support in the assessment and evaluation of education achievements.

D. Infrastructure

62. *Background and Priorities.* The Infrastructure Action Plan made explicit the need for building up the Bank's infrastructure information and knowledge base linking infrastructure, growth and poverty reduction. Within this context and in sync with the corporate emphasis on management for development results, the Infrastructure Action Plan included a commitment to improve infrastructure diagnostic work—emphasizing the development of a standardized infrastructure assessment (Recent Economic Developments in Infrastructure—REDI)—and to develop infrastructure sector indicators to monitor performance. Both of these efforts are structured around key policy areas related to infrastructure service delivery: access, affordability, quality, cost efficiency and financial sustainability.

63. *Early Progress.* The infrastructure network has begun to develop a core set of infrastructure indicators for each sector which will be critical for better results measurement and management. These indicators will be important to demonstrate the impact of infrastructure interventions and to track progress over time. They will also provide additional information for improved resource allocation within countries by pointing to high impact interventions. Internally, the indicators will be used for multiple purposes: MDG monitoring; IDA14 monitoring; corporate reporting (e.g. Global Monitoring); business reporting, for each sector and infrastructure more broadly; as input into results based CASs; improved project level outcome measurement; and as input into country-level analytical work (e.g. benchmarking data).

64. The emerging infrastructure results agenda:

- the need for a more comprehensive approach to infrastructure service delivery embracing all sectors, combining results measurement and analytic work to better understand infrastructure contributions to country outcomes, better assess overall sector performance, and identify population segments in most need of infrastructure services, and
- an enhanced scope of infrastructure data that goes beyond basic infrastructure access data, to include data in areas such as affordability, quality, cost efficiency and financial sustainability.

65. Progress to date includes the inclusion of 4 indicators (for water, telecom, transport and energy) in the list of the proposed indicators for IDA-14. Also, the Bank is engaged in on-going work with the Joint Monitoring Program to strengthen the main survey instruments available for tracking the relevant MDGs.

66. *Looking Ahead.* Next steps include finalizing agreement on the key indicators to be tracked and establishing a work program that would allow systematic data collection over the long term. This initiative will require the collaboration of many different partners, both within the Bank, with DEC and PREM, and outside the Bank. Equally important will be to enhance the understanding of multi-sectoral implications of infrastructure interventions. This is an effort that has only recently begun and will require reaching a common understanding among relevant partners. Thus, the measurement system will evolve and be firmed up over time.. Finally, to ensure the long-term sustainability of this effort, it will be important to invest in building statistical capacity in client-countries for the systematic collection and usage of infrastructure sector data.

67. Emphasis will be place on strengthening collaboration with country teams, DEC and international agencies (USAID, UNICEF, etc) in order to incorporate standard questions on infrastructure services into existing data gathering instruments, particularly household surveys (LSMS, DHS, MICS). This is fully aligned with Action 4: “Set Up an International Household Survey Network” of the recently proposed action plan for improving development statistics presented by DECDG during the Marrakech Roundtable.

C. Poverty Reduction and Economic Management

68. Action has been pursued across the areas of public sector governance, poverty reduction, and trade.

69. **Public Sector Governance.** The Bank's overall objective in the area of public sector governance is to build capacity and strengthen accountability in public sector institutions, both of which are preconditions for countries to manage for results. The Bank is leading global efforts to develop governance indicators that can inform clients, stakeholders and partners about the quality of governance and of possible progress toward good governance. The two major initiatives (the Country Policy and Institutional Assessments, CPIAs, and the Worldwide Aggregate Governance Indicators compiled by WBI-DEC) are being supplemented with a number of specific indicators covering public financial management, private sector regulation, and public services delivery. Guideposts have been developed to allow for more objectivity in the CPIA rating process, to feed into CAS design and help with the formulation of intermediate outcomes at the project level. The Bank is also working with client governments to develop indicators of intermediate outcomes of PSG reforms and operations. These can serve both as results indicators for public sector governance reforms and as performance indicators for Bank-supported operations.

70. During FY04 there has been a threefold emphasis. First, to develop a Public Financial Management Performance Measurement Framework, comprising some 30 indicators that build on the 15 public expenditure tracking indicators developed for HIPCs. Second, to compile a set of cross-country comparative governance indicators to assess progress in the policies and actions toward the achievement of the MDGs (Global Development Report). Third, to expand the evidence basis for the public sector governance cluster of the annual CPIAs. The priorities for FY05 are to expand and update comparative governance indicators; to work with country teams and client governments to implement the PFM indicators; and to develop intermediate outcome indicators in other governance fields.

71. **Poverty Reduction.** The three main priorities are to (a) strengthen poverty and social impact analysis; (b) draw lessons from and support to countries' M&E systems, and (c) work on pro-poor growth.

72. Last year's focus was on promoting and supporting the analysis of the poverty and social impact of potential reforms to strengthen the analytic underpinnings of policy reforms. Over the course of FY03, more than 40 new PSIA were commenced, and it is expected that a similar number will start in the next year. To complement the PSIA User' Guide and the series of tools available to undertake such analysis (see PSIA website), the Bank will develop a series of reform-specific notes, which will provide the practitioner with a review of the issues typically involved in the type of reform under scrutiny, the tools available to address these issues, and a series of examples and resources. Both these new analyses and the expanded guidance will contribute toward greater reliance on sound analysis of the poverty and social impacts of reforms in developing countries, and led to better results-focus of their policies.

73. Countries have set up poverty monitoring systems to monitor progress in reducing poverty, provide the information necessary for policy decisionmaking, and improve policy/program design and implementation. In the coming year, PRMPR will focus on drawing lessons and good practice on the design, establishment, and functioning of such systems, focusing on their institutional arrangements. In addition to a summary note on good practice and lessons, the poverty monitoring systems of ten countries will be presented and analyzed. A series of in-depth notes on critical areas emerging from the country studies (which could include, for instance, the role of donors, or the special challenges posed by decentralization) will follow. These will provide practitioners in developing countries with ways to best develop poverty

monitoring systems—which will contribute to better information-based decisionmaking in the elaboration and implementation of the PRS.

74. In addition, the Bank is carrying out 14 country case studies to analyze the poverty and growth impact of key macro and sectoral policies and how they are influenced by country conditions. The lessons from these studies, to be summarized in a synthesis note, will provide countries designing poverty reduction strategies with useful insight to on how to better link policies to growth and poverty outcomes at the country level.

75. *Trade.* The results agenda for trade focuses on helping countries increase their integration into the global economy—as measured by growth of imports and exports as a share of their GDP—by improving their trade policies and tackling supply-side constraints. A key building block for this agenda is conducting the analytic work to inform client countries of possible policy reforms and also help identify capacity-building and investment needs that can then be supported through Bank operations.

76. FY03-04. Since FY03 has witnessed impressive growth in the Bank’s trade-related Regional analytic work and country-specific studies. For FY05, PREM is planning on continued support to country clients in trade policy analysis, as 27 countries are applying for WTO accession, and many of them are engaged in active preparation (e.g. Lao PDR, Russia, Ukraine, and Vietnam).

F. Private Sector Development

77. Private sector development is about promoting growth, reducing poverty and helping people improve their quality of life. Without the dynamic force of private initiative, disciplined by competitive markets, people will stay poor. Private sector development is not about random privatization, but a refocusing of the role of the state to provide room and support for entrepreneurial activity. When the private and public sectors complement each other, people will escape from poverty.

78. The Bank’s private sector development strategy promotes the private sector by helping to create the right climate for investment—by which we mean the macroeconomic conditions, the governance, and the infrastructure to encourage both domestic and foreign investment. IDA countries often struggle on all three aspects of the investment climate, so the challenge is to identify simple reforms which can boost the private sector and deliver services to the poor.

79. IDA is making progress with three approaches: first, good diagnosis of the investment climate which helps to lead to accurate reforms based on the facts; second, policy dialogue and advice aimed at triggering reform; finally, lending and grants to key aspects of the private sector.

80. We have an array of lending instruments to support private sector development. MIGA offers guarantees and technical assistance; IFC supports the private sector with equity or lending at market rates, and also strengthens the provision of business development services and access to finance to small and medium enterprises with the help of its private development facilities; and finally IBRD and IDA provide financing and technical assistance to governments to improve both policy environment and provision of critical services. Recently, to increase accountability and allow stronger involvement of the private sector, the World Bank is exploring output-based aid approaches, where private companies or non-profit organizations are commissioned to provide a service. Payment is not provided until the teachers are teaching, the

public phones work, or the water is flowing. The aim is to make sure that subsidies are targeted closely at the poor, and to make sure that service provision is as efficient as possible.

81. Part of the private sector development strategy is sound diagnosis of the investment climate. Both the diagnosis itself, and the results measured by it, have been incorporated in IDA's increasing focus on performance-based aid. The aim is to improve the investment climate, and there are several ways in which accurate assessments can lead to progress.

82. A detailed assessment can bring long-hidden problems into sharp relief. For instance, in Angola, it costs over eight times per-capita income to set up a business. The law which makes it so expensive is 103 years old, so the problem here is more a lack of attention than a lack of resources or willpower.

83. The right assessments can also offer very specific ideas for reform. After a particularly inefficient regulation in Ethiopia was highlighted in the World Bank's "Doing Business in 2004" report, the Ethiopian government scrapped the regulation and saved would-be entrepreneurs four years' income.

84. The process of carrying out investment climate assessments also sparks a policy debate: firms help to supply data but then start to take a keen interest in the results.

85. **Early Progress.** The Bank uses two key diagnostic approaches as part of its results management framework, both of which are generating improvements in the investment climate in developing countries:

- The **Doing Business** project, which produces objective, transparent data, comparable across countries and updated annually, about specific regulations – for example, the time, cost and procedures required to enforce a contract, or to set up a small limited liability company. The dataset currently covers 134 countries, including 55 IDA countries.
- **Investment Climate Assessments**, which are broader assessments of a single country's investment climate. The assessments combine surveys of hundreds of firms with publicly available information; the result is a detailed report in the public domain, aimed at promoting dialogue, policy reform, and therefore more growth and less poverty. Over half of the assessments launched have been in IDA countries; 33 IDA-country assessments were launched up to and including Fiscal Year '04. (18 IBRD assessments were launched.) Almost all assessments undertaken so far have been followed by dissemination events and private-public dialogue.

86. The IDA trigger targets for private sector development are, on the input side, to complete 7 Investment Climate Assessments each fiscal year, and to launch surveys in the majority of IDA countries by the spring of 2005. On the outcome side, the target is to reduce both the time and the cost (relative to per capita income) of formal entry by 7% - as measured by the Doing Business project – by spring 2004.

87. These targets are already producing improvements in the business environment of IDA countries: between January 2002 and January 2003, the cost of starting a business in IDA countries fell by about 2%, and the time required to start a business fell by almost 6% - very close to the target of 7% by spring 2004.

88. In addition, in the three fiscal years 2001-03, 30% of private sector development commitments have been allocated to IDA countries: a total of over \$4.8bn (IBRD commitments

were \$10bn.) Over half of all private sector development projects take place in IDA countries—89 out of a total of 345 in the three fiscal years 2001-03.

89. *Looking Ahead.* The Doing Business project team are currently collecting data on regulation across the world in January 2004, including the data for starting a business in IDA countries. In addition, 15-20 investment climate assessments are scheduled for each upcoming year, predominantly in IDA countries. Already, these assessments have helped in the design of some 30 projects, and more are expected to follow. With the aim of speeding up reform efforts, the World Bank has identified a number of countries as priority and focus countries. In some cases, progress has been dramatic—for instance, both Pakistan and Honduras have cut the time required to register a business by 45% or more. The Bank is hopeful that others will follow suit.

LESSONS OF THE MONITORING AND EVALUATION IMPROVEMENT PLAN

1. This review on the M&E Improvement Program that was launched in 2000 highlights critical lessons that can contribute to the implementation of the Results agenda. Over the course of the program, significant strides have been made in building monitoring and evaluation (M&E) capacity in Regions and Networks and in developing a knowledge base and leverage points for supporting clients' efforts to improve their M&E systems. *In country*, the M&E Improvement Program delivered on informing the Bank of ways to support and integrate M&E with results-based management, build borrower capacity, and identify possible efficiency gains for scaling up Bank support. *In the Bank*, although considerable efforts were undertaken to improve M&E, to date these efforts have produced only marginal improvements in the quality of M&E in operations. Competing priorities, fragmentation of efforts, and resource constraints hindered progress, an outcome made the more unfortunate because the program contained the elements for a success. (See Table C1.)

Table C1. Results from Implementation of the M&E Improvement Program

	What Worked Well	What Worked Less Well
<p><i>In Countries</i></p> <p>Building Country Capacity for M&E</p>	<p>Added to the pool of new knowledge on integrating M&E into results based management in developing countries with new diagnostic tools and cases</p> <ul style="list-style-type: none"> • Demonstration of synergies between diagnosing and support country capacity for M&E and undertaking Public Expenditure Reviews. • Examples of how M&E can be strengthened through a variety of Bank instruments . • Increased dialogue with borrowers on M&E through the Country Portfolio Performance Review (CPPR) process and Country Assistance Strategy (CAS) development • Non pilot country teams requested similar support for building client capacity in M&E. <p>Two Regions, Africa and LCR made assessing and building country capacity building for results based M&E part of their regional strategies.</p>	<p>While some did, not all pilots leveraged opportunities to impact portfolio management issues in M&E</p> <p>Missed opportunities to develop partnerships at the agency level with donors on results based management, more broadly than in the pilot country</p> <p>Lessons learned could have been more broadly disseminated and integrated into internal capacity building program</p>
<p><i>In Bank</i></p> <p>Building Bank Capacity for M&E:</p>	<ul style="list-style-type: none"> • Staff awareness of the importance of M&E increased • M&E focused funds (CDD, HIV/AIDS) were used for innovative approaches to M&E • New methodologies for CPPR and CASs focused on M&E were undertaken in select countries • Several sectors and sub-sectors developed customized approaches to assessing country capacity for M&E at different levels of Government (community or local governments) or programmatically (HIV/AIDS). • The Bank developed the strategy for the Results Agenda – showing increased commitment • Increased emphasis on M&E in regional training programs • Lots of initiatives and efforts by networks and regions (especially Africa, ECA, LCR) both to support better M&E in client countries and to improve M&E in operation 	<ul style="list-style-type: none"> • Some staff see M&E as a requirement, not a helpful tool • QAG M&E ratings did not improve significantly • Incentives were not properly addressed with insufficient attention from Senior regional management • Inadequate resources, both financial and human, to improve M&E • Scattered, fragmented initiatives resulting in inconsistent messages

A. Program Goals and Strategy

2. In September 2000, CODE endorsed the recommendations and action plan presented by a Bankwide Working Group to address the causes of consistently poor M&E in Bank and client operations. The report concluded that (a) traditional project-based M&E was proving inadequate for the results management needs of the Bank, and (b) clients and the Bank needed to shift from tracking inputs and deliverables toward an approach that focuses on results, whether at the national, program, or project level (results-based M&E). The Working Group identified three factors as critical to the poor quality of M&E in the Bank and in client countries—an absence of appropriate incentives to systematically focus on results; unclear roles and accountabilities in the Bank and between the Bank and borrowers; and inadequate capacity—and recommended that in pilot countries the Bank test mechanisms to assess and build country capacity for M&E, and that it strengthen capacity for staff to design and use M&E in operations. The program's intention was to create an environment for learning about how to diagnose and strengthen country capacity for M&E to enable replication, to foster a widely shared culture of concern for results in the Bank and client countries, and to begin building Bank capacity for designing and using M&E as a tool to achieve development outcomes. By the end of the third year, learning from the program was to be evaluated with a view toward mainstreaming the program in FY04.

3. **Implementation.** Implementation of the program followed a phased approach, focusing on select regions and sectors and pilot countries (middle-income and low-income, covering all Regions). The estimated cost of the plan was \$2.1 million in FY01, \$4.3 million in FY02, \$5.3 million in FY03, and \$3.1 million in FY04, and the Working Group assumed that most of this cost would be absorbed within existing or planned budgets or through realignment of priorities. The only incremental funding expected was \$0.3 million in FY01, mainly for in-country assessment, planning and supervision of the pilots.

B. Progress, 2000-2003

1. In Countries

4. The expected results of piloting priority recommendations on incentives, roles and responsibilities, and capacity in different country contexts were as follows:

- **Longer-term.** Strengthened government use of M&E for decisionmaking and management of policies, programs, and projects.
- **Short-term.** Enhanced Bank understanding of ways to integrate M&E with results-based management and build client capacity, and identification of efficiency gains for wider application and scaling up of Bank support. The program also foresaw an increased emphasis by Bank teams to improve client M&E capacity.

5. **Longer-Term Results.** In the three year period of the program, it is impossible to determine if the efforts expended will result in systemic improvements in the quality and use of M&E in pilot countries. Building M&E systems that translate information to action requires a long-term reform agenda with supporting cultural and institutional changes. In all of the pilot countries, there is interest in pursuing strategies to strengthen M&E with varying degrees of

supporting institutional settings.¹ Clearly, however, much remains to be done. Recent Bank reviews highlight the need to continue scaling up support to country M&E. These conclude that:

- None of the Comprehensive Development Framework (CDF) countries have adequate M&E efforts at the national level and only one-fourth of them are taking action to build M&E systems that allow findings to influence corrective action.²
- Most of the 21 borrowers identified in the 2002 ARECD as undertaking M&E capacity development activities (9 of which are M&E Improvement Program pilots) are at early stages of their efforts.
- The 2002 review of PRSPs noted that “it is still too early to assess the extent to which countries are taking the findings of [M&E systems] seriously and feeding them back into policy design.”³

6. **Shorter-Term Results.** In pilot countries, the three key factors for poor M&E (incentives, roles and responsibilities, capacity) formed the basis for diagnosing the institutional setting for M&E and developing strategies to strengthen country capacity. The program delivered on increasing the knowledge base on different country conditions for M&E, developing and testing a diagnostic tool, and determining synergies and efficiency gains with formal and informal ESW, lending, and portfolio management for future mainstreaming. Additional progress could have been made in dissemination of emerging lessons, increasing synergy with internal capacity building, and fostering incentives for country teams to carry the messages of the advantage of using M&E for improved management to borrowers. (see See Box 1 in the Main Report).

2. Strengthening Bank Capacity

7. The Bank’s efforts to improve its M&E capacity were expected to deliver (a) improvement in the *quality of M&E* in operations as measured by the Quality Assurance Group, and (b) development of a *sufficient foundation* in the Bank to sustain improvements and the shift to a focus on results. The internal program was to follow a phased approach in Regions and sectors, coupled with development of a cadre of M&E professionals.⁴

8. **Quality of M&E in Operations.** Although considerable efforts were undertaken throughout the Bank to improve the design and use of M&E in operations, there has been only slight improvement in the quality of M&E at entry and in supervision, as measured by the

¹ Box 1 of the main report presents a comparison of the pilots, grouped into three clusters: middle-income, transition, and low-income countries.

² *Getting Serious about the Millennium Development Goals: A Comprehensive Development Framework Progress Report*, OPCS, July 8, 2003.

³ *Poverty Reduction Strategy Papers – Progress in Implementation* (IDA/SECM2002-0453), September 2002.

⁴ These professionals would be responsible for developing results-based management guides and models; helping staff and management apply results-based models and tools; defining results measures for use by Management; and developing sector-focused training programs for borrowers and staff.

Quality Assurance Group.⁵ Problems in M&E at the project level were also seen in CASs.⁶

9. ***Internal Foundation for M&E Capacity.*** Across the Bank, there has been improvement in the systems for supporting M&E (e.g. knowledge, training, just-in-time support, and so forth) and a gradual shift to a focus on results. Examples of innovation and good practice validated the Working Group's observation that incentives, clear roles and responsibilities, and capacity are key factors in improving M&E. Strategies and resources for implementation varied across Regions and sectors, however; and in most cases, holistic solutions were not developed, limiting the impact on quality and threatening the sustainability of efforts (see Box C1).

Box C1. Africa and ECA: Regional Strategies and Success Factors

Africa and ECA were forerunners in the M&E Improvement Program presenting two different models of regional M&E support. The African Region emphasized helping borrowers focus on achieving results on the ground, driven in large part by the PRSP, and strengthening the skills of staff and officials in client countries in results based M&E. ECA focused on support to teams developing investment operations, providing just in time support and moving to outcome focused portfolio management.

Both regions

- had high-level champions who pushed the program and pockets of interested country directors and sector managers even in the face of resources constraints and internal incentives that were not yet focused on results;
- leveraged opportunities for supporting clients in M&E including direct capacity building support, increased attention to M&E as part of portfolio management and innovative practices in subsectors (such as CDD in Africa);
- built synergies with other parts of the Bank to support M&E and drew on global partnership to support M&E (e.g., HIV/AIDS in Africa);
- undertook innovative approaches to M&E, contributing to the knowledge base; and
- brought in experts in M&E to support staff and borrowers.

- *Most Regions recognized the need to devote for more attention to results-based M&E.* Africa, ECA, and LCR set out to develop Regional strategies bringing together the different elements of M&E, such as the MDGs, national capacity building in results-based M&E, operational quality, statistical capacity building, and outcome-focused portfolio management. Resource constraints, both human and financial, and country conditions hindered holistic strategies encompassing all of these elements, resulting in a focus in Africa on statistical capacity and operational quality, in ECA on outcome-focused project design, and in LCR on fiduciary work to lay the foundation for future support. EAP, MNA, and SAR focused on staff training and the quality advisers for M&E support.

⁵ At the time of the working group report, QAG reviews found that only 74 percent and 77 percent of operations entering the portfolio in CY1998 and 1999, respectively, had "adequate arrangements for M&E". Looking at operations under supervision in FY98 and FY99, only 65 percent and 58 percent received satisfactory supervision ratings. In QEA6, the arrangements for evaluating impact and measuring outcomes of development objectives were rated 81 percent. In QSA5, M&E in supervision was rated 65 percent. (These Bankwide figures mask substantial variation across sectors and Regions.)

⁶ The 2003 CAS Retrospective noted that "CAS self-evaluation frameworks do not provide a good enough starting point for monitoring and assessing the implementation of the Bank's program, and that weakness is reflected in Progress Reports. In most cases these frameworks do not clearly articulate the targets that the Bank or country want to achieve at the end of the CAS period."

- *All Networks offered various forms of technical support for M&E* via indicator development, training and handbooks, research, desk reviews of M&E quality, and management of targeted grant funds (such as Africa CDD) or trust funds (for instance, DEC Statistics).⁷ At the country level, DECDG has been actively supporting statistical capacity building. OED, OPCS, and WBI have undertaken initiatives aimed at building borrowers' capacity for M&E, often in partnership with PREMPS; PREMPR and ESSD are working to improve poverty M&E in PRSPs and the portfolio, respectively. In addition, OPCS has been leading the redesign of M&E across instruments.

10. **Shortcomings.** Much more progress could have been made in internal capacity building, both in the quality figures and in strengthening capacity and systems, as the M&E Improvement Program *had* a feasible solution to improving M&E. Unfortunately the three causes of poor M&E (inappropriate incentives, unclear roles and responsibilities, and capacity constraints) were valid predictors of the challenges the program faced. In addition, two critical program assumptions did not hold true during implementation (resources would be readily available to support internal capacity building and existing staff had sufficient skills and interest in M&E).

- **Incentives.** The program's strategy for improving internal incentives focused on increased managerial attention and modifications to M&E requirements.⁸ While necessary, these proved insufficient in an environment with *competing priorities* (such as safeguards, fiduciary, and supervision issues) for Management attention and resources, an institutional culture transitioning but still focused on deliverables as opposed to results, and formal business processes that are neither adequately results focused nor grounded in an integrated systems approach. In some Regions the program was seen as an unfunded mandate, as most of the program costs were assumed to be absorbed within existing or planned budgets, through realignment of priorities.
- **Roles and Responsibilities.** The program's strategy was centered on the need for a "major coordinated and sustained Bankwide effort," but this was to be achieved without centering the effort in a specific authorizing unit. In practice, this contributed to *fragmented initiatives*, multiple parallel activities, inconsistent messages within the Bank and to borrowers, and only informal inter-unit synergies.⁹ While there is a need "to create a universal sense of responsibility among staff and managers for quality", there is also a need for a focal point on results that can support Networks and Regions and disseminate consistent messages.
- **Capacity.** The program proposed that the Bank build a cadre of professionals in results based M&E by reassigning and "retooling" existing staff well versed not only in the technical aspects of M&E, but also in "results-based management." This cadre, complemented by additional training and outreach, would work in the Regions and Networks, with the OVPs determining assignment. Some Networks, such as GEF, HIV/AIDS, and OPCS did staff results-based M&E professionals as did the Africa

⁷ The program was not concerned with the monitoring of operations, but rather the quality of M&E in Bank-supported operations. Therefore, internal monitoring, such as environmental compliance, is not examined.

⁸ In focus groups, staff noted that where resources are fungible and pressures higher for other areas, money will be diverted from M&E to other issues. Thus the assumption that resources would be reallocated limited progress.

⁹ This was validated in several interviews and focus groups with Bank staff and managers.

Region, but on the whole the development of a professional cadre was not implemented. In the ARECD, OED noted “the program’s strong assumption that Bank staff have substantial knowledge and interest in M&E should be validated across the Bank.” The experience of implementing the program shows that there are few staff with a sufficient combination of skills in this area, and that the stigma “M&E is not a career-maker”¹⁰ negatively impacted those interested in gaining these skills.

C. Implications for the Results Agenda

11. As the M&E Improvement Program noted, “monitoring and evaluation that focuses on results becomes synonymous with management”; there are thus close parallels between the conditions for improving M&E and achieving the objectives of the Results agenda. Moving forward, the Results agenda provides a platform to mainstream support to clients’ design and use of M&E systems, strengthen the gains made in building the Bank’s M&E capacity, and increase harmonization and collaboration with development partners. The success of the initiative is more likely if it reflects the lessons(see Table C2) of the M&E Improvement Program.

Table C2. Lessons and Implications of the M&E Improvement Program

	Lessons Learned	Implications for the Results Agenda
In Country	<ul style="list-style-type: none"> • <i>A different dialogue with Borrowers focused on results is necessary:</i> There must be an internal understanding of the importance of building country capacity for M&E and a consistent understanding of what that means. This requires a supporting environment within the Bank that values M&E and fosters its use. • <i>Capacity Building in M&E has to be useful for clients, Bank staff and management:</i> Variations in country contexts necessitates a flexible approach to assessing and supporting capacity building, thereby allowing an array of leverage points. • <i>Resources and expertise have to be made available to support staff and borrowers.</i> Currently there are an insufficient resources in the Bank.¹¹ 	<ul style="list-style-type: none"> • Increase managerial attention to the importance of results based approaches across all operations – CAS, CPRs, Lending, Nonlending • Disseminate lessons from different country contexts, refine diagnostic, and provide support to teams in assessing and building country capacity for results • Provide additional resources for mainstreaming in addition to IDF focal area on M&E, Partner Trust Funds, Bank units (such as OED), PHRD grants, etc. • Develop a cadre of professional in results based management to support Bank and borrowers
In Bank	<ul style="list-style-type: none"> • <i>Increased managerial attention and modifications to M&E requirements alone are insufficient.</i> M&E has to be useful and behaviors have to reflect the shift to a focus on results • <i>Multiple parallel activities, fragmented initiatives, inconsistent messages within the Bank and to borrowers, and only informal inter-unit synergies weaken efforts.</i> • <i>A sustainable solution has to build an integrated system, and can not be piecemeal to have a lasting effect</i> 	<ul style="list-style-type: none"> • Recognition that a focus on results requires a change in the way the Bank does business, and not just in the technical dimensions of measurement and reporting. • Create an authorizing environment on results which can support networks and regions as an anchor. Coordinating and catalyst • Develop a cadre of professional in results based management to support Bank and borrowers

¹⁰ “Findings from Focus Groups and Interviews,” OPCS working paper, September 2002.

¹¹ OED pointed out that the program’s strong assumption that Bank staff have substantial knowledge and interest in M&E should be validated across the Bank. The experience of implementing the pilot program shows that there are few staff with a sufficient combination of skills in this area.

JOINT MARRAKECH MEMORANDUM

We the heads of the African Development Bank, Asian Development Bank, Inter-American Development Bank, European Bank for Reconstruction and Development, and World Bank, and the chairman of the Development Assistance Committee of the Organisation for Economic Co-operation and Development, affirm our commitment to fostering a global partnership on managing for development results. We would like to thank the Government of Morocco for hosting this Second International Roundtable on Managing for Development Results in Marrakech. We also wish to thank participants from around the globe who have contributed to this Roundtable. Clearly, awareness is growing that getting better development results requires management systems and capacities that put results at the center of planning, implementation, and evaluation.

We accord the highest importance to supporting countries in strengthening their capacity to better manage for development results. Since the *International Conference on Financing for Development* in Monterrey, Mexico, in 2002, the development community has embraced a new partnership—one that calls for developing and transition countries to strengthen their commitment to policies and actions that reduce poverty and stimulate economic growth, and for developed countries to provide increased and more effective aid coupled with more coherent trade and other relevant policies. Within this global partnership, countries must take the lead in managing their development and transition processes. To steer the development process toward the goals they have defined, countries need stronger capacity for strategic planning, accountable management, statistics, monitoring, and evaluation.

We recognize that our development agencies, within their different mandates and modalities for providing country support, need to enhance their organizational focus on results. This means that we need to align cooperation programs with desired country results, define the expected contribution of our support to country outcomes, and rely on—and strengthen—countries' monitoring and evaluation systems to track progress and assess outcomes. As agencies with regional or global reach, we pledge to better distill the lessons of countries' experiences and disseminate knowledge about what gets results in different country contexts.

We are committed to fostering the global partnership that has emerged since the first *Roundtable on Managing for Results* in 2002. We acknowledge that it is only through such partnership that some of the greatest challenges in managing for results can be addressed. A global effort is needed to support countries in generating reliable and timely data to assess progress toward the Millennium Development Goals and other country goals, and to strengthen international reporting mechanisms. A global partnership is also essential to reduce the burden on countries of multiple, agency-driven reporting requirements and monitoring and evaluation systems. We encourage all agencies to join in this partnership to harmonize results reporting through country-led processes



We are encouraged by the work that agencies and countries have undertaken, individually and collectively, to better manage for development results. Through the extensive discussions and preparations that have led to today's Roundtable, a consensus is emerging on the content and priorities for this far-reaching agenda, and on the critical next steps. It will be essential to widen the circle of this consensus, in part through regional workshops to be held in the months to come. We believe that the attached core principles and action plan can serve as an initial foundation for building a broader consensus and taking effective action in the years to come. They will be refined through further consultations, including through the Joint Venture on Managing for Development Results, and emerging experiences. We endorse these principles and action plan on this basis, and encourage all bilateral and multilateral development agencies and developing countries to embrace them as well.

Extraordinary efforts are required on the part of developing and developed countries to accelerate progress on economic growth and poverty reduction. Commitment and accountability by all partners are essential if we are to work together to achieve better development results. The challenge is enormous, but so are the potential rewards: healthy and educated children, productive youth, empowered communities, and a safer and more equitable world.

Marrakech, Morocco

February 5, 2004

**PROMOTING A HARMONIZED APPROACH TO
MANAGING FOR DEVELOPMENT RESULTS:
CORE PRINCIPLES**

In line with the spirit and commitments of the Monterrey Conference on Financing for Development, managing for development results¹ aims at improving the performance of countries and development agencies to achieve sustainable improvements in country outcomes for long-term impact on poverty reduction and increased standards of living. It promotes a partnership approach and organizational change through organizational learning and accountability.

Managing for development results combines a coherent framework for development effectiveness with practical tools for strategic planning, risk management, progress monitoring, and outcome evaluation. For maximum effect, it requires objectives that are clearly stated in terms of expected outcomes and beneficiaries, as well as intermediate and higher-order outcome indicators and targets, systematic monitoring and reporting, demand for results by partner countries and development agencies alike, an effective and continuous dialogue on results, and strengthening of country capacity to manage for results.

Managing for development results builds on the principles set by the development community in the domains of country ownership, donor harmonization, and alignment. These principles, endorsed in the Rome Declaration on Harmonization in February 2003 and further developed in the DAC Good Practice Paper “Harmonizing Donor Practices for Effective Aid Delivery,” provide that development agencies should:

- Rely on and support partner countries’ own priorities, objectives, and results. This implies alignment with the national strategy (a sound poverty reduction strategy or equivalent, with national linkage to the Millennium Development Goals as applicable) and use of reliable national systems and procedures (including the government’s budget, reporting cycle, and monitoring timetable).
- Coordinate with other development agencies under partner country leadership and promote joint action whenever possible (including through delegated cooperation—that is, one donor acting on behalf of another).
- Strengthen partner countries’ own institutions, systems, and capabilities to plan and implement projects and programs, report on results, and evaluate their development processes and outcomes, avoiding parallel donor-driven mechanisms.

¹ The *Glossary of Key Terms in Evaluation and Results Based Management* (DAC Network on Development Evaluation, OECD, 2002) defines results-based management as “a management strategy focusing on performance and achievement of output, outcomes and impact.” The DAC Network on Development Evaluation is an international forum of bilateral and multilateral evaluation experts from DAC member countries, the multilateral development banks, and other international agencies.

These principles recognize the importance of ownership by partner countries and support an approach by development agencies that strengthens partner countries' accountability to their citizens. Further, they recognize the partnership between partner countries, development agencies and other stakeholders and the critical importance of strengthening local capacity. They also recognize that development agencies should provide support for sound national management systems and for reforms and institutions to enhance the business environment and foster the development of the private sector as the main engine of growth.

In this context, although partner countries and development agencies have different roles and responsibilities in development, managing for development results means that they each have accountabilities—to their own constituencies and to each other—for achieving development results. It also means that leadership in both partner countries and development agencies is especially critical for strategic vision, honest assessment of progress, and institutional flexibility to adapt to new information.

Five core principles for managing for development results emerge from these understandings:

1. **At all phases—from strategic planning through implementation to completion and beyond—focus the dialogue on results for partner countries, development agencies, and other stakeholders.** In managing for results, it is important to have a coherent approach: (a) *ex ante*, at the strategy and planning phase, when expected results are articulated and their likely costs and expected impact on poverty reduction and development are analyzed; (b) during program/project implementation, when monitoring is needed to assess progress and identify necessary midcourse corrections; (c) *ex post*, upon completion, when the results are assessed against objectives and other factors, and (d) also when sufficient time has passed to be able to assess sustainability.
2. **Align actual programming, monitoring, and evaluation activities with the agreed expected results.** When partner countries, development agencies and other stakeholders focus on expected results and associated results indicators, they can better align actual programming (including financial support), monitoring, and evaluation activities with agreed results objectives. Partner country priorities and constraints must remain the starting point for development agencies' support strategies, and the development agencies' planned operations, analytic support, and technical assistance must be consistent with the partner country's sound development strategy.
3. **Keep the results reporting system as simple, cost-effective, and user-friendly as possible.** The indicator framework for managing for results should, to the extent possible, (a) be simple; (b) rely on country systems, supporting capacity building to the maximum extent; (c) be geared to learning as well as accountability functions; and (d) be harmonized to minimize system transactions costs and facilitate comparative analysis. The partner country and development agencies should consult on a short list of key indicators, preferably from a standardized list, for monitoring progress and assessing achievement of results. It is important to take into consideration the chain of expected results. Managing for results aims at improved efficiency; therefore, it is essential to be selective (and not to try to measure everything) and realistic (in terms of feasibility and cost) in choosing indicators. The results reporting system should

remain pragmatic; start with whatever baseline data is available, including proxies; use meaningful qualitative indicators to complement quantitative indicators, or to compensate if quantitative indicators are not available; and include support for cost-efficient measures to improve data availability and country or project monitoring systems. The end goal should be a sound results-based management system that includes specific, quantifiable indicators connected to a timeline with baseline data and periodic assessments of project and program performance against defined targets.

4. **Manage *for*, not *by*, results.** Managing for results involves a change in mindset—*from* starting with the planned inputs and actions and then analyzing their likely outcomes and impacts, *to* focusing on the desired outcomes and impacts (for example on poverty reduction) and then identifying what inputs and actions are needed to get there. It also involves establishing baselines and identifying upfront performance targets and indicators for assessing progress during implementation and on program completion. Missing key targets should be a signal for partners to analyze together whether/why things have gone off track and how they could be brought back on track, if necessary. It should not be a trigger for the rigid application of penalty rules.
5. **Use results information for management learning and decisionmaking, as well as for reporting and accountability.** Information on results should be publicly available. While one of the goals of managing for results is to use results monitoring information for reporting and accountability (for both partner countries and development agencies), this may potentially prompt behaviors that are overly risk-averse. Two approaches can mitigate this possibility: (a) using reports on results in a positive way for management learning and decisionmaking, taking into account lessons for better future action; and (b) when using reports for accountability purposes, setting performance measures that reflect the level of responsibility of the actor (whether a country, development agency, ministry, institution, NGO, and other stakeholders) and results that the actor can reasonably achieve; this approach recognizes that even with good performance in managing for results, external factors may hinder the achievement of expected outcomes.

ACTION PLAN ON MANAGING FOR DEVELOPMENT RESULTS
SECOND INTERNATIONAL ROUNDTABLE ON MANAGING FOR DEVELOPMENT RESULTS
MARRAKECH, MOROCCO—FEBRUARY 5, 2004

1. The past two years have seen the emergence of a community of practice on managing for development results. Through discussion and exchange of views, this community has defined *results* as “sustainable improvements in country outcomes,” and *managing for results* as “a management strategy focusing on performance and the achievement of outputs, outcomes, and impact.” Managing for results involves using information to improve decision-making and steer country-led development processes toward clearly defined goals. Formal bodies have been established to advance work in this area: the multilateral development bank (MDB) Working Group on Managing for Results and, most recently, the Joint Venture on Managing for Development Results sponsored by the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD-DAC). These bodies, in collaboration with long-standing communities of practice of statisticians and evaluators, have begun to define the global actions needed to support developing countries in their efforts to better manage for results. This action plan identifies seven areas for global action in the coming year as part of a medium-term agenda on managing for development results. Roundtable participants are encouraged to seek their agency’s and government’s support for the action plan in the coming year.

2. **Endorse Core Principles.** Since 2002, the post-Monterrey partnership has called upon developing countries to maintain their Monterrey commitment to adopting policies that will achieve results, and upon development agencies to contribute more effectively to these results. The focus has turned to practical results-based approaches, but adapting such approaches from the private sector and developed countries’ governments has required conceptualization of the objectives and principles that underlie managing for development results. The document “Promoting a Harmonized Approach to Managing for Results: Core Principles for Development Agencies” spells out a set of core principles that the presidents of the MDBs and the Chairman of the DAC are expected to endorse at the Marrakech Roundtable. Other development agencies are encouraged to endorse these core principles, and partner countries are encouraged to consider the need for a similar set of principles to underpin their efforts to manage for development results.

<i>Medium-term objective</i>	<i>Contributing Actions in 2004</i>	<i>Progress indicators</i>	<i>Lead responsibility</i>	
			<i>Partner countries</i>	<i>Devt. Agencies</i>
Development agencies use core principles to adopt a consistent approach to measuring, monitoring, and managing for development results.	Seek development agencies’ broad endorsement of “Promoting a Harmonized Approach to Managing for Results: Core Principles for Development Agencies.”	Number of development agencies endorsing core principles by end-2004.		✓

Partner countries are better supported by development agencies and make better progress in managing for results.	Partner countries endorse the use of core principles by development agencies and consider the applicability of the principles to their own development processes.	Number of developing countries endorsing the use of core principles by development agencies.	✓
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3. **Focus National Strategies and Systems on Country Results.** To get better development results, countries need well-articulated strategies that are based on analysis of appropriate data, are fully costed, and have clear monitoring and evaluation systems that allow adaptation as necessary to achieve objectives. Developing such a strategy requires a country to have strong strategic planning capability, access to useful data, analytic capacity and institutional flexibility to respond to changing circumstances, and political will and sufficient public sector incentives to manage for results.

<i>Medium-term objective</i>	<i>Contributing actions in 2004</i>	<i>Progress indicators</i>	<i>Lead responsibility</i>	
			<i>Partner countries</i>	<i>Dev. agencies</i>
National development strategies, including poverty reduction strategies, have stronger results focus.	Improve results frameworks for national strategies to include clearer articulation of outcomes and intermediate outcomes, definition of realistic and measurable progress and outcome indicators, and transparent monitoring and evaluation systems.	Annual <i>PRSP Progress Report</i> provides more favorable assessment of results focus in recent poverty reduction strategies .	✓	
	Increase civil society involvement in design, monitoring and evaluation of national development strategies, including poverty reduction strategies.	Number of M&E reports prepared by civil society watch groups.	✓	

4. **Align Cooperation Programs with Country Results.** Development agencies are increasingly aligning their cooperation programs with country priorities articulated through a poverty reduction strategy or other national strategy. However, broad alignment needs to be strengthened through a framework for contributing to results that clearly links agency support to expected country outcomes.

<i>Medium-term objective</i>	<i>Contributing actions in 2004</i>	<i>Progress indicators</i>	<i>Lead responsibility</i>	
			<i>Partner countries</i>	<i>Dev. agencies</i>
Cooperation programs are underpinned by an explicit results framework with well-articulated	Introduce a results-based approach to planning and implementing cooperation programs, with <ul style="list-style-type: none"> ▪ well-defined outcomes and measurable indicators that are directly related to program 	Number of agencies introducing a results-based approach to cooperation programs.		✓

well-articulated causal links to country priorities and planned results.	directly related to program support;	Share of country cooperation programs with explicit results framework by agency	✓	✓
	<ul style="list-style-type: none"> ▪ clear linkage to higher-order country outcomes; and ▪ greater support for strengthening national planning, statistical, and M&E capacity and systems. 			
Better understand divergent views on the role of results reporting in budget and aid allocation decisions.	Explore theory and emerging trends in the use of results reporting for resource allocation in development.	Report published	✓	✓

5. **Harmonize Results Reporting.** Developing countries have made significant progress on country ownership, strategic vision, and donor alignment through the poverty reduction strategy process, but many continue to struggle with monitoring progress and evaluating results. While working to strengthen country capacity in this area, the international community also needs to reduce individual agency requirements for results reporting and avoid fragmented, donor-driven monitoring and evaluation systems.

<i>Medium-term objectives</i>	<i>Contributing actions in 2004</i>	<i>Progress indicators</i>	<i>Lead responsibility</i>	
			<i>Partner countries</i>	<i>Dev. agencies</i>
Countries monitor progress and evaluate outcomes at the national and sectoral levels on the basis of a manageable number of indicators that they assess and report on within frameworks agreed by all partners.	Undertake a country-led process of harmonizing results reporting in at least four partner countries.	Initial diagnosis of monitoring and evaluation systems and reporting requirements by June 30, 2004.	✓	✓
	Establish common results reporting mechanisms and increase support for national and sectoral monitoring and evaluation systems.	Number of countries that adopt harmonized results reporting mechanisms based on national M&E systems by Dec. 31, 2004.	✓	✓

