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MANAGING CRISIS AND BUILDING RESILIENCE:

A RETROSPECTIVE REVIEW OF IDA'S FIFTEENTH REPLENISHMENT

IDA Resource Mobilization Department
Concessional Finance and Global Partnerships
October 2012

ACRONYMS AND ABBREVIATIONS

Fiscal year (FY) = July 1 to June 31

AAA	Analytical and Advisory Activities
ACBF	Africa Capacity Building Foundation
ACS	Activity Completion Summary
ADB	Asian Development Bank
AE	Aid Effectiveness
AfDB	African Development Bank
AFD	L'Agence Française de Developpement
AFO	Additional Financing Operation
AFR	Africa Region
AICD	Africa Infrastructure Country Diagnostic
APL	Adaptable Program Lending
ART	Antiretroviral Therapy
ARTF	Afghanistan Reconstruction Trust fund
AU	African Union
AUC	African Union Commission
BW	Business Warehouse
CAS	Country Assistance Strategy
CASCR	CAS Completion Report
CASPR	CAS Progress Report
CCKP	Climate Change Knowledge Portal
CCSD	Global Centre for Conflict, Security and Development
CEA	Country Environmental Analysis
CEM	Country Economic Memorandum
CIF	Climate Investment Fund
CPIA	Country Policy and Institutional Assessment
CPR	Country Performance Rating
CPS	Country Partnership Strategy
CRW	Crisis Response Window
CSO	Civil Society Organization
DAC	Development Assistance Committee
DFID	Department for International Development
DIME	Development Impact Evaluation Initiative
DMF	Debt Management Facility
DO	Development Objective
DPL	Development Policy Lending
DPO	Development Policy Operation
DPR	Development Policy Review
DRC	Democratic Republic of the Congo
DRTF	Debt Reduction Trust Fund
DSA	Debt Sustainability Assessment
DSF	Debt Sustainability Framework
EAC	East African Community
EACC	Economics of Adaptation to Climate Change
EAP	East Asia and the Pacific Region
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECA	Europe and Central Asia
EIB	European Investment Bank
EITI	Extractive Industries Transparency Initiative
ERO	Emergency Recovery Operation
ESSN	Emergency Social Safety Net
ESW	Economic and Sector Work
FCC	Fragile and Conflict-affected Country
FDI	Foreign Direct Investment
FIP	Forest Investment Program
FM	Financial Management
FPAP	Five Point Action Plan
FPD	Financial and Private Sector Development
GAC	Governance and Anti-Corruption Strategy
GAP	Gender Action Plan
GDP	Gross Domestic Product
GEF	Global Environment Facility
GET	Global Expert Team
GFDRR	Global Facility for Disaster Reduction and Recovery
GFRP	Global Food Crisis Response Program
GHG	Greenhouse Gas
GMR	Global Monitoring Report
GNI	Gross National Income
GNP	Gross National Product
HDN	Human Development Network
HIPC	Heavily Indebted Poor Country
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
HLF	High Level Forum
HNP	Health, Nutrition and Population
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion and Results Report
ICT	Information and Communications Technology
IDA	International Development Association
IDB	Inter-American Development Bank
IE	Impact Evaluation
IEG	Independent Evaluation Group
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IL	Investment Lending
IMF	International Monetary Fund
INCAF	International Network on Conflict and Fragility
INFRA	Infrastructure Recovery and Assets Program
ISN	Interim Strategy Note
ISR	Implementation Status and Results Report
KfW	Kreditanstalt für Wiederaufbau
JBS	Joint Budget Support
LCR	Latin America and the Caribbean Region
LICs	Low-Income Countries
LTSE	Long-Term Strategic Exercise
MDB	Multilateral Development Bank
MDG	Millennium Development Goal
MDRI	Multilateral Debt Relief Initiative
MDRP	Multi-Country Demobilization and Reintegration Program
MDTF	Multi-Donor Trust Fund
MDTS	Medium Term Debt Management Strategy
M & E	Monitoring and Evaluation
MICs	Middle Income Countries
MIGA	Multilateral Investment Guarantee Agency
MMR	Maternal Mortality Rate

MNA	Middle East and North Africa Region
MOPAN	Multilateral Organization Performance Assessment Network
MOU	Memorandum of Understanding
MSMEs	Micro, Small, and Medium Enterprises
MTR	Mid-Term Review
MW	Megawatt
NCBP	Non-Concessional Borrowing Policy
NEPAD	New Partnership for Africa's Development
OBA	Output-Based Aid
OCHA	Office for the Coordination of Humanitarian Affairs
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OECS	Organization of Eastern Caribbean States
OPCS	Operational Policy and Country Services
PAD	Project Appraisal Document
PBA	Performance-Based Allocation
PCD	Post Crisis Directions Paper
PCPI	Post-Conflict Performance Indicators
PD	Paris Declaration
PDO	Project Development Objective
PEFA	Public Expenditure and Financial Accountability
PER	Public Expenditure Review
PIU	Project Implementation Unit
PPCR	Pilot Program for Climate Resilience
PREM	Poverty Reduction and Economic Management
PRSP	Poverty Reduction Strategy Paper
PSD	Private Sector Development
PSIA	Poverty and Social Impact Analysis
QALP	Quality Assessment of Lending Portfolio
QuODA	Quality of ODA
RBCAS	Results-Based CAS
RBF	Results-Based Financing
RERED	Rural Electrification and Renewable Energy Development
RMB	Regional Multilateral Bank
RMS	Results Measurement System
RSR	Rapid Social Response
SAR	South Asia Region
SDN	Sustainable Development Network
SDR	Special Drawing Right
SFD	Social Fund for Development
SFDCC	Strategic Framework for Development and Climate Change
SIL	Sector Investment Loan
SREP	Program for Scaling-Up Renewable Energy in Low Income Countries
SSN	Social Safety Net
SSTF	South Sudan Trust Fund
TA	Technical Assistance
TF	Trust Fund
TFMF	Trust Fund Management Framework
TSA	Targeted Social Assistance
UN	United Nations
USAID	United States Agency for International Development
WBG	World Bank Group
WDR	World Development Report
WHO	World Health Organization

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TABLE OF CONTENTS

LIST OF BOXES

LIST OF FIGURES

LIST OF TABLES

This report reflects contributions from staff across the World Bank Group. Antonella Bassani, Director, IDA Resource Mobilization Department (CFPIR) and Ivar Andersen, Manager CFPIR, provided overall guidance and direction. The Task Team consisted of Rocio Castro, Kathia Coupry, Clara Coutinho de Sousa, Qiang Cui, Cevdet Denizer, Boris Gamarra, Anna Khachatryan, Mary Mulusa, Snjezana Plevko, Alberto Portugal Perez, Artit Serngadichaivit and Iryna Trach. Georgia Wallen served as Team Leader and lead author.

The report benefitted from inputs and comments from many supportive and helpful staff in departments across the Bank, including: Preeti Arora, Allison Berg, Hans-Martin Boehmer, Sally Burningham, Buenaflor Cabanela, Grant Cameron, Deepa Chakrapani, Jong A. Choi, Chrisine Davies, Unurjargal Demberel, Hubertus de Leede, Angelique de Plaa, Jane Olga Ebinger, Leslie Elder, Victoria Elliott, Sharon Felzer, Hippolyte Fofack, Angela Gentile, Rasmus Heltberg, Aliya Husain, Nora Kaoues, Jutta Kern, Jane Kirby-Zaki, Jeni Klugman, Vilija Kostelnickiene, Barbara Lee, Arianna Legovini, Gary Milante, Gisu Mohadjer, Nadeem Mohammad, Maurice Nsabimana, Pierella Paci, Avjeet Singh, Rinki Singh, Radhika Srinivasan, Stefanie Stallmeister, Tihomir Stucka, Roberto Tarallo, Gurumoorthy Thiyagarajan, JiroTominaga and Ye-rin Um. The team gratefully acknowledges contributions from Paula Joachim White, Cheryl Francis and Joan Schopmeyer-Medina for document production and formatting.

Axel van Trotsenburg, Vice President, Concessional Finance and Global Partnerships guided the effort.

Executive Summary

i. **The IDA15 Replenishment aimed to scale up IDA's support for the Millennium Development Goals (MDGs) and to reaffirm IDA as a leading channel of multilateral aid for low-income countries**. The Replenishment mobilized record expected commitment authority of SDR28.1 billion (US$42.8 billion). Development gains achieved in the decade prior to IDA15 came under threat early in the Replenishment period with the onset of cumulative crises, from the food and fuel price shocks in 2007 to the 2008 global financial downturn. The international community rallied to support low-income countries to manage crisis impacts and called on IDA to support core spending and to help safeguard hard-won progress.

ii. **IDA's core challenge during IDA15 was to fulfill wide-ranging IDA15 commitments while meeting rapidly evolving crisis-related demands linked to the volatile global environment**. The strong IDA15 replenishment and IDA's comparative advantages enabled it to provide the largest scale up of support in IDA's history, including the unprecedented launch of the Pilot Crisis Response Window (CRW) endorsed by IDA Deputies at the time of the IDA15 Mid-Term Review. The IDA15 Retrospective Review covers three main areas: (i) IDA's lending and non-lending program and evolving policy framework; (ii) IDA's country-level effectiveness and results, including IDA's work with fragile countries and IDA's crisis response; and (iii) IDA in the global aid architecture.

IDA's Financing and Policy Framework

iii. **Total IDA commitments surged to SDR28.8 billion (US$44.4 billion) during IDA15 and included SDR923.4 million (US$1.4 billion) in additional financing from the Pilot CRW**. IDA scaled up its support for core development activities as well as crisis response during IDA15 and continued its strong support for Sub-Saharan Africa. Financing for infrastructure and the productive sectors grew to US$16.7 billion while support to the social sectors also expanded to new levels, with lending for social protection growing to US$4.2 billion – nearly twice the level of IDA14. IDA's knowledge work remained a vital complement to IDA's financing and included strong investment in knowledge, research and impact evaluation in IDA countries.

iv. **Reflecting lessons learned and IDA15 policy commitments, IDA also strengthened its policy framework in important ways**. The evolution of IDA's policy framework during IDA15 reflects core priorities associated with linking allocations to performance, promoting debt sustainability, supporting regional integration and fostering country ownership in the context of the country-based model. Key enhancements to the policy framework included the provision of exceptional support for post-conflict and reengaging countries as well as small island states through the Performance-Based Allocation (PBA) system and the launch of the IDA Regional Grant Pilot Program to promote institution strengthening for more effective implementation of regional integration.

IDA's Country-Level Effectiveness and Results

v. **Most IDA countries weathered the global crisis relatively well and country-level outcomes point to improvements across key outcome indicators linked to achievement of the MDGs**. Across sectors, IDA made notable contributions towards the achievement of the MDGs – the core IDA15 objective – while supporting countries in crisis response. In the education sector, for example, more than 105 million children benefitted from IDA-financed activities. The reach of IDA-financed water supply and sanitation interventions more than tripled during the IDA15 period to nearly 60 million beneficiaries. IDA-financed operations in the health sector helped to build or rehabilitate some 15,491 hospitals and training over over 190,000 health professionals across IDA countries. From "fixing the institutions that fix the pipes" in the water sector to building health systems, IDA stepped up efforts across sectors to support sustainability and deepen resilience by strengthening institutional capacity in IDA countries.

vi. **Nonetheless, progress across countries has been uneven and the long-term impact of the food, fuel and financial crises remains uncertain due to limited data on poverty outcomes since 2008**. The food price spike of 2007–08 is estimated to have raised the poverty headcount by 105 million, and that of 2010–11 by 48.6 million people in the short run; they hit urban poor and female-headed households hardest.[1] The Pilot CRW played an important role in meeting the needs of hard-hit countries and reflects learning by doing at the institutional level. Emerging results point to improved social safety net readiness in several countries. Scaled up support for social safety nets during the IDA15 period has benefited over 13 million safety nets beneficiaries in IDA countries, and recent assessments suggest several countries are now better prepared to confront future crises than in the past.

vii. **IDA's engagement in fragile and conflict-affected countries (FCCs) was strengthened during the IDA15 period through enhanced operational support, analytical and policy-related work and partnerships**. IDA's support for FCCs has been reinforced by the completion of the World Development Report (WDR) on Conflict, Security and Development during IDA15, and IDA's commitments to FCCs increased to a total of US$6.6 billion during IDA15. Multi-donor trust funds continue to complement IDA's engagement in FCCs along with ongoing efforts to build strategic partnerships. IDA support for building institutions, including for natural resource management, shows good progress in several FCCs.

viii. **The IDA15 Results Measurement System (RMS) and other tools for supervision, performance monitoring and impact evaluation have positioned IDA to identify the extent of progress achieved, along with emerging challenges in performance in IDA15**. Country-level outcomes during IDA15 point to improvements across 14 outcome indicators associated with progress towards the MDGs. The focus on results has been reinforced by continued support for statistical capacity building in IDA countries and improved quality of results frameworks in IDA's operations and country strategies. While the quality at entry of projects shows an improving trend, the quality of projects exiting in IDA15 (based on a partial sample of projects approved in earlier replenishments) shows a decline relative to projects exiting during IDA14. IDA is implementing actions to further strengthen quality and monitoring systems.

IDA in the Global Aid Architecture

ix. **The global development finance architecture grew in complexity during IDA15, with increased aid fragmentation and earmarking**. In addition, emerging and developing economies are also opening up new access to financing and knowledge for many low-income countries. As a key source of Country Programmable Aid (CPA) for the poorest countries, IDA has continued to play an important role as a platform for the effective delivery of aid during IDA15. IDA's platform role incorporates support for governments' coordination of donor-funded activities and efforts to enhance public sector management and systems for more effective use of overall development resources. IDA's platform role also extends to the delivery of a growing portfolio of multi-bilateral aid or trust funds, largely a result of strong donor preferences for IDA implementation based on institutional capacities and the ability to focus on delivering results.

[1] Global Monitoring Report 2012.

Lessons Learned and Future Implications

x. **During a period characterized by uncertainty, IDA's platform role encompassed support for global crisis response, sustained focus on achievement of the MDGs and mitigation of the impacts of the increasingly complex aid architecture.** Balanced support for managing crisis and building institutions to support long-term development and resilience were central to IDA's engagement with recipient countries and partners during IDA15. Grounded in its multi-sector project portfolios and country-level engagement, IDA was able to quickly align its financing to meet evolving country needs and implementation capacity. In addition, IDA's global reach and deep country knowledge made it a key partner for client countries and other development partners to respond and adapt to exogenous shocks. As the global development finance architecture continued to grow in complexity during IDA15, IDA's provision of non-earmarked CPA and broad strategic partnership engagements with donors remained highly relevant.

xi. **Notably, the Pilot CRW filled a key gap in the aid architecture for systematic assistance to poor countries facing major exogenous shocks**. The experience with crisis response in IDA15 highlighted the need for further work and innovation to help countries prepare for future severe crises. As a result, IDA established a dedicated Crisis Response Window in IDA16 and has continued to strengthen its emergency financing framework for crisis response.[2] The design of the dedicated CRW drew upon lessons learned from the implementation of the Pilot CRW, including the need to ensure better targeting of CRW resources.

xii. **Overall, the IDA Replenishment process incorporates important elements of institutional learning and continuous improvement of IDA's policy framework**. Pilot initiatives such as the IDA Regional Grant Pilot Program and the Pilot CRW reflect important institutional learning processes and IDA's capacity to test and refine key initiatives. In addition, efforts to further enhance support for FCCs (a special theme in IDA16) build on the lessons and progress achieved in previous replenishments. Importantly, IDA has continued to raise the bar on results (IDA16 overarching theme).[3]

xiii. **Going forward, shifting patterns of global economic growth present new opportunities, challenges and demands for IDA.** The increasingly competitive and fragmented environment for development finance will demand strategic adjustments by IDA. IDA will need to continue enhancing its results orientation and ensuring high-quality engagement in areas of comparative advantage, including as a platform for effective aid delivery.

[2] Early in IDA16, IDA developed an Immediate Response Mechanism to allow IDA countries immediate access to a portion of the undisbursed balances of their IDA project portfolio in the event of crisis or emergencies, while encouraging them to proactively prevent and prepare to respond to crises. Also, work is underway to develop an early warning global food price monitoring system to further enhance IDA's capacity to promptly mobilize a response to food price shocks.

[3] For IDA16, IDA also tracks indicators of operational and organizational effectiveness through an expansion of the RMS from a two-tier system to a four-tier system, providing the building blocks for the World Bank Corporate Scorecard.

Introduction

1. **Launched at the mid-point to the target date for the MDGs in 2015, the IDA15 Replenishment aimed to scale up IDA's support for the MDGs and to reaffirm IDA as a leading channel of multilateral aid for low-income countries**. The Replenishment mobilized a record SDR28.1 billion (US$42.8 billion)[4] and reflected strong support from 45 donor countries. Acknowledging the growing complexity in the aid architecture and the resulting impacts on development effectiveness, IDA15 sought to strengthen IDA's role as a platform for aid delivery to accelerate progress toward the MDGs, particularly in Sub-Saharan Africa. While affirming IDA's policy framework, IDA15 further consolidated key elements, such as the performance-based allocation system (PBA) and the country-based model. In addition, IDA15 identified three special themes for focused attention: IDA's role in the global aid architecture, country level effectiveness, and fragile countries.

2. **Significant external shocks – from food and fuel price spikes to the 2008 global financial and economic crisis – came to define the IDA15 period, with broad implications for IDA countries**. For many IDA countries, the global downturn compounded the lingering effects of food and fuel price shocks, placing added strains on incomes and government budgets. The financial crisis also tested the capacity of the aid architecture to respond on a large scale to expanded needs for concessional finance for low-income countries.[5] The international community moved to support low-income countries to manage the adverse impacts of the global recession and to safeguard hard-won development gains. Early on, the Group of 20 (G20) underscored the role of the World Bank/IDA and other Multilateral Development Banks (MDBs) in helping developing countries to overcome the global financial crisis. During the 2008 Washington Summit, the G20 highlighted the importance of the MDGs along with country ownership and urged IDA and other MDBs to use their full capacity in support of the development agenda.[6] Furthermore, Ministers from the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) endorsed a crisis action plan for poor countries in May 2009 that underlined the need to integrate short-term interventions for crisis management with continued focus on long-term growth and the MDGs. The Ministers noted that multilateral institutions were well placed to act quickly to shift existing programs towards priority needs during times of crisis and highlighted the core goal of putting in place conditions for lasting development as defined by the MDGs.[7]

3. **The impacts of the successive crises were far reaching and heightened the vulnerability of the poor in IDA countries**. The food price spike of 2007–08 is estimated to have raised the poverty headcount by 105 million, and that of 2010–11 by 48.6 million people in the short run; they hit urban poor and female-headed households hardest.[8] Emerging evidence confirms the significant cumulative impacts of the crises for the poor, including heightened vulnerability.[9] In addition to external shocks, several IDA countries also faced exceptional national crises that demanded concerted international support, ranging from the 2010 earthquake in Haiti to intense political transitions in Côte d'Ivoire, Honduras, Kyrgyz Republic and Yemen.

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4 The US$ equivalent is based on the IDA15 reference exchange rate of US$1.52448/SDR.

5 Growth and Development in Emerging Markets and Other Developing Countries: Report prepared by the Staff of the World Bank for the G20 Summit in Seoul, Korea (World Bank, 2010).

6 G20 Summit Communiqué. Washington Summit on Financial Markets and the World Economy (November 15, 2008).

7 Development Co-operation Report 2010 (Eckhard Deutscher, Chair of the Development Assistance Committee. Organization for Economic Cooperation and Development (OECD, 2010).

8 Global Monitoring Report 2012.

9 Living through Crises: How the Food, Fuel and Financial Shocks Affect the Poor (Rasmus Heltberg, et al: World Bank, Washington, 2012). Also see Global Economic Prospects: Managing Growth in a Volatile World. (World Bank, 2012).

4. **IDA's singular challenge during the IDA15 period was to undertake wide-ranging commitments to enhance country results while responding to cumulative crises**. The scale and implications of the crises demanded swift responses to diverse emerging needs in the context of a fixed resource envelope. Importantly, the strategic directions and policy framework of the World Bank Group (WBG) helped position IDA to respond to the emerging challenges during the IDA15 period, including an enhanced WBG policy framework for emergency response.[10] Lessons from World Bank support for past financial crises highlighted the importance of focusing on results, the role of effective partnership, and the need to anticipate and reduce negative social impacts, especially for the most vulnerable (see Box 1).[11]

Box 1: Lessons Learned from Past Financial Crises

- Quality: The composition and effectiveness of public expenditures are critical to the success of an intervention.
- Poverty and social safety nets: It is critical to factor in the implications for social safety nets from the beginning of the crisis rather than later.
- Environment: Interventions need to take into account the impact of crises on the environment and climate change.
- Leveraging resources: Collaboration, both within the WBG and between the WBG and its partners, has proven crucial to increase synergies and avoid tensions.
- Fiduciary: Financial and risk management, as well as environmental and social safeguards, are vital to ensure that scarce resources reach intended beneficiaries.
- Monitoring and evaluation: While there is a premium on speed, there is a heightened need for results-based frameworks that link objectives, costs and benefits.
- Preparedness and early warning: More effective mechanisms are needed for early warning of crises.

Source: Lessons from World Bank Group Responses to Past Financial Crises (World Bank, IEG: Washington, DC. 2008).

5. **The IDA15 replenishment provided a strong basis for expanded IDA support for core development and crisis response**. During IDA15, IDA's new commitments reached a total of SDR28.8 billion (US$44.4 billion) – higher than any previous replenishment period – and included SDR923.4 million (US$1.4 billion) in additional financing for the unprecedented Pilot Crisis Response Window established in December 2009. Country Assistance Strategies (CASs) remained the central tool for defining IDA's strategic priorities, including for cross-cutting themes such as gender, governance and climate change. The fast-moving context of crisis response heightened the value of informed dialogue with country authorities, contributing to a strong increase in demand for non-lending technical assistance. Collaboration with other donors, including through the multi-donor trust funds such as the Rapid Social Response (RSR) Program and the Global Food Crisis Response Program (GFRP), were vital complements to IDA's engagement and were well aligned with IDA's priorities.

6. **IDA's performance in IDA15 reflects the largest scale-up of support in IDA's history along with rising demands – and pressures – on the quality of lending, supervision, technical assistance and partnerships**. The implementation experience during the IDA15 period points to IDA's capacity for institutional learning and policy innovation and progress in IDA's support for institution building and frameworks for delivering results. Importantly, the expanded lending portfolio has posed new demands for management, with evidence of emerging strains in operational quality. In addition, the broader context for the delivery of aid and development finance to low-income countries became increasingly complex during the Replenishment period. While Official Development Assistance (ODA) continued to grow during IDA15, it became more fragmented[12] and emerging economies gained increased importance as a source of development finance for low income countries. These factors have added new demands for greater efficiency, strategic engagement and results from IDA going forward.

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[10] Robert B. Zoellick, *Strategic Directions for the World Bank Group*, February 2008, World Bank.

[11] Lessons from World Bank Group Responses to Past Financial Crisis (World Bank, 2008), as quoted in World Bank Annual Report 2009.

[12] Adugna et al, 2011. "Finance for Development: Trends and Opportunities in a Changing Landscape." CFP Working Paper No. 8, Washington, DC.

7. **The IDA15 Retrospective assesses IDA's performance from July 2008 through June 2011 based on the commitments outlined in the IDA15 Report**. Accountability and learning are core objectives of the Retrospective, which integrates input from IDA staff across sectors and regions on IDA15 performance as well as feedback from interviews with several IDA country teams.[13] The Retrospective, which begins with a Global Overview that discusses key developments that shaped the IDA15 period, includes three main sections:

- <u>Section I: IDA's Financing and Policy Framework (Chapters 1 – 2)</u>. This section focuses on IDA's performance related to the ***inputs*** that enable IDA to engage with countries and donor partners. Chapter 1 discusses IDA's commitments and disbursements during the IDA15 period along with non-lending services, which remain a pillar of IDA's comparative advantage. Chapter 2 reviews developments in IDA's policy framework, focusing on performance based allocations, the Debt Sustainability Framework, the Regional Program and the country-based model.
- <u>Section II: IDA's Country-Level Effectiveness and Results (Chapters 3 – 6)</u>. The chapters in this section focus on IDA's ***performance*** in support of country-level effectiveness and results. Specifically, Chapter 3 assesses IDA's performance in the context of the two-tiered IDA15 Results Measurement System while Chapter 4 discusses results across leading sectors for IDA, including Infrastructure, Education, Health, Private Sector Development and cross-cutting issues. To take a closer look at IDA's performance in relation to key themes during the IDA15 period, Chapters 5 and 6 review IDA's work in fragile countries and IDA's crisis response respectively.
- <u>Section III: IDA in the Global Aid Architecture (Chapter 7)</u>. This section focuses on IDA's ***partnerships*** in the context of the evolving aid architecture. The chapter discusses the complex and evolving aid architecture and developments in the IDA15 period that demonstrated IDA's value-added as a platform for development cooperation and aid delivery.

[13] The IDA15 Retrospective incorporates feedback from detailed interviews with IDA country teams for Bangladesh, the Democratic Republic of the Congo, Djibouti, Liberia, Moldova, Nigeria, Vietnam, Timor-Leste, and Yemen along with written feedback from teams working with Haiti, the Organization for Eastern Caribbean States (OECS), Honduras, and Guyana, as well as extensive inputs from World Bank regions and sectors.

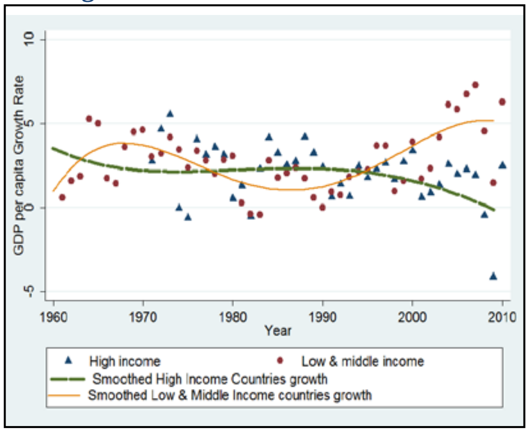
Economic Overview and Progress on the MDGs

Development progress in the decade prior to the IDA15 period was significant, with improved policy frameworks and strong gains for many IDA countries along several development indicators. While the poverty rate in IDA countries fell through 2008, the cumulative impacts of the food, fuel and global financial crises reversed some of these gains and increased the vulnerability of the poor.

Economic Developments

8. **The pre-crisis period was characterized by strong economic performance in the developing world**.[14] The developing world has accounted for most of the growth of the global economy over the last fifteen years.[15] Prior to the onset of the 2008 global crisis, the economic growth of roughly 85 developing countries (including low and middle income countries) was twice the average for high-income countries and the OECD average; more than 20 of the 85 countries were in Sub-Saharan Africa. Lower average inflation rates, lower fiscal deficits, and higher reserves in many developing countries reflected enhanced economic management along with sustained support for policy reform from development partners, including IDA. Average inflation rates in the mid-2000s in several African countries, for example, were half of the average rate in the mid-1990s, demonstrating the importance of consistent and sound economic management.[16] Reduced debt servicing enabled countries benefiting from HIPC debt relief and the MDRI to increase poverty-related expenditures from 2001 through 2009 by roughly 3 percentage points of GDP.[17]

Figure 1: Patterns of Global Growth



9. **The food and fuel crisis of 2007-8 affected country budgets and had direct poverty impacts**. World crude oil prices rose sharply in 2007 and 2008 – rising from under US$60 per barrel to a peak near US$140 per barrel.[18] World grain prices more than doubled from December 2005 to June 2008, then halved to June 2010 before rising by 70 percent by February 2011. Among developing countries, the high share of food and fuel in consumer baskets means that their economies are particularly sensitive to food and fuel price shocks.[19] In addition to an increase in undernourishment, the rapid rise in food prices led to higher inflation, deteriorations in balance of payments, and spending reallocations. Country authorities acknowledged the immediate effects of higher food and fuel prices on the balance of payments of net food and fuel importers as well as on inflation and importantly on development objectives.

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14 Growth and Development in Emerging Markets and Other Developing Countries: G20 Summit (World Bank, 2010); Global Monitoring Report 2011: Improving the Odds of Achieving the MDGs (World Bank, 2011).

15 Robert B. Zoellick, *Beyond Aid*. Address at George Washington University. September 14, 2011.

16 Africa: Leveraging Crisis Response to Tackle Development Challenges. Devarajan and Shetty in “The Day After Tomorrow” (Canuto and Guigale, eds. 2010).

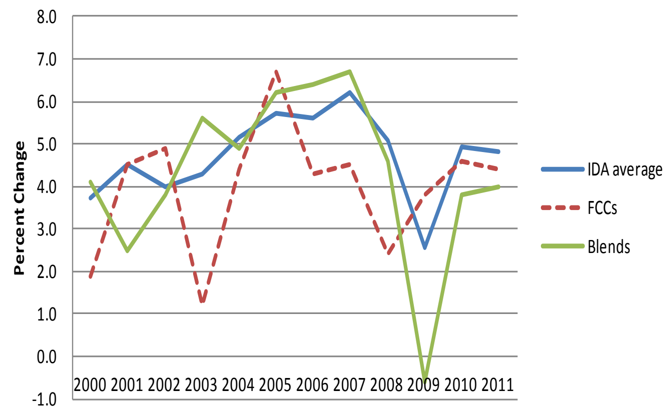
17 Adugna et al, 2011.

18 GAO analysis of U. S. Department of Energy, Energy Information Agency.

19 Food and Fuel Prices—Recent Developments, Macroeconomic Impact, and Policy Responses (IMF, 2008). Also, see World Economic Outlook, 2011. (IMF) Importantly, increased demand for commodities is linked to the strong growth in emerging and developing economies. The income elasticity of energy demand in these countries is close to unity: a 1 percent increase in real per capita GDP is associated with a 1 percent increase in per capita energy consumption. The experience of Korea exemplifies this one-to-one relationship, and China’s energy demand has so far closely followed this pattern.

10. **The global financial crisis that began in 2008 had differentiated impacts across IDA countries**. By 2009, the immediate economic impacts of the crisis were evident across IDA countries and were most pronounced among blend countries, while fragile countries fared better than other IDA countries on average (see Figure 2). Trade was a key transmission channel through which IDA countries felt the impacts of the crisis, through reductions in demand from developed country markets. The Europe and Central Asia region (ECA) was the hardest-hit by the global financial crisis in terms of economic contraction, followed by East Asia and the Pacific region (EAP) and the Sub-Saharan Africa region (AFR). Sub-Saharan Africa's growth rate fell from 5.8 percent in 2008 to 1.4 percent in 2009, reflecting combined crisis effects, before rebounding in 2010. The impact of the global financial crisis was also notable for the small, open economies of IDA countries in the Latin America and Caribbean region (LCR), such as the Organization of Eastern Caribbean States (OECS) and Honduras, while downward pressure on remittances, exports, tourism receipts and Foreign Direct Investment (FDI) impacted IDA countries in South Asia region (SAR). For Djibouti and Yemen, the only IDA countries in the Middle East and North Africa region (MNA), the cumulative impact of the food crisis and the financial crisis had significant impacts at the household level.[20]

Figure 2: GDP Growth in IDA Countries (2000 - 2011)



11. **Sustained ODA growth helped maintain positive net financial flows to low-income countries during the global financial crisis**. Official financing flows, including record financing from IDA during the IDA15 period, remained the main source of development finance for low-income countries. Between 2005 and 2010, official flows – most of which consists of ODA grants – accounted for over 60 percent of total external financing for Low-Income Countries (LICs) while remittances accounted for 20 percent.[21] In the context of the global financial crisis, foreign direct investment to low-income countries fell by 6 percent in 2009 relative to 2007, while ODA grants increased by 23 percent and worker remittances increased by 37 percent during the same period. The net effect on Low-Income Countries (LIC) financial flows was positive, with an increase from the pre-crisis level of US$73 billion to an estimated US$100 billion in 2010. Net ODA disbursements from DAC countries reached an all-time high of US$129 billion in 2010, representing an increase of 37 percent in real terms from the 2004, the base year for aid commitments at the G8 Gleneagles summit. However, in 2011 ODA declined by 2.7 percent.[22]

12. **Economic growth in developing countries showed signs of recovery by 2010, though performance varied across countries**. Developing countries were responsible for 46 percent of global growth in 2010, with over half of developing countries achieving levels of economic activity close to their potential output by 2010.[23] Fiscal policy buffers facilitated countercyclical policy responses in many LICs and helped mitigate the early impacts of the global financial crisis.[24] Nonetheless, several countries still performed below pre-crisis levels. In East Asia, strong stimuli played an important role in

[20] Impacts of the Triple Global Crisis on Growth and Poverty in Yemen. IFPRI Discussion Paper 00955 (Clemens Breisinger, Marie-Helen Collion, Xinshen Diao, Pierre Rondot), February 2010.

[21] Adugna et al; Global Monitoring Report, 2012 (World Bank: Washington, DC 2012).

[22] Adugna et al; Global Monitoring Report, 2012; and OECD Emerging Findings from the 2012 DAC Report on Multilateral Aid (June 2012).

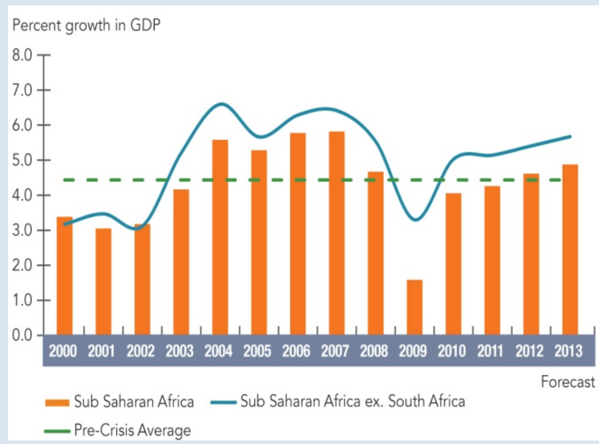
[23] Global Economic Prospects (GEP) 2012 and 2011.

[24] The Millennium Development Goals and the Road to 2015 (World Bank: Washington, DC. 2010), p.9.

cushioning the impacts of reduced foreign direct investments. Sub-Saharan Africa showed considerable growth in 2010-11, second only to the developing countries in Asia (see Box 2). Factors contributing to improved performance in 2010 among developing countries include a revival in international trade, increased financial flows, and higher commodity prices.[25] Nonetheless, prospects for a sustained recovery remain vulnerable to continued uncertainty in the global economy.

Box 2: Rebound of Sub-Saharan African Economies

Sub-Saharan African (SSA) economies showed evidence of recovery from the impact of the global financial and economic crisis by 2010. The region achieved an average GDP-growth rate of 4.8 percent in 2010 – close to average levels of pre-crisis growth. Excluding South Africa, growth in the rest of SSA in 2010 is estimated at 5.8 percent – higher than the developing country average (excluding China) and making SSA one of the fastest growing regions of the world. Over a quarter of the countries in the region achieved growth rates above 6 percent, as several countries posted growth rates close to those of China, India and Brazil. Overall, 60 percent of countries in SSA achieved growth rates above 4 percent in 2010, and in only about 5 percent of economies were growth rates below 2 percent. In another important sign of growing resilience in SSA, net private capital inflows increased from US$35.8 billion in 2009 to an estimated US$41.4 billion in 2010 while 2010 remittances exceeded US$20 billion.



Source: Africa's Pulse (World Bank: Washington, DC. September 2011), Global Economic Prospects, 2012 (IMF: Washington, DC), and Migration and Remittances Factbook 2 (World Bank: Washington DC, 2011).

Progress Towards the Achievement of the MDGs

13. **Recent surveys point to a world-wide decrease in the rate of absolute poverty between 2005 and 2008**.[26] The latest available World Bank poverty surveys indicate that over the three year period beginning in 2005, the percentage and the number of people living on less than US$1.25 a day fell in all six regions of the world. Indeed, the number of people living on less than US$1.25 per day in developing countries fell across all regions from a total of 1.9 billion people in 1990 to 1.28 billion people in 2008, implying a decrease in the absolute poverty rate from 43.1 percent to 22.4 percent over the period. However, vulnerability remains a critical concern across all developing countries, as progress in reducing the number of people living on less than US$2 per day has been limited. Globally, the number of people living on incomes between US$1.25 and US$2 nearly doubled from 648 million in 1981 to 1.18 billion in 2008, prior to the onset of the global financial crisis.

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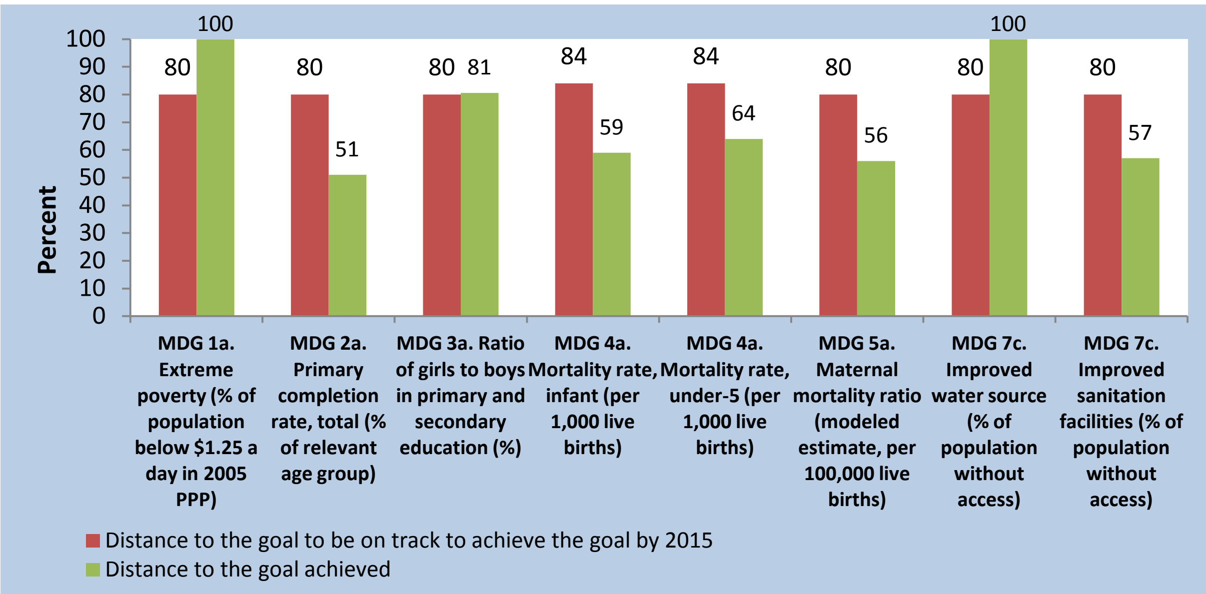
[25] Africa's Pulse (World Bank: Washington, DC. April 2011).

[26] Update on the World Bank's estimate of Consumption Poverty in the Developing World, Development Research Group (World Bank, Washington DC. 2012).

14. **In IDA countries, the absolute poverty headcount ratio dropped on average from 58 percent in 1981 to 39 percent in 2008**.[27] However, population growth outstripped the rate of poverty reduction.[28] The number of people living on less than US$1.25 per day in IDA countries remained at roughly one billion during 2005-2008 largely due to population growth, while the total population with incomes under US$2 per day increased from 1.5 billion to 1.8 billion over the period. Higher population growth and a lower rate of poverty reduction relative to other developing countries mean that IDA countries account for an increased share of the world's poor, 78 percent in 2008 against 53 percent in 1990. Notably, while IDA countries reduced the rate of absolute poverty by 16 percentage points from 1990 to 2008, Fragile and Conflict-affected IDA Countries reduced absolute poverty by only 6 percent over the period. Given high population growth, the number of people in absolute poverty in FCCs increased from 84 million in 1990 to 162 million in 2008.

15. **Progress towards the achievement of the MDGs among IDA countries has been uneven**. At the global level, two main MDGs, MDG 1a on extreme poverty and MDG7c on improved water source have been met in 2010 and progress on various MDGs is on track. However, the MDGs related to human development and health in particular are lagging (see Figure 3).[29] More than half of IDA countries are currently off track for achieving the health-related MDGs. Over 80 percent of IDA countries are off track to achieve the MDG on reducing the under-5 mortality by two-thirds by 2015, while more than 70 percent of IDA countries are also off target to reduce maternal mortality by three quarters. It should be noted that many IDA countries have made considerable progress in the human development MDGs in absolute terms but given that the initial conditions were much worse than for non-IDA countries, the relative progress as measured under the MDGs indicates that still a significant distance needs to be covered before these MDGs will be achieved.

Figure 3: Global progress toward the MDGs varies (developing countries, weighted by population)



Source: WDI and GMR; All data for 2010 except for MDG4a which is 2011.

[27] CFPIR Poverty Needs Assessment and World Bank DECDG PovcalNet and staff estimates. Discussion covers IDA-eligible countries in 2011-12 and excludes countries that graduated from IDA between 1981 and 2008.

[28] On average, IDA countries reduced the ratio of absolute poverty and near poverty by 0.9 percent to 0.7 percent yearly between 1990 and 2008.

[29] Global Monitoring Report, 2012: Food Prices, Nutrition and the Millennium Development Goals, World Bank.

16. **Limited availability of data on poverty and social indicators since 2008 makes it difficult to assess the full the impact of the crises**. Past experience suggests that human development outcomes tend to deteriorate more quickly in downturns than they improve during growth accelerations. The food price spike of 2007–08 is estimated to have raised the poverty headcount by 105 million, and that of 2010–11 by 48.6 million people in the short run; urban poor and female-headed households were hardest hit.[30] In some country cases, informal sector workers who struggled to make ends meet before the crises saw further erosion to their livelihoods, and coping responses often included accumulation of unserviceable debt, sale of productive assets, or foregoing medical care.[31] Notably, the global crisis hit sectors in which women are disproportionately represented, including informal self-employment. Also, food insecurity has emerged as the foremost ongoing impact of the global economic downturn.[32] Even prior to the 2008 food crisis, progress in reducing the proportion of poor people suffering from hunger was unsatisfactory in 34 countries. Since then, another 15 countries have gone off-track, prompting increasing global attention to the negative impacts of high food prices on human development.

[30] Global Monitoring Report 2012.
[31] Heltberg, et al; Canuto and Guigale, eds.
[32] Heltberg, et al, 2012. "Anatomy of Coping: Evidence from People Living through the Crises of 2008 – 2011." World Bank Working Paper, 5957.

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SECTION I:

IDA'S FINANCING AND POLICY FRAMEWORK

Highlights of Chapter 1-2

- ***Lending portfolio*:** The IDA portfolio grew rapidly during IDA15, increasing by 45 percent in dollar terms with record disbursement levels. The evolution of the IDA lending portfolio during IDA15 reflects continued emphasis on long-term investments for growth and human development along with scaled up support for crisis response. Support for infrastructure, private sector development and the social sectors remained strong. Across regions, Sub-Saharan Africa remained the top recipient of IDA financing during the period, followed by South Asia, East Asia and the Pacific, Europe and Central Asia, Latin America and the Caribbean, and the Middle East and North Africa.

- ***Knowledge for Development*:** As client demand for technical assistance and timely advisory work increased, the IDA15 period witnessed a heightened profile for the WBG as a leading international source of knowledge for development. Key initiatives to deepen and expand IDA's capacity to serve as a global leader in knowledge services during IDA15 include the launch of the Open Data initiative in 2010, stronger focus on assuring quality of knowledge products and increased use of impact evaluations to enhance development outcomes.

- ***Enhancements to IDA's Policy Framework:*** Core principles for linking allocations with performance, promoting debt sustainability, supporting regional integration and fostering country ownership drove developments in the IDA policy framework during IDA15. Key developments include:
    - IDA made improvements to the **PBA system** to increase support to Fragile and Conflict-affected Countries and small countries while stepping up efforts to improve transparency and reduce volatility in the PBA system.
    - As sources of development finance for many IDA countries have increased, IDA worked to promote country ownership of **debt sustainability and debt management.** This has included adjustments to the Non-Concessional Borrowing Policy (NCBP) and expanded efforts to promote creditor collaboration in the Debt Sustainability Framework (DSF) among other efforts.
    - IDA financing for **regional cooperation** during IDA15 continued to rapidly expand and included implementation of the Regional Grant Pilot Program. The Regional Program is three times the level provided at inception in IDA13, with expanded support across regions and continued strong demand in Sub-Saharan Africa.
    - Alignment with national priorities remained a cornerstone of IDA's support for **country ownership**, including active engagement at the country level through capacity development and strategic decentralization.

CHAPTER 1: IDA'S LENDING AND NON-LENDING PORTFOLIO

The robust expansion of the portfolio during IDA15 – with record commitments and disbursements – encompassed strong support for infrastructure, private sector development and the social sectors and continued strong engagement in Sub-Saharan Africa. IDA's knowledge work remained a vital complement to IDA's financing and an important aspect of IDA's comparative advantage during IDA15.

Developments in the Lending Portfolio

17. **The IDA15 replenishment was the largest in the history of IDA at the time, making available an expected commitment authority of SDR28.1 billion (equivalent to US$42.8 billion)**.[33] This amount included SDR16.1 billion in new donor contributions, SDR5.4 billion in internal resources, SDR3.2 billion in donor compensation for MDRI debt forgiveness, SDR2.4 billion in transfers from IBRD and IFC and SDR0.2 billion in carryover funds. To bridge a temporary funding gap due to potential delays in the receipt of donor commitments towards the end of the IDA15 period, IDA's Executive Directors approved the use of up to SDR0.7 billion of IDA16 internal resources during IDA15.

18. **The IDA portfolio grew rapidly during IDA15 and new commitments reached SDR28.8 billion (equivalent to US$44.4 billion), higher than any previous IDA replenishment period**.[34] IDA commitments of SDR8.4 billion in FY09,[35] SDR9.4 billion in FY10,[36] and SDR10.1 billion in FY11[37] resulted in the full use of IDA15 resources. This represented a 37 percent increase in nominal terms over IDA14 commitments. IDA15 commitments provided financing for a total of 596 new operations, a record high for IDA.

19. **IDA's lending portfolio increased by 45 percent in dollar terms during the IDA15 Replenishment period, with a 6 percent increase in the number of projects**. At the end of IDA15, the IDA portfolio – comprised of all active credits and grants under implementation – stood at US$69.4 billion with a total of 895 projects (see Figure 4). During IDA15, the IDA portfolio exhibited the fastest growth in South Asia, Sub-Saharan Africa and East Asia and the Pacific regions (66 percent, 43 percent, and 36 percent in terms of net commitments, respectively). The Latin America and the Caribbean and Europe and Central Asia portfolios increased by 28 percent and 23 percent, respectively. In the Middle East and North Africa, lending to Yemen doubled while lending to Djibouti remained on par with IDA14 levels.

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33 "IDA16 Commitment Authority Framework (FY12-FY14) and Transition from IDA15 to IDA16", April 28, 2011.

34 The amount includes only one quarter of guarantee commitments that are counted towards commitment authority (SDR67 million of the total SDR269 million); SDR0.5 billion that were funded by IDA14 commitment authority, and commitments of about SDR0.4 billion that were funded out of IDA's cancelled project funds. It excludes SDR0.2 billion from arrears clearance and re-engagement costs redeployed for financing the Pilot Crisis Response Window.

35 Excluding: (i) IDA14 grace period operations of SDR0.5 billion, and (ii) recommitments of SDR0.1 billion for Ethiopia, Nepal, and Senegal; and including: and (iii) HIPC Debt Initiative grant of SDR30 million to Cote d'Ivoire.

36 Excluding recommitments of SDR19.2 million for Kyrgyz Republic, Yemen, Senegal, and Nepal.

37 Excluding recommitments of SDR336.7 million for 19 countries.

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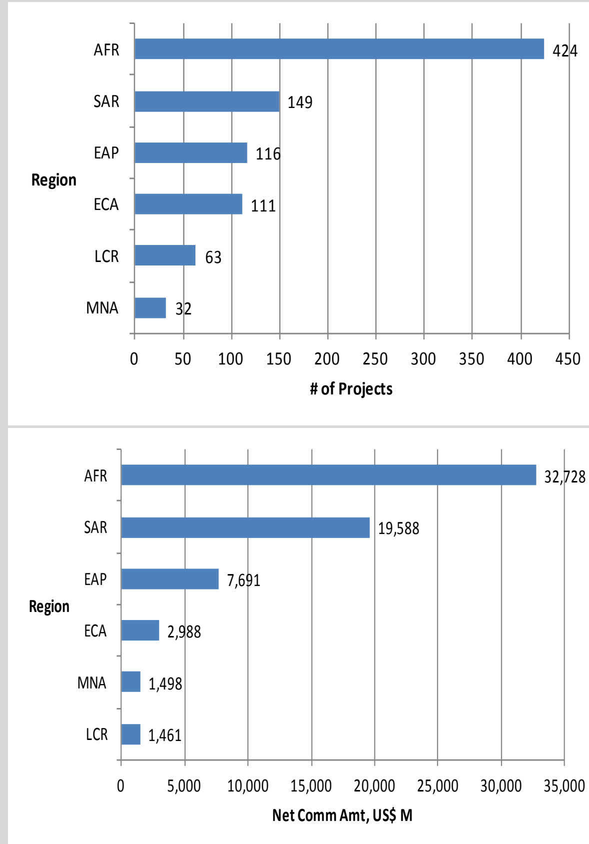
20. **During IDA15, 79 countries qualified for IDA assistance compared to 82 countries in IDA14**. Eligibility for IDA assistance depends on two core criteria: relative poverty, defined as GNI per capita below an established threshold, and a lack of creditworthiness for non-concessional borrowing whether from commercial sources or from IBRD.[38] Of the 79 eligible countries, 63 were IDA-only borrowers while 16 qualified for both IBRD and IDA assistance (known as blend countries).[39] Three categories of countries did not receive IDA commitments during IDA15: countries in which IDA country dialogue did not lead to new commitments; small, mainly island, economies that do not have operations in every replenishment period; and countries with credits in non-accrual status.[40] IDA credits to four countries remained in non-accrual status during IDA15, equivalent to US$3.1 billion or 2.5 percent of total outstanding IDA credits.[41] Azerbaijan graduated at the end of the Replenishment period.[42]

Figure 4: IDA15 Portfolio Size by Region, FY11



IDA's Commitments

21. **IDA made record commitments to IDA-only countries and blend countries in IDA15, with a modest increase in the share of blend countries compared to IDA14**. Commitments to IDA-only countries amounted to a record high of US$31.8 billion or 72 percent of total IDA15 commitments compared to US$24.7 billion or 76 percent of total IDA14 commitments. Commitments to blend countries equaled US$12.6 billion and accounted for 28 percent of total IDA15 commitments, up from 24 percent in IDA14. The increased relative share of commitments to blend countries during IDA15 reflects higher borrowing by India, Vietnam, and Pakistan, with increased borrowing of 56 percent, 44 percent, and 31 percent respectively over their IDA14 levels.

22. **With an improved debt sustainability outlook for several IDA countries, grants accounted for a slightly lower share of total commitments than in IDA14**. IDA funds were provided on a highly concessional basis, either as credits – with no interest charges, principal payments over 35-40 years after a 10-year grace period and a 60 percent grant element – or as grants. During IDA15, 82 percent of IDA's resources were provided to countries as credits, while IDA grants accounted for 18 percent of total commitments, lower than the 22 percent share in IDA14. Of the countries receiving IDA grants, the number in debt distress or experiencing high or moderate risk of debt distress fell from 34 borrowers to 32 borrowers by the end of the Replenishment period. Sub-Saharan Africa continued to be the largest recipient of IDA grants, receiving 70 percent of total grant commitments in IDA15, slightly higher than

[38] The threshold (called "operational cutoff"), updated annually based on the World Bank Atlas methodology, was US$1,095 in FY09, US$1,135 in FY10, and US$1,165 in FY11.
[39] During IDA14, 65 were IDA-only borrowers and 17 were IDA/IBRD-blend countries.
[40] In IDA15, Dominica did not commit IDA funds; and in Eritrea IDA country dialogue did not lead to any commitments.
[41] The four countries were: Myanmar, Somalia, Sudan, and Zimbabwe.
[42] Expanded discussion on graduation from IDA will be available in a forthcoming IDA16 Mid-Term Review paper.

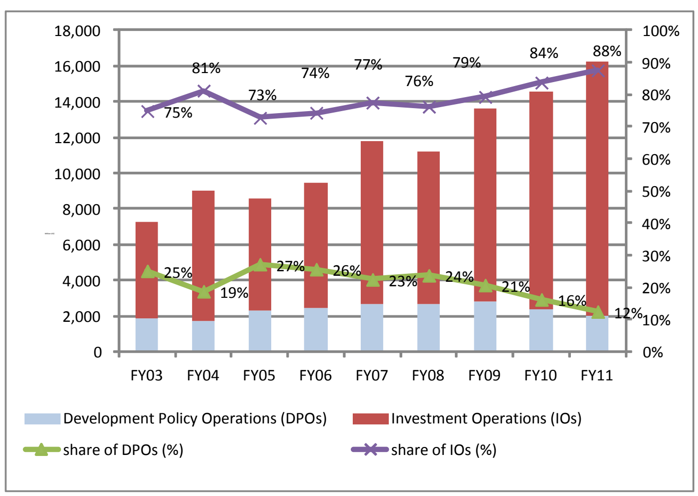
the share of 69 percent in IDA14. The South Asia region, the next largest recipient of IDA15 grants, received 13 percent which is significantly lower than the share of 19 percent in IDA14. Overall, IDA15 commitments for grants remained heavily concentrated, with 74 percent going to the top ten grant recipients, including the Democratic Republic of the Congo (DRC) (US$1.5 billion), the largest single recipient of IDA grants, followed by Ethiopia (US$1.1 billion) and Afghanistan (US$0.7 billion). In addition to its traditional credit and grant products, IDA also financed a SDR260 million partial risk guarantee for Nigeria that was approved in the IDA15 period and helped structure three additional partial risk guarantees for Cameroon, Kenya and Nigeria (for a total of SDR293 million) that were approved in FY12. Those operations aimed to mobilize over SDR700 million in private capital. Furthermore, IDA made progress in building up a pipeline of partial risk guarantees during IDA15, with five under preparation by FY11 for implementation during the IDA16 period.

23. **Sub-Saharan Africa continued to receive the highest level of IDA commitments during IDA15**. Sub-Saharan Africa accounted for 50 percent of the total IDA15 commitments,[43] South Asia for 34 percent, and East Asia and Pacific for 10 percent. Commitments to Sub-Saharan Africa increased by nearly 37 percent to US$21.6 billion. Nigeria was the largest borrower in the region, followed by Ethiopia, Tanzania, Kenya, Ghana, and DRC. These top six countries together accounted for almost 60 percent of the region's total commitments in IDA15. Commitments to South Asia increased by 60 percent from IDA14 to US$15.2 billion in IDA15. IDA15 commitments increased by 20 percent in Europe and Central Asia, 18 percent in Latin America and the Caribbean and 10 percent in East Asia and Pacific. Total IDA15 commitments for Yemen and Djibouti, the only IDA-eligible countries in the Middle East and North Africa region, increased from US$342 million during IDA14 to US$509 million in IDA15; increased borrowing by Yemen accounts for the increase. Nonetheless, overall commitments to the Middle East and North Africa region fell from US$850 million in IDA14 to US$509 million in IDA15 reflecting the completion of exceptional IDA financing of US$509 million for Iraq during IDA14.

IDA's Instrument Mix

24. **Investment lending accounted for 83 percent of IDA15 commitments (US$37.2 billion), a significant increase from the 76 percent share in IDA14**. Investment operations primarily supported infrastructure and social sectors (42 percent and 26 percent, respectively). Sub-Saharan Africa received the largest share (46 percent) of total commitments for investment operations followed by South Asia (38 percent), East Asia and the Pacific (9 percent), Europe and Central Asia (3 percent), Latin America and the Caribbean (2 percent), and the Middle East and North Africa (1 percent). The share of development policy operations (DPOs) in total IDA15 commitments fell to 17 percent (US$7.2 billion), compared to 24 percent in IDA14 (see Box 3). Almost half the DPOs were focused on support to law, justice, and public administration, and about one fifth on social sectors. The lower share of DPOs was driven mainly by a 63 percent decline in DPOs in the South Asia region, with about US$1 billion and US$0.4 billion reduction

Figure 5: Long-Term Trends in IDA Commitments by Lending Instrument (US$ Million)



43 The calculation of the share for Africa includes resources for regional projects and the Pilot Crisis Response Window, but excludes resources committed as hard-term credits which are limited to three countries – India, Vietnam and Pakistan.

in DPOs for Bangladesh and Pakistan, respectively, having the single largest impact on the decline in demand for DPOs during IDA15.

Box 3: Development Policy Lending in IDA15

IDA Development Policy Operations declined to 17 percent of total IDA commitments in IDA15, compared to 24 percent in IDA14. The average time to prepare a DPO during FY09-11 fell to 5.9 months, down from 7.6 months during FY01-08. About half of the DPOs in IDA countries were undertaken under Joint Budget Support (JBS) donor frameworks, mostly in Sub-Saharan Africa. DPOs in IDA countries continued to focus on public sector governance (with half of all prior actions in this area), notably to strengthen financial management systems and procurement. For instance, in Liberia support for the adoption of a new Public Financial Management Act, improvements in procurement regulations and practices and in budget preparation and execution resulted in a decline in the value of non-competitive public procurement from 80 percent in 2008 to 9 percent in the first 3 quarters of FY09-10. There was an increase in the focus on social protection, partly because of the global economic crisis, including strengthening social safety nets, social inclusion and adoption of poverty strategies that enabled governments to target resources to the most vulnerable groups. A number of DPOs also supported gender-related reforms, environmental policies and institutional strengthening. The 2012 DPO Retrospective noted progress made in several areas, including on the design of DPOs results frameworks, identification of fiduciary risks, and assessment of macroeconomic policy frameworks, while pointing to the need to make further progress in these areas as well as poverty and social impact assessments of prior actions supported by DPOs.

Source: 2012 Development Policy Lending: Results, Risks and Reforms.

25. **IDA significantly increased its support for regional programs**. Commitments for the Regional Program during IDA15 were roughly US$2.4 billion (or 5 percent of total IDA15 commitments), up 32 percent over IDA14. A record 38 new projects were approved (up from 21 in IDA14 and 7 in IDA13), benefiting 37 countries —29 in Sub-Saharan Africa, 3 in Latin America and the Caribbean, 2 from Europe and Central Asia, and 3 in South Asia. The program has been an important financier of regional infrastructure, especially in Sub-Saharan Africa which accounts for over 90 percent of total commitments under the program in IDA15.

26. **The Cancellation and Recommitment Policy, endorsed in 2009, enhanced portfolio management**. As part of the Bank's Investment Lending Reform, in FY10 the Bank introduced a new policy on cancellation and recommitment of IDA resources.[44] The policy allows IDA funds from cancelled projects to be made available for recommitment for other purposes in the same country, either to supplement ongoing successful operations or for new activities. Under this policy, 21 countries cancelled US$0.5 billion of IDA balances from ongoing operations and recommitted this amount in the same country (rather than going back into the IDA pool).

Special IDA Support for Crisis Response

27. **Special support for IDA countries affected by crises during the IDA15 period encompassed increased flexibility, targeted partnerships, and the launch of a Pilot Crisis Response Window in December 2009**. IDA's role as a platform for delivering development assistance proved particularly relevant for supporting harmonized financing and non-earmarked support for country-driven interventions to respond to diverse crisis impacts. Significant natural disasters in nine IDA countries, including Haiti, Pakistan and Samoa, resulted in exceptional allocations of SDR302 million (US$460 million) during the IDA15 period. Reflecting the multinational and cumulative nature of the food, fuel and global financial crises, IDA developed a series of interventions to meet diverse and wide-ranging crisis response needs. The Financial Crisis Fast Track Facility, launched in December 2008, allowed IDA countries to frontload their IDA allocation in order to address emerging negative effects of the global crisis, with a total of US$1.5 billion (SDR1.0 billion) committed during IDA15. The Vulnerability Financing Facility,

[44] See "Cancellation and Recommitment of IDA Resources" – Operational Memorandum, December 3, 2009.

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developed in Spring 2009, provided grants to affected countries through the Global Food Crisis Response Program and the Rapid Social Response program;[45] expanded support for long-term infrastructure programs was also provided through the Infrastructure Recovery and Assets Program (INFRA). In September 2009, the G20 and the World Bank/IMF Development Committee called on IDA to explore the benefits of a new crisis response mechanism to protect low-income countries from crises.[46] IDA responded by establishing the Pilot Crisis Response Window in December 2009. As a new mechanism for additional crisis-related support to IDA-only countries, the Pilot CRW delivered SDR923.4 million **(**US$1.4 billion) in commitments to IDA countries by the end of IDA15 period.

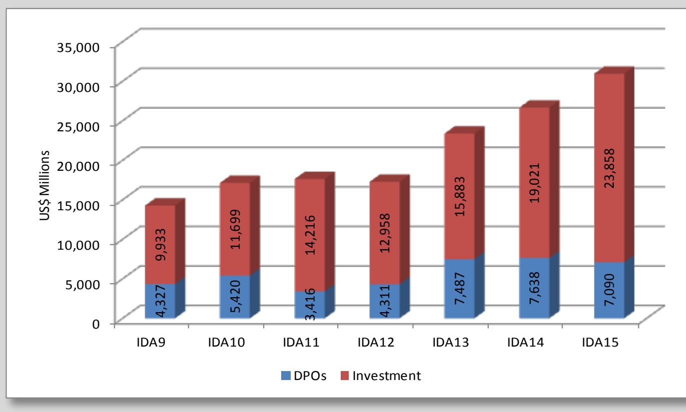
IDA's Sector Support

28. **IDA scaled up support for infrastructure in IDA15**. The infrastructure sector (particularly energy and mining as well as water and sanitation) accounted for an average of 38 percent of new project commitments during IDA15 (or US$16.7 billion), a large increase from the average of about 33 percent (or US$10.9 billion) in IDA14. The social sectors accounted for 25 percent of total commitments, slightly higher than their share of 23 percent in IDA14. IDA's support for Finance, Industry and Trade accounted for 7 percent of IDA15 commitments compared to 9 percent during IDA14 while commitments for Law and Public Administration accounted for 20 percent of total IDA15 commitments compared to 26 percent in IDA14. Finally, Agriculture, Fishing and Forestry amounted to 10 percent, compared to 8 percent in IDA14.

IDA's Disbursements during IDA15

29. **Total IDA15 disbursements increased by 16 percent to US$30.9 billion** (Figure 6). Disbursements for investment operations increased by 25 percent to US$24 billion. Total DPO disbursements decreased by 8 percent to US$7 billion in line with declining commitments in IDA15. Sub-Saharan Africa, East Asia and Pacific, and Latin America and Caribbean accounted for the largest increase in the volume of disbursements by 19 percent, 51 percent and 24 percent, respectively. Sub-Saharan Africa and South Asia received the largest share of the IDA15 total disbursements: Sub-Saharan Africa received US$15.1 billion (49 percent), with a sizable increase of more than US$2 billion in investment lending, while South Asia received US$8.8 billion (29 percent) with a US$1.8 billion increase in investment lending. IDA15 disbursements remained heavily concentrated, with 60 percent going to the top ten borrowers. The distribution of IDA disbursements reflected strong support to infrastructure – which accounted for almost a third of IDA15 disbursements – and continuous emphasis on human and social development, which also accounted for close to one-third. Roughly a quarter of IDA15 disbursements supported law and public administration while support to agriculture accounted for one-tenth of total disbursements.

Figure 6: IDA Replenishment Disbursements



[45] In addition to the GFRP and the RSR, the Global Program for Avian Influenza Control provided trust fund support to projects in IDA countries. Trust funds providing targeted support to projects in IDA countries include the Health Results Innovation Trust Fund (HRITF) and the Japan Trust Fund for Scaling Up Nutrition Investments.

[46] Statement by the G-20 leaders in Pittsburgh: September 24-25, 2009.

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30. **Despite the significant rise in overall commitments, the disbursement ratio for investment operations increased to an average of 22 percent at the end of IDA15 from 21 percent at the end of IDA14**.[47] The disbursement ratio represents the ratio of IDA investment disbursements in a fiscal year compared to the IDA undisbursed investment amount at the start of the fiscal year. The ECA and SAR regions had the highest average disbursement ratios of 31 percent and 28 percent, respectively. AFR and LCR disbursement ratios were on par, at 22 percent. Disbursements for the EAP and MNA regions were 18 percent and 15 percent, respectively.

31. **Undisbursed Balance**. While the total IDA undisbursed balance increased from US$33 billion at the end of IDA14 to US$44 billion at the end of IDA15 (reflecting a steep rise in the IDA15 replenishment commitments over the IDA14 replenishment), the average ratio of undisbursed balances to the total IDA portfolio decreased from 66 percent in IDA14 to 62 percent in IDA15.

Developments in the Non-Lending Portfolio

32. **The knowledge agenda continued to grow in prominence during the IDA15 period as a mainstay of IDA's comparative advantage**. In 2011, for the first time the World Bank undertook the Knowledge for Development review to systematically assess the full range of WBG knowledge services. The review underlined the importance of ensuring quality across knowledge products, and there are ongoing initiatives to strengthen the results orientation of the Bank's knowledge activities, including through client feedback. IDA and IBRD financing for core knowledge products accounted for nearly one-third of the budget for client services by FY10, up from an average of 23.7 percent during the IDA14 period. Total investments across these knowledge activities amounted to approximately US$4 billion in FY10.[48] For IDA countries, the number of Analytical and Advisory Activities (AAA) averaged about 240 per year during FY09-10, with a total cost of US$48 million during the same period (see Table 1).

Table 1: AAA Deliveries and Costs by IDA Country Category

	Deliveries (No.)					Initiation to Completion Costs (US$000)				
	FY06	**FY07**	**FY08**	**FY09**	**FY10**	**FY06**	**FY07**	**FY08**	**FY09**	**FY10**
Blend	77	58	60	51	57	18,479	12,980	14,075	10,906	15,462
IDA only	173	170	205	187	182	28,358	29,046	38,631	37,807	31,820
IDA Total	**250**	**228**	**265**	**238**	**239**	**46,837**	**42,026**	**52,706**	**48,713**	**47,282**
India/Blend	31%	25%	23%	21%	24%	39%	31%	27%	22%	33%
IDA only	69%	75%	77%	79%	76%	61%	69%	73%	78%	67%

Source: Business Warehouse
Notes: 1) Table includes ESW Reports, other ESW and TA products.
2) Deliveries and Costs include supplemental deliveries.

33. **During IDA15, knowledge products for IDA countries responded to a variety of purposes**: (i) generating and customizing knowledge to inform policy decision-making at the country level; (ii) connecting our clients to other policy makers and practitioners for knowledge sharing; (iii) collaboration, co-generation and sharing with other knowledge providers and networks; and (iv) supporting innovation at the front line. Below are some examples of these products:

- ***The South-South Knowledge Exchange Facility*** supporting the mainstreaming of South-South knowledge exchange throughout IDA products and services. So far, it has financed 94

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[47] The average age of IDA portfolio of investment operations during the IDA15 period was 3.7 years, compared to the average age of 3.2 years during IDA14.

[48] Knowledge for Development 2011: The State of the World Bank Knowledge Services (World Bank: Washington, DC. 2011).

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exchange activities for over 50 recipients and over 70 providers of knowledge. Examples of knowledge exchanges facilitated include: sharing India's ICT sector development know-how with Sub-Saharan Africa, improving capacity for migration management in Europe and Central Asia, improving water and soil conservation in Sub-Saharan Africa, helping indigenous communities in Nicaragua manage forest resources, enhancing the water and sanitation program in Malawi, and improving spatial development planning in Mozambique.

- ***Analytic work in response to the crises*** at the global, regional or country-level: (i) DEC data and products (notably the annual Global Monitoring Reports) providing analysis of and information about aspects of the crises; (ii) reports on the global financial crisis and trade, impact of the food crisis, potential impacts of the economic downturn on poverty, labor markets and employment, gender implications of the crises, protecting core fiscal spending for growth and poverty reduction, design of policies to assist the most affected, vulnerable countries and populations, and impacts on the MDGs; (iii) crisis-related topics on the financial sector;[49] and (iv) country-based infrastructure diagnostic advocating for continued maintenance of infrastructure assets and preservation of the pipeline of infrastructure projects during the crises.[50]
- The ***Africa Infrastructure Country Diagnostic*** (AICD) designed to expand knowledge of physical infrastructure in Sub-Saharan Africa, based on an unprecedented effort to collect detailed economic and technical data across 40 countries. The AICD provided a baseline against which future improvements in infrastructure services could be measured, making it possible to monitor the results achieved from donor support. It also offered a solid empirical foundation for prioritizing investments and designing policy reforms in Sub-Saharan Africa's infrastructure sectors. In addition to the flagship report, it included 28 Country Reports weaving together the findings relevant to national policy makers, four technical monographs on Information and Communications Technology (ICT), power, transport, water and five reports covering the state of regional integration of infrastructure networks for each of the Regional Economic Communities (RECs).
- The ***Green Growth Knowledge platform*** helped move the discussion on green growth toward common understanding of issues, metrics and solutions across a diverse community of practitioners and scholars. The Platform commissioned more than 20 world-class experts to write stock-taking papers on the state of knowledge on green growth.

34. **Expanded investment in Impact Evaluations (IE) during IDA15 helped to inform policymaking and promote innovation in the design of IDA operations**. Seventy-eight IEs were prepared during FY09-11 on policy interventions in IDA countries (as compared to 47 during FY06-08). Across themes, the Financial and Private Sector Development (FPD) and Human Development (HDN) Networks led with a ratio of active IEs to loans of 50 and 44 percent respectively, followed by Poverty Reduction and Economic Management (PREM) and Sustainable Development (SDN) Networks with ratios of 11 and 10 percent respectively. Sub-Saharan Africa is the most actively engaged region in impact evaluation, accounting for 57 percent of the current IDA IE portfolio, followed by South Asia with 23 percent of the IDA IE portfolio. Efforts to develop IE in partnership with clients have helped to build capacity, improve policy dialogue and inform program design decisions (see Box 4). Importantly, IEG assessed the majority (94 percent) of IEs as meeting high or medium quality standards.

35. **Despite expanded efforts on IE during the IDA15 implementation period and examples showing that IEs have influenced aspects of development practice, there remains scope for IEs to yield greater benefit**. As a result, during IDA16 Management has stepped up efforts to strengthen the value added, relevance and use of IEs to enhance development outcomes. Specifically, it has developed a strategic selection framework for IEs in IDA countries to increase learning and improve institutional

[49] See for instance "Dealing with the Crisis: Taking Stock of the Global Financial Crisis." (FPDVP Note No. 1, 2009).
[50] See for instance World Bank Group Progress Report FY09: Infrastructure Recovery and Assets Platform-Sustainable Infrastructure Action Plan (INFRA-SIAP), Dec. 2009.

accountability. The new framework has been deployed in selecting FY12-13 projects for impact evaluation and has resulted in a balanced sample of operations across regions and sectors for impact evaluation. In addition, IDA is enhancing the feedback loop between IEs and project design and learning as part of the overall strengthening of operational quality assurance.

Box 4: Impact Evaluations Inform Policymaking and Project Design

Impact evaluation has helped to inform project design, foster evidence-based policy-making, improve policy dialogue and build capacity when undertaken in close coordination with clients. Examples include the following:

Baseline data has helped improve targeting and uncover key issues that could have been overlooked. In *Malawi*, the IE baseline for the youth employment vocational skills program helped the government improve targeting for its intervention towards the most vulnerable youth. In *The Gambia*, the education IE baseline revealed pervasive school beating, eliciting a country-wide campaign opposing the practice. In *Mozambique*, baseline IE data from an NGO-delivered Early Childhood Development program in one province showed signs of substantial cognitive delays among young children, leading to the design and launching of a large-scale early childhood development operation.

IE results have motivated scale up of policy and programs. An impact evaluation of a pilot government program in *Sindh, Pakistan* led the provincial government to institutionalize and scale up the program to target out-of-school children from the most disadvantaged communities. In *Bangladesh*, IE informed government plans to scale up the Reaching-Out-of-School Children project (ROSC) through additional financing in 30 under-served sub-districts and a follow-on ROSC II operation in 100 needy sub-districts. In *Kenya*, the evaluation of the socioeconomic impacts of HIV/AIDS antiretroviral therapy (ART) has informed the scale up of a large treatment program in Western Kenya, particularly the design of measures to provide livelihood support for HIV patients. In *Tanzania*, the IE informed the scale up of the Conditional Cash Transfer program as a pillar of the new safety net strategy (0.2 percent of the GDP per year) and provided guidance on the needed institutional adjustments and implementation arrangements.

Impact evaluation results have led to changes in program design. In *Senegal*, IE results informed the HIV/AIDS sensitization campaigns, leading to better targeting of appropriate interventions to target groups. In *Zambia*, the testing of alternative drug distribution systems led to a better approach for reducing drug leakage and secure delivery of drugs to front-line facilities. In *Uganda*, IE results informed the project design for the second phase of the Northern Ugandan Social Action Fund youth opportunities program.

Source: World Bank Staff and DIME Secretariat, 2012

36. **During IDA15, the Bank also made significant strides in opening its knowledge work, in terms of both knowledge sharing and knowledge production**. Path-breaking support for Open Development during IDA15 encompassed internal policy changes, expanded public access to IDA-financed data and research, and support for innovative technologies and applications. Grounded in the core principles of transparency, accountability and participation, the Open Development agenda features unprecedented levels of access to WBG development data. The Access to Information policy, launched on July 1, 2010, allows access to previously undisclosed information on projects under preparation, project implementation, analytical and advisory activities, and Board proceedings. In 2011, the Bank disclosed more than 14,000 new documents, adding to a collection of more than 117,000 reports, accessed by nearly 3,000 worldwide users every day and over 4 million page views.[51] The Open Data website now includes more than 7,000 indicators for free access, with more than 1,200 indicators available in Arabic, Chinese, French, and Spanish. The Bank has also launched its "Mapping for Results" platform to help users visualize the location of Bank projects together with information on funding and results. Software systems and tools such as ADePT iSimulate, and PovCalNet are an additional complement to Bank research, also allowing users to experiment and interact more closely with the Bank's information.

[51] See for instance Global Economic Prospects, Global Development Finance and Global Monitoring Report for the crisis years. Also see, World Bank Group Open Development Flash, April 2012.

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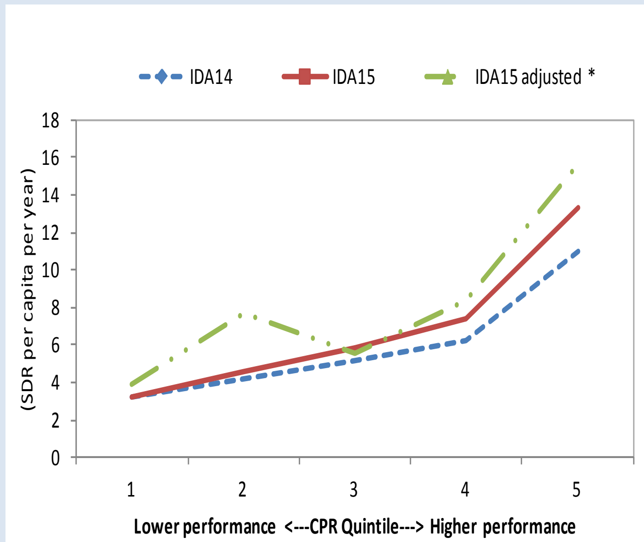
CHAPTER 2: THE EVOLUTION OF IDA'S POLICY FRAMEWORK

The evolution of IDA's policy framework during IDA15 reflects commitment to core priorities such as linking allocations to performance, promoting debt sustainability, supporting regional integration and fostering country ownership in the context of the country-based model. Enhancements and adjustments to the policy framework during IDA15 included special efforts to support fragile countries and small island states as well as to support country-based partnership through expanded use of country systems and decentralization.

Promoting Results and Transparency through the Performance-Based Allocation System

37. **The Performance-Based Allocation (PBA) system remained the core mechanism for allocating IDA15 financing**. The bulk of IDA15 financing (84 percent of the IDA15 total) was provided through the PBA system, which takes into account country needs and performance.[52] While a base allocation is provided to all IDA countries to address minimum financing requirements, country needs are measured by relative poverty (proxied by GNI per capita) and population. Country performance is measured by the Country Performance Rating (CPR), which includes Country Policy and Institutional Assessment (CPIA) ratings and IDA portfolio performance ratings. In addition, exceptional allocations were provided to post-conflict and re-engaging countries, primarily using the Post-Conflict Performance Indicators (PCPI) as a tailored performance measure for these countries in lieu of the CPIA. Recent studies have confirmed that countries with high policy and institutional performance ratings as measured by CPIA and CPRs have better project outcomes and long-term human development and growth results than those with a low performance rating.[53]

Figure 7: IDA15 Per Capita Allocation and Country Performance



"*IDA15 adjusted" includes allocations from the Pilot Crisis Response Window, exceptional disaster-related allocations, and FY11 reallocations.

38. **During IDA15, top performers received the largest allocation per capita relative to bottom performers** (see Figure 7). IDA countries in the top performance quintile received about three times the allocation per capita as those in the lowest quintile. The FY11 (last year of IDA15) reallocations were also consistent with the PBA principle: additional resources were generally provided to countries with sound performance indicators, including CPRs and current portfolio and disbursement performance. IDA provided financing of US$1.4 billion through the Pilot Crisis Response Window (CRW) to IDA-only countries affected by the global financing crisis on the basis of crisis impact and pre-existing needs; as a

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52 See Annex 2 of IDA (2011) "Additions to IDA Resources: Sixteenth Replenishment."

53 See IDA (2009) "IDA's Performance Based Allocation and Development Results: An Update" and Denizer and others (2011) "Good countries or good projects ? Macro and micro correlates of World Bank project performance," World Bank Working Paper 5646.

result, IDA countries in the second quintile received more allocations than the PBA norm. Nonetheless, the overall performance orientation of the IDA15 allocations adjusted for Pilot CRW and FY11 reallocations remained largely preserved.

39. **While the PBA system emphasizes country performance, it also incorporates balanced consideration of needs**. During IDA15, the PBA system was also able to accommodate particular needs of IDA countries through strategic exceptions. First, India and Pakistan continued to be subject to capped allocations below their PBA norms given their access to IBRD, and this helped to free resources available to other countries with more constrained financing options, particularly those in Sub-Saharan Africa. Second, post-conflict and re-engaging countries received enhanced exceptional allocations representing about 8 percent of the IDA15 resources, instead of less than 4 percent if they were to receive only the PBA norm. In addition, IDA provided special allocations totaling SDR302 million to nine countries that faced urgent needs in the aftermath of natural disasters during IDA15 (see Box 26). Finally, the IDA Regional Program provided total commitments of SDR1.6 billion (roughly 5 percent of IDA15 total) for 38 regional integration projects with potential for strong spillover benefits across countries.

Enhancements to the PBA during IDA15

40. **Improvements to IDA's allocation system increased IDA's capacity to support Fragile and Conflict-affected Countries**. First, IDA lengthened the phase-out period from exceptional allocations for post-conflict countries from three to six years and from one to three years for the re-engaging countries. As a result, eligible post-conflict countries benefit from a total of 10 years of exceptional allocations while reengaging countries have a total phase-out period of 5 years.[54] In addition, MDRI deductions were capped at 30 percent of PBA allocations starting in FY11.[55]

41. **The PBA system has also been improved to enhance support to small countries**. Enhancements included an increase in the base country allocation from SDR1.1 million per year to SDR1.5 million per year; raising of the cap on per capita allocations from SDR13.2 to SDR 19.8, which primarily benefited countries with small populations; and imposing a 20 percent cap on contributions from the national IDA allocation for IDA regional operations to further support small countries' (or countries with small IDA allocations) participation in regional integration. In addition, small islands continued to be granted exceptions to the IDA income cutoff.[56] Expanded IDA financing for small island countries during IDA15, including support through the IDA regional program, helped to amplify IDA's engagement in the Pacific and the Caribbean regions. For example, IDA support for the Regional Connectivity Program in the Pacific aims to increase access and reduce costs for international bandwidth to support social and economic development in the region. Prepared during IDA15 and approved in early FY12, the first phase of the program provided a US$17.2 million grant to Tonga, incorporating US$16.2 million from the IDA Regional Program and US$1 million from Tonga's IDA country allocation. In the Caribbean, there was a steady increase in new commitments to the OECS during IDA15, from US$7.9 million for 3 operations in FY09 to US$46.5 million for 4 operations in FY11. The scale-up in lending reflects two substantial DPL operations, effective leveraging of regional IDA resources in the first phase of a multi-country Adaptable Program Loan (APL), and US$20 million in financing for two emergency recovery operations.

[54] IDA15 Mid-Term Review Implementation Report (World Bank, Washington DC. 2009).

[55] Expanded discussion of IDA support to FCCs is available in the IDA16 Mid-Term Review paper "Progress Report on IDA Support to Fragile and Conflict-Affected Countries".

[56] Countries with small populations have been allowed to access IDA on regular terms in IDA16. Further, discussion of PBA enhancements targeting small countries during the IDA16 replenishment led to elimination of the per capita allocation cap and a doubling of the base allocation from SDR1.5 million per year to SDR3 million per year.

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42. **In addition, IDA has made progress in enhancing transparency and reducing volatility in the PBA system**. The PBA formula has been simplified to include explicit weights on the respective components. Also, the calculation of portfolio rating has been improved to be based on quarterly averages to reduce volatility, and the governance indicator has been simplified. In IDA15, country performance ratings and annual country commitments have been made public and annual country allocations have been disclosed to the Board. Building on these experiences, starting from IDA16, both the performance ratings—including the Post-Conflict Performance Indicators used to determine exceptional allocations for eligible FCCs (see Box 5)— and IDA country allocations will be made publicly available.

Box 5: Improving Post-Conflict Performance Indicators

During IDA15, the PCPI underwent a thorough review, resulting in recommendations to streamline the criteria and strengthen the review process used to determine PCPI scores. A new PCPI process has been implemented as of 2011. With the aim of increasing the transparency of the IDA allocation process, PCPI scores are also being publicly disclosed starting with 2012. Importantly, IDA's ongoing work on peace-building and state-building indicators has informed the *International Dialogue* process leading up to the Busan High Level Forum on Aid Effectiveness and will continue to inform the implementation of the *New Deal for Engagement with Fragile States* as the Bank provides expertise and support to the g7+ in development of indicators.

Supporting Debt Sustainability in an Evolving Environment for Finance to LICs

43. **The impact of the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI) continued to be notable**. Among the 40 countries eligible for debt relief under the HIPC Initiative and the MDRI, 36 countries reached the decision point and 32 reached the completion point and benefited from debt relief under the MDRI during IDA15.[57] By the end of IDA15, IDA had provided irrevocable debt relief of US$46.4 billion to the 32 countries that have reached completion point under the HIPC initiative, representing 90 percent of the total debt relief estimated for IDA.[58] Six countries reached completion point during IDA15, namely Afghanistan, DRC, Republic of Congo, Guinea-Bissau, Liberia and Togo. Lower levels of external debt for recipients of HIPC debt relief have helped to expand government capacity to finance core development priorities (see Box 6). In Liberia, for example, annual interest payments on public debt fell from US$7.2 million in 2009 to US$4.2 million in 2010, freeing up roughly US$3.2 million for financing for health, education and infrastructure in the context of the government's Poverty Reduction Strategy.

44. **IDA has continued to promote the participation of regional, multilateral and commercial creditors in the HIPC Initiative and the MDRI**. In the context of the IDA-administered Debt Reduction Trust Fund (DRTF), IDA has helped eligible regional and multilateral creditors to finance the cost of HIPC debt relief. To catalyze commercial creditor participation, the IDA-managed Debt Reduction Facility (DRF) also supports eligible HIPCs to reduce their commercial external debt through debt buybacks at a deep discount.[59] During the IDA15 period, the DRF supported buyback operations in Liberia, DRC and Sierra Leone. Liberia successfully extinguished all its eligible commercial debt with two DRF supported buyback operations, the first of which closed in April 2009 and the second in July 2010. Sierra Leone and DRC received grants from the DRF for the preparation of buyback operations but were unable to use them in full before their respective closing dates.

[57] Côte d'Ivoire reached the HIPC completion point in FY12 and Guinea reached the completion point in early FY13. Comoros remains between the decision and completion points. The timeframe for the HIPC completion point for Chad is still uncertain. Three potentially eligible countries—Eritrea, Somalia and Sudan—have yet to start the process of qualifying for debt relief under the Initiative.

[58] FY13-15 Medium Term Business and Finance Paper.

[59] The DRF provides grant support for both the preparation and the implementation of commercial debt reduction operations.

Box 6: HIPC Enabled Togo to Boost Public Investments and Private Investment in Infrastructure

Togo reached the completion point under the Enhanced HIPC Initiative in December 2010, also qualifying for additional debt relief under the MDRI. The present value of HIPC debt relief at completion point was US$282 million -- US$155 million was delivered by multilateral creditors and US$127 million by bilateral and commercial creditors. Togo's nominal debt stock fell from US$1.7 billion in 2009 to US$ 0.5 billion by 2010. Following debt relief, interest payments were reduced from about 1 percent of GDP to 0.8 percent of GDP. The additional financing was focused on increasing public investment, which had suffered from years of neglect that was compounded by the impacts of floods in 2008 and 2009. The government's enhanced investments in public infrastructure sent a strong signal to the private sector, which responded with new investments of its own, including a US$500 million deep sea container terminal at the Port of Lomé. This investment is expected to support a recovery of growth and to generate employment for thousands of Togolese workers.

Source: World Bank staff estimates

45. **Post-completion point countries remain vulnerable to re-accumulation of unsustainable levels of external debt**. Roughly a quarter of the post-completion point countries are rated at high risk of debt distress, though none of the post-completion point HIPCs are currently in debt distress. For instance, recent debt sustainability analyses for Afghanistan and DRC, two countries that reached completion point during IDA15, suggest that both countries remain at high risk of debt distress. The ongoing debt vulnerabilities of IDA countries will need to be addressed through sustained efforts on the part of national authorities and from donors, involving a combination of fiscal consolidation, improvements in institutions and policies, and continued access to concessional financing for external borrowing.

46. **IDA's Non-Concessional Borrowing Policy, which aims to support debt policies that preserve long-term external debt sustainability, applied to 45 IDA countries in FY11**. This represents nearly 75 percent of eligible IDA-only countries during the IDA15 period. Debt relief under the HIPC Initiative and MDRI has created new borrowing space that could result in rapid re-accumulation of external debt as well as increased demand for IDA grants, which are allocated on the basis of countries' risk of debt distress. The NCBP, introduced in July 2006, is a two-pronged policy involving creditor outreach as well as measures aimed at borrowers to reduce the risk of over-borrowing. The first prong aims to encourage other creditors to incorporate debt sustainability considerations and the information provided by the Debt Sustainability Framework into their lending decisions. The second prong, aimed at borrowers, includes capacity building efforts to help countries manage their debt and a renewed emphasis on improved adherence to reporting requirements. It also provides for disincentives for cases in which the NCBP is breached; this can include reductions in volumes, or adjustment of IDA lending terms. However, the NCBP is not a blanket restriction on non-concessional borrowing. It includes a differentiated methodology for setting debt limits based on a country's macroeconomic and public financial management capacity and debt vulnerability.

47. **IDA adjusted the approach for setting debt limits in countries subject to the NCBP to increase the flexibility of the policy and to better support country ownership in the area of debt management**. The adjusted approach allows debt limits to be determined on the basis of countries' macroeconomic and public financial management capacity and the extent of their debt vulnerabilities.[60] In addition, two other adjustments were introduced in the approach in 2010: (i) streamlining the internal Bank decision making process for responding to non-compliance with the policy, and (ii) simplifying the communication of NCBP decisions. During the IDA15 period, the NCBP Committee considered eight

[60] The increased availability of Debt Sustainability Assessments performed under the DSF allows the use of an aggregate approach for evaluating the appropriateness of non-concessional borrowing systematically.

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(8) cases, six of which were confirmed as instances of non-concessional borrowing, resulting in five exceptions and application of one disincentive.[61]

48. **Collaboration between IDA and the IMF has resulted in an increasing number of creditors using the DSF as the basis for their financing decisions.** As of 2011, several Multilateral Development Banks incorporate elements of the DSF into their own financing decisions. The African Development Bank (AfDB), the Asian Development Bank (ADB) and International Fund for Agriculture Development (IFAD) have adopted grant allocation frameworks similar to that of IDA. The Inter-American Development Bank (IDB) takes DSF risk ratings into account to adjust the composition (concessional vs. non-concessional resources) of its lending. Regarding bilateral creditors, Debt Sustainability Assessments (DSAs) performed under the DSF are taken into account in the context of Paris Club negotiations. As a result of staff efforts, an increased number of creditors are committed to adhering to the NCBP and the IMF policy on debt limits. The African Development Fund (ADF) has adopted a policy on non-concessional debt accumulation mirroring that of IDA. In addition, the OECD Working Group on Export Credits and Credit Guarantees (ECAs) has adopted a set of guidelines in line with the NCBP and the IMF debt limits policy. The guidelines were adopted after a series of meetings and workshops where active participation of non-OECD creditors was also encouraged.

49. **Public finance in many LICs – including an increased range of financing options – has significantly changed since the DSF was introduced**. Many LICs are seeking to exploit their borrowing space to finance public investment and are relying increasingly on borrowing on non-concessional terms. External public debt, though still the main component of overall public debt, is not as dominant as it once was, mainly as a result of debt relief. Domestic debt is likely to grow in importance as domestic savings increase and governments seek to develop domestic debt markets. In addition, LICs face new risks for debt management as well as fiscal policy as the universe of creditors and debt instruments expands.

50. **The increasing options for access to development financing for LICs have prompted several revisions to the DSF**. Specifically, adjustments endorsed by the Bank and IMF Boards have included: (i) strengthening the analysis of total public debt and fiscal vulnerabilities in DSAs; (ii) introducing an additional risk rating, which would complement the assessment of external public debt, in cases where there are significant vulnerabilities related to domestic public debt or private external debt; (iii) systematically taking into account country-specific information when assessing the risk of debt distress; (iv) including a new stress test reflecting dynamic linkages between macroeconomic variables on an optional basis; and (v) maintaining the indicative policy-dependent thresholds defined in terms of the various debt burden indicators and to introduce

Box 7: Strengthening Debt Management in IDA Countries

During IDA15, IDA undertook efforts to build the capacity of LICs to use the DSF and to analyze the costs and risks in their debt portfolio. This involved hub trainings with the participation of multiple countries as well as country-specific trainings. Overall, 10 DSA workshops attended by public officials were undertaken between 2010 and 2012. The Bank and the Fund also substantially scaled up their efforts to enhance public debt management in LICs and developed a programmatic approach with a comprehensive set of tools that can help strengthen the public debt management framework in LICs. The Debt Management Facility (DMF), a multi-donor trust fund launched in 2008, also supports the scaling up and accelerated implementation of IDA's debt management work program in LICs, including the Medium Term Debt Management Strategy (MTDS) framework. The Mid-Term Review of the DMF, which covered the IDA15 period, noted that the authorities in Malawi, Nicaragua, and Kenya have indicated that debt management has become a more proactive function in the overall policy making framework.

Source: DMF Mid-Term Review (2009 -2011)

[61] The other two cases included the reassessment of the disincentive imposed on Ghana in 2008 and Burundi's case, which was assessed as not have constituted a breach of the NCBP.

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revisions to the thresholds for debt service to revenue and for the present value of debt to the sum of exports and remittances. In addition, the IMF and World Bank are developing models and tools that will strengthen the treatment of investment-growth linkages in DSAs and also strengthen the DSA template. Support for IDA countries for implementing sound borrowing policies, improving debt management and assessing fiscal policy through debt sustainability analysis also remains a priority (see Box 7).

Growing Demand for IDA Regional Program during IDA15

51. **IDA significantly scaled up the IDA Regional Program to respond to strong demand during IDA15**. The IDA Regional Program aims to support regional operations that have strong spillover benefits across countries and require collective action. During IDA15, the program more than tripled the level provided at inception in IDA13. Inclusive of contributions from national IDA allocations, total IDA15 regional project commitments amounted to US$2.5 billion for 38 projects in five regions (Sub-Saharan Africa, South Asia, Central Asia, and Latin America and Caribbean), accounting for about 5 percent of total IDA15 commitments. This US$2.5 billion total incorporates US$1.5 billion from the Regional Program and nearly US$1 billion from the national IDA allocation. IDA regional operations also leveraged significant financing from other donors along with recipient countries, which is estimated to have contributed at least another US$1.6 billion to these operations.[62] Among the donors that provided financing and other partnerships in these regional operations are the IBRD, IFC and many external partners, such as AfDB, AFD, ADB, AU, DFID, EC, EIB, KfW, NEPAD, and USAID.

52. **Sub-Saharan Africa continues to be the top beneficiary of IDA regional operations, although demand has increased significantly in other regions**. In IDA15, Sub-Saharan Africa accounted for 31 of the 38 IDA regional operations and 92 percent of total commitments, reflecting the continued strong demand of IDA countries for regional infrastructure and trade and financial integration in the region. Importantly, the demand in other regions has increased more significantly, with total commitments to non-Africa regional operations increasing by almost nine times compared to IDA14. For example, compared to IDA14, total IDA15 commitments to regional operations increased from zero to US$140 million in South Asia and from zero to US$21 million in Europe and Central Asia. The demand has also picked up significantly in the Europe and Central Asia, in the Caribbean and in East Asia and the Pacific.[63] The rapid rise of demand for regional operations in non-Africa regions raises a new challenge for expanded regional IDA financing.

53. **Infrastructure accounts for the bulk of the commitments in regional operations, reflecting the significant infrastructure gap in many IDA countries and the externalities of infrastructure for regional integration**. Infrastructure projects account for 92 percent of IDA15 regional project commitments, particularly in energy and mining (28 percent), transport and trade facilitation (24 percent), ICT (18 percent), and agriculture (14 percent). Many of these regional projects address critical development bottlenecks in the respective regions and also promote cross-country knowledge sharing. The East Africa Agriculture Productivity Program, for example, finances the generation and adoption of agricultural technologies along with the strengthening of technical and regulatory capacity to contribute to sustained agricultural productivity growth in the top priority commodity subsectors in Ethiopia, Kenya, and Uganda. In the Caribbean, an additional phase of the OECS E-Government project will help St. Vincent and the Grenadines to improve the link with the regional ICT backbone and promote the efficiency, quality, and transparency of public services through the delivery of regionally integrated e-

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62 Data are based on total project cost excluding IDA financing. This is a conservative estimate because the total cost may not capture the full scale of leveraged financing, such as parallel financing, which falls outside of the IDA operation but takes place simultaneously to achieve shared development objectives.

63 Although no regional operations were delivered in the East Asia and Pacific region during IDA15, several projects for the Pacific islands and Mekong river basin countries were prepared and came to fruition in FY12 with total commitments of US$105 million.

government applications that take advantage of economies of scale.[64] Towards improving the accuracy and timeliness of hydromet services in Central Asia, the Central Asia Hydrometeorology Modernization Project in Kyrgyz Republic and Tajikistan will support coordinated activities with other countries in the region. In South Asia, the Strengthening Regional Cooperation for Wildlife Protection project has provided support for Bangladesh and Nepal to strengthen governance to ensure the integrity of the region's natural capital.

54. **IDA15 regional operations have also expanded beyond infrastructure provision to support broader institutional development**. While infrastructure continues to account for the bulk of total regional project commitments, its share has declined from 96 percent in IDA14 to 92 percent in IDA15. The remaining 8 percent is accounted for by financial and private sector development (4 percent), health, nutrition and population (3 percent) and public sector governance (1 percent). These changes reflect the needs of IDA countries to complement physical infrastructure investments with broader institutional development to support financial and private sector development and the provision of regional public goods for growth and poverty reduction. IDA support for the East Africa Public Health Laboratory Networking Project, for example, aims to establish a network of efficient, high quality, accessible public health laboratories for the diagnosis and surveillance of tuberculosis and other communicable diseases across participating countries, namely Kenya, Rwanda, Tanzania and Uganda (see Box 8).[65]

Box 8: IDA Support for Regional Public Health and Surveillance Labs in East Africa

The East Africa Public Health Laboratory Networking Project, with IDA financing of US$63.7 million, is expanding collaboration on public goods in East Africa and facilitating South-South knowledge sharing on issues that encompass surveillance, research, performance based financing, and multi-drug resistant TB among others. The East, Central, and Southern Africa Health Community (ECSA-HC) and the East African Community (EAC) are effectively coordinating activities at the regional level, and national laboratories are participating in a regional accreditation scheme that aims to enhance accountability and quality as well as to benchmark and track performance. A regional framework for cross-border surveillance is under development, and joint simulation exercises along with disease outbreak investigations are now routinely conducted across countries. In addition, an innovative mobile phone and web based disease surveillance system for sharing information among EAC member states is being deployed. The regional pool of qualified lab assessors, mentors, and managers is expanding and the countries are developing a joint research agenda. The ECSA-HC and the EAC are supporting South-South knowledge sharing among the participating countries.

55. **The rapid expansion of the IDA Regional Program has also led to enhancements of IDA's approach to regional projects during IDA15**. [66] While the regional project eligibility criteria require the participation of at least three countries, most investment lending has been provided through APLs. For example, horizontal APLs allow countries involved in a common framework to proceed with project preparation based on the readiness of each individual country participant, instead of requiring that all countries proceed at the same pace. In IDA15, APLs accounted for 77 percent of the regional projects, as compared to 67 percent in IDA14 and 27 percent in IDA13. In addition, the introduction of the 20 percent cap on national IDA contributions to regional projects has provided additional incentive for countries with small allocations to participate in regional cooperation efforts. During IDA15, this cap was applied in 15 country cases, mostly benefiting small countries (e.g., Central Africa Republic, the Gambia, St. Vincent and the Grenadines, and Togo).

64 IDA's investment in the ICT sector increased by 178 percent over the IDA15 period, the largest single increase by any sector, incorporating strong financing from the IDA Regional Program.

65 Burundi joined the East Africa Public Health Laboratory Networking Project in FY12.

66 Based on the IDA15 experience, additional flexibility has been introduced during the IDA16 replenishment discussions to strengthen the support to Fragile and Conflict-affected Countries through regional operations. Starting from IDA16, the 3-country minimum requirement for a regional operation is reduced to two when at least one IDA fragile state participates. This measure aims to provide an additional incentive for fragile countries to work with other countries to reduce fragility and advance development through enhanced cross-country cooperation in knowledge sharing and regional infrastructure.

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56. **Furthermore, IDA launched a Regional Grant Pilot Program after the IDA15 Mid Term Review (MTR) to support regional institutions**. In light of the role of these institutions in helping advance the regional integration agenda, the IDA Deputies endorsed a proposal to provide regional grants of up to 10 percent of the regional IDA envelope on a pilot basis in 2009 to regional institutions supporting the implementation of IDA regional projects. The regional grant facility allowed IDA to support four regional institutions to access a total grant commitment of US$52 million. In the context of the Central Asia Hydrometeorology Modernization Project, IDA provided a US$8.7 million grant to the International Fund for Saving the Aral Sea for capacity building to help implement the project and to ensure that the participating countries receive support for sharing, using, and archiving key information. Similarly, a regional grant of US$16 million has been provided in the first phase of the Financial Sector Development and Regionalization Project to the East Africa Community to harmonize financial laws and regulations, establish mutual recognition of supervisory agencies and integrate financial market infrastructure and thus lay the foundation for the financial market integration in the sub-region.

57. **Addressing cross-border regional issues is inherently complex, contributing to heightened challenges for the implementation of regional projects**. With the rapid increase in commitments to regional operations, IDA sharpened the focus on portfolio quality and implementation progress, which lagged behind IDA averages. Implementation has been particularly challenging in Sub-Saharan Africa, with a share of commitments at risk for regional operations that was higher than the IDA average and a disbursement ratio that was lower than the IDA average throughout FY09-11. Notably, targeted efforts during IDA15 to improve project quality at entry and provide strong implementation support on the ground have spurred significant recent improvements. The disbursement ratio for regional operations (a proxy for implementation pace) has seen marked improvement, climbing from 4 percent at the end of FY08 to an all time high of 19 percent by the first year of IDA16. Likewise, the total percentage of commitments disbursed increased from 8 percent at end FY08 to 31 percent at end FY12.[67]

Supporting Country Ownership and Other Aid Effectiveness Commitments

58. **IDA aims to support and enable country ownership by partnering with countries in support of their own development priorities**. Country Assistance Strategies (CASs) or Interim Strategy Notes (ISNs) remain the central tool for guiding IDA's country programs and, ultimately, assessing the impact of its work. [68] The CAS provides an anchor for IDA's support at the country level that adjusts over time to adapt to countries' evolving challenges and priorities. During IDA15, 70 CAS products were prepared for IDA-eligible countries, including 33 CASs, 12 Interim Strategy Notes (ISNs), and 25 CAS progress reports. Alignment and use of country systems are two key elements of strengthening country ownership. The Bank's country-led business model means that it aligns all of its operations in support of a partner country's priorities as spelled out in a Poverty Reduction Strategy Paper (PRSP) or similar national development strategy. Country ownership and alignment are further bolstered by using country systems, principles that are grounded in the Paris Declaration/Accra Agenda for Action (PD/AAA). The 2012 IEG Review of the World Bank's Matrix found that the country-based model facilitated responsiveness to client demands, particularly with respect to short-run priorities within a three to four year CAS cycle. The evaluation noted the risk that longer-term sectoral and corporate priorities need to be adequately taken into account, ensuring that countries can benefit fully from the global perspective of the Bank.

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[67] See IDA16 Mid-Term Review paper, "IDA Regional Program: Progress Update and Review of the Provision of Grants to Regional Organizations."

[68] An Interim Strategy Note (ISN) is prepared when a country is not ready for a full CAS. It can be prepared, on an exceptional basis, for countries that are going through an unusually uncertain period (e.g., pre-election, social crisis, natural disaster) and are not covered by an active CAS. It is also used for countries in transition from conflict or political crisis and when the Bank re-engages in a country after a prolonged hiatus. The ISN does not substitute for a full CAS, but bridges a gap for a period of 12 to 24 months, until a full CAS can be prepared. An ISN can be followed by another ISN if a full CAS continues to be infeasible. Source: OPCS(2010)," Guidelines to Staff for CAS Products".

59. **IDA15 called for (i) an updated good practice note on joint/collaborative CASs; (ii) implementation guidance on project implementation units; and (iii) a review of conditionality**. **The Bank has fulfilled these commitments**. In addition, IDA15 Deputies emphasized the need for IDA CASs to strengthen donor harmonization. In response, a Good Practice Note on Bank Collaboration with Development Partners in a Country Assistance Strategy Products[69] was produced in March 2011, which enhances the Guideline to Staff for CAS Products issued in October 2010. This Good Practice Note highlights appropriate ways to engage development partners in the CAS process, aid management, and donor mapping and provides examples from recent CASs in IDA countries.

60. **Country ownership and alignment with national priorities are also underscored in Bank-supported development policy operations (DPOs), which support reform programs that have country ownership and contribute to the country's development goals**.[70] The Bank's 2012 DPL Retrospective notes that DPOs continue to be prepared in line with the Bank's good practice principles for the application of conditionality—reinforcement of ownership, harmonization, customization, criticality, and transparency and predictability. Consistent with the Bank's commitments on aid effectiveness, disbursement conditions for Bank DPOs are based on national development strategies (often PRSPs) and agreed with the government. By making all Bank program documents and Implementation Completion Reports on DPOs publicly available, the Bank has pushed the envelope on transparency of conditionality. DPOs also contain results frameworks that are explicit and monitorable. The Bank's database of conditionality has been publically available since 2009. Feedback from consultations carried out as part of the 2012 DPL Retrospective[71] stressed that Bank DPOs have been successful in reinforcing the ownership of reform programs and that the Bank has made good progress on harmonization, transparency, and predictability of conditionality.

61. **IDA also recognizes that capacity development is a key factor in promoting country ownership and contributing to sustainable development outcomes**.[72] Indeed, active engagement and dialogue with country counterparts has proven to be an important element in supporting project implementation and capacity building. In terms of key indicators of IDA's support for building country capacity, IDA has met the Paris Declaration (PD) target for strengthening capacity by avoiding parallel Project Implementation Units (PIUs).[73] The stock of Bank parallel PIUs fell from 216 in 2005 to 44 in 2010 – an 80 percent drop, exceeding the PD survey target and overall development partner results. Of the original 30 countries that participated in the 2006 survey, the Bank had parallel PIUs in 23 of them; by the 2011 survey, only 5 of these countries still had parallel PIUs. This reflects the Banks efforts to integrate PIUs into country line ministries in line with the core focus on supporting country capacity development and improved public sector management. In addition, IDA provides support for strengthening a range of national capacities, including for environmental and social safeguards, public financial management and procurement, and health and education systems. During the IDA15 period, IDA met PD/AAA commitments to channel more than 50 percent of assistance through country systems.[74]

62. **Decentralization remains an important corporate commitment towards stronger implementation of IDA activities and enhanced aid effectiveness**. Staff based in the field for the Sub-Saharan Africa region increased by over 50 percent between IDA14 and IDA15. All Country Directors in

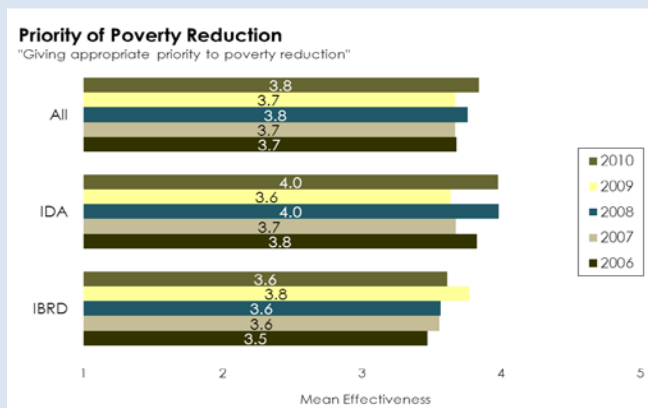
69 Good Practice Note on Bank Collaboration with Development Partners in Country Assistance Strategy Products, March 2011, World Bank.
70 Good Practice Note for Development Policy Operations: Designing Development Policy Operations, The World Bank, January 2011.
71 "2012 Development Policy Retrospective: Results, Risks and Reforms", World Bank.
72 The IDA16 report (paragraph 1, p. 1) states that IDA "supports capacity building and the development of essential systems and institutions for more effective delivery of issue-specific aid." It further states that IDA will "facilitate South-South dialogue and extend capacity building efforts to civil society in client countries" (paragraph 77, p. 32).
73 Refers to Paris Declaration Indicator 6, which measures the stock of parallel PIUs.
74 IDA15 Mid-Term Review Implementation Report (2011).

the Region are based in-country.[75] Decentralization in IDA countries and FCCs has also been pursued in the other Regions, and IBRD/IDA is exploring further options for a new decentralization model. To address the challenges of costs, numbers of technical staff, recruitment, and knowledge sharing across countries, the Bank is examining a model that would: (i) increase staff and devolution of tasks to Fragile and Conflict-affected Countries and low income countries; and (ii) develop hubs, or operational centers, to serve middle income countries.

63. **IDA delivered on all of the IDA15 Replenishment commitments on aid effectiveness and made significant progress at the corporate and country levels, playing a key role in helping shape the international aid effectiveness agenda**. The Bank's strong performance has been demonstrated in the Paris Declaration monitoring survey (PD survey), the main tool for tracking progress globally in meeting PD commitments. The 2011 PD survey showed that the Bank's performance is better than the overall development partner average, demonstrates significant progress between 2005 and 2010, and that the Bank has met or is close to meeting the majority of targets (Annex 8).

64. **Recent client surveys indicate a positive assessment of IDA's overall relevance and alignment with development priorities of its member countries**. Client surveys also suggest that IDA's country work has a clear focus on poverty reduction, and IDA is perceived as being effective in assisting countries in their efforts to reduce poverty (see Figure 8). The 2011 Country Survey Review explored the views of over 3,340 respondents from eight IDA countries and found that clients placed value on IDA's policy/economic advice, technical advice, and knowledge along with the Bank's financial resources and capacity to lend when others would not. Enhanced flexibility in operational policies and procedures and willingness to explore alternative policy options are areas in need of more progress.

Figure 8: Client Surveys Highlight IDA's Focus on Poverty



65. **Building more effective and inclusive partnerships through mainstreaming partnerships at all levels of IDA operations—global, institutional, and country—using many different instruments and approaches to engage a variety of partners, has been important to deliver results**. IDA has significantly broadened its financial collaboration with other donors in the past 10 years, from co-financing and parallel financing of stand-alone projects to program-based collaboration with large contributions from donors.[76] This partnering has helped bring coherence to policy dialogue across a large group of stakeholders in support of country development priorities. The Bank, together with numerous donors, has greatly expanded its joint work to support countries, through both financing and non-lending services. The Bank performed better than the overall development partner average on three harmonization-related PD indicators—performance-based approaches (PBAs), joint missions to the field, and joint country analytic work. In the 2011 survey, the Bank's share of coordinated technical assistance accounted for 73 percent of total technical assistance, exceeding the PD target of 50 percent and the overall development partner result of 57 percent.[77] Equally important at the country level, however, is aid coordination, with a recent survey showing that the Bank is meaningfully involved in the majority of

[75] World Bank 2011 "Africa's Future and the World Bank's Support to It".
[76] IDA's Financial Collaboration with Other Development Partners at the Country Level, August 2008, World Bank.
[77] According to Bank PD survey data, the value of the Bank's total capacity development reached US$1.5 billion in 2010, accounting for 10 percent of total assistance; the share differs significantly across Bank Regions and country classifications.

country-level aid coordination fora and, most importantly, that the Bank supports the development of government capacity to manage and coordinate aid.[78] With regard to the work on harmonized approaches to MOUs in co-financed operations, the Bank continued its work with select donors on legal harmonization through the end of IDA15 period.

66. **Delivering and accounting for development results has become a major goal for developing country governments, donors and multilateral institutions**. The international community also recognizes that transparency—of aid flows, budgets, and results information—is important for accountability. The Bank is a leader on the results and transparency agendas, and continues to pioneer new frontiers to increase its accountability to its shareholders and other external stakeholders.

67. **Aid predictability**. The Bank led a multi-stakeholder working group and aid predictability study in preparation for Busan.[79] This included a review of the Bank's own aid predictability. The Bank's ongoing country dialogue and the indicative lending programs outlined in CASs provide a strong foundation for partner countries' short- and medium-term programming. Investment projects have firm commitments for their total cost and project components. However, they are implemented over a number of years and predictability of disbursement is influenced by a number of factors: the pace of project execution, contracting capacity in the recipient's implementing agency, noncompliance with terms of financing arrangements, the recipient country's absorptive capacity, and delays in signing of project legal agreements and requirements for effectiveness. Development policy operations disbursements tend to be more predictable as they are typically aligned with the government's budget cycle and disbursements are based on the government meeting agreed prior actions.[80] While the Bank has not met the target on aid predictability under the PD Survey, a recent evaluation by IEG noted that the predictability of the Bank's DPOs has improved over time in IDA countries.[81]

68. **In August 2008, the Bank updated the good practice note on poverty and social impact analysis (PSIAs), produced in August 2008**. The note identifies important dimensions of such impact analysis, and provides examples that relate pragmatic solutions to real situations.[82]

[78] *Aid Coordination in IDA Countries: A Roadmap to More Effective Aid Coordination; National Aid Coordination Fora – What, Where, and Why?;* and *Aid Coordination in IDA Countries: Role of the World Bank,* The World Bank, April 2011.
[79] Aid Predictability – Synthesis of Findings and Good Practices.
[80] *Aid Predictability – Donor Profiles*, Appendix, p. 53 Carter and Lister, Mokoro Ltd., June 2011.
[81] *Poverty Reduction Support Credit: An Evaluation of World Bank Support,* Independent Evaluation Group, October 2009.
[82] Good Practice Note: Using Poverty and Social Impact Analysis to Support Development Policy Operations, August 2008.

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SECTION II:

IDA'S COUNTRY-LEVEL EFFECTIVENESS AND RESULTS

Highlights of Chapters 3 - 6

- ***IDA Results Monitoring System***: The RMS has been refined over the past decade and has served to identify progress along with emerging challenges in performance in IDA15. Country-level outcomes during IDA15 point to improvements across 14 outcome indicators associated with progress towards the MDGs. The focus on results has been reinforced by continued support for statistical capacity building in IDA countries and improved quality of results frameworks in IDA's operations and country strategies. The issues the RMS has brought to light for the IDA15 period include a declining trend in the quality of projects exiting (based on a partial sample of projects approved in earlier replenishments) and an improving trend in quality at entry, supervision and outcomes for newer projects. IDA is implementing actions to strengthen quality and monitoring systems. For IDA16, IDA is also tracking indicators of IDA's operational and organizational effectiveness by expanding the RMS from a two-tier system to a four-tier system.

- ***Sector Results***: Across sectors, IDA made notable contributions towards the achievement of the MDGs during IDA15 while supporting countries in managing crisis response and building institutions. Emerging results point to the relevance of IDA's capacity to combine broad scale financing with world-class technical advice and strategic partnerships. The comparative advantage of integrated support was particularly important in IDA15 due to growing client demand for increasingly complex engagement in key sectors.

- ***Support to Fragile and Conflict-Affected Countries***: IDA's engagement in FCCs was strengthened during the IDA15 period, both operationally and with respect to analytical and policy-related work. Multi-donor trust funds remain an important complement to IDA's engagement in FCCs along with continued efforts to build strategic partnerships. Outcome ratings of projects for FCCs that exited in IDA15 increased from IDA14 and did as well or better on average as those in non-FCCs. IDA support for building institutions, including related to extractive industries and natural resource management, showed good progress in several FCCs.

- ***IDA's Response to Crisis***: IDA's support for crisis response during IDA15 included assistance for mitigating the impacts of the food, fuel and financial crises and support for recovery from natural disasters affecting individual countries. The implementation experience highlights IDA's capacity to mobilize financing and partnerships to support crisis response as well as to deliver crisis prevention and mitigation interventions that are aligned with country needs and priorities. The launch of the IDA Pilot Crisis Response Window in 2009 played an important role in meeting the needs of hard-hit countries and reflects learning by doing at the institutional level. Emerging results point to improved social safety net readiness in several countries.

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CHAPTER 3: IDA15 RESULTS MEASUREMENT SYSTEM

The IDA15 Results Measurement System and other tools for supervision, performance monitoring and impact evaluation have positioned IDA to identify the extent of progress achieved, along with emerging challenges in performance in IDA15. Country-level outcomes during IDA15 point to improvements across 14 outcome indicators associated with progress towards the MDGs. The focus on results has been reinforced by continued support for statistical capacity building in IDA countries and improved quality of results frameworks in IDA's operations and country strategies. The challenges the RMS has brought to light for the IDA15 period include a declining trend in the quality of projects exiting (based on a partial sample of projects approved in earlier replenishments) and an improving trend in quality at entry, supervision and outcomes for newer projects. IDA is implementing actions to strengthen quality and monitoring systems. For IDA16, IDA is also tracking indicators of IDA's operational and organizational effectiveness by expanding the RMS from a two-tier system to a four-tier system.

69. **IDA has continued to strengthen the Results Measurement System launched in 2002**. Since the introduction of the RMS, IDA has made progress towards improving the results orientation of IDA operations, reporting and systems. The IDA15 RMS had two tiers. Tier 1 monitored aggregate progress on 14 country outcome indicators grouped into four categories: (i) growth and poverty reduction; (ii) public financial management and investment climate; (iii) infrastructure; and (iv) human development. Country outcomes reflect the collective efforts of the full range of development activities at the country level, including contributions by IDA. Tier 2 focused on IDA's contribution to development outcomes using indicators related to the quality and effectiveness of IDA programs. In addition, IDA developed a set of "core sector indicators" to facilitate corporate aggregation and monitoring of results for operations in education, health, road transport, and water supply and sanitation (see Annex 6). The Bank complemented the quantitative indicators with over 430 online results stories and briefs.

Development Progress in IDA Countries (Tier 1)

70. **The most recent available data show overall improvement on Tier 1 indicators, though progress varies across countries and there are areas that require additional attention (see Table 2)**. Country-specific factors, including policy frameworks and the quality of institutions, underlie divergent progress in the achievement of the MDGs (See Box 9). During 2005-2011, the per capita GDP of IDA countries increased despite the crises. The percentage of people living on less than US$1.25 a day and the number of poor declined between 2005 and 2008, the year with the latest available data across countries. The per capita GDP in constant 2000 US$ increased from US$532 to US$683 between 2006 and 2011, as a result of the strong economic performance in the pre-crisis period in IDA countries. The absolute poverty headcount in IDA countries fell from 42.7 percent in 2005 to 38.8 percent in 2008 although the pace of poverty reduction would need to significantly increase in order to meet the goal of halving the poverty rate by 2015. In addition, the number of the absolute poor in IDA countries remained at about one billion during 2005-2008 largely due to population growth. Notably, the food price spike of 2007–08 is estimated to have raised the poverty headcount by 105 million, and that of 2010–11 by 48.6 million people in the short run; they hit urban poor and female-headed households hardest.[83]

[83] Global Monitoring Report 2012.

Table 2: Progress in Tier 1 Outcome Indicators for IDA15 Eligible Countries (as of Sept. 2012)*

Indicator	Year of baseline value	Year of most recent value	Aggregate outcomes		Country-level outcomes	
			Baseline value	Most recent value	% of countries making progress	% of countries making substantial progress [a]
Growth and Poverty Reduction						
1. GDP per capita (constant 2000 US$)	2006	2011	532	683	85	31
2. Percent of population living below $ 1.25 (PPP) a day (%) [b]	2005	2008	42.7	38.8	87	14
Public Financial Management and Investment Climate						
3. Public financial management (CPIA 13 quality of budgetary and financial management rating (1=low to 6=high) [c]	2005	2011	3.24	3.27	36	..
4. Cost required for business start-up (% of GNI per capita)	2007	2011	133	65	96	27
5. Time required for business start-up (days)	2007	2011	48	32	73	25
Infrastructure						
6. Access to an improved water source (% of population)	2005	2010	76.1	80.2	81	42
7. Fixed line and mobile cellular subscriptions (per 100 people)	2005	2010	11	60	100	44
8. Access to an all-season road (% of the rural population) [d]	2003	n/a	52	..	..	..
9. Household electrification rate (% of households)	2005	2008	57.0	61.4	50	25
Gender and Human Development						
10. Under 5 mortality rate (per 1,000 live births)	2005	2011	101	87	99	17
11. Prevalence of HIV/AIDS (% of adult population aged 15-49)	2005	2009	1.3	1.2	46	34
12. Births attended by skilled health staff (% of total births)	2005	2010	43.6	53.9	69	36
13. Primary completion rate (% of relevant age group)	2005	2010	73.6	81.6	70	45
14. Ratio of girls to boys in primary and secondary education (%)	2005	2010	88.6	93.3	83	42

Source: WDI Data base,July 2012 and World Bank staff estimates
[a] Substantial progress is defined as the 75th percentile of progress observed in all developing countries for which data is available;
[b] The US$1.25 a day poverty line (measured in 2005 PPP) replaces the previous US$1.08 a day poverty line (measured in 1993 PPP). Due to this change and using the 2005 purchasing power poverty data, poverty estimates are revised.
[c] Previous Indicator 3 (number of HIPC benchmarks met) has been discontinued and replaced by new Indicator 3 (CPIA 13 quality of budgetary and financial management).
[d] No data available to monitor progress.

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71. **There has been good progress in improving the investment climate, but progress on public financial management has been modest**. From 2007 to 2011, the cost of starting a business in IDA countries dropped by more than 50 percent, and the time required dropped by more than one third, from 48 days to 32 days. The average score for the Country Performance and Institutional Assessment for quality of budgetary and financial management increased slightly from 3.24 to 3.27 between 2005 and 2011.

72. **Performance on expansion of key infrastructure was also good**. Mobile and fixed lines telephone subscribers in IDA countries increased more than six fold between 2005 and 2010. Access to electricity by households increased from 57 percent in 2005 to 61.4 percent in 2008. Access to an improved water source increased from 76.1 percent in 2005 to 80.2 percent in 2010. Recent data on access to an all-season road for the rural population are not available.

Box 9: Growth and Institutions Matter for Achievement of the MDGs

As discussed in the Global Monitoring Report, a number of key factors help to explain divergent progress in achievement of the MDGs. While countries' initial conditions in 1990 matter for MDG performance, subsequent growth and policy also matter significantly. Countries that have reached or are on track to reach most of the MDGs show on average the fastest per capita GDP growth over 1990–2009; similarly, countries close to the targets tend to have faster per capita growth than countries that are farther away from the targets. The GMR found that policy and institutions were particularly important for health-related MDGs, which require stronger management of public expenditure and service delivery. Importantly, the global crisis affected two critical drivers of progress towards the MDGs: faster growth and better service delivery.

Source: GMR 2010, 2011

73. **Despite some gains, progress toward many of the MDGs on human development lags in IDA countries**. Of particular concern is the slow progress made on the maternal and child mortality rates: between 2005 and 2010, the rate of births attended by skilled health staff as a percentage of total births increased from 43.6 percent to 53.9 percent. Between 2005 and 2011, the under-five child mortality rate declined in IDA countries from 101 to 87 per 1,000 live births. Although not included in the IDA15 RMS, the maternal mortality rate declined from 470 per 100,000 live births in 2005 to 340 in 2010. The primary school completion rate increased from 73.6 percent in 2005 to 81.6 percent by 2010. The adult HIV/AIDS prevalence rate appears to have stabilized in IDA countries at about 1.2 percent of the adult population of 15-49 years. It should be noted that many IDA countries have made considerable progress towards the human development MDGs in absolute terms but given that the initial conditions were much worse than for non-IDA countries, the relative progress as measured under the MDGs indicates that still a significant distance needs to be covered before these MDGs will be achieved.

74. **Available data on Tier 1 indicators may not fully capture the impact of the recent global crises in IDA countries**, due in large part to the limitations of data availability and the significant statistical capacity funding gap in IDA countries. During the IDA15 period, IDA worked to strengthen statistical capacity building in borrowing countries in line with the recommendations and activities of the 2004 Marrakech Action Plan for Statistics (see Box 10). IDA also continued to support poverty data collection and analysis in partner countries, including developing novel approaches to generate real-time statistics on emerging poverty impacts of crises. During IDA15, there was also notable progress in strengthening collection of sex-disaggregated and gender-relevant statistics. Nonetheless, significant gaps remain in statistical capacity. IDA will continue to provide financial and technical assistance to improve national strategies to better statistics, make data more available and accessible, and find innovative ways to collect, disseminate, and use data to improve evidence-based decision-making and accountability.

Box 10: IDA's Efforts to Strengthen Statistical Capacity and Results Monitoring

During the IDA15 period, IDA worked to strengthen **statistical capacity in IDA countries**, including through: (i) provision of financing through the STATCAP program and as part of IDA lending operations and analytical work; (ii) support for the Statistics for Results Facility that focuses on implementation of national strategies to improve statistics; (iii) launch of a new "Bulletin Board" system in September 2009 to monitor statistical capacity in IDA countries; and (iv) support to the Africa Community of Practice (AfCoP) for results which now exceeds 2,000 members from 43 Sub-Saharan African countries.

The results from these initiatives include: (1) the quality of statistics in IDA countries, as measured by the World Bank's statistical capacity indicator, improved from 49 in 1999 to 62 in 2011; (2) the availability of data for monitoring the MDGs improved (in 2003 only 4 developing countries had 2 data points for 16 or more of 22 principal MDG indicators; by 2009 this improved to 118 countries); statistics in other key sectors have also improved in coverage and quality; (3) over two-thirds of IDA countries have developed national strategies for the development of statistics and implementation of these strategies is underway in many countries; and (4) after the 2010 census round concludes in 2014, 98 percent of the world's population will have been counted. As part of an effort to ensure data collected is accessible, the Bank with other partners launched the Accelerated Data Program to provide technical and financial support to survey data documentation and dissemination and to improve survey methods. As a result, over 55 countries have improved their practices in data collection, management and dissemination of household surveys.

IDA also continued to support poverty data collection and analysis at the country level. The recent experience with the 2010 Household Income and Expenditure survey in Bangladesh demonstrates the fruits of long-term partnership and strong country commitment to statistical capacity building. In 2010, Bangladesh succeeded in collecting, assessing and reporting on national poverty data in a record 6 months, half the average time for collecting data. IDA supported the Bangladesh Bureau of Statistics in preparing and refining the survey along with training of staff and improvement of collection practices. The Bureau of Statistics in Bangladesh plans to conduct surveys every three years and will project poverty numbers annually using a new methodology supported by IDA.

The global crisis heightened demand for real-time statistics on emerging poverty impacts, prompting the development of novel approaches to data collection. In response to client interest in crisis impact, IDA staff tested the use of *high-frequency surveys*, a novel type of income and consumption survey that uses economic modeling and/or wireless technology to capture poverty data in real time. Since 2010, IDA has supported country counterparts in using mobile phones to facilitate the collection of household data in remote areas in Honduras, Nicaragua, Tanzania and South Sudan.

During IDA15, there was notable progress in strengthening collection of sex-disaggregated and gender-relevant statistics. Specifically, IDA developed a new platform for gender data analysis and provided technical assistance for national surveys, such as the Living Standards Measurement Survey (LSMS); developed gender indicators and cross-country comparable methodologies; and supported capacity building for data collection and impact evaluation. However, gender statistics from IDA countries remain insufficient to inform key policy questions. To address these gaps, the Bank is providing assistance and works in partnership with the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women), the United Nations Statistics Division (UNSD), the OECD, and others to help IDA countries mainstream gender statistics in national statistical systems.

Statistical capacity activities continue to receive high level attention. At the Fourth High Level Forum on Aid Effectiveness (Busan Korea, December 2011) the World Bank and PARIS21 launched the five-point Busan Action Plan for Statistics (BAPS). BAPS aims to improve national strategies to better statistics, make data more available and accessible, and find innovative ways to collect, disseminate, and use data to improve evidence-based decision-making and accountability. Importantly, the Forum acknowledged that there remain significant challenges for strengthening statistical capacity and poverty measurement across IDA countries. A 2011 report from the Committee for the Coordination of Statistical Activities noted that the positive change in statistical capacity building achieved by Sub-Saharan African countries was much lower than in other regions, and many countries are still without good measures of income poverty. Next frontier issues which remain a key priority for IDA include improving coverage and frequency (especially in Sub-Saharan Africa); improving the use of statistical data in project monitoring and evaluation; increasing beneficiary feedback; tightening the feedback loop between project impact evaluation and design; and improving the comparability of national surveys to better identify poverty trends.

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IDA's Contribution to Country Outcomes (Tier 2)

75. **IDA15 contribution to country development outcomes is measured by indicators in Tier 2 related to: (1) the quality and effectiveness of IDA financed activities, and (2) examples of IDA's outputs/outcomes in four sectors**. These outcomes are assessed based on a comprehensive evaluation framework encompassing self-evaluation, quality assurance and independent evaluation.

(1) *Quality and Effectiveness of IDA-Financed Activities*[84]

76. **As detailed below, the IDA15 RMS Tier 2 included indicators related to Country Assistance Strategies and operational quality at entry and exit. In addition, IDA monitored the quality of results frameworks in operations and the quality of output and outcome reporting in Implementation Completion and Results Reports (ICRs) for IDA operations** (see Table 3). In addition, Management committed to monitor and report on additional actions related to the Tier 2 (See Annex 5). Notably, several factors contributed to an especially demanding operating context for portfolio management during IDA15. Feedback from IDA country teams and sector departments underscored the heightened challenges of delivering results at the country level under rapidly changing crisis-related circumstances, while improvements in the quality of results reporting enabled IDA to monitor operations to take corrective actions as necessary.

Table 3: Selected Indicators of Quality and Effectiveness of IDA-Financed Activities

Indicator	IDA15 (FY09-FY11)
1. Percent of RBCASs with satisfactory ratings assessed by CASCR self-rating and IEG-validated CASCR review ratings	44%
2. Percent of IDA operations with satisfactory outcome ratings	69%
3. Percent of IDA operations with satisfactory rating quality at entry	81%
4. Percent of IDA operations whose outcome indicators in the PAD (for investment lending) cover key aspects of the PDO	99%
5. Percent of first IDA Implementation Status and Results Reports submitted during the fiscal year with adequate baselines for key outcome indicators	86%
6. Percent of IDA operations with satisfactory Implementation Completion Reports quality	93%
7. Percent of IDA Implementation Completion Reports that report on data related directly to achievement of PDO	93%

Source: OPCS, April-May 2012.

Country Assistance Strategies

77. **In order to monitor the achievement of results at the country level through the contribution of various IDA instruments, for IDA15 Management committed to: (i) enhance the quality of CAS results frameworks by strengthening the emphasis on results in the corporate review process; and (ii) monitor self ratings in CAS Completion Reports (CASCR) and their independent validation by**

[84] Sources: CFPIR/OPCS Analysis of FY09-10 Projects; IEG: The World Bank Group's Response to the Global Crisis Phase I (2010); IEG: Results and Performance of the World Bank Group (2011); Synthesis Paper: New World, New World Bank Group (2010); and Update on the Bank's Business Modernization: Results, Openness and Accountability (Spring 2012).

the IEG. The Bank issues CASCRs—self-assessments of country program achievements at the completion of the CAS period—which are then independently validated by IEG.

78. **The results focus in Country Assistance Strategies has been strengthened and IDA is now moving into the second generation of Results-Based CASs (RBCASs)**. After a successful pilot, RBCASs were mainstreamed in January 2005. From the launch of RBCAS until FY11, a total of 75 IDA RBCASs were prepared for 56 IDA-eligible countries. Nineteen IDA countries have already prepared "second-generation" RBCASs. The corporate review process has been strengthened: minutes of the review meetings of 33 IDA CASs prepared in FY09-11 indicate that there was a discussion of the results framework in almost all cases. In addition to a focus on results during the preparation of CASs, CASCRs are starting to review CASs on the basis of their explicit results frameworks, and country teams are formally introducing self-evaluation ratings into the CASCR.

79. **The IEG evaluations of CASCRs prepared during FY09-11 point to areas for improvement**. In FY09-11 IEG reviewed 26 CASCRs for IDA countries, of which 16 had self-evaluation ratings. The self-evaluations rated 13 CASCRs as 'Satisfactory' or 'Marginally Satisfactory' and 3 as 'Marginally Unsatisfactory'. All 26 CASCRs had IEG evaluations and ratings: 13 are rated 'Satisfactory' or 'Moderately Satisfactory;' and 13 are rated 'Moderately Unsatisfactory or Unsatisfactory.' These findings reflect moderate decline over time: out of 31 CASCRs reviewed by IEG across the IDA13 and IDA14 periods, 17 were rated 'Moderately Satisfactory' or better (56 percent) while 14 were rated moderately unsatisfactory or worse.[85] In FY09-11, of the 16 RBCASCRs evaluated by IEG, seven (or 44 percent) were rated Moderately Satisfactory or better. The review of recent RBCASCRs shows that successful programs result from locally owned partnership strategies that have clear priorities and that effectively monitor and evaluate outcomes that are clearly linked to interventions.

80. **The IEG noted that, while country ownership appears to have improved, selectivity and realism of results frameworks still needed improvement in several CASCRs**.[86] Lack of realism is sometimes evident in country program objectives and sub-objectives that can only be achieved under a very optimistic set of assumptions. While CAS progress reports are typically used to take stock of implementation and to make adjustments in the program, in some instances they missed an opportunity to introduce the necessary adjustments. IEG also noted that in many IDA countries, the process of formulation of national poverty reduction strategies has been inclusive and over time resulted in broadening ownership among a more diverse set of stakeholders. This is reflected in better results on ownership and responsiveness for IDA countries in the CASCR reviews, a finding that has been broadly corroborated by feedback from recent Client Surveys. While Management recognizes the need to strengthen realism and quality of results frameworks for country programs, IEG and Management have been working jointly to discuss the criteria and methodology to use in evaluating CAS Completion Reports.

Quality at Entry of IDA Operations

81. **The quality of design in IDA operations improved during IDA15**. To ensure that operations have the best possible chance of success, the IDA15 RMS included two monitorable actions related to the quality of IDA operations at the time they are approved (at entry): (i) monitor and report percent of IDA projects with satisfactory quality at entry; and (ii) monitor and report the percent of operations whose outcome indicators in the Project Appraisal Document (for investment lending) and in the Project Document (for DPOs) cover key aspects of the Project Development Objective (PDO). The Quality Assessment of Lending Portfolio (QALP) reviewed a sample of operations at the mid-point of implementation on four criteria, one of which is quality of design. The data on quality showed that

[85] IDA's Fourteenth Replenishment: A Retrospective Review (World Bank: Washington, DC: 2009).
[86] "The Matrix System at Work, An Evaluation of the World Bank's Organizational Effectiveness", IEG, April 2012.

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quality of design of IDA operations has been improving. The QALP-1 assessment of 72 projects in 2009 shows that 69 percent of IDA operations had satisfactory quality of design, which increased to 81 percent by the time of the 2011 QALP- 2 assessment, which assessed 86 projects.

82. **The results frameworks of IDA operations are also improving in quality**, thus enhancing the ability of clients and staff to monitor progress on the achievement of results throughout implementation and take corrective action as necessary. To assess the quality of the results frameworks at entry, Management carried out a comprehensive review of 549 IDA investment operations that were approved between FY09 and FY11 to assess the quality of results frameworks at entry (see Table 4). Overall, 57 percent of operations were rated satisfactory on every dimension that was reviewed, up from 42 percent between FY08 and FY09.

Table 4: Quality of Results Frameworks for IDA Operations FY09-FY11

Number of Investment Lending Operations Reviewed	549
PDO – Target Group Specified	87%
PDO – Expected Change in Behavior of Target Group as a Result of the Project	74%
PDO – Benefits Measureable and Specific	90%
PDO – Good Alignment Between PDO and Activities	97%
Outcome Indicators Capture All Aspects of the PDO	87%
Outcome Indicators Capture At Least One Aspect of the PDO	99%
Outcome Indicators Measure Uptake, Adoption, or Use of Outputs by Target Group	86%
Outcome Indicators are Clearly Defined and Measureable	93%

Source: OPCS, August 2012.

83. **Although there are remaining gaps, the high scores on each individual dimension indicate improvements in the quality of results frameworks**. Results frameworks have also improved in additional financing and emergency operations. The review of results frameworks in 549 operations included a review of 170 Additional Financing Operations (AFOs) and 74 Emergency Recovery Operations (EROs). These operations have special requirements for their results frameworks.[87] Of the AFOs examined, 83 percent followed good practice by updating the project results frameworks, and 71 percent of the new results frameworks improved on the previous frameworks. In 88 percent of AFOs, the PDO specified a target group, and in 93 percent the benefits were measureable and specific. The review indicated that 86 percent of EROs specified a target group, which is comparable to the 87 percent for all projects. EROs also took advantage of their increased flexibility: 85 percent defined the PDO in terms of improved access to services and goods, and 27 percent defined key output rather than outcome indicators.

84. **Results Frameworks in Development Policy Operations (DPOs) also show good quality**. According to the 2012 Development Policy Retrospective, approximately 75 percent of IDA financed DPOs, approved between FY09Q4 and FY12Q3, had satisfactory results frameworks measured by the standard that at least 70 percent of the prior actions had a results indicator in which: (i) there was a clear

[87] AFOs provide additional funds for operations that are being successfully implemented. These operations already have results frameworks; in an AFO the original project's results framework has to be revised to reflect the results expected from the revised project. For EROs, the rapid timeframe within which these operations are prepared and the fluid environment in which they are implemented call for a strong results framework to continuously reassess whether the operation is on track to meet its objectives. The guidance allows flexibility to use access to services and goods as an objective, and to use output indicators instead of outcome indicators.

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causal link between the prior action and the result; (ii) the result was distinct from the prior action; (iii) the result had a results indicator; and (iv) the results indicator was precise.

Quality of Results Reporting During Supervision of IDA Operations

85. **To enable the use of improved results frameworks for progress monitoring, Management committed to having baseline data early in project supervision and to make up any deficiencies**. Two indicators were included in the IDA15 RMS: (i) monitor and report the percent of first Implementation Status and Results (ISR) Reports submitted during the fiscal year with adequate baselines for key outcome indicators; and (ii) monitor and report percent of ISRs with satisfactory outcome baseline data (i.e., baseline availability for either one outcome or one intermediate outcome indicator).[88] For indicator (i), first ISRs filed in FY09-11, 86 percent of operations have at least some baseline data, and about 61 percent of the ISRs filed over the three years have adequate baseline data for every PDO indicator (see Table 5). Looking at the data another way, by approval fiscal year, 90 percent of IDA15 operations (FY09-11) had adequate baseline data for at least one DPO indicator in their first ISR. For indicator (ii), the review of the latest ISR for the operations found that 48 percent of the remaining 14 percent of operations approved during IDA15 that did not have adequate baseline data in the first ISR had added PDO baseline data for at least one PDO indicator subsequently, bringing the total to 95 percent with adequate baselines.

Table 5: First ISRs with Adequate Baselines for PDO Indicators (FY09-FY11)

Category	ISR Fiscal Years						Approval Fiscal Years					
	FY09	FY10	FY11	FY09	FY10	FY11	FY09	FY10	FY11	FY09	FY10	FY11
	Number			*Percentage*			*Number*			*Percentage*		
Number of First ISRs	150	126	106				132	126	160			
First ISRs in Which All PDO Indicators Have Baselines	88	84	62	58.7	66.7	58.5	86	72	100	65.2	57.1	62.5
First ISRs in Which At Least One But Not All PDO Indicators Have a Baseline	39	29	28	26.0	23.0	26.4	33	35	50	25.0	27.8	31.3
First ISRs in Which None of the PDO Indicators Have Baselines	23	13	16	15.3	10.3	15.1	13	19	10	9.8	15.1	6.3

Source: OPCS Review, May 2012.

Quality of Results Reporting in ICRs of IDA Operations

86. ***Quality of Results Reporting in ICRs***. In order to use evidence to determine whether results have been achieved and to learn lessons, two indicators for IDA15 are related to the quality of IDA's self-evaluation of operations at exit through the ICR: (i) monitor percent of IDA operations with satisfactory ICR quality; and (ii) monitor percent of IDA ICRs that report on key outputs and outcomes from the results framework. Over the last 10 years IEG has found that 90 percent of ICRs for IDA operations are of satisfactory quality. For the IDA15 period, IEG rated 92 percent of ICRs as satisfactory for operations that exited in FY09, rising to 93 percent satisfactory quality for ICRs for operations exiting in FY10; a partial review of available ICRs for FY11 exits points to a continued trend of satisfactory quality in IDA ICRs. In addition, a review of the use of key outcome and output data in the 338 FY09-FY11 IDA ICRs found that 76 percent of ICRs reported on data related to the achievement of the PDO, with partial data available in another 17 percent of the ICRs (see Table 6). Data was fully used in the assessment of the

[88] Since ISRs can be filed at any time within the first 12 months after Board approval of an operation, some of the ISRs are for projects approved in earlier fiscal years.

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PDO in 59 percent of the ICRs, and partially used in another 34 percent. Output data were available in 76 percent of the ICRs.

Table 6: IDA ICRs that Report on Key Outputs and Outcomes

Number of ICRs	FY09	FY10	FY11	Average (FY09-11)
	88	141	109	338
ICR Reports on Data Related Directly to Achievement of PDO				
Full Data	83%	68%	81%	76%
Partial Data	10%	21%	17%	17%
ICR Uses Data To Assess PDO				
Full Data	52%	60%	62%	59%
Partial Data	36%	34%	31%	34%
Output Data is Available				
	64%	79%	83%	76%

Source: OPCS, April 2012.

Outcomes of IDA Operations

87. **The quality of projects exiting in IDA15 (based on a partial sample of projects approved in earlier replenishments) shows a decline relative to projects exiting during IDA14**. The Independent Evaluation Group evaluated 250 IDA operations that exited in the IDA15 period (FY09-FY11) (see Table 7).[89] It rated 75 percent of the commitments of these operations as moderately satisfactory or better as compared to 79 percent in IDA14. Based on the number of operations, the rating was 69 percent as compared to 77 percent in IDA14.[90] On an operation number basis, operations approved under IDA14 and IDA15 that have already exited the portfolio have higher ratings than those reported during previous IDA periods. Outcome ratings for development policy operations in IDA15 were significantly higher (78 and 81 percent on a commitment and operation number basis, respectively) than for investment projects. It should be noted that IEG is still in the process of evaluating operations for FY10 and FY11 (in particular, the number of FY11 projects exits evaluated so far is only 42). The outcome ratings consequently reflect the number of operations evaluated by IEG to date rather than the total number of operations closed, providing a yet incomplete picture of actual performance over the Replenishment period; the ratings will change as more evaluations become available. Furthermore, averages in the quality of IDA operations mask fluctuations and differences in performance across countries, regions and sectors as reflected in Annex 7.

89 Data covers IDA-financed projects exiting the portfolio and evaluated by IEG through July 2, 2012.
90 This difference is explained normally by better exit performance of larger operations.

Table 7 : Outcome Ratings of Closed Operations Based on IEG Evaluations

	Exit Fiscal Years		Approval Fiscal Years	
IDA Period	**Moderately Satisfactory or Better Outcomes at Exit (# of operations basis)**	**Number of Operations Rated**	**Moderately Satisfactory or Better Outcomes at Exit (# of operations basis)**	**Number of Operations Rated**
IDA11	65%	410	74%	403
IDA12	72%	403	74%	361
IDA13	74%	458	71%	250
IDA14	77%	423	80%	101
IDA15	69%	250	82%	28
	Moderately Satisfactory or Better Outcomes at Exit (commitments basis)	**Commitments (US$b)**	**Moderately Satisfactory or Better Outcomes at Exit (commitments basis)**	**Commitments (US$b)**
IDA11	70%	18.5	72%	17.5
IDA12	79%	18.8	82%	15.3
IDA13	76%	21.0	72%	13.0
IDA14	79%	22.4	82%	6.8
IDA15	75%	12.2	70%	2.5

Source: IEG Data in Business Warehouse, July 2, 2012.

88. **Internal and external drivers may have affected the quality of the IDA portfolio**. The overall operation performance trends can be broadly classified in the following categories: (i) country, regional and global characteristics and circumstances, including the impact of the recent food, fuel and financial crises, which focused the attention of government officials and Bank teams on short-term crisis management; (ii) developments in the internal enabling environment for quality work, including staff skills and resource availability in the context of spikes in lending and increased crisis response related demands; (iii) operation design (including increased focus on strengthening clients' institutional capacity, and operation complexity); and (iv) the Bank's systems for quality assurance, including a reported tilt in quality reviews toward fiduciary and safeguard aspects and away from technical aspects of the operation, as highlighted recently by reviews by IEG. The rapid scale-up of lending and expansion of work program demands during IDA15 placed additional strain on the system. The 2012 IEG evaluation of the WBG matrix system suggests that aspects of the matrix organization and resource availability may reflect systemic challenges affecting portfolio quality. The matrix system evaluation also suggested that, going forward, additional efforts are needed to ensure sufficient technical support to operational teams, adequate flow of technical knowledge from networks to regions and an appropriate span of control of sector managers. OPCS is conducting a detailed analysis of the drivers of operation performance trends to better identify their actual impact on quality.

89. **The Modernization Agenda launched in 2010 aims to advance key reforms to improve institutional capacity to deliver development results**. This includes a number of steps taken by Management to ensure the quality of operations and sound development outcomes, including through: (i) the introduction of the Operational Risk Assessment Framework (ORAF), a risk assessment tool for individual operations to help Bank staff and clients better balance risks and results; (ii) the introduction of the Program for Results (PforR) financing instrument; (iii) the modernization and consolidation of investment lending policies, which will lead to a much clearer, leaner and actionable investment lending policy, Bank procedures and processes; (iv) the launch of the Bank Operational Core Curriculum training program, providing comprehensive and readily available training to staff on the front lines; and (v) the ongoing set up of a new Bank-wide quality assurance framework.

90. **In addition, a range of actions are being implemented targeting improved quality oversight and portfolio performance**. These include: (i) oversight of the delivery and quality of operations and AAA through monthly review meetings chaired by the Managing Director for regions; (ii) enhanced cooperation and dialogue between regional staff and sector staff on quality of the portfolio through regular joint portfolio reviews; (iii) enhanced focus on improving the quality of ISRs through "Learning Reviews" and more regular Country Portfolio Performance Reviews to focus management attention on quality issues and facilitate timely action, including restructuring as needed; (iv) increasing staff presence at the country level to engage closely with implementing agencies for more regular support; (v) expanded support to strengthen the absorptive capacity of borrowers, including provision of more training on procurement and financial management; and (vi) development of strategic plans to improve disbursements by identifying and addressing bottlenecks in cooperation with borrowers.

91. **Management is also working to clarify quality accountabilities and harmonize quality assurance process in operations, improve the mechanisms for technical support to teams and enhance quality monitoring and reporting for senior Management as well as timely learning and feedback loops**. Specific measures include clarification and harmonization of quality processing and practices across regions (e.g., project mid-term reviews, country portfolio performance reviews), developing stronger peer review processes and making sector knowledge easily retrievable, strengthening quality enhancement reviews, and addressing issues including the span of control of managers; a thorough review and realignment of the quality assurance function, decision making and incentives is also ongoing. Management has also allocated an additional US$10 million for FY13 to regions targeted at operations (including 137 IDA operations) that require additional focused staff and management attention for quality improvements. The ongoing OPCS analysis of the drivers of operation performance trends will help identify any additional actions need to improve operation quality.

Analytic and Advisory Activities

92. **IDA has increased the focus on results of its Analytic and Advisory Activities (AAA)**. A review of Economic and Sector Work and Technical Assistance (TA) delivered during the IDA15 replenishment period (FY09-11)[91] found that development objectives were rated as fully or largely achieved for 63 percent of ESW activities and 70 percent of TA for IDA countries (see Table 8). ESW tasks that focused on stimulating public debate and informing lending had a higher percentage of activities rated fully or largely achieved. For TA, tasks for facilitating knowledge exchange and assisting client in policy and program formulation showed strong performance. Results frameworks for ESW and TA now incorporate systematic consideration of success factors, including strategic relevance and ownership, timeliness, client engagement, in addition to technical quality. IDA has also developed better online systems and processes to facilitate increased management oversight of AAA, especially for quality assurance and to better focus on results. Finally, system improvements also support the Bank's Open Development agenda by ensuring that final ESW and TA outputs are saved and disclosed, according to the Access to Information policy.

[91] The results monitoring of the Bank's ESW and TA are based on Activity Completion Summaries (ACS). The ACS is typically completed within six months of delivery-to-client date as long as all steps associated with finalizing the activity (e.g., incorporating clients' comments, dissemination, publication) are completed. ACS compliance ratios vary throughout the Bank.

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Table 8: IDA AAA Results from FY09 to FY11

Development Objective (DO)	FY09		FY10		FY11		Average (FY09-11)	
	Activities containing a given DO (%)	Activities rated Fully or Largely Achieved (%)	Activities containing a given DO (%)	Activities rated Fully or Largely Achieved (%)	Activities containing a given DO (%)	Activities rated Fully or Largely Achieved (%)	Activities containing a given DO (%)	Activities rated Fully or Largely Achieved (%)
Economic and Sector Work								
Inform lending	51	81	41	72	45	81	46	78
Inform government policy	82	63	84	67	83	65	83	65
Build client analytical capacity	41	70	50	52	58	76	50	66
Inform/ stimulate public debate	66	80	61	75	66	84	64	80
Influence Development Community	43	66	38	65	55	62	45	64
Non-lending Technical Assistance								
Assist in client's policy/ program implementation	65	81	62	74	67	74	65	76
Develop/strengthen institutions	81	71	87	68	80	60	83	66
Facilitate knowledge exchange	55	91	67	88	59	85	60	88

Source: Business Warehouse as of May 4, 2012.

Note: Includes activities delivered to clients in FY09-11 for which an Activity Completion Summary was submitted, the ratio of completed tasks was as follows: ESW: 86 percent for FY09, 86 percent for FY10, 68 percent for FY11 and TA: 84 percent for FY09, 84 percent for FY10, 65 percent for FY11. Note that because a given activity can contain more than one DO, the total may exceed 100 percent. Only country ESW and TA activities are included (i.e., global, regional or multi-country activities that may include IDA and/or Blend countries are not included).

(2) IDA's Outputs/Outcomes in Four Sectors

93. **One monitorable action for IDA15 is related to the systematic capturing of aggregate data from ongoing operations through the development of a list of uniform/standard output indicators for 4 to 5 sectors, known as "core sector indicators"** that would complement more detailed project-specific results data, as well as country and sector results data. On July 1, 2009, IDA adopted standardized "core sector indicators" to be used in IDA-supported investment operations for the education, health, road transport, and water supply sectors. Systems changes were made to facilitate the collection and aggregation of data through the ISR template. For IDA16, the introduction of "core sector indicators" in IDA15 is allowing IDA to report on outputs for active and completed operations. For the purpose of this report, the data on selected aggregate outputs in the health, education, transport, and water sectors for operations that exited during IDA15 and previous replenishments have been manually tabulated from project ICRs (see Table 9). These data show that through the support of IDA operations that closed between FY09 and FY11, important results were achieved.

Table 9: Tier 2 Outputs (by Fiscal Year of Exit)

Sector	Indicator	Unit	FY01-03	FY04-05	FY06-08	FY09-11
Output examples in Health	Hospitals built or rehabilitated	Number	79	97	12,919 [a]	15,491
	Health professional trained	Number	41,300	75,000	146,838	193,713
	Children de-wormed	Number	(…)	67,000	69,044	5,608,350 [b]
	Insecticide treated bed nets distributed	Number	(…)	10,000,000	2,931,973 [c]	10,094,485
	Childhood vaccines purchased or distributed	Number	(…)	(…)	509,071,479[d]	583,305
	Vitamin A doses purchased or distributed	Number	(…)	(…)	96,186,697	9,250,468
Output examples in Education	Classrooms built or rehabilitated	Number	60,900	50,000	704,056 [e]	185,571
	Teachers trained	Number	47,500	263,000	603,769	1,145,773
	Teachers recruited	Number	(…)	37,500	926,889 [e]	57,745
	Textbooks purchased and distributed	Number (mill.)	25.9	4.2	233.6 [e]	566.3
	Pupils benefiting from school feeding programs	Number	(…)	210,000	114,448	1,900,000
	Pupils receiving scholarships	Number	(…)	24,600	87,059	40,455
Output examples in Water Supply & Sanitation	Beneficiaries from water supply or sanitation interventions	Number	7,545,000	4,760,000	16,748,395	59,188,768
	New water connections	Number	(…)	15,000	126,137	434,903
	New sanitation facilities	Number	61,900	111,600	102,133	507,308
	Sewers constructed	km	79	106	396	219
	Sewer household/communal connections	Number	7,800	14,000	200,002	198,432
Output examples in Transport	Total roads built	km	21,600	5,200	29,188	19,658
	Total roads rehabilitated and/or maintained	km	138,200	39,700	94,256	36,383
	Total railroad constructed or rehabilitated	km	1,205	900	70	458
	Total culverts built or rehabilitated	Number	(…)	3,079	902	22,469

Source: Staff calculations from ICRs of IDA financed operations (excluding analytical work). "Not available" indicated by (…).
Notes: [a] This figure includes hospitals, clinics, health posts and other health care facilities constructed, rehabilitated and/or newly equipped; does not include blood banks, VCT centers, nutritional sites, or laboratories. [b] This figure includes more than 1.7 million school age children treated for schistosomiasis. [c] Four operations reported to have supported malaria prevention, but no specific numbers of ITNs procured were indicated. d This figure represents the number of Oral Polio Vaccine (OPV) doses financed. [e] Data includes 650,442 classrooms constructed; 795,000 new teachers appointed; and 220 million text books distributed through one SWAp education project with domestic financing and external financing including IDA. Simply based on the financing amount, the pro-rata share of IDA could be 41,765 classrooms constructed and 51,047 new teachers appointed and 15 million textbooks distributed.

CHAPTER 4: IDA'S PERFORMANCE AND RESULTS IN CORE SECTORS AND CROSS-CUTTING THEMES

The following chapter reviews commitments, quality and results related to IDA's support for Infrastructure, the Social Sectors, and Private Sector Development and Trade along with the cross-cutting themes of Gender, the Environment and Climate Change, and Governance. Across sectors, IDA made notable contributions towards the achievement of the MDGs – the core IDA15 objective – while supporting countries in managing crisis response and building institutions.

Infrastructure

94. **Strong IDA financing for infrastructure, including water supply and sanitation, transport, energy and extractive industries, focused on strengthening the foundation for sustainable development and supporting the achievement of the MDGs**. Overall, IDA financing for infrastructure during IDA15 reached US$16.7 billion, accounting for 38 percent of total IDA assistance (up from 33 percent, or US$10.9 billion, in IDA14). Support included US$7.2 billion for transportation, US$4.5 billion for energy, US$4.3 billion for water supply and sanitation, and US$641 million for information and communication technologies. This record high financial assistance for infrastructure resulted from the continued push for infrastructure support that was initiated Bank-wide under the first Infrastructure Action Plan in 2003,[92] as well as the expanded demand from client countries for infrastructure financing. By helping to maintain long-term infrastructure investment programs, IDA played a strong countercyclical role along with other development partners to help IDA countries withstand the global downturn and pursue their long-term development goals.[93] Support for sustainability efforts is also reflected in the composition of the WBG (including IDA) infrastructure portfolio. The most notable structural shift in the composition of the WBG portfolio has been in "low-carbon" projects, which reached a record high of US$5.5 billion in FY10 (40 percent of the energy portfolio). While highways and roads remain the dominant business line in transport, the biggest increase in business over the last three years has been in railways, urban transport and port development. Another important component of sustainability efforts has been the increased support for ex-ante disaster risk management and post-disaster reconstruction of infrastructure as well as cross-border projects for regional integration.

95. **The quality of IDA's infrastructure portfolio remained strong**, **including improved compliance with safeguards**. For example, during FY09-11, 100 percent of IDA projects in the ICT sector, 83 percent of projects in the transport sector and 90 percent of projects in the urban sector were rated as moderately satisfactory or better by IEG. However, only 57 percent of IDA projects in the energy and mining sector and 58 percent of IDA projects in the water sector were rated as moderately satisfactory or better. Progress was steady in addressing priorities in results measurement and governance, and in mainstreaming environmental and social objectives and approaches for sustainable infrastructure. In terms of safeguards performance, infrastructure projects ranked higher than many Bank projects. As the recent IEG evaluation[94] has shown, environmental and social impacts along with risks associated with infrastructure projects were appropriately identified during preparation and appraisal, and resources were in most cases appropriately allocated at supervision to mitigate the risks. In addition to compliance of infrastructure projects with safeguards, there has been significant progress on integrating

[92] See *World Bank Infrastructure Action Plan*, World Bank, 2003.
[93] See IEG, 2010.
[94] Ibid. Safeguards and Sustainability policies in a Changing World. An Independent Evaluation of World Bank Group Experience.

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the environmental agenda in project design.[95] Nonetheless, evolving needs in WBG client countries require updating and consolidating the environmental and social safeguard policies of IBRD and IDA, an ongoing priority for WBG management.

96. ***Transport Sector***. As a crucial enabler for economic growth, the transport sector remains a key contributor to poverty reduction and attaining the MDGs. An estimated 1 billion people, or about 40 percent of the rural population in countries receiving IDA support, lack direct access to an all-season road. During IDA15, US$7.2 billion were committed for transport, an increase of 68 percent with respect to IDA14. Indeed, FY11 set a record for IDA commitments with US$3.9 billion. IDA's long-term priorities are shaped by phenomena such as urbanization and climate change, while short-term priorities during IDA15 focused on recovery solutions from the global crisis and natural disasters. For natural disasters such as the Haiti earthquake and the Samoa tsunami among others, IDA provided critical and timely emergency support in transport.

97. **The performance of the transport portfolio remained strong during IDA15**. Results in the sector have been encouraging, with an estimated 19,658 kilometers (kms) of roads constructed and 36,383 kms rehabilitated and/or maintained through IDA projects that closed during the IDA15 period. IEG has evaluated a total of 11 IDA transport projects between FY09-11. The percentage of moderately satisfactory or better has remained relatively high with an overall average of 83 percent.

98. **Transport sector projects are increasingly promoting gender mainstreaming in the sector**. For example, in the Vietnam's Third Rural Transport Project (FY07), IDA contributed US$106.3 million and the Gender Action Plan funded US$35,000 to help Vietnam implement a coherent and sustainable national rural roads program through enhanced participation of women in road maintenance. The Lao Cai Provincial Women Union acted as a key implementing agency for the project, managing and monitoring the recruitment of women and their training and equipment. A total of 13,470 km has been maintained and 1,533 ethnic minority women from four communes were trained as rural transportation managers. Across the road networks, between 10 and 30 women are responsible for maintaining a one to two kilometer section for three months. Stakeholder consultations undertaken by the task team have also identified several specific advantages relating to the initiative: (i) women have achieved greater voice in community decision-making and a more visible role in managing affairs at the household level, arising from increased economic power and social status; and (ii) participation of women in road maintenance contributes to enhanced social cohesion among members of local women's unions and neighborhoods, which in turn strengthens mutual cooperation, and social capital endowments in rural areas.

99. ***Water Supply and Sanitation.*** **Limited progress in achievement of the water and sanitation MDGs was a key driver for IDA's water policy agenda during the IDA15 period**. IDA's commitments for Water, Sanitation and Flood Protection during the IDA15 period amounted to US$4.3 billion, up from US$2.9 billion in the IDA14 period. During the IDA15 period, the underlying principle of IDA's water and sanitation portfolio has been to "*fix the institutions that fix the pipes*" – emphasizing institutional reforms backed by substantive investment packages to ensure sustainable water supply and sanitation. The MDG goal to improve basic sanitation has been particularly elusive in South Asia and Sub-Saharan Africa, where 64 percent and 69 percent of the population, respectively, still use unimproved facilities. The reach of IDA-financed water supply and sanitation interventions more than tripled during the IDA15 period to nearly 60 million beneficiaries compared to roughly 16.7 million beneficiaries during IDA14. IDA-financed operations have also provided almost 5.8 million people with access to over 500,000 new sanitation facilities.

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[95] Results based on a review of all Project Appraisal Documents for infrastructure sectors prior to the Sustainable Infrastructure Action Plan (SIAP) from FY06-07 and post-SIAP from FY09-10. The methodology is based on a set of 25 environmental and social indicators.

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100. **Portfolio quality in the water sector declined for projects exiting (based on a partial sample of projects approved in earlier replenishments) and improved for newer projects**. In the IDA15 period, five out of 12 projects that closed and were evaluated by IEG had unsatisfactory outcome ratings. However, the number of problem projects fell by 50 percent over the three years, and at-risk projects declined by 42 percent. By end FY11, only four out of 51 projects were classified as problem projects. Similarly, 15.6 percent of water projects (eight projects) were considered at risk.

101. **Given increasing climate variability and the growing prominence of food security needs, IDA support for integrated water resource management was a strategic priority during IDA15**. Regional cooperation for internationally shared waters requires a unique financing and technical approach, and IDA has developed expertise in facilitating and brokering agreements on trans-boundary water resources management. Cooperative water resources management serves as a catalyst for greater regional integration, both economic and political, with far-reaching potential benefits. Ongoing IDA support to the Nile Basin Initiative is helping to ensure increasingly cooperative and effective joint water resources management despite the severe water resource challenges in the region (see Box 11). Similarly, in the Mekong River Basin, IDA is supporting riparian states such as Cambodia and the Lao People's Democratic Republic in strengthening their capacity for integrated water resource management and disaster risk management, working closely with the Mekong River Commission that cooperatively manages the basin. Early indications of progress in the Senegal River Basin Multi-Purpose Water Resources Development project (US$110 million) include the inclusion of Guinea as a full member of the Senegal River Basin Organization in October 2009 along with the provision of nearly three million bed nets to households in the project area through a "malaria boost" component. In addition, the project has helped to enhance income generation linked to small-scale irrigation and fisheries at the local level.

Box 11: Longstanding IDA Support for Transboundary Water Resource Management

The Nile River Basin is shared by eleven countries: Burundi, DRC, Egypt, Eritrea, Ethiopia, Kenya, Rwanda, South Sudan, Sudan, Tanzania, and Uganda. The Basin includes global environmental assets such as Lake Victoria (the second largest fresh water body by area in the world) and the vast wetlands of the Sudd. An estimated 160 million people live within the boundaries of the Basin, while about twice that number - roughly 300 million - live in the riparian countries. Despite the endowments and rich cultural history, the Nile River Basin is characterized by poverty, instability, rapid population growth, and environmental degradation. Four Nile riparians are among the world's ten poorest countries, with per capita incomes of US$100 to US$200 per year; the population is expected to double within the next 25 years, placing additional strain on scarce water and other natural resources.

The Nile holds significant opportunities for 'win-win' development, including enhanced food production, energy availability, transportation, industrial development, and environmental conservation. IDA has been promoting dialogue, and supporting joint actions toward the shared usage of Nile waters since 1999 and now coordinates the involvement of 17 multilateral and bilateral development partners of the Nile Basin Initiative. The initiative has helped to build common ground around shared benefits of river basin management through analytical work, country dialogue and communications. The IDA-financed 2008 Nile Scoping Study outlined the development gains possible through the joint management of Eastern Nile water, while the 2011 Eastern Nile Strategic Basin Assessment ESW built on the scoping study by broadly evaluating the economic implications of potential cooperative investments (large multipurpose infrastructure in the Blue Nile gorge in Ethiopia) in the Eastern Nile.

102. ***Energy*. Achieving universal access to electricity is one of the most important goals set for the energy sector by governments in low-income countries**. IDA's commitments for energy increased to US$4.5 billion during IDA15 compared to US$3.5 billion during the IDA14 period. The World Bank's energy program in IDA countries during IDA15 aimed to address chronic issues that have lead to under-investment in the power sector. In addition to serving as one of the largest financiers of critical investments in energy and backstopping private investments with guarantees, IDA has also supported reform of underlying policy and institutional issues that have contributed to the lack of investment in the sector. IDA financing for energy encompasses transmission and distribution projects (roughly one-third

of total commitments); new thermal generation; upstream oil, gas and coal financing; renewable energy; and energy efficiency. Lending for renewable energy technologies was an important part of IDA financing during IDA15, accounting for 18 percent of IDA15's financing for energy. Policy support to IDA countries exceeded US$1 billion in commitments, accounting for nearly a quarter of all IDA energy lending during the IDA15 period. Policy operations sought to improve the capacity of institutions in IDA countries, overhaul and improve the energy sector's finances, and provide support for ensuring effective access to energy in IDA countries. In Tanzania, for example, the US$38 million Seventh Poverty Reduction Support Credit in FY09 financed the establishment of an impartial energy sector regulator. Following the 2012 earthquake in Haiti, a US$12.5 million Emergency DPO helped the government to finance payments to small, independent power producers operating in the country to ensure that electricity was available during the recovery and rebuilding process.

103. **IDA financing is contributing to growing success stories on the ground, including in countries such as Bangladesh**. With support from the IDA-financed Rural Electrification and Renewable Energy Development (RERED) Project, the solar home systems program in Bangladesh has emerged as a viable alternative for access to electricity in rural areas where grid electricity is not economically feasible or will take years to come. Partnering with vibrant non-government organizations in Bangladesh, the government program is installing more than 50,000 systems per month, making it the fastest growing solar home systems program in the world. With a well designed financing scheme under the RERED Project, the program is now delivering life-changing electricity to bottom-of-the-pyramid families on an unprecedented scale. Thousands of men and women can now spend productive time after dark engaged in micro-enterprises and income-generating activities, while children are able to study at night resulting in better school performance. The program is helping to reduce carbon emissions by avoiding use of kerosene for lighting. With support from the Bank and other development partners, the program has so far installed more than 1.5 million systems in rural Bangladesh.

Social Sectors

104. ***Education Sector.* During the IDA15 period, IDA supported country efforts towards attaining the education-related MDGs and IDA countries have made progress on several indicators**. Total IDA commitments to education increased to US$4.8 billion during IDA15 from US$3.8 billion during the IDA14 period. IDA countries are achieving important gains in education access. During IDA15, more than 105 million children benefitted from IDA-financed activities, including recruitment and/or training of teachers, rehabilitating or building new classrooms, and the purchase and/or distribution of textbooks. Examples of country level results to which IDA contributed are detailed in Box 12. Across countries, over 1.1 million teachers were trained using IDA funds and over 566 million textbooks were distributed over the IDA15 period.[96] As discussed in Box 13, IDA's work with the Global Partnership for Education (formerly the Education for All Fast Track Initiative) remains an important aspect of IDA's country-based support for the achievement of MDG2.

Box 12: Examples of Country-Level Results Supported by IDA in Education

Ethiopia. The net primary enrollment rate increased from 69 percent in 2005 to 88 percent in 2010.

Mozambique. The net primary enrollment rate more than doubled between 1998 and 2010, to 95 percent; the primary completion rate for grade 7 increased from 34 percent in 2004 to 48 percent in 2009.

Bangladesh. Gross primary enrollment rose from 76 percent in 1991 to 108 percent in 2010, while the gross secondary enrollment of 57 percent in 2008 was three times higher than in 1980.

Pakistan. In Sindh province, the female-male primary net enrollment in rural areas rose from 61 percent in 2007 to 76 percent today, while primary net enrollment increased from 50 percent to 54 percent.

Moldova. Access to early childhood development programs increased to 75 percent nationwide, and in rural areas, from 51 percent in 2003 to 66 percent in 2009.

96 World Bank Corporate Scorecard, 2012.

105. **In response to a decline in portfolio performance, IDA has redoubled efforts to improve the quality of the education portfolio**. Projects at risk averaged 26 percent of all active projects during the IDA15 period. This marked a decline from IDA14 when an average of 15 percent of the projects was considered at risk. An average of 9.7 percent of projects under implementation had unsatisfactory or moderating unsatisfactory development objectives and 14 percent had similar ratings for implementation progress.[97] IEG evaluations of projects with moderately satisfactory or better for FY09-11 exits (73 percent) were the same as in the FY06-08 exits. Increased lending, shorter preparation time, staff skills and resource availability may have contributed to declines in the quality of projects. High risk was also associated with difficult country environments. Also, inadequate specification of performance indicators and weak designs of monitoring and evaluation systems in some projects have slowed the process of timely identification of implementation bottlenecks and corrective action. Ongoing actions to improve the portfolio include: quality enhancement reviews (QERs) for new and problem projects as well as before mid-term reviews; restructuring or closing non-performing projects; an improved portfolio tracking with quarterly reporting on actions taken on problem project performance; use of results chains at project design and during the QERs to ensure early detection of weak designs and that operations are ready for implementation.

Box 13: Supporting MDG2 - Achieving Universal Primary Education

In 2002, the World Bank together with development partners launched the Education For All Fast Track Initiative to strengthen low income countries' plans to meet the education MDG, with the goal that all children complete a full cycle of primary education by 2015. The EFA-FTI was conceived as a collaborative, country-driven effort for education reform, to elicit a scale-up of funding from IDA, bilateral donors, and domestic sources. In 2011, the EFA-FTI was restructured into the Global Partnership for Education (GPE).

Throughout this collective effort, the World Bank has been the backbone of the partnership, serving as trustee and secretariat. IDA staff have played the lead operational role in GPE (and predecessor EFA-FTI) projects, building on IDA's core strengths including (i) strong presence in most low-income countries' education sectors; (ii) country-driven approach emphasizing country capacity building and alignment with the country's own education sector plans; and (iii) convening power to take forward the Paris Declaration principle on donor harmonization. During FY09-11, IDA staff supported the preparation of 28 projects (total approvals of US$1.09 billion) financed by the GPE and are currently supporting the implementation of an additional 23 ongoing projects (total approvals of US$581 million).

106. **Despite increases in enrollments and primary completion, large numbers of students have poor learning outcomes**. In April 2011, the World Bank launched its new Education Strategy 2020, "Learning for All: Investing in People's Knowledge and Skills to Promote Development." The new strategy emphasizes the need to "invest early," "invest smartly," and "invest for all." The new education sector strategy focuses on the acquisition of knowledge and skills as educational outcomes relevant to development. It highlights the contribution of school-based programs to learning; determinants of learning outside of public school (such as health and nutrition); second-chance and remedial programs; and greater participation in education delivery by the private sector. IDA is helping countries focus on these issues to improve their education as well as provide support for reforms that strengthen education systems' capacity to achieve learning for all goals, build a high-quality knowledge base, and increase the effective use of government resources and aid for education.

107. ***Health Sector*. Long-term investments in support of health systems point to strong IDA support for achieving the MDGs, particularly for women and children**. IDA commitments for Health and Social Services equaled US$6.3 billion, a 66 percent increase from US$3.8 billion in commitments during the IDA14 period. In addition, building on its comparative advantage in development finance, the

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[97] Unsatisfactory or moderately unsatisfactory ratings for development objectives were 8.2 percent and 10.4 percent respectively for implementation progress during IDA14.

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Bank continues to support innovative financing solutions which are important for IDA countries. For example, IBRD serves as Treasury Manager for the International Finance Facility for Immunization (IFFm), which uses long-term pledges from donor governments to sell "vaccine bonds" that have raised over US$ 3.6 billion in capital markets. All 56 countries receiving support from IFFm are IDA countries. IDA was also one of the early supporters of the Affordable Medicines Facility for malaria (AMFm), designed to expand access to the most effective treatment for malaria, namely artemisinin-based combination therapies (ACTs). The facility was launched in 2010 in 8 countries: Cambodia, Ghana, Kenya, Madagascar, Niger, Nigeria, Tanzania and Uganda. AMFm, which is managed by the Global Fund for Tuberculosis, AIDS and Malaria, makes ACTs available for distribution and sale in private sector outlets at prices comparable to the cost of other anti-malarial drugs.[98]

108. **During the IDA15 implementation period, Bank Management intensified efforts to strengthen the quality of the HNP portfolio**. This was important given the performance during IDA14. According to IEG, during IDA14 only 53 percent of 51 HNP projects exiting the portfolio were rated moderately satisfactory or better in achieving their intended development goals; the Quality Assessment of Lending Portfolio by QAG had a similar conclusion. In the Sub-Saharan Africa region, where 15 out of 51 (29 percent) of HNP projects were in problem status, special attention was focused on the HIV/AIDS projects which accounted for over one-third of the HNP portfolio. Supervision was strengthened and results frameworks for all ongoing projects were reviewed. By the end of FY11, problem projects in Sub-Saharan Africa HNP were down to 13 percent, one of the lowest percentages of problem projects. HNP IDA disbursements increased to 28 percent during IDA15. IEG evaluation of FY09-11 exits showed that 64 percent of HNP IDA projects were rated moderately satisfactory or better, an improvement from performance in IDA14.

109. **The Bank is committed to helping countries improve the health of their people – especially women and children – by strengthening health systems, expanding access and quality, and controlling diseases** (see Box 14). IEG has confirmed that Bank-funded programs have seen strong results in controlling communicable diseases (including malaria, leprosy and tuberculosis) that disproportionately affect poor people. IDA-financed operations during IDA15 helped to build or rehabilitate some 15,491 hospitals and training over over 190,000 health professionals across IDA countries. IDA also distributed over 10 million insecticide treated bed nets and provided child de-worming for 5.6 million youngsters.

[98] Additional discussion on IDA's support for innovative financing mechanisms is available in Chapter 7.

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Box 14: Addressing High Maternal Mortality through Health System Strengthening

Developing countries accounted for 99 percent of maternal deaths in 2010. The 2012 *Report on Trends in Maternal Mortality*, a joint effort by the World Bank, the World Health Organization, UNICEF and UNFPA and the University of California Berkeley, found that Sub-Saharan Africa and South Asia together account for 85 percent of the global burden of maternal mortality. Sub-Saharan Africa had the highest maternal mortality ratio (MMR) at 500 maternal deaths per 100,000 live births (equivalent to 56 percent of maternal deaths globally) compared to 37 deaths per 100,000 live births in East Asia, the developing region with the lowest MMR. At the country level, ten countries – nine of which are IDA borrowers – account for some 60 percent of global maternal deaths: India, Nigeria, DRC, Pakistan, Sudan, Indonesia, Ethiopia, Tanzania, Bangladesh and Afghanistan.

IDA's strategy for Health, Nutrition and Population (HNP) targets the problem of weak health systems that undermine country capacity to achieve and sustain health results. Less than a fifth of IDA countries are on track to achieve the MDG focused on improving maternal health. Progress toward improved maternal and child health and nutrition outcomes has been slow because this "neglected" MDG is dependent on well-functioning health systems and ability of health services to reach the poor. The HNP Strategy emphasizes leveraging IDA's unique multi-sector capacity and macroeconomic focus to improve impact and sustainability of HNP programs at the country level. Equally, the strategy underscores the need to improve governance, accountability, and transparency in the health sector. IDA's partnerships are supporting harmonized international support for improved health financing in IDA countries, including working with the WHO to coordinate the International Health Partnerships (IHP+) and the High Level Taskforce on Innovative International Financing for Health Systems.

At the country level, IDA has supported the government of **Bangladesh** to improve health outcomes since the mid-1970s. Assisted deliveries have helped reduce maternal mortality rates by 40 percent in the past decade. As of April 2011, nearly 90 percent of Bangladeshi children receive Vitamin A supplements and over 80 percent are vaccinated, contributing to an impressive reduction in infant and child mortality by more than two-thirds since 1990. In **Rwanda**, IDA support for national efforts to improve health for children under 5 and mothers in recent years has resulted in increased births at health facilities by more than 50 percent between 2005 and 2010. This effort also resulted in an increase in the use of insecticide-treated nets by pregnant women from 60 percent (2007/2008) to 73 percent (2010), more than quadrupling the use of family planning services to 45 percent in 2010 from 10 percent in 2005, and a 30 percent decrease in infant mortality over five years as per the 2010 DHS. Less than 1 in 13 children died before his or her fifth birthday in 2010 compared with about 1 in 6.5 children in the 2005 RDHS. In **Nicaragua,** IDA has supported the expansion of the innovative *casas maternas* in rural communities targeting the poorest 80 of Nicaragua's 153 municipalities since 1998. The number of women served increased from 2,300 in 2000 to 17,200 in 2009. Maternal mortality decreased from 148 per 100,000 live births in 1998 to around 61 in 2009.

110. **IDA has maintained a focus on building technical capacity, partnerships and systems to address communicable diseases – targeting MDG6**. Emerging results of ongoing projects show notable gains. IDA support to the Government of India's National AIDS Control Program, for example, from 2006 through 2011 helped to significantly scale up targeted prevention interventions, including supporting peer educators to reach vulnerable groups at highest risk. Surveillance and strategic information management have also received a boost, resulting in improved estimations of HIV prevalence since 2006. HIV prevalence has declined among sex workers where targeted interventions have been implemented, particularly in the southern states, although overall prevalence among this group continues to be high. There is also a slow decrease in HIV prevalence among the general population in the southern states. IDA's Malaria Booster Project (FY2006-2013) in Nigeria is supporting delivery of a "Malaria Plus Package" of child survival and maternal health interventions and broader health systems development. It is flexible and allows for improved coordination with development partners, civil society and the private sector. In the seven states supported by IDA, there was a substantial increase in the number of households with long lasting insecticide-treated nets, access to preventive and curative treatments for malaria, and knowledge sharing and behavior about the disease and its control, as well as evidence of behavior changes now widespread among providers and beneficiaries. In addition, the

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malaria program has prompted coverage of other key maternal and childhood diseases, including the successful linking of malaria commodity distribution with immunization and other public health services.

Private Sector Development and Trade

111. **Creating jobs is increasingly recognized as a critical pathway out of poverty**. For the IDA15 period, IDA commitments for private sector growth and economic development (which consists of support to financial and private sector development, trade and integration and economic management) accounted for 24 percent of total commitments, slightly higher than the 22 percent share in IDA14. Of this, FPD accounted for 15 percent, followed by trade and integration (6 percent) and economic management (2 percent). IDA strengthened its work on private sector development, including by fostering investment climate reforms; supporting private firms, including micro, small, and medium enterprises (MSMEs); and promoting private participation in delivering social and infrastructure services. In terms of financial sector development, IDA contributed to strengthening the financial systems in its client countries by helping them improve the stability and efficiency of their financial sector and increase access to financial services. Importantly, IDA is increasingly working in cooperation with IFC and MIGA to leverage the comparative advantages of each institution (see Box 15). On trade, IDA is helping countries to strengthen their trade competitiveness and diversify their exports; improve trade facilitation, transport logistics and access to trade finance; increase their market access and international trade cooperation; and manage stocks and promote greater inclusion.

112. **IDA is placing increased attention on portfolio monitoring and quality**. There has been deterioration in the outcome ratings for IDA15 projects. IEG reviewed 27 FPD projects, of which 74 percent were rated moderately satisfactory or better during IDA14. For the IDA15 period, of the 27 IDA projects rated by IEG, 59 percent were rated moderately satisfactory or better. This performance trend led to greater reflection within the Network on activities to step up the quality and outcomes of FPD projects, as strains in operational performance partly reflect the quicker time and speedy pace at which projects were prepared in the last two years to meet client needs at the time of the crises. Importantly, recent supervision trends suggest that there has been improvement in taking concrete actions to safeguard quality once projects have been identified as being problematic.

113. **Selected examples of notable achievements include the following:**

- The Niger Financial Sector Technical Assistance project (US$3.8 million) provided support to the Ministry of Finance, the Microfinance Regulatory Agency and specific microfinance providers to strengthen the microfinance sector. From FY04-FY11, the number of microfinance clients increased by 506 percent, from 66,084 to 400,754, with the percentage of loans to women increasing from 41 to 57 percent.
- With World Bank Group support, Rwanda was rated as a top performer in "Doing Business 2010" for improving its business climate. The time required to start a new business in that country was reduced from 14 days in 2009 to 3 days in 2010. Since 2002, the total amount of registered investment has increased by more than 30 percent.
- In Tanzania, IDA has been the leading partner in promoting good practice in the Special Economic Zones (SEZ) program, including by helping to combine its SEZ and Export Processing Zone into one regime and adopt a recommended priority zone.

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- In the new nation of South Sudan, World Bank Group support to improve the investment climate helped strengthen the business registry so that businesses can be incorporated within a day. About 12,000 businesses—mostly local and small or medium-size—have registered since July 2006. A business-registration campaign resulted in an additional 1,100 businesses within the first six months of 2010.

Box 15: World Bank Group Cooperation on Financial and Private Sector Development

Efforts continued in the IDA15 period to enhance World Bank Group collaboration in the areas of strategy, policies and systems, as well as on individual country programs and projects. The growth of IFC involvement in IDA countries over recent years has strengthened joint work. Examples of recent close collaboration are detailed below.

The **joint WB-IFC FPD Network** serves as an important catalyst for joint IFC-WB activities, particularly in the areas of investment climate and financial market reforms. The joint network houses staff mapped to both the IFC and the World Bank and leverages the comparative advantages of the two institutions. In July 2011, the Bank launched its flagship Global Practices (GP) pilot to change the delivery model for financial and private sector development across regions. The new structure realigns network staff into six Global Practices, aiming to eliminate current center-region fragmentation and to pull together the network's many boutique operations.

The annual **Doing Business Report** is a joint effort that helps set the agenda for WBG investment climate reform advisory services: recent joint projects include Tajikistan (reform to improve the business environment), Haiti (job creation and growth project), Guinea-Bissau (improve the business environment) and Malawi (insolvency reform).

An example of joint work at the sector strategy level is the **joint IFC, MIGA and World Bank infrastructure strategy** "Transformation Through Infrastructure: World Bank Group Infrastructure Strategy Update FY12-15" which was completed in late 2011 to foster more cross-cutting and integrated solutions in infrastructure across all sectors. For instance, in the power sector in Africa joint projects in FY12 (IFC financing combined with IDA guarantee/financing) include Kribi in Cameroon.

Examples of **IFC and WB collaboration to improve access to finance** (with the Bill and Melinda Gates Foundation) include support for the **State Health Society in Bihar** (India) to streamline government payments to salaried health staff, private health care providers and beneficiaries under the state governments' health schemes. WBG collaboration on SME finance also includes the **Ghana IDA-IFC project** with Ecobank and **Banque de l'Habitat** in Burkina Faso.

In **Yemen**, a joint WBG team followed a programmatic approach to help improve the country's investment climate. IDA worked with the government to develop its National Reform Agenda, which included start-up simplification and tax reform issues. A joint team also led policy discussions on tax reforms, which led to a focused IFC advisory project on tax administration. By FY11, the tax project had supported the passage of a new income tax law, reducing the general tax rate from 35 to 20 percent and creating a simplified filing process for MSMEs. These measures are expected to foster participation in the formal economy and increase tax revenues by encouraging compliance. In addition, the project helped to streamline six procedures that are expected to reduce corruption and encourage cost savings. The Investment Climate and Bank teams also partnered to support investment legislation and business promotion initiatives.

114. **IDA support for economic and sector work and technical assistance has complemented IDA's financing at the national, regional and global levels**. The collapse of global trade finance as a result of the crisis prompted a call for collective action to restore liquidity to world markets. Due to an absence of data on trade finance, gathering information on trade finance markets was an immediate priority. The Bank quickly mounted firm- and bank-level surveys of trade finance conditions in developing countries in the midst of the crisis, as well as a subsequent 12-country follow-up survey. It also supported analysis of the ways through which a financial crisis could affect global trade through trade finance channels. At the country level, the Capital Markets Practice is currently supporting regional lending and AAA operations, including disaster risk financing and insurance projects in the Caribbean

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and India and local currency bond development programs in Kenya, Tanzania, and Nigeria. At the regional level, IDA is supporting the East Africa Regionalization project and recently launched a regional program on Disaster Risk Financing and Insurance for East Asia and the Pacific Islands. Finally, at the global level, IDA is undertaking a range of initiatives to capture 'good practices' in capital market development, including conferences to share cutting edge, peer-to-peer learning events, policy notes, and global programs. Contributions to the World Bank Group Entrepreneurship Snapshots –currently the most comprehensive dataset on cross-country firm entry data available – have been created in cooperation with the World Bank Development Research Group, the IFC, and the Kauffman Foundation. As discussed in Box 16, external funding sources such as the Multi-Donor Trust Fund for Trade and Development (MDTF-TD) and the Trade Facilitation Facility are important complements to IDA's work in trade. Collaboration with IFC has been a vital component of IDA's engagement on trade finance.

Box 16: New Partnerships Leverage Financing to Boost Trade in IDA Countries

The Multi Donor Trust Fund for Trade and Development, the largest source of donor trust funds for supporting international trade activities in the World Bank during IDA15, was launched in November 2007. It had pledged contributions from Finland, Norway, Sweden and the United Kingdom totaling approximately US$28 million. The MDTF-TD worked at the country level to integrate trade into World Bank lending and assistance programs; at the regional and cross-country levels by helping to shape the trade agenda on regionalism and bilateral agreements; and at the global level by providing new knowledge. The MDTF-TD closed in June 2012 and was succeeded by an Umbrella Facility for Trade and Development (UFTD) that supports analytical trade work.

The Trade Facilitation Facility was launched in April 2009 to help countries improve their competitiveness through improvements in their trade facilitation systems and by reducing trade costs. It brings together expertise from across the World Bank Group to scale up the institution's trade facilitation-related activities.

115. **Support for trade integration and addressing regional externalities was a key priority during the IDA15 period**. Work on regional trade integration activities funded by IDA15 falls under a number of categories. The first includes studies and TA activities that help countries negotiate and implement regional trade agreements, harmonize regulations, or develop common policies. Studies on Economic Partnership Agreements in Sub-Saharan Africa, policy coordination among OECS countries and harmonization of services regulations in African regional economic communities are representative examples. IDA15 activities have also helped to address international transit problems and to facilitate intra-regional trade (especially cross-border and informal trade) facilitation issues, such as work on transit regimes in South Asia, trade centered around bazaars in Central Asia, and trade in the Great Lakes area of Africa. Finally, IDA has conducted intensive outreach and dissemination activities through regional workshops and peer learning events that bring countries together to compare their experiences. For example, the World Bank Institute has worked with local institutions to organize a series of workshops that trained Eastern, Southern and West African officials and trainers on preferential trade liberalization.

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Progress on Cross-Cutting Themes

116. ***Gender*. The Gender Action Plan (GAP) was instrumental for advancing gender mainstreaming during the IDA15 implementation period**. The focus of the GAP has been to: (i) expand girls' and women's economic opportunities; (ii) incorporate gender in the Bank's work in the economic or 'hard' sectors such as agriculture, finance, infrastructure, labor markets and private sector development which continued to trail others, especially social sectors; (iii) support efforts to embed gender analysis in core diagnostics; and (iv) invest in rigorous evidence and pilot experiments to inform operations. More broadly, the GAP emphasized the need to gather evidence to support the business case for gender equality within and beyond the Bank. It also focused on the importance of measuring results and impact.

117. **With the support of the GAP, during the IDA15 period noticeable progress was made in gender mainstreaming across the board, though challenges remain**. The proportion of gender-informed IDA Country Assistance Strategies (CASs) increased from 80 percent in FY07 to 100 percent in FY11. The proportion of gender-informed lending in IDA countries increased from 40 percent in FY07 to 72 and 69 percent in FY10 and FY11.

Box 17: IDA's Efforts to Mainstream Gender in Honduras

Gender gaps constitute a major part of the development challenge in Honduras. One of the reasons for Honduras' persistently high poverty rates is that female labor force participation is the lowest in Central America at 40 percent. Early childbearing in Honduras remains high, especially among the poor. Honduras is one of the four LAC focus countries in the WB Reproductive Health Action Plan (RHAP) that targets countries with high maternal mortality and high fertility.

The IDA15 portfolio included several projects that target female beneficiaries. These include the *Nutrition and Social Protection Project* that has supported a program of nutritional supplements for women and children under two (as well as incorporating a participatory Indigenous, Afro-descendant Peoples and Gender Plan); the *Health Reform Program,* which has supported rural health centers operated by the community and sought to improve the conditions of pregnant women and mothers; and the *Land Administration Program* that has provided land titles to female heads of households.

Notably, the Honduras Land Administration Program has been an important example of gender mainstreaming in the portfolio. The second phase of the Honduras Land Administration Program APL (approved in June 2011), includes a Gender Strategy, building on a Social Assessment and a Gender Audit. The Gender Strategy includes a plan to promote Miskito women's participation in the process of recognition of their communities' collective land rights. The strategy was prepared with support from the Gender Action Plan (GAP)-financed initiative.

118. **While IDA projects were increasingly gender-informed, variations in levels between regions and sectors remained**. The regions of Sub-Saharan Africa, South Asia and East Asia and Pacific exhibited the strongest performance in the design and implementation of gender-informed operations. Progress in the Sub-Saharan Africa region was particularly notable: 72 percent of IDA operations were gender-informed by FY11 compared to 47 percent in FY07. The social sectors still led the way in the depth of gender mainstreaming; however, the rate of progress was greater in the economic sectors, reflecting the broad relevance of gender issues across country programs (see Box 17 for the case of Honduras). Progress was particularly noticeable in Agriculture and Rural Development, with projects increasingly tackling the gender implications of issues ranging from land titles and access to finance to off-farm employment, access and management of water resources (irrigation), access to markets, and decision making in rural and agricultural development efforts.

119. **The quality and content of analytical work improved, but coverage in poverty analysis and other ESWs fell**. The proportion of gender-informed IDA countries' Poverty Assessments fell to 50 percent in FY10, while the performance of other ESWs (CEM, PER and DPR) also declined. However, two regions, East Asia and Latin America and the Caribbean, prepared regional gender action plans to improve the diagnosis of gender issues at the regional and country level, establish priorities for policy dialogue with governments, non-state actors and development partners in the region, and strengthen mainstreaming of gender issues in IDA operations. The increased commitment to gender equality was also reflected in the decision to dedicate the 2012 World Development Report (2012 WDR) to "Gender Equality and Development." This choice of theme provided an opportunity to identify remaining obstacles to increase the share of gender-informed projects; to further articulate and disseminate the case for gender equality; and to help generate partner country demand. Furthermore, the Sustainable Development Network has stepped up its efforts to integrate gender in its portfolio including by promoting several knowledge products to improve operations and analytical work. These tools and documents are being used to strengthen the skills of staff and officials from client countries to mainstream gender in infrastructure policies and projects. In particular, they have informed the elaboration of gender-responsive Transport, Urban Development, Environment and ICT Strategies.

120. **Gender equality initiatives, partly promoted through the GAP, showed promising results with potential for scaling up**. Since 2007, the Bank has used funds raised through the GAP to develop a range of gender equality promoting initiatives, including: (i) the Women and Business Law Project, which uses quantitative and objective data to measure the gender gap in laws and regulations governing the business environment in various countries; (ii) the Adolescent Girls Initiative, a public-private partnership promoting the transition from school to productive employment through promising interventions that are tested and then scaled up or replicated if successful; (iii) the SEGOM Gender and Extractive Industries program, which aims to mainstream gender issues into the mining sector to enhance the benefits and minimize the negative impact of extractive industry operations on women stakeholders; and (iv) Results-Based Initiatives which explore ways of increasing women's incomes through pilots that are rigorously evaluated.

121. **Building on the progress achieved on gender mainstreaming in IDA15, efforts are being stepped up during IDA16**. Several challenges remain, including the need to improve monitoring and impact evaluation and enhance collection and dissemination of sex-disaggregated beneficiary data. The inclusion of gender as one of the four special themes for IDA16 and of gender-related indicators in the IDA16 Results Measurement System is expected to provide further momentum in the mainstreaming of gender in IDA activities.

122. ***Environment and Climate Change.*** **During IDA15, the World Bank intensified its efforts to support climate risk management and adaptation, based on the recognition that climate resilience is key to sustainable development**. Total lending IDA lending commitments for environment and natural resource management rose from US$1.6 billion during IDA 14 to US$2.4 billion during IDA15 (a 43 percent increase). IDA financing during this period covered water resources management (27.1 percent); pollution management and environmental health issues (22.6 percent); land administration and management (14.6 percent); environmental policies and institutions (12.3 percent); climate change (9.2 percent); biodiversity conservation and protection (3.9 percent) and other areas. During IDA15, a total of 131 AAA products on environment and climate change issue (comprising 55 ESW and 76 TA) were delivered to IDA clients compared to 114 AAA products (comprising 68 ESW and 46 TA) during in IDA14.

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123. **With respect to portfolio performance, the Environment sector reported 9 problem projects and 15 projects at risk at the end of IDA15, an increase of roughly 30 percent compared to IDA14**. The majority of the problem projects and projects at risk reported at the end of IDA15 were in the Sub-Saharan Africa region, with 6 problem projects and 12 projects at risk. Efforts to further pinpoint key implementation challenges in Environment projects are ongoing, and there are examples of notable progress. In FY09, for example, the Europe and Central Asia region reported three problem projects; by the end of IDA15, there were no operations classified as problem projects or as projects at risk in the region.[99]

Box 18: Leveraging Additional Financing to Expand Support and Results in Key Programs

During the period FY09-FY11, 18 percent of the World Bank Group's GEF portfolio, including IFC (US$113.8 million), was blended with IDA15 lending (US$970.7 million). In terms of GEF focal area distribution, the blending of GEF projects with IDA15 lending stood at 35 percent in the climate change portfolio and 65 percent in the natural resource management areas. In addition, IDA was able to complement financing of US$29.9 million with additional funding of US$33.2 million from the Pilot Program for Climate Resilience (PPCR). During IDA15, three projects including IDA and PPCR financing were approved in Tajikistan and in Grenada and Saint Vincent and the Grenadines.

124. **IDA has an important role in helping 'climate proof' investments in climate-affected sectors such as agriculture, flood protection, water supply and health**. Responding to client priorities, IDA has strengthened the operational links between climate adaptation and disaster risk management. Also, the Global Facility for Disaster Risk Reduction and Recovery (GFDRR) serves as a knowledge hub and catalyst to promote the integration of hazard risk management into the Bank's development efforts. In addition, renewable energy and energy efficiency are cornerstones of mitigation action in IDA countries. To further help IDA countries gain access to additional financing for priority development projects, IDA designed the Climate Investment Funds Scaling up Renewable Energy Program for low-income countries in December 2009. Carbon finance continued to be an important tool to promote climate change objectives in IDA countries by providing revenue streams for reducing emissions of greenhouse gases or removing such gases from the atmosphere.

125. **IDA worked to expand the potential impact of its climate change financing by leveraging additional donor financing for several projects** (see Box 18). The Climate Investment Funds (CIF), through one of its umbrella funds, the Strategic Climate Fund (SCF), has helped IDA countries. The SCF, through all of its programs, the Pilot Program for Climate Resilience (PPCR), the Scaling up Renewable Energy Program (SREP) and the Forest Investment Fund (FIP), provides low income countries with support to pursue low carbon, climate resilient development. For example, by June 2011, a total of 11 IDA countries had completed their strategic plans for climate resilience which formed the basis of climate resilient investments in these countries.

126. **IDA supports country-led development strategies and priorities aimed at adaptation and mitigation action while helping countries take advantage of new economic, capacity building, and financing opportunities that arise from the global climate change agenda**. Since the endorsement of the Strategic Framework for Development and Climate Change by the Board, climate change has rapidly moved to the forefront of the Bank's strategies and operations. All new regional and sector strategies emphasize mitigation and adaptation actions, and consultations for the WBG environment and energy strategies have emphasized the Bank's key role in supporting clients shift towards a low-carbon and climate-resilient development path. In addition, in FY11 some 88 percent of CAS/CPSs and ISNs discussed climate change vulnerabilities and priorities compared to 63 percent in FY09. The Country Environmental Analysis (CEA), a tool developed by the Bank, is an example of how environmental

[99] For FY09-11, IEG rated three projects on environment; the rating of project exits will require a larger number of projects to be representative of the portfolio.

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considerations have been incorporated in country-level diagnostic studies, to inform decision-making for environment and natural resources management in an upstream manner. In addition, the Strategic Environmental Assessment (SEA) has been used as a tool for incorporating environmental considerations in sector reform.

127. **Involving the private sector is a key element of long term climate smart development, and IDA counts on a range of instruments to achieve this**. For example, a US$400 million IDA Partial Risk Guarantee along with a US$200 million IDA credit for the Nigeria Electricity and Gas Improvement Project is helping reduce greenhouse gas (GHG) emissions by connecting users to cleaner grid-based generation.

128. **The mid-term review of the IDA15 replenishment required the Bank to develop the necessary tools to analyze climate change impacts and identify risk management options in its portfolio**. The Climate Change Knowledge Portal (CCKP) was launched in December 2011 to aid government ministries and Bank teams in 130 countries readily access climate and climate-related information and visualize the effects of changing patterns of rainfall and temperature. This included analytical and advisory assistance products dealing specifically with adaptation and vulnerability to climate change delivered in all regions. Lessons are also being learned from the Pilot Program for Climate Resilience under the Climate Investment Funds that has initiated activities in nine IDA countries, three of which are in Sub-Saharan Africa and four in fragile countries. Lastly, IDA paid special attention to promoting resilience in small island member states – including through the Regional Vulnerability Reduction Adaptable Program Lending (Grenada and St. Vincent and the Grenadines) to reduce vulnerability to natural hazards and climate change impact in the Eastern Caribbean.

129. ***Governance and Public Sector Management*****. The Bank's work on governance and Public Sector Management (PSM) during IDA15 evolved to respond to several factors, most notably client demand for more flexible problem-solving**. IDA commitments for Public Administration and Law amounted to US$8.9 billion during IDA15, a 7 percent increase from total IDA14 commitments of US$8.4 billion. The broad trend away from long-term set-piece reports towards shorter and quicker

Box 19: Governance and PSM in the Africa Region during IDA15

Contract Watch. The Contract Watch Program aims at improving the transparency and accountability of public procurement and extractive industries contracting. The program's approach brings together public, private, and civil society stakeholders to build multi-stakeholder coalitions to monitor contracts for sustainable results. To date, the Bank has engaged with 12 countries: Nigeria, Ghana, Sierra Leone, Tanzania, Kenya, Malawi, Zimbabwe, Mozambique, Liberia, Zambia, Uganda and Senegal.

E-ISR Plus. This initiative illustrates the innovative uses of technology to improve project accountability. It is a systematic way to inform the citizens of a country about project goals; equally important, E-ISR Plus provides a mechanism for soliciting citizen reactions to the pace and value-added of project implementation. This initiative was piloted in FY10 in Burkina Faso, Zambia, and Ghana. E-ISR Plus is also now being implemented in Nigeria, DRC, Congo-Brazzaville, Kenya, Sierra Leone and Liberia.

Support to the Africa Capacity Building Foundation (ACBF). The ACBF is a regional partner in capacity development focused on supporting: (i) the development of independent think tanks and policy institutes to enhance the evidentiary basis for policy-making in Sub-Saharan Africa; and (ii) African institutions of higher learning to provide quality training and to produce cadres for the civil service. Along with a MDTF, the Bank provided a regional IDA grant to support the ACBF. Apart from the costs associated with the institutional development of the ACBF itself, the grant allows ACBF to finance technical assistance sub-projects to enhance the institutional capacities of beneficiaries in: (i) economic policy analysis and development management; (ii) financial management, accountability and transparency; (iii) national statistics and statistical systems (to support decision-making); and (iv) regional economic cooperation and integration, and the provision of regional public goods.

just-in-time policy advice – crucial to support reformers when the time is ripe – has continued, with increased demand for Technical Assistance. Whereas in FY06 only 22 products were delivered for IDA countries, the number has continuously grown to 57 products in FY11. In addition, the number of PEFA-assessed entities – national or sub-national governments – in IDA countries increased from 84 in IDA14 to 93 in IDA15. The Bank also provided assistance on newly emerging issues, as countries' demands shifted towards frontier topics on Public Sector Management (PSM) reform.[100] Such shifts posed new demands on the Bank's knowledge and on its staff's capacity to deliver effective responses. Furthermore, many IDA countries looked to the Bank for support in seizing the opportunities created by recent technological progress. For example, the rapid expansion of information and communication technology usage, in particular mobile phone coverage, opened opportunities for improved Financial Management Information Systems, e-procurement, e-filing of taxes or by enhancing transparency and accountability to clients in service delivery. Box 19 presents an example of IDA's work on governance and PSM in the Sub-Saharan Africa region during IDA15.

130. **The IDA15 portfolio indicators highlight the changes in the nature of interventions in IDA countries in support of public sector and governance reforms**. The increase in the proportion of projects which are in problem status or are at risk likely highlights the degree to which IDA investment lending in this area focused on more difficult issues in challenging institutional environments. However, the accompanying improvements in disbursements and realism confirm that staff was taking a more cautious and pragmatic view of what could be accomplished.[101]

Box 20: IDA Technical Advice Informs Policymaking and Supports Accountability

The IDA15 period showed continued progress away from "best practice" technical public management solutions towards more feasible "best fit." In Mongolia, the transition from a communist state to a market economy – accompanied by a rapid expansion of mining – posed challenges in macroeconomic management and governance. The IDA team prepared a set of governance notes on key aspects of natural resource dynamics and management. The key findings emphasized the need for close engagement with Parliament as the crucial policy setting body and awareness that institutional solutions for good natural resource management would need to acknowledge strong political forces and high public expectations. These findings led to an intensified engagement with Parliament that helped to bring about the adoption of a Fiscal Responsibility Law. The provisions of the law that are in effect currently direct considerable savings into a Stabilization Fund; indeed, the law has a unique combination of provisions that are now being considered by other resource-rich countries. IDA's analytic work also informed a mining sector technical assistance operation, which puts strong emphasis on public outreach and engagement to explain policy options around contentious issues such as the share of government ownership.

131. **Public sector management results, to the extent that they are reflected in CPIA scores, were positive**. Twenty countries improved their CPIA score for the quality of financial and budget management between 2007 and 2010 (mid-points of IDA14 and IDA15) by at least 0.5. The Central African Republic (CAR), Togo and Tonga stand out as having improved by a full point. Twelve countries improved their efficiency of revenue mobilization while ten countries improved their quality of public administration scores. Furthermore, 62 percent of projects closed and evaluated by IEG in IDA15 had at least "moderately satisfactory" outcome ratings. Evaluation findings point to strong mainstreaming of governance issues but call for greater focus on institutions, risk management and accountability. Findings of the 2011 IEG evaluation of World Bank's 2007 Governance and Anti-Corruption Strategy indicate that the Bank continues to work on these issues virtually everywhere, and that there has been progress since the strategy was launched. To improve results, IDA needs to intensify the focus on

[100] For example, the significant improvement in basic systems for the CAR, Togo and Tonga enabled them to shift the focus of the reform agenda from macro-management to efficiency. Similarly, Tonga and Laos showed a significant improvement in the efficiency of revenue mobilization, leading to interest in more sophisticated revenue administration approaches.

[101] Disbursement ratios by fiscal year for Public Sector Governance-Board mapped projects in IDA15 were significantly higher than in IDA 14. They ranged between 28 (FY10) and 37 percent (FY11) in IDA15, compared to 15 (FY08) to 22 (FY06) percent in IDA 14.

building institutional capacities, addressing fiduciary and governance risks at the country level, improving measurement of governance results, and helping to foster demand for good governance. Several IDA-financed operations and technical assistance during IDA15 – from support for the transparency in the management of natural resources to new activities to build accountability for public finances – are leading the way towards stronger performance in these areas. Box 20 presents emerging results from a key public sector investment lending project in Mongolia implemented in IDA15.

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CHAPTER 5: ENGAGEMENT WITH FRAGILE AND CONFLICT-AFFECTED COUNTRIES

The IDA15 Report recognized that Fragile and Conflict-affected Countries (FCCs) face severe development challenges and called for further progress in adapting IDA's core strengths to meet the key objectives of state building and peace building in FCCs. This chapter highlights developments related to IDA's work in FCCs, with focus on financing, operations, partnerships and results.

132. **FCCs constitute an important share of the countries eligible for IDA support, accounting for an annual average of 32 out of the 79 IDA-eligible countries during the IDA15 period**.[102] FCCs are defined as countries that are either IDA-eligible with a harmonized average CPIA rating of 3.2 or less (or no CPIA) or in which there has been a UN and/or regional peace-keeping or peace-building mission during the past three years. During IDA15, FCCs accounted for roughly 15 percent of the total population in IDA-eligible countries. FCCs are a highly diverse constituency, encompassing small island countries, blend countries and over 15 countries in Sub-Saharan Africa. During the IDA15 period, IDA supported FCCs in managing a wide range of challenges, including conflict and political transition in Côte d'Ivoire, support for donor partnership in Afghanistan, post-conflict assistance in Georgia, social unrest in Kyrgyz Republic, crisis response in Haiti, and political turbulence and transition in Yemen. Importantly, recent enhancements to IDA's policy framework for crisis response have been critical for supporting a more agile corporate-wide response to emerging global crises and key large scale natural disasters, also paving the way for new partnerships with development partners working in crisis and emergency settings (see Box 21).

Box 21: Enhanced Policy Framework for Support to FCCs

The Bank's operational policy on Rapid Response to Crises and Emergencies (OP 8.00) was introduced in FY08, allowing IDA15 to increase its effectiveness in responding to crises, emergencies and disasters. The new policy and the associated rapid response investment lending instrument allows for faster processing of emergency lending across a wide range of crises situations. To further assist managers and staff in resolving policy and procedural bottlenecks in FCCs, IDA established a Rapid Resolution for Results help desk in April 2011.

In addition, to facilitate and expedite crisis-related partnership with the United Nations, the World Bank and the UN signed a Partnership Framework for Crisis and Post-Crisis Situations in October 2008. This partnership committed the two institutions to principles of engagement for a more effective and sustainable response, building on their complementarity, and emphasizing the need for integrated approach linking politics, security and development. Importantly, enhanced partnerships with the UN and other development actors are also helping to promote more coordinated and effective support in FCCs. Enhancements to these partnerships during IDA15 include (i) improved day-to-day interaction in the field in FCCs through IDA participation in UN country team meetings and closer working relationships with UN agencies in Bank-financed projects; (ii) establishment of the Fiduciary Principles Accord between the World Bank and 11 UN agencies in October 2008 to facilitate cooperation and fiduciary assurance centered on shared principles; and (iii) the US$3 million UN-World Bank Partnership Trust Fund (TF), financed by the Swiss Government in 2010, to support implementation of the Partnership Framework. The TF supports a staff exchange and a grant program for joint UN-World Bank pilot projects in the Central African Republic, the Democratic Republic of Congo, Guinea-Bissau and Liberia.

133. **IDA's strategy for FCCs evolved over the IDA15 period and was significantly strengthened by the completion of the World Development Report (WDR) on Conflict, Security and Development in FY11**. The WDR outlined pragmatic recommendations for moving beyond conflict and

[102] Cambodia, Laos PDR and Uzbekistan graduated from FCC status in FY10, and the Gambia, Papua New Guinea and Tonga did so in FY11. Cameroon was added to the FCC list in FY09 and Georgia, Yemen and Tajikistan in FY10. On average, 32 IDA-eligible countries were classified as FCCs per fiscal year during IDA15.

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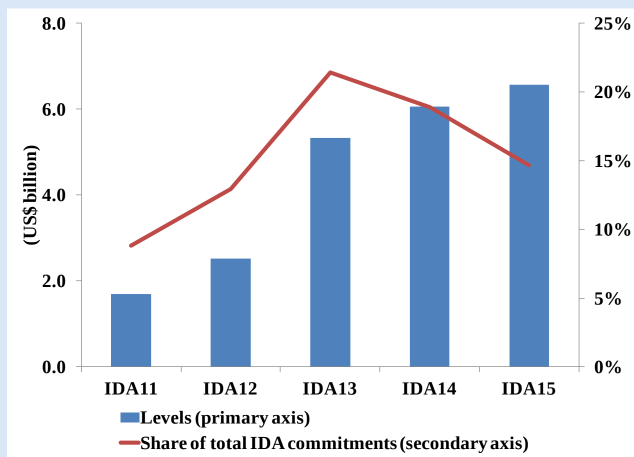
fragility to secure development. The report emphasized the importance of sustained engagement with FCCs noting that violence takes many forms, is often recurrent, and can mutate over time; that successful transitions involve the creation of "inclusive enough" coalitions to signal intent through concrete and credible actions; that interventions should focus on building capable and legitimate institutions to deliver citizen security, address injustice and create employment; and that international donors need to revise procedures to permit greater speed, work in stronger partnerships, allow for longer engagements, and better manage the inherent risks in assisting FCCs.

Financing for FCCs

Support to FCCs through IDA's Resources

134. **IDA's financial support to FCCs has consistently expanded in recent replenishments**. During IDA15, IDA committed a total of US$6.6 billion to FCCs (up from US$6.1 billion in IDA14 and US$5.3 billion in IDA13). These commitments include exceptional IDA allocations to post-conflict and re-engaging countries. The framework for exceptional allocations to these countries was further enhanced during IDA15 by linking the size of the exceptional allocations to the size of the replenishments and extending the duration of the "phase-out" to the performance based allocation norm. This extension reflected findings from analytical work that pointed to the value of providing exceptional levels of support to these countries over a longer period of time to avoid disruptions in country programs. The lengthened phase out periods helped support FCC governments to respond to the impacts of the food, fuel and global financial crises during the IDA15 period.[103]

Figure 9 : IDA's Growing Volumes of Commitments to FCCs



Source: World Bank Business Warehouse database
Note: Figures do not include IDA14 support provided to Iraq during IDA14.

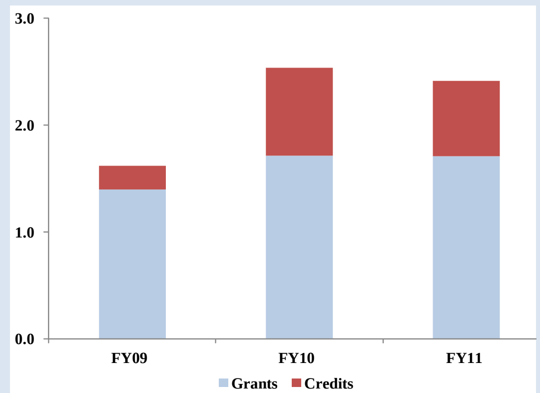
135. **In addition, enhanced support for FCCs has also been provided through a range of other mechanisms**. They include: (i) debt relief in the context of the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI); (ii) an increased concessionality of IDA financing through IDA's grant allocation framework; and (iii) support under the Pilot Crisis Response Window to help mitigate the impact of the global financial crisis. In addition, several FCCs have benefitted from financing from the IDA Regional Program for investments in high-potential regional projects. Total IDA lending to DRC, for example, increased from US$917 million in IDA14 to US$1,074 million in IDA15, due to additional financing from IDA's regional program for two transformative regional projects, namely the *South African Power Market Program*, which promotes regional integration of power systems for the transmission of clean and renewable energy, and the *Regional and Domestic Markets Development Project (PMEDE)* that aims to increase the output of the hydropower plants at Inga through the rehabilitation of existing generation facilities. After reaching HIPC completion point in July 2010, DRC also benefitted from debt cancellation amounting to debt service savings of US$12.3 billion,

103 World Bank (2003). "Breaking the Conflict Trap: Civil War and Development Policy." World Bank (2011), "World Development Report on Conflict, Security and Development." Also, see IDA (2009), "IDA's Exceptional Allocation: A Review of the Implementation Experience with Lengthened Phase Out."

including US$11.1 billion under the enhanced Heavily Indebted Poor Countries Initiative and US$1.2 billion under the Multilateral Debt Relief Initiative.[104] HIPC debt relief to DRC translates into approximately US$300 million per year in reduced principal and interest payments.

136. **Grants accounted for the majority of IDA's support to FCCs during the IDA15 period (see Figure 10)**.[105] IDA grants to FCCs during IDA15 amounted to US$4.8 billion, equivalent to 73 percent of the total IDA commitments to these countries. This compares with 68 percent of grant financing to FCCs during IDA14. A total of 38 IDA-eligible countries were considered as FCCs at some point during the Replenishment period. Of these countries: (i) 27 benefitted from IDA grants while in the FCC category and 74 percent received IDA's commitments exclusively on grant terms; (ii) four countries did not receive IDA commitments; and (iii) seven countries received IDA commitments on credit terms. The average grant element of IDA financing to FCCs during the IDA15 period reached about 90 percent compared to 60 percent for countries that receive all of IDA financing in regular credit terms.

Figure 10: Grants lead IDA Support to FCCs (US$ billion)



Source: World Bank Business Warehouse database

Support to FCCs through Trust Funds

137. **During the IDA15 period, trust funds supported IDA's further engagement with FCCs**. A strategic review of the role of Multi-Donor Trust Funds (MDTFs) in FCCs completed in 2010 found that IDA managed the largest proportion of MDTFs in FCCs and that the amount of financing channeled through MDTFs (as a share of IDA financing) has grown substantially over time.[106] MDTFs committed US$4 billion for fragile and conflict-affected IDA countries during the IDA15 period compared to US$6.6 billion in IDA commitments. MDTFs vary considerably in size. MDTFs are flexible, allowing programs outside of the government budget in situations of weak capacity to be funded, as well as in countries in arrears to IBRD and/or IDA.[107] As discussed in Box 22, MTDFs like the Afghanistan Reconstruction Trust Fund channel significant resources beyond those provided by IDA's allocation systems; in South Sudan, MDTFs allowed IDA to support development cooperation during a critical transition period prior to the country's membership in IDA. While the experience with MDTFs has been positive overall, some MDTFs have not met the expectations of either national governments or donors. Lessons learned include the need to carefully manage expectations and ensure that both the government and the Bank have sufficient capacity to support implementation. Additional grant resources are provided to FCCs through the State- and Peace-building Fund (SPF).[108]

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[104] International Monetary Fund Press Release No. 10/274 (July 1, 2010).

[105] Starting in IDA14, grants were allocated to IDA-only countries based on their risk of debt distress, with countries at high risk receiving 100 percent of their IDA funding as grants and countries at moderate risk receiving 50 percent.

[106] "Flexibility in the Face of Fragility: Programmatic Multi-Donor Trust Funds in Fragile and Conflict-Affected Situations," July 2010. The findings of this review have implications for the way the Bank works in FCCs as MDTFs impact everything from donor and client relations to staffing to the ways the Bank works with partners such as the UN.

[107] Examples include UN agencies under the Fiduciary Principles Accord (FPA).

[108] The SPF was established in April 2008 with an IBRD contribution of US$100 million over three years.

Box 22: IDA Engagement through Trust Funds in Afghanistan and South Sudan

IDA support for the **Afghanistan** transition strategy included playing a key role in administering the country's multi-donor trust fund, the largest single recipient trust fund in the World Bank Group, with financing of approximately US$1.5 billion inclusive of both investments and recurrent cost windows. The Afghanistan Reconstruction Trust Fund (ARTF) has raised US$4.1 billion from 32 donors since 2002 and is the largest source of on-budget financing for the Government of Afghanistan, providing one quarter of the total budget. The ARTF is an important platform for donor coordination, helping to strengthen the relationship between government and donors to promote coherence around reform priorities. The lessons learned from the implementation experience with the ARTF were instrumental for establishing a similar multi-donor trust fund for crisis-affected regions in Pakistan in FY11.

Prior to the **South Sudan's** independence in July 2011, IDA operated in the country through a Multi-Donor Trust Fund (MDTF-SS). After independence, IDA sought to maintain continuous engagement by bridging the interim period between South Sudan's independence and membership in IDA. In doing so, IDA drew on lessons and recommendations from the WDR on Conflict and Security, which pointed to the need for external partners to act swiftly and flexibly during transition periods, arguing that the risks of inaction or slow response can outweigh the risks of engagement in FCCs. IDA also took stock of mixed reviews of the MDTF-SS that highlighted the importance of careful choice of interventions, a realistic assessment of the country context, a greater tolerance for risk and strong engagement of staff on the ground. A South Sudan Transition Trust Fund (SSTF) was established in May 2011 to enable IDA to support early transition activities in the period prior to membership in IDA, financed with a US$75 million transfer from IBRD. This flexible arrangement adopted during the IDA15 period has allowed IDA to approve projects in health, rural access roads, and private sector development during the interim period and to remain engaged with South Sudan during the important early days of independence.

Source: World Bank staff estimates and reports.

Adjustments to IDA Operational Approaches

138. **Over FY09 to FY11, the Bank introduced a range of initiatives to support a stronger and more capable staffing presence in FCCs**. Between FY09 and November 2011, the number of internationally recruited Bank staff in FCCs increased from 107 to 129 (excluding an additional 20 staff from the IFC) while locally recruited staff remained constant at 509. Importantly, staffing enhancements are incorporating increased recognition of the challenges and risks of working in FCCs through improved financial and non financial incentives. Additionally, the Bank conducted a number of training, learning and knowledge management activities including a core operational policy course on conflict and fragility which had trained roughly 250 Bank staff and external participants as of June 2011, on-demand clinics on operational policy OP8.00, MDTFs and Post Conflict Needs Assessments (PCNAs); expert roundtables and seminars on specific topics; BBLs and learning events with other donors; occasional modules for management and executive directors; and facilitation of a callable roster of staff for short-term assignments on fragility and conflict. Furthermore, IDA has continued to build on the success of the Global Expert Team (GET) for fragility and conflict that has provided strategic support to a number of FCC country teams, including DRC, Zimbabwe, Guinea, Guinea-Bissau and the Comoros.

139. **The establishment of the new Global Centre for Conflict, Security and Development (CCSD) in Nairobi, Kenya, will further strengthen the Bank's engagement in FCCs**. The launch of the Nairobi Hub aims to better position IDA to provide timely, high-quality support for implementation and client engagement in FCCs. The CCSD will provide surge support to FCC country teams; design changes in policy and practice to improve results in FCCs; build a community of practice to share knowledge and experience; reduce volatility of financing in FCCs and leverage partnerships to address core issues of security, justice and jobs. Notably, the Sub-Saharan Africa region is home to 17 of the 32 countries classified as FCCs in IDA15 and is the only region that has a unit dedicated to FCCs. The

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establishment of the Nairobi Hub has spurred decentralization: by the end of 2011, 77 internationally recruited staff were based in FCCs and the Nairobi Hub, and decentralization of task management to staff in the field working on FCCs stood at 45 percent in 2011 (of projects in FCCs managed by TTLs based in the field).

Partnerships

140. **The advent of the New Deal marks a significant advance in country ownership and partnership for peace-building and state-building with FCCs**. The High Level Forum on Aid Effectiveness in Accra was held in September 2008. Since then, the Bank has continued to use its knowledge, convening power and multi-country operational experience to contribute to international cooperation with other international partners to address fragility. Additionally, the Bank participated in the OECD-DAC International Network on Conflict and Fragility (INCAF), co-chairing the INCAF Task Team on Peace-building and State-building and helping shape recommendations through the INCAF Task Team on Financing and Aid Architecture. The Bank also participated in International Dialogue on Peace-building and State-building, a group comprising FCCs (g7+), development partners and other international or regional organizations. One illustration of these new partnerships was the publication of a joint think piece by the World Bank and the AfDB entitled, "Providing Budget Aid in Situations of Fragility" in February 2011. The International Dialogue process grew out of the Paris Principles and the international community's commitment to increasing aid effectiveness. The Bank has collaborated with partners to move the dialogue forward through the Dili declaration, Monrovia Roadmap and strongly supported the New Deal coming out of Busan in November, 2011. In collaboration with the g7+ and the international community, implementation of the New Deal will involve development of indicators to measure progress against peace-building and state-building goals, the fragility spectrum and other assessment tools shared by client and donor countries.

141. **Strategic partnerships remained a vital aspect of IDA engagement in FCCs, particularly in Sub-Saharan Africa, during the IDA15 period**. Efforts to streamline and enhance partnership with the United Nations have been continuous, including through the advent of the Fiduciary Partnership Accord as well as closer interaction at the country level. IDA has also continued to build on partnerships for information exchange and joint engagement with the Multilateral Developments Banks and other partners at the regional and country levels. The October 2007 agreement among the heads of the MDBs and the IMF on common operational and strategic approaches to address issues of fragility and conflict has been a foundation for enhanced partnerships with multilateral agencies during the IDA15 period. In the context of the 2007 agreement, the AfDB and IDA prepared a common strategy paper for the Central African Republic and carried out a number of joint activities in Zimbabwe and South Sudan. In 2011, IDA also worked with the European Commission and the AfDB to prepare a Common Approach Paper to the Coordination of Budget Support in Situations of Fragility.[109] In addition, IDA signed a Memorandum of Understanding with the African Union Commission (AUC) that includes collaboration on post-conflict countries as one of five key areas of strengthened partnership and is involved in a joint staff training coordination forum that includes the AfDB, the AUC and the UN Economic Commission for Africa. Thematic partnerships focused on critical issues, such as gender and conflict as well as demobilization and reintegration, also have an integral role in IDA's work on key in FCCs in Sub-Saharan Africa (see Box 23).

[109] "Providing Budget Aid in Situations of Fragility: A World Bank – African Development Bank Common Approach Paper," February 2011.

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Box 23: IDA Partnerships Help to Address Human Impacts of Conflict in Sub-Saharan Africa

IDA partnerships with FCCs aim to support country efforts to tackle aspects of the human impact of conflict, including gender-based violence and the challenge of social reintroduction of ex-combatants:

The ***Learning on Gender and Conflict in Africa (LOGiCA)*** initiative initially focused on gender sensitizing disarmament, demobilization and reintegration (DDR) programs based in the Great Lakes Region (e.g., Burundi, Rwanda, DRC and Uganda). Over time, LOGiCA increased its focus on supporting targeted interventions related to gender-based violence at the community level, including addressing gender violence in South Kivu (DRC), and providing trauma counseling for survivors of gender violence in Eastern DRC and in Northern Uganda. The program is also strengthening its impact evaluation efforts to develop stronger evidence on what works and why, in partnership with the Bank's Development Impact Evaluation Initiative (DIME), Innovation for Poverty Action (IPA), and the Johns Hopkins University. Future activities will include support for South Sudan and Casamance, Senegal.

Multi-Country Demobilization and Reintegration Program (MDRP). Starting in 2002, IDA supported the establishment of the Multi-Country Demobilization and Reintegration Program (MDRP) to enhance stabilization and recovery in the Great Lakes Region through support for DDR programs. Over time, the MDRP became the largest program of its kind in the world, totaling about US$500 million with contributions from IDA along with 14 donors. Between 2002 and 2009, the project demobilized 280,000 combatants and some 54,000 child soldiers, many of whom were returned to their families. These projects offer a range of options for reintegration, including initial introduction or return to formal education; opportunity to start a small business or learn a new trade; and special programs to cater for the needs of women and children associated with fighting forces as well as disabled ex-fighters. Large demobilization and reintegration programs in Burundi, DRC and Rwanda are winding down, but there is still an unfinished, albeit smaller, agenda in parts of the Region such as CAR along with emerging needs in countries such as Côte d'Ivoire, Guinea, and South Sudan. IDA is in dialogue with the United Nations on a DDR Cooperation Program with the Peace and Security Department of the African Union (AU) on development of operational DDR policy guidelines and institutional response capacity, including the ability to draw expertise from AU Member States that have successfully implemented DDR programs.

Performance and Results

142. **The absorptive capacity of FCCs, as indicated by the pace of disbursements, appears to be on par with non-FCCs (see Table 10)**. Furthermore, while absorption capacity in both FCCs and non-FCCs increased between IDA14 and IDA15, the increase was more pronounced in FCCs. Table 10 below shows the share of undisbursed balance as a percentage of the total IDA portfolio over IDA14 and IDA15. During this period, the undisbursed balance as percent of the total portfolio for FCCs remained at 60 percent on average, slightly lower than the 63 percent for non-FCCs. In addition, this ratio decreased by 7 percentage points between IDA14 and IDA15 across FCCs, more than twice the reduction for non-FCCs over the same period. At the country level, disbursements to 11 countries – including Afghanistan and DRC, the two countries with the largest portfolio in the post-conflict group – improved.[110] By contrast, the pace of disbursements worsened in five countries, most notably Angola, Chad and Guinea Bissau.

[110] Afghanistan, Central African Republic, Comoros, Côte d'Ivoire, DRC, Eritrea, Haiti, Liberia, São Tomé and Principe, Timor-Leste and Togo.

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Table 10: Undisbursed Balance as a Share of Portfolio: Trends in FCCs (percent)

	FY06	FY07	FY08	Average IDA14	FY09	FY10	FY11	Average IDA15	Average IDA14-15
All FCCs	**64.1**	**63.3**	**62.1**	**63.2**	**54.7**	**55.8**	**57.4**	**56.0**	**59.6**
Post-conflict countries	60.2	60.6	61.3	60.7	51.9	51.2	58.6	53.9	57.3
Re-engaging countries	93.0	66.6	83.1	80.9	74.3	63.7	57.0	65.0	73.0
Other FCCs	67.5	65.5	61.3	64.8	59.1	61.5	55.7	58.8	61.8
Non-FCCs	**62.3**	**64.6**	**66.2**	**64.4**	**61.9**	**58.0**	**63.4**	**61.1**	**62.7**
All IDA-eligible countries	**62.6**	**64.3**	**65.7**	**64.2**	**60.8**	**57.6**	**62.5**	**60.3**	**62.3**

Source: World Bank Business Warehouse database.
Note: The data in the table reflects the country classification (i.e.,. post-conflict, re-engaging, other FCCs and non-FCCs) relevant for each fiscal year. Therefore, the sample used to calculate the averages changes from year to year.

143. **Reviews of CAS Completion Reports (CASCR) show that Bank-supported projects rank higher in countries with better public sector effectiveness, as measured by the CPIA**. CASCR outcome ratings were correlated with CPIA data (but not with country income levels). Only 21 percent (4 of 19) of programs in countries with CPIA scores of 3.2 or less had satisfactory country program outcome ratings, compared with 75 percent in countries with moderate to high CPIA scores above 3.2.

144. **Making country strategies more fragility focused is a key element of the agenda for operationalizing the WDR**. Findings from the review of Country Assistance Strategies (CASs) and Interim Strategy Notes (ISNs) in FCCs suggested that CASs and ISNs should include more realistic results frameworks, better identify the risks in FCCs and how to mitigate them, accurately assess deficits in capacity in key national institutions and better address donor coordination issues. ISNs are an important strategic planning tool in FCCs, as evidenced by the fact that 70 percent of the ISNs prepared during IDA15 were in FCCs. Still, results were mixed during this period, as country teams lacked precise guidance on how exactly to execute recommendations from the CAS Retrospective. This has been remedied in large part by the publication of the WDR 2011 and the WDR operationalization strategy in FY11, which provides more extensive guidance to country teams for development of these strategies. The strategy also calls for more sustained and predictable support to FCCs and commits IDA to an ambitious agenda, including institutional reforms to support new operating models and new partnerships in FCCs. This guidance is currently being applied in South Sudan, Guinea-Bissau, Yemen, Iraq, Liberia and Madagascar.

145. **A core theme of the WDR was a caution against risk avoidance, and IDA is working to better define approaches for balancing fiduciary and other risks in FCCs against the risks of inaction or slow action**. IDA's experience in Yemen in 2011 exemplifies the challenge of adapting to country circumstances, managing risks and remaining engaged in the context of escalating crisis. Political uncertainty and a rapid deterioration in the security environment in Yemen in late-2010 ultimately resulted in a suspension of IDA disbursements and the evacuation of local and international IDA staff in mid-2011. However, several IDA operations remained active despite the suspension of disbursements. Six PIUs were exempted from the suspension while all other PIUs with available funds continued operations through Designated Accounts. This enabled IDA to sustain the institutional capacity that had been built over several years, and facilitated the scaling up of IDA's response to the crisis situation in Yemen following the lifting of suspension in early 2012. Due diligence in terms of fiduciary and safeguards was critical in this period. In addition, IDA conducted project supervision missions outside Yemen (referred to as "reverse supervision missions") during FY11 when security risks prevented IDA teams from visiting the country. Proactive efforts to improve portfolio performance included restructuring of two projects approved during FY09 and FY10 to simplify the design and

implementation arrangements and scale down ambitious targets in view of the changing situation on the ground. Notwithstanding the challenging path ahead for Yemen, which assumed FCC status in 2011, progress achieved in several IDA-financed operations can be attributed to comprehensive communication on implementation problems and clear supervision strategies for addressing the issues. In addition, IDA increasingly aims to allow flexibility in the supervision approach, assisting task teams to adapt to the rapidly changing environment. For example, the Social Fund in Yemen, which has created more than 36 million days of employment, continues to earn highly satisfactory ratings in the quality of supervision based on this approach in addition to capable financial management and procurement.

146. **IDA has also supported participation of several FCCs in the Extractive Industries Transparency Initiative (EITI), in line with the strategic goal to 'transform natural resource wealth into human capital and sustainable development.'** IDA plays a leading role in the implementation of the EITI, hosting a MDTF of some US$50 million commitments since its inception in 2005. By end-FY 2011 there were 35 EITI implementing countries, of which 22 were IDA countries and nine FCCs. Of the FCCs, Central African Republic, Liberia and Timor-Leste are already EITI compliant while Afghanistan, Chad, DRC, Sierra Leone and Togo are among the EITI candidate countries. IDA support to EITI, directly and through the MDTF, includes continued technical assistance and funds to support client countries (governments and multi-stakeholder groups) implementing EITI and complete validation and direct support for civil society to help ensure informed engagement in EITI processes. As more countries reach EITI-compliant status, the focus is also shifting to support improved governance beyond EITI, ensuring that EITI is sustainable, irreversible, and a platform for improvements in extractive industries governance and better public financial management. With support from IDA, Timor-Leste has established a petroleum regime that is internationally competitive in its terms and in line with international best practice. A 2011 IEG evaluation on IDA's partnership with Timor-Leste concluded that the regime has set new standards for developing countries in regard to transparency and accountability in the management of petroleum revenues, with limited scope for arbitrary use of revenues. Notably, Timor-Leste is now EITI compliant, the third IDA member country to achieve that distinction. IDA also supported Liberia in becoming the first EITI compliant country in Sub-Saharan Africa in 2009, contributing to transparent management of natural resources. Box 24 expands on IDA's partnership with Liberia, which has included substantial support for governance and accountability related to key sectors for growth and job creation.

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Box 24: IDA's Partnership with Liberia Helps Build Stronger, More Accountable Institutions

Liberia experienced a decade-long conflict during which a quarter of a million people perished, per capita GDP contracted from US$890 (1980) to US$190 (2007) and virtually all public infrastructure, institutions and services were decimated. By the time the conflict was over, the external debt for this country of 3.6 million people exceeded US$4.7 billion. IDA reengaged in Liberia following the signature of the Accra Comprehensive Peace Agreement in June 2003 and approved a Joint World Bank/African Development Bank Interim Strategy Note in March 2004. A subsequent Joint Country Assistance Strategy (JCAS) was prepared for the period of FY 09-11 and extended until FY12.

During IDA15, 12 projects were approved by the Board for a total of US$248 million. This included about US$33 million of support from the Pilot CRW for mitigating the impact of the global financial crisis. In recognition of the benefits of regional integration for Liberia, the IDA15 program incorporated financing for three regional operations related to ICT, agricultural productivity, and fisheries that amounted to total commitments of US$46 million. A fourth operation, for US$150 million to support Liberia's participation in the West Africa Power Pool, was prepared during IDA15 and approved in FY12. In addition, Liberia has benefited from commitments of approximately US$280 million from donor trust funds among other external sources. In particular, the Liberia Reconstruction Trust Fund (LRTF) continues to support the country's priorities in infrastructure, while other funds have helped facilitate IDA's work in areas such as land tenure, judicial reform, social protection and education. Disbursement rates for the Liberia portfolio are among the highest in the Sub-Saharan Africa region, with no current projects from FY09-11 at risk.

IDA support has enabled the government to make significant progress in rebuilding its public financial management (PFM) system and improving transparency. A new PFM law was approved in 2009, and has been the framework for the installation of the Integrated Financial Management Information System. An internal auditing system is also operational but hampered by a weak judicial system. IDA also supported transition programs to facilitate the hiring of mid-level and higher level professionals, both national and international, to fill capacity gaps and at the same time supported programs to begin the rebuilding of a professional civil service.

Liberia is also taking steps to improve management of key natural resources, from forestry to fisheries. Liberia's EITI reporting discloses all payments being made to the government by extractive companies, including payments related to critical natural resources such as forestry and rubber. The public availability of audit reports is making important contributions for enhanced social accountability. Rapid progress has also been made in the fishery sector, especially in the areas of governance and institutional capacity building. A cash-for-work program benefitted 17,000 people, including young people from marginalized urban areas where unrest has been a significant threat. Finally, the Bank has been a major promoter of aid coordination and successes in the past three years, including through the work of the multi-donor LRTF as well as donor groups in PFM, agriculture, social protection, energy and health.

IDA has played a major role in supporting the rehabilitation of priority infrastructure linked to commerce in line with the priorities of the Liberia Poverty Reduction Strategy and CAS consultation process. IDA's support has helped to resurface 24 km of city streets and rebuild the Vai Town Bridge in Monrovia; rehabilitate 25 km of the road to Buchanan; establish a Port Authority and promote a Public-Private Partnership (PPP) with one of the world's largest port terminal operators; support the Monrovia City Corporation in collecting and disposing of 60 percent of the city's solid waste; promote another PPP to support the management of the Liberia Electricity Corporation; and install a submarine cable landing station that will help to bring high speed internet to the country.

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CHAPTER 6: CRISIS RESPONSE DURING THE IDA15 PERIOD

IDA support for crisis-hit countries during IDA15 incorporated flexible programming of IDA country allocations, restructuring of existing projects, drawdown of undisbursed resources in IDA's project portfolio, and targeted support through TFs in partnership with others. The establishment of the IDA Pilot Crisis Response Window in 2009 marked an important policy innovation, providing additional non-earmarked resources to help mitigate the impacts of the global financial crisis on a majority of IDA countries.

IDA Countries Faced Cumulative Crises during IDA15

147. **Successive crises during the IDA15 period called for strong mitigation of short-term impacts and accelerated progress towards building long-term resilience.** IDA's assistance focused on protecting vulnerable groups and core development spending affected by the impact of crises, thus helping to mitigate the risk of increases in poverty and regress in development efforts. As discussed earlier, poverty impacts of the crises during IDA15, including food price increases in 2010, varied significantly across countries (see Box 25). The implementation experience underscores the value of IDA's country level knowledge and partnerships for supporting tailored interventions and responses. The IEG evaluation on the WBG crisis response noted that the Bank's ongoing relations and dialogue enabled more rapid engagement with country authorities and that the Bank's advice through DPOs, analytic work and policy dialogue was important in helping to manage fiscal and debt vulnerabilities.[111] Also, IDA's support for crisis response emphasized concerted financing mechanisms that included a range of development partners, reflecting the continued relevance of IDA's platform role.

Box 25: Wide-ranging Poverty Impacts of Food Price Increases and Volatility

IDA analysis on the 2010 food price surge across 28 low- and middle-income countries found that higher food prices increased poverty in all sample countries, with the exception of Vietnam, where many poor households were net sellers of commodities whose prices had risen substantially. Importantly, impacts varied widely among countries. The increase in poverty was relatively modest in several countries. In Côte d'Ivoire, for example, there was substantial movement around the poverty line, with some households falling into poverty mainly because of higher rice costs and a similar number of households escaping poverty mainly due to higher earnings for cash crops such as cotton, coffee, tea and cocoa. By contrast, poverty impacts were much higher in Moldova, Albania and Nicaragua, and higher still in Armenia, India, Mongolia, Nigeria and Yemen. The biggest changes, with increases in poverty of more than a full percentage point, were in Uganda, Sri Lanka, Malawi, Bangladesh, Pakistan and Tajikistan.

148. **While natural disasters called for emergency support at the country level (see Box 26), the multi-country scale of the food, fuel and financial crises called for broader frameworks**. In response to intense price volatility for food and fuel in 2007-08 (and again in 2010), IDA developed the Vulnerability Financing Facility that provided funding to affected countries through the existing Global Food Crisis Response Program (GFRP), the Rapid Social Response (RSR) program, and the Infrastructure Recovery and Assets Program (INFRA).[112] As the global financial crisis intensified, IDA fast-tracked financing for IDA countries through the Financial Crisis Fast Track Facility, introduced in late 2008, and the launch of the Pilot CRW following the IDA15 Mid-Term Review in November 2009.

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111 The World Bank Group's Response to the Global Economic Crisis: Phase I (World Bank, IEG: Washington, DC. 2010).

112 In addition to the GFRP and the RSR, the Global Program for Avian Influenza Control provided trust fund support to projects in IDA countries. Trust funds providing targeted support to projects in IDA countries include the Health Results Innovation Trust Fund (HRITF) and the Japan Trust Fund for Scaling Up Nutrition Investments.

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Box 26: Supporting IDA Countries Facing Major Natural Disasters

Several IDA countries faced destructive natural disasters during the IDA15 period, calling for international support for recovery and reconstruction. IDA's exceptional allocations for natural disasters amounted to SDR302 million for nine countries: Haiti, Yemen, Central Africa Republic, Nepal, Samoa, Benin, Moldova, Pakistan and St. Lucia. In addition, support was provided to other countries through front-loading of the IDA allocation and restructuring of ongoing projects. IDA's support was grounded in IDA's relationship and ongoing dialogue at the country level, a growing track-record for responding to crisis, and partnership with other development partners (including the Global Facility for Disaster Reduction and Recovery, GFDRR). Notable examples of IDA support for natural disaster response in IDA15 include the following:

The January 2010 earthquake that struck **Haiti** resulted in the loss of approximately 220,000 lives, displacement of about 1.5 million people, and injuries of roughly 300,000 people. The Post-Disaster Needs Assessment from March 2010 estimated damages and losses to be US$7.9 billion – equivalent to 120 percent of GDP – while reconstruction needs amounted to US$11.3 billion. Since the January 2010 earthquake, IDA has disbursed US$202.6 million in emergency projects for infrastructure, education and disaster risk management as well as budget support. IDA's financing helped to implement emergency repairs for 17 km of major highway, generating 36,000 person-days of work and benefiting 600,000 people in the Jacmel area. Importantly, Haiti received an exceptional allocation of US$500 million under the dedicated Crisis Response Window for IDA16.

Pakistan was hit by the worst flooding in a century in 2010, with significant adverse impacts on poor communities. In response to the floods, the World Bank Group delivered emergency support of US$550 million, including US$300 million for a quick disbursing operation to help finance imports. IDA also worked with the Government to operationalize a Multi-Donor Trust Fund (MDTF) to strengthen the response in crises-affected provinces, drawing on lessons from IDA's experience with administering the Afghanistan MDTF. More broadly, IDA partnered with the CIF and GFDRR to support programs in Pakistan as well as in Bangladesh, Maldives and Nepal during IDA15.

In August 2008, the Kosi River burst through its eastern embankment, resulting in major flooding in **Nepal and Bihar, India**. In Bihar, the flood triggered one of the largest evacuation operations, with over 1,000,000 people evacuated and about 460,000 persons accommodated in 360 relief camps. Affected families, many of whom are living below the poverty line, lost their houses as well as their livelihoods due to siltation of farm lands. Although the flood event occurred in August 2008, reconstruction and recovery needs are still enormous. Based on a scoping mission in April 2010, IDA has proposed a phased approach to respond to a multi-billion dollar request from the Government of India. Phase I of the Bihar Kosi Flood Recovery project, an emergency operation with financing of US$200 million, focuses heavily on immediate recovery needs such as housing, livelihood restoration, roads and bridges, and flood management. A second phase includes a comprehensive program of support for the state's longer term needs on overall disaster management and economic development.

The destructive tsunami in **Samoa** in September 2009 affected the southern, eastern and southwestern coast of Upolu Island, accounting for roughly 7 percent of the Samoa's population. Building on ongoing dialogue with the government, IDA was quickly able to widen this dialogue to take due consideration of tsunami-related impacts. The Samoa Post Tsunami Reconstruction project incorporates a US$10.0 million IDA Emergency Recovery Credit (ERC) with additional grant co-financing of US$1.79 million from the Pacific Region Infrastructure Facility. To date, the project has made progress in restoring and improving the road network that provides access to the tsunami-affected areas. Economic activity and access to social services have recovered considerably in project areas, and the resilience of transport infrastructure to future natural disasters has been strengthened.

Sources: *IDA staff estimates; Project Documents and Implementation Status and Results Reports.*

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Food and Fuel Crises during IDA15

149. **The Global Food Crisis Response Program was the centerpiece of IDA's response to food price crises in 2008 as well as 2010**.[113] Established in May 2008, the GFRP brought together US$1.2 billion (of which US$200 million in grants) from IDA and IBRD funds, the Food Price Crisis Response Trust Fund (FPCR TF), financing from the IBRD surplus account, and three other trust funds.[114] Due to persistent volatility in food prices, the GFRP was increased to a total of US$2 billion in April 2009 in addition to trust fund resources of US$200 million.[115] Between FY09 and FY11, GFRP commitments to IDA countries totaled US$1.25 billion, including US$826 million from IDA and US$154 million from FPCR TF. GFRP resources have financed operations amounting to over US$1 billion since the program's inception, with disbursements equal to 82 percent of approved funds. The GFRP support for food supply response is estimated to have reached 5.8 million farm households, and support for direct social protection is estimated to have impacted 3.5 million people in IDA countries. Far-reaching results achieved in IDA countries include the following:

- 350,000 people gained employment as part of cash or food for work programs;
- 826,000 children benefited from school feeding programs, in addition to nutritional interventions for 32,000 children;
- 526,000 tons of fertilizer and 855 tons of seeds were distributed to farmers in Togo, Guinea, Ethiopia, Somalia, Niger and Benin; and
- 173,000 households benefited from cash transfer programs, and 13,000 pregnant and lactating women received nutritional supplements and education.

150. **The Rapid Social Response (RSR) Program provided catalytic resources to help IDA countries build resilience through development of strong social protection and labor systems**. Financed by a US$61.7millon trust fund from the Russian Federation, Norway and the United Kingdom, the RSR provided initial funding to support system-building efforts that are expected to help mobilize more resources over time as beneficiary countries' implementation capacity is upgraded. As of 2011, all initial funds were fully committed, with Sub-Saharan Africa alone absorbing almost 50 percent. The RSR is highly complementary to IDA operations, and by the end of IDA15, some 24 RSR-funded activities totaling US$22 million were linked to IDA lending operations amounting to US$900 million. Several RSR-financed operations provide building blocks for effective implementation of IDA projects by supporting monitoring and evaluation while others are supporting social protection systems that will facilitate future IDA operations. The recently completed IEG evaluation of Social Safety Nets (SSNs) observed that "…resources to support SSNs and institution building and to stimulate country demand were lacking in LICs. As additional funds were provided through the RSR, engagement in LICs increased, and the Bank and countries focused more on institutional strengthening." The RSR has been integrated as the central pillar for implementing the 2012 WBG Social Protection Strategy.

151. **The Infrastructure Recovery and Assets Program (INFRA) aimed to provide additional support to countries in the energy, water, transport, infrastructure and communications sectors**. By the end of FY10, the Board had approved a total of US$13.4 billion of lending supported by INFRA. The experience during IDA15 in the context of global crisis showed the relevance of infrastructure investments as a powerful counter-cyclical instrument for use by the public sector to withstand the global downturn. In LICs and Middle Income Countries (MICs), about half of the fiscal stimulus

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[113] Notably, IDA is also coordinating the Global Agriculture and Food Security Program (GAFSP) to address funding gaps in longer-term agriculture and food security investment plans of IDA countries. Donor resources from Australia, Bill & Melinda Gates Foundation, Canada, Ireland, Korea, Spain, and the US have been provided to the public sector window of the program with US$481 million allocated to 12 countries.

[114] The GFRP incorporated donor financing from Australia, Canada, the EU, Korea, Russia, and Spain.

[115] The World Bank Board of Executive Directors extended authority to expedite processing under GFRP of IDA/IBRD to the end of FY12.

packages involved infrastructure investments, compared to 15 percent in developed countries.[116] A robust domestic counter-cyclical fiscal response, which allowed vital spending in infrastructure to be preserved, helped to blunt the impact of the crisis in several countries. As noted earlier, demand for IDA financing for infrastructure was strong throughout the IDA15 period. IDA investments in the urban sector, for example, increased by 90 percent in IDA15, rising from US$2.5 billion to US$4.75 billion during the IDA14 period. One-third of urban sector projects were emergency recovery loans focused on responding to disasters or post-conflict situations. Overall, the urban development portfolio exhibited significant continuity during IDA15, with one-third of projects consisting of Additional Financing operations or subsequent phases of completed projects.

Responding to the Global Financial Crisis

152. **Launched in December 2008, the Financial Crisis Response Fast Track Facility (FTF) was an important mechanism for scaling and speeding up provision of crisis response assistance to IDA countries**.[117] By the end of October 2009, commitments under the FTF had reached about US$1.5 billion for operations in 11 countries. The FTF allowed for accelerated processing of project preparation and increased access to IDA financing through frontloading of IDA allocations. Frontloading was most widely used in the Sub-Saharan Africa region, where operations under the FTF contributed to record lending of US$7.8 billion in FY09, roughly US$1 billion higher than expected prior to the crisis.[118] Still, feedback from country teams suggest that countries were cautious about frontloading their IDA allocations, mainly because they were uncertain about the duration of the crisis and wanted to keep resources in 'reserve', and also in many cases due to the availability of domestic financing options.

153. **As the financial crisis deepened, IDA responded to calls from the international community for additional resources by launching the Pilot Crisis Response Window**.[119] The succession of global crises and natural disasters early in the IDA15 period exposed a gap in the international aid architecture related to systematic assistance to low-income countries facing large shocks on government core spending and on the poor and vulnerable.[120] During the Pittsburg Summit in September 2009, the G20 called on IDA to explore the development of a crisis response window to support low-income countries; the World Bank/IMF Development Committee subsequently committed to explore the development of such a crisis response mechanism. IDA introduced the Pilot CRW at the IDA15 Mid-Term Review in November 2009. Approved by the Board in December 2009, the Pilot CRW aimed to provide additional resources to protect core spending on health, education, social safety nets, infrastructure and agriculture, financing of programs managing the poverty, social and economic impact of the crisis, and building countries' resilience to cope with any future crises. It was financed from IDA internal resources and a contribution from the UK. IDA commitments financed out of Pilot CRW amounted to SDR923 million.

154. **Pilot CRW resources were allocated in a two-stage process to the 56 non-oil exporting, IDA-only countries (see Table 11)**. Eighty-five percent of the resources were allocated in stage 1 in proportion to crisis impact and pre-existing need.[121] In stage 2, the remaining 15 percent were subsequently allocated in accordance with more flexible criteria that gave priority to the countries with the highest crisis impact. Stage 2 allocations allowed for better targeting on the basis of individual variations by countries and unexpected developments, as well as taking into account other financial resources that had become available to eligible countries and their absorption capacity.

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116 See Khatiwada S., 2009. Stimulus Packages to Counter the Global Economic Crisis: A Review, Discussion Paper, ILO.
117 Proposal for an IDA Financial Crisis Response (FCR) Fast Track Facility. (IDA/R2008-0315/1).
118 Fast-track support was provided to Comoros, Ghana, Kenya, Sao Tome and Principe and Zambia.
119 IMF/World Bank Development Committee Communiqué. October 5, 2009.
120 Proposal for an IDA Pilot Crisis Response Window (Report No. 51848) November 2009.
121 Consideration was also given to complementing the growth indicator with a fiscal indicator but consistent fiscal projections for the entire set of IDA countries were not publicly available and could not be used.

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Table 11: Pilot CRW Stage 1 Allocations

		Crisis Impact (decline in GDP growth)	
		Higher (decline in GDP growth above median)	**Lower (decline in GDP growth below median)**
Needs (per capita GNI)	**Higher (per capita GNI below median)**	DRC, Cambodia, Ethiopia, Gambia, Liberia, Madagascar, Malawi, Mozambique, Niger, Rwanda, Tajikistan, Tanzania, Uganda	Afghanistan, Bangladesh, Benin, Burkina Faso, Burundi, Central African Republic, Eritrea, Ghana, Guinea, Guinea-Bissau, Haiti, Mali, Nepal, Sierra Leone, Togo
	Lower (per capita GNI above median)	Bhutan, Honduras, Kyrgyz Republic, Lao People's Democratic Republic, Lesotho, Maldives, Moldova, Mongolia, Nicaragua, Samoa, São Tomé and Principe, Solomon Islands, Sri Lanka, Timor-Leste, Vanuatu	Cameroon, Comoros, Côte d'Ivoire, Djibouti, Guyana, Kenya, Kiribati, Mauritania, Senegal, Tonga, Yemen, Zambia

155. **The two-stage allocation approach was subsequently continued in the dedicated CRW established as part of the IDA16 replenishment arrangements**. The experience with the Pilot also resulted in a strengthened selectivity in terms of country coverage and severity of economic crisis, including a specific requirement that CRW resources be allocated based on crisis impact. Furthermore, along with a GDP growth decline, the fiscal impact of the crisis will also be taken into account in determining the allocation.

156. **Pilot CRW resources were delivered using a range of instruments**. A total of 75 operations in six regions have been fully or partially financed by the Pilot CRW for 46 countries, amounting to a total of US$1.4 billion (SDR923.4 million).[122] Sub-Saharan Africa was the largest recipient of Pilot CRW commitments (63 percent) followed by South Asia (19 percent), East Asia and the Pacific (6 percent), Latin America and the Caribbean (4 percent), Europe and Central Asia (4 percent) and the Middle East and North Africa (3 percent). The Pilot CRW supported 37 investment loans, 21 development policy operations, 12 emergency recovery loans, three Adaptable Program Lending operations, one Financial Intermediary Credit (FIC) and one technical assistance loan (TAL). The operations were designed either as new operations or as additional financing of existing well-performing operations that could be associated with efficient crisis response.

[122] The complete list of countries and their final commitments from the Pilot CRW are available in IDA's Commitments, Disbursements and Funding in FY11 (World Bank, 2012). Ten countries did not utilize their Pilot CRW allocation, either because of the status of their relationship with IDA during the commitment period or the limited size of their IDA allocation (in the case of small islands).

157. **Pilot CRW resources were not earmarked for a particular sector or theme, though country teams were encouraged to focus on crisis-related interventions that could deliver rapid impacts**. Accordingly, although some sectors were more dominant (Sustainable Development, Human Development, and Poverty Reduction and Economic Management), the objectives of projects reflected a mix of shorter-term crisis mitigation and longer-term development and resilience-building, including the preservation or development of safety nets, irrigation programs to mitigate the rise in rural poverty, youth employment programs, and development of health services or maintenance of transport infrastructure crucial for long-term development gains.

158. **The aggregate disbursement ratio of Pilot CRW financed operations as of end-June 2012 was 51 percent, higher than the disbursement rate of all IDA operations that were approved during FY10-11 and that did not have a CRW component**. Excluding DPOs, which are 100 percent disbursed, the average disbursement ratio across instruments was 47 percent (see Table 12). For investment operations, the average disbursement ratio was 25 percent (US$1,033.9 million), slightly higher than the IDA average. This partially reflects the nature of investment projects and their focus on building the countries' resilience to cope with possible future crises. As expected, the choice of instruments was a decisive factor in determining the disbursement ratios, justifying the recommendation to rely on fast-disbursing instruments in the Pilot CRW Implementation guidelines. While the flexibility in the choice was welcome in enabling a fast response of the country teams and ensuring the alignment of the response with the country needs, the versatility resulted in a relatively large numbers of smaller interventions (the average size of operations fully financed by the Pilot CRW operations was SDR13.4 million), adding to the challenges of supervision of project implementation.

Table 12: Disbursement Ratio by Type of Lending

	Total disbursement (US$mil)	Disbursement rate (%)
APL	102.4	39
DPL/DPO	830.4	100
ERL	509.6	39
FIL	30	53
SIL	1033.9	25
TAL	2.5	12
Total	**2508.8**	**50.7**

Emerging results

159. **A recent assessment of the readiness of social safety nets in response to food price volatility found that several of the 13 countries most at risk (11 of which were IDA countries during FY09-11) were more prepared in 2011 than they were in 2008**. Five of the countries reviewed had introduced new programs in 2008/09 that contributed to improved capacity for response in 2011.[123] In addition, IDA crisis related funding included technical capacity components to support safety net development and strengthening in the DRC, Haiti, Kyrgyz Republic, and Tajikistan.

160. **Support for Social Protection and Risk during the IDA15 period surged with commitments reaching US$4.2 billion up from US$2.2 billion during the IDA14 period**. Scaled up support for safety nets in particular benefited over 13 million safety nets beneficiaries in IDA countries. A recent review of ICRs of IDA projects that closed between FY10 and FY11 pointed to the particularly wide reach of unconditional cash transfer programs, which helped 3.5 million people; public works programs affecting 2.8 million people; and grants for income generating activities and micro-credit affecting 6.2 million people.[124] Results at the country level reflect a diverse range of interventions by national authorities and development partners to meet immediate needs and strengthen systems for crisis response, including cash transfers through the Social Safety Net system in Yemen (see Box 27).

[123] Assessing Safety Net Readiness in Response to Food Price Volatility (Social Protection Discussion Paper No. 1118).
[124] Over the past two fiscal years 24 IDA projects in 19 countries closed. Of these, 18 ICRs report on safety net beneficiaries and 5 ICRs report on labor market programs beneficiaries.

161. **Early evidence suggests that the Pilot CRW had a positive impact on countries' ability to respond to the impact of the global financial crisis**. Many of the investment projects that have been fully or partially financed by the Pilot CRW are still being implemented, thus systematic evidence of impact is not yet available. Nonetheless, feedback from IDA countries points to notable results at the country level, including the following:

Box 27: Wide-Ranging Poverty Impacts of Food Price Increases and volatility

Yemen's Social Safety Net (SSN) system includes a cash assistance program along with activities aimed at increasing the provision of basic social services through the Social Fund for Development (SFD). Both the SSN and the SFD provided an important platform to scale up interventions in response to the global financial crisis. At the time of the crisis, IDA was supporting the development of a targeting system for the cash transfer program. The increasing absorption capacity of the cash transfer system and the progress in targeting and effectiveness allowed it to become a platform for donor support. In parallel, a labor-intensive work program was rapidly developed and implemented by the SFD with the support of a GFRP grant. Shortly after, an Emergency Social Safety Nets (ESSN) project with EU funding was launched, supporting the scaling up of Yemen's cash transfer program – providing a temporary cash assistance (US$15-20 per month for 12 months) to poor households – and scaling up further labor intensive works (workfare program) to provide employment for the poor and build productive assets for communities.

- The Emergency Urban Infrastructure Project in **Côte d'Ivoire** (SDR90.2 million, with SDR9.9 million of Pilot CRW financing) financed improved access and quality of urban infrastructure facilities. The project is scaling-up basic urban services in some of the country's poorest communities and helping to strengthen management capacity and the extension of basic urban services in Abidjan, Bouake and other cities. This support had become urgent in light of the difficulties the Government was facing to finance priorities identified by the Poverty Reduction Strategy Paper, including basic services, due in part to the impact of the global recession on slowing economic recovery. By early 2012, the Project succeeded in providing access to all-season roads within a 500 meter range to over 340,000 people in urban areas. Over 4 million people were provided access to regular solid waste collection, over 1 million people access to improved water sources, and over 450,000 people access to improved sanitation.

- In **Mongolia**, one of the countries in East Asia most affected by the global financial crisis, IDA and other donors worked together to help the government to respond to the crisis. Mongolia relies heavily on mining revenues and was doubly hit in 2008 by the crisis through a decline in commodity prices and financial turbulence. IDA worked closely with the government to adjust its existing TA program and developing a new TA project to provide tailored advice and public outreach on fiscal policy and social protection. Also, IDA participated in a package of financial support together with the IMF, ADB, and the Japan International Cooperation Agency (JICA) through the Second Development Policy Credit, fully financed by the Pilot CRW (SDR19.7 million). The timely support led to two major reforms: the enactment and implementation of the Fiscal Stability Law (FY10) and the accompanying Integrated Budget Law (FY12), as well as the Social Welfare reform that now targets social protection to the poorest households (FY12). The success of the reforms was enhanced by resources from the Governance Partnership Facility that enabled IDA to undertake public outreach with parliamentarians, civil society, and the media.

- The Additional Credit for the Third Social Action Fund Project in **Malawi** (total IDA financing of SDR40.2 million, including the SDR9.5 million from the Pilot CRW) aims to improve the livelihoods of poor and vulnerable households and to strengthen the capacity of local authorities to manage local development. Overall, the project has so far recorded satisfactory progress towards the project objectives, affecting 4.4 million direct beneficiaries – achieving 93 percent of the target of 4.7 million. Some 40 percent of the beneficiaries are women. Under the Public Works Subproject (PWSP), 796,887 households representing 4 million household members were reached with the social safety net intervention, with 47 percent being women. Close to 2 million households benefitted from temporary employment through public works operated by the Social Action Fund, generating extra income amounting to a total of US$28 million. Indeed, the PWSP created 9.6 million person days of employment (88 percent achievement) against a target of 10.8 million by end of project; community savings and investment covered 23,545 participants; 985 teachers houses were constructed and 68 percent of local councils were able to set objectives to implement community service packages (against a target of 70 percent).

- **Georgia** has built one of the strongest crisis-resilient safety net systems in the world using the support from IDA through a series of sectoral investment and policy credits. With IDA support, Targeted Social Assistance (TSA) was first introduced in 2006 and has become Georgia's most important social assistance program. The TSA accounted for 0.8 percent of GDP in 2010, reaching 10 percent of the population or roughly 400,000 people. Importantly, the TSA has an automated management information system or unified beneficiary registry that comprises a database covering 40 percent of households in Georgia.

162. **While more work is needed to better understand and evaluate IDA's crises response, a few lessons are already evident**. Notably, the main new mechanism used to respond to the financial crisis – the Pilot CRW – met expectations in terms of rapidly committing additional resources to affected IDA-only countries. Preliminary findings suggest that the absence of earmarking of CRW funding facilitated quick response, allowing IDA to flexibly address needs identified by country authorities across varying sectors and project options. Also, IDA's global reach and deep country knowledge made it a valuable partner for client countries as they struggled to respond and adapt to exogenous shocks. In addition, the existence of IDA project portfolios offered IDA a way to intervene quickly in scaling-up appropriate programs that were well aligned with implementation capacity (crucial in emergency response). Experience also showed the importance of up to date sectoral and analytical work to tailor the crisis response to specific country needs and circumstances by identifying the most efficient channels to protect core spending and mitigate the crisis impact on the poor.

163. **The experience of the Pilot CRW also showed the need to increase selectivity in terms of country coverage based on country impact, relying on a broader range of indicators including fiscal indicators and the need for early crisis diagnostics to assess the impact in various sectors to inform IDA response.** Furthermore, additional efforts are needed both to help countries to prepare for future crises, including through increased support for the development of market-based risk financing tools (for recent examples see Chapter 7), and also to strengthen the capacity of the international community to respond once a crisis occurs. As discussed above, IDA established a dedicated Crisis Response Window in IDA16 to complement IDA's emergency financing framework for crisis response. The design of the CRW drew upon the lessons learned from the implementation of the Pilot CRW, notably by strengthening the eligibility criteria so as to ensure better targeting of CRW resources on those countries that are hardest hit by crises. An Immediate Response Mechanism was also introduced in IDA16 to allow IDA countries immediate access to a portion of the undisbursed balances of their IDA project portfolio in the event of crises or emergencies, while encouraging countries to proactively prevent and prepare to respond to crises in a rapid and effective manner. Lastly, work is also underway to develop an early warning global food price monitoring system to further enhance IDA capacity to promptly mobilize a response to food price shocks.

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SECTION III:

IDA IN THE GLOBAL AID ARCHITECTURE

Evolution of IDA's Platform Role during IDA15. As the global aid architecture continued to grow in complexity during IDA15, IDA's platform role for the effective delivery of development assistance proved critical. In the context of overall increases in Official Development Assistance (ODA), IDA remained a leading source of country programmable aid (CPA) to the poorest countries, accounting for 18 percent of total CPA disbursements to IDA-eligible countries in 2009 and 2010.

- ***Broad trends in ODA and development finance for LICs****:* The number of donor-funded activities has increased to over 120,000 compared to 20,000 a decade ago, with an average size of less than US$1.5 million. In addition, ODA has become increasingly earmarked: an estimated 40 percent of ODA is earmarked across both bilateral and multilateral channels. The long-term shift in sector allocable ODA away from infrastructure and productive sectors to the social sectors has continued, partly driven by increases in earmarked funding of bilateral and multilateral aid. Infrastructure and technical assistance are main priorities among some emerging donors.

- ***IDA's platform role***: IDA is the leading source of non-earmarked country programmable aid for IDA-eligible countries. IDA's role as a platform for the effective delivery of aid helps mitigate the impact of increased proliferation, fragmentation and earmarking of donor assistance. Drawing on its core strengths—including global convening power, an expansive knowledge base, and multi-sector perspective—IDA has supported governments' coordination of donor-funded activities and helped strengthen public sector management and delivery systems for enhanced use of overall development resources. With non-earmarked resources that are tailored according to the priorities and needs of recipient countries, IDA's country-driven approach is helping to reduce the funding imbalances that result from excessive earmarking.

- ***IDA's role in delivering multi-bilateral aid****:* IDA's platform role extends to the delivery of a growing portfolio of multi-bilateral aid or trust funds, reflecting IDA's broad strategic partnership engagements with donors. During IDA15, IDA furthered its role as a leading channel for the delivery of multi-bilateral aid, largely a result of strong donor preferences for IDA implementation based on IDA's institutional capacities and the ability to focus on delivering results. This has been particularly critical in fragile and conflict affected situations, which rely on multi-donor trust funds, and for cross-cutting issues such as disaster relief and support for global public goods.

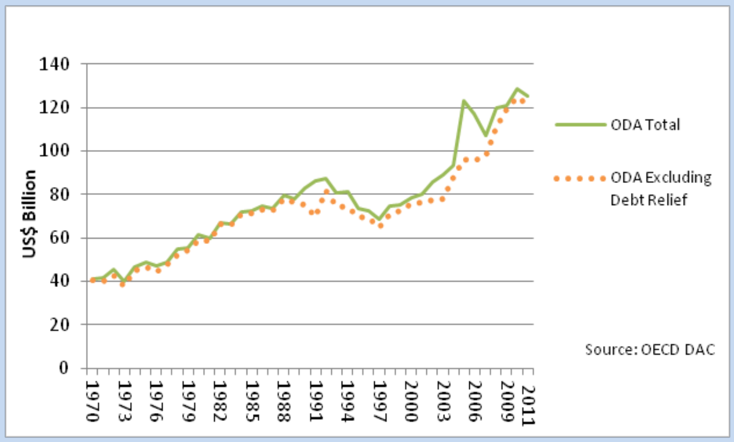
CHAPTER 7: EVOLUTION OF IDA'S PLATFORM ROLE DURING IDA15

The global development finance architecture continued to grow in complexity alongside increased ODA and greater diversity of sources. The risks and costs associated with donor proliferation, aid fragmentation and earmarking reinforce the importance of firmly anchoring aid modalities in a strong country development model. IDA's role as a platform for the delivery of aid is grounded in its comparative advantages and remained highly relevant during IDA15, with a growing IDA profile in the delivery of multi-bilateral aid and strong support for innovative mechanisms to boost financing to IDA countries.

Trends in the Global Aid Architecture

164. **Official development assistance (ODA) continued to sustain unprecedented recent growth, which peaked in 2010**. Net ODA disbursements showed continued growth since the late 1990s reaching a record high of about US$130 billion in 2010. In addition to massive debt relief provided under the HIPC Initiative and MDRI, this growth reflected greater donor commitment around the MDGs. However, net ODA recorded a 2.7 percent decline in real terms in 2011, largely reflecting fiscal constraints in many OECD economies.

Figure 11: Net ODA Disbursements at Constant 2010 Prices, 1970-2011



165. **ODA from DAC members has maintained a long-term shift in favor of investments in the social sectors**. The long-term shift in sector allocable ODA away from infrastructure and productive sectors to the social sectors has continued, partly driven by increases in earmarked funding of bilateral and multilateral aid.

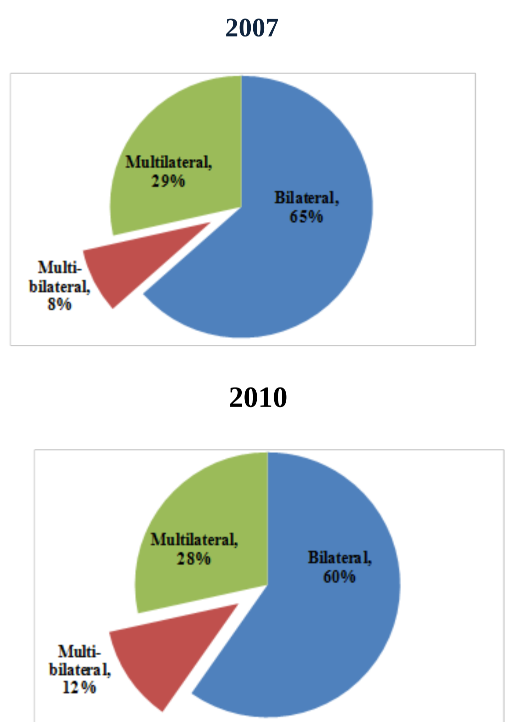
166. **Importantly, earmarked *multilateral* ODA has been on the increase in recent years**. Core multilateral ODA fell to a low of 28 percent of ODA in 2009, with the European Commission and new multilaterals linked to global programs accounting for an increasing share compared to IDA and the United Nations.[125] Earmarked "multi-bilateral aid," defined as bilateral aid channeled through multilateral institutions for a specific purpose, sector, country or region, has contributed to an increase in the earmarking of ODA. Earmarked multilateral ODA, including both multi-bilateral aid and the main global programs, accounted for over one third of multilateral ODA by 2010 (see Figure 12). For donors, key drivers of the growth of multi-bilateral aid include the preference to focus support in sectors and countries of their priority – including challenging operating environments where bilaterals have limited presence – while benefiting from the economies of scale and the institutional frameworks of multilateral

[125] Adugna et. al.

agency partners. Particular modalities for multi-bilateral aid, such as MDTFs, show promise for promoting harmonization among participating bilateral donors and reducing transaction costs for recipient countries. Notably, almost three-quarters of multi-bilateral aid allocated for specific countries targets FCCs, significantly higher than the third of bilateral ODA that targets FCCs.[126]

167. **Proliferation of aid channels, aid fragmentation and increased earmarking of development assistance remain pressing challenges**. This complexity is a major concern to beneficiary countries and has been highlighted in the high-level gatherings in Paris (2005), Accra (2008), and Busan (2011). By a recent count, there are some 263 multilateral agencies involved in the delivery of development aid; an estimated 100 agencies are involved in the health sector alone, with a concentration of activities focused on communicable diseases.[127] On average, each partner country manages over 30 donors, which have their own processes and reporting requirements. Moreover, the number of donor-funded activities has increased to over 120,000 compared to 20,000 a decade ago with an average size of less than US$1.5 million. In addition, ODA has become increasingly earmarked, accounting for an estimated 40 percent of ODA including both bilateral and multilateral channels. While earmarking has helped fundraising by targeting specific issues, it reduces the flexibility of countries to allocate funds across and within sectors. Moreover, when earmarked funds are both narrowly focused and large, they can lead to significant distortions in sectoral funding.

Figure 12: Gross ODA Disbursements in 2007 and 2010 (Percentages of total ODA Excluding Debt Relief)



168. **In addition, the growing importance of emerging and developing economies in the global economy has opened new access to financing and knowledge for many low-income countries**. Although MICs have continued to attract the majority of the private investment to developing countries, roughly a third of foreign direct investment in developing countries originated in other developing countries in 2010.[128] Increased investment by emerging countries in natural resource-rich LICs, particularly focused on the infrastructure sector, was a notable trend that became more pronounced during the IDA15 period.[129] Importantly, increased demand for commodities is linked to the strong growth in emerging and developing economies, as growth in these economies has tended to be more commodity-intensive than that of advanced economies. Aid flows from the BRICS (Brazil, Russia, India, China and South Africa) accounted for 3 percent of ODA in 2009 and are relatively modest compared to ODA financing from members of the OECD/DAC, which amounted to a record US$127.3 billion in 2010 (at

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[126] 2010 DAC report on Multilateral Aid.

[127] CFPVP Working Note, "The Role of Trust Funds in the World Bank." Also see Adugna et. al. and Homi Kharas, "Can Aid Catalyze Development?" in Making Development Aid More Effective (Washington, DC: Brookings Institution, 2010).

[128] Growth and Development in Emerging Markets and Other Developing Countries: Report prepared by the Staff of the World Bank for the G20 Summit, Seoul Korea.

[129] Building Bridges: China's Growing Role as Infrastructure Financier for Sub-Saharan Africa (Foster et al, 2008). Also, see "Fuel Prices—Recent Developments, Macroeconomic Impact, and Policy Responses (IMF, 2008) and World Economic Outlook, 2011 (IMF). The experience of Korea exemplifies this one-to-one relationship, and China's energy demand has so far closely followed this pattern.

2009 prices).[130] However, the impact of the BRICS on the development financing architecture encompasses trade relationships, debt flows and investment – far broader than their volumes of ODA grants may suggest. Between 2000 and 2010, trade between the BRICS and Sub-Saharan Africa increased at an annual rate of 25 percent, reaching US$155 billion in 2010.[131]

169. **Global economic trends and evolving relationships among developing countries point to new realities for aid that call for increasingly strategic engagement by IDA**.[132] The Busan High-Level Forum on Aid Effectiveness recognized that the nature, modalities and responsibilities that apply to South-South co-operation are unique and differ from those of OECD/DAC partners.[133] BRICS tend to focus on infrastructure and productive sector investment; delivery of aid as part of trade and investment arrangements; and tying aid to the purchase of goods and services while refraining from linking aid disbursement to policy conditions.[134] The UN has estimated that infrastructure sector investments from developing economies accounted for 39 percent of foreign investment in Sub-Saharan Africa and 43 percent in Asia between 1996 and 2006.[135]

170. **In line with the emergence of new partnerships that are changing the context for aid, IDA has expanded its engagement with traditional and emerging donors along with Civil Society Organizations (CSOs) and private philanthropy**. Growing dialogue across a wide range of partners was evident in the context of the IDA15 Replenishment discussions and continued throughout the IDA15 period. In addition, regular formal and informal dialogue with donors and key stakeholders allowed IDA to make needed adjustments and to respond to crises during IDA15. IDA's engagement of donor partners in IDA15 was further broadened to more extensively include beneficiary countries along with nontraditional partners during the Mid-Term Review and in other points of engagement. This broadening dialogue was the precursor for the expanded donor partnerships in the IDA16 Replenishment.

IDA's Platform Role during IDA15

171. **IDA continues to be a leading source of non-earmarked Country Programmable Aid, available for allocation and programming by recipient countries**. Total CPA disbursements by IDA averaged roughly US$10.3 billion in FY09 and FY10, an increase of 16 percent from average CPA disbursements of US$8.9 billion during the IDA14 period. IDA's share of overall CPA disbursements accounted for 18 percent of total CPA disbursements to IDA-eligible countries in 2009 and 2010.

172. **As a key source of CPA for the poorest countries, IDA continued to play an active role as a platform for the effective delivery of aid in IDA15**. As reflected in Figure 13, IDA's platform role cuts across the country, regional and global levels and is anchored in core strengths. By providing non-earmarked financing for IDA countries, IDA made a significant contribution towards

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130 Finance for Development: Trends and Opportunities in a Changing Landscape. CFP Working Paper No. 8 (Adugna et al, 2011).

131 Ibid. Emerging economies accounted for almost 40 percent of Africa's total external trade in 2009. Total loan commitments to Sub-Saharan Africa from the BRICS increased by 87 percent annually from 2000 – 2010, as loan disbursements reached US$6 billion in 2010.

132 Beyond Aid, Address by Robert Zoellick (September 2011) and Wolfgang Fengler and Homi Kharas, eds. 2010 "DeliveringAid Differently – Lessons from the Field." Washington DC: Brookings Institution.

133 Busan Partnership Agreement, 2011.

134 Adugna et al. According to Wolfgang Fengler and Homi Kharas, eds. 2010 "Delivering Aid Differently – Lessons from the Field" (Washington DC: Brookings Institution), an estimated two-thirds of the growth in development aid flows since the 1990s has come from nontraditional sources, including privately funded international NGOs and emerging bilateral donors.

135 "Beyond Aid". Zoellick, 2011.

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filling funding gaps and addressing imbalances caused by excessive earmarking. IDA also plays a role in aid coordination at the country level, with a recent survey showing that IDA is meaningfully involved in the majority of country-level aid coordination fora and, most importantly, that IDA supports the development of government capacity to manage and coordinate aid.[136] Also, IDA's support for country capacity building has helped to enhance the effectiveness of all development resources. IDA's influence in this area has been wide-ranging, from increased use of country systems to support for public financial management, statistical capacity building, and strengthening of health and education systems. In addition, IDA's contributions towards improved debt management are likely to become increasingly relevant as access to concessional and non-concessional finance for LICs expands. Furthermore, IDA's capacity to act as a "first mover" when appropriate, to leverage other funding and to scale-up poverty reduction interventions has been central to IDA's role in crisis response during IDA15. IDA also plays a platform role in harmonizing approaches to address cross-cutting issues such as gender, transparency and engagement in FCCs. In addition, IDA's convening power and global reach have helped to facilitate partnerships between governments and the donor community on regional and global challenges. Specific examples of IDA as a platform during IDA15 are discussed below:

Figure 13: A Schematic View of IDA's Strengths and Platform Role

IDA's Core Strengths	Country Level	Regional Level	Global Level
• **Financial Resources** • **Convening power** • **Multi-sectoral knowledge base; Policy Advice** • **Global Reach and Convening Power**	• Leveraging role • Aid Coordination • Fill funding gaps • Focus on institution strengthening/ capacity building • Act as "First Mover"	• Link regional action to Country Strategies • Deliver complex regional projects • Scale up support for infrastructure • Leverage financing in World Bank Group and externally	• Link global issues to Country Strategies • Invest in Global Public Goods at country level • Take a lead role in tackling global priorities

- **IDA facilitated and coordinated responses to emergencies and crisis**. IDA's policy dialogue and analytical work helped to facilitate swift and coordinated response to natural disasters and the global financial crisis.[137] For example, in response to the devastating earthquake in Haiti in January 2010, key IDA priorities included immediate support for the reestablishment of basic government functions while playing a leading role in coordinating the Post-Disaster Needs Assessment (PDNA), in collaboration with the UN, the EU, the IDB and several bilateral partners. The PDNA provided a comprehensive post earthquake needs assessment, which underpins the reconstruction strategy. Importantly, in addition to providing exceptional financial assistance, IDA facilitated multi-donor support for responding to crisis situations by administering and implementing the Haiti Reconstruction Fund, which supports the implementation of the Action Plan for Recovery and Development of Haiti. In Moldova, IDA's analytical work has been a catalyst for informed policy dialogue at the national and sectoral levels and for leveraging financing from other development partners that often far exceeds IDA's financing envelope in the country. As the impacts of the global economic crisis deepened in 2009, for example, IDA worked with several development partners and the IMF to prepare Policy Notes on key economic and social challenges associated with the crisis. The Notes were instrumental in the preparation of the government's Economic Stabilization and Recovery Program (ESRP) for 2009-2011 and formed a basis for the 2010 Consultative Group meeting that raised some US$2.6 billion in donor pledges.

136 "Aid Coordination in IDA countries: A Roadmap to more Effective Aid Coordination"; "National Aid Coordination Fora: What, Where and Why?" and "Aid Coordination in IDA Countries: Role of the World Bank", the World Bank, April 2011.

137 The World Bank Group's Response to the Global Economic Crisis, Phase I (World Bank, IEG: Washington, DC. 2010).

- **IDA's role in leveraging resources helps multiply the impact of development aid as a whole**. In the water sector, for example, IDA is one of the few institutions that can provide integrated support on the macroeconomic, financial, technical, social and environmental dimensions. IDA supports the strengthening of water institutions and utilities, including regulatory frameworks, governance and accountability structures, to help client countries foster the investment climate that will attract private investment. Complementing IDA's work, IFC and MIGA have helped to attract much-needed private investment into the water sector. Examples of projects in which IDA leveraged substantial co-financing as part of a multi-donor sector reform operation include the Burkina Faso Urban Water project (FY09) in which IDA financed US$85 million and leveraged an additional US$183 million from donors such as the AfDB, EIB, the Organization of the Petroleum Exporting Countries (OPEC) Fund for International Development and others. In addition, IDA has partnered with the Global Partnership for Output-Based Aid (GPOBA) in several countries, including Kenya and Uganda to involve the local private sector in upfront financing of subsidy-funded connection programs for water and sanitation services.

- **IDA has developed innovative financing mechanisms for scaled-up support to IDA countries and other development partners**. For countries facing recurrent natural hazards, IDA has supported the design and provided financing to pay the premium for market-based, insurance/risk management products, such as weather derivatives. Examples include IDA support for an index-based weather insurance product in Malawi to protect farmers against natural disaster risk and for the participation of several OECS countries in the Caribbean Catastrophic Risk Insurance Facility. In the health sector, IDA Credit Buy Downs use donor grant funding to finance buy-downs of IDA credits upon the country's successful completion of a vaccine distribution program to eliminate polio. The buy-downs are helping fill the financing gap related to polio eradication.[138] Since 2002, the program has covered ten credits of US$432 million, supporting polio eradication in Nigeria and Pakistan. Six of the projects have already been bought down; the remaining four have outstanding credits equivalent to US$229 million. In Rwanda, IDA support for Results-Based Financing (RBF) improved access to health services for the poor. Complemented by the Health Results Innovations Trust Fund, IDA support for the RBF program is generating significant results as indicated by increased assisted births in participating areas, expanded early childhood preventative care, and the number of people using health services along with improvements in the quality of care for beneficiaries.

- **Effective IDA partnership with other development partners helps to strengthen the focus on results**. IDA remains the leading source of concessional finance for public investment in Bangladesh, though sources of finance are expanding, including a US$1 billion Line of Credit extended by India to finance projects identified by Bangladesh related to infrastructure agreed in 2011.[139] Across Bangladesh's development partners, there is growing focus on value-for-money and on achieving demonstrable results, an area of particular interest for IDA. In the context of Sector Wide Approaches (SWAps) in the critical sectors of health and education, IDA has worked with country counterparts and partners to agree on Disbursement Linked Indicators (DLI) that served to sharpen the focus on achieving results while providing added incentives for important policy action. DLIs have also served to streamline implementation once agreed performance targets have been reached.

[138] The Gates Foundation and the United Nations Foundation through the Investment Partnership for Polio, an innovative financing program that supports the Global Polio Eradication Initiative.

[139] Joint Statement on the occasion of the visit of His Excellency Dr. Manmohan Singh, Prime Minister of India to Bangladesh (September 7, 2011).

173. **External assessments covering the IDA15 period indicate that IDA has been an effective leader in promoting the development and aid effectiveness agenda**. IDA's progress on Aid Effectiveness has also been acknowledged by external reviews, including the 2009 Multilateral Organisation Performance Assessment Network's (MOPAN); the 2009 Quality of ODA (QuODA) assessment by the Brookings Institution and the Center for Global Development (CGD); the 2011 UK Multilateral Aid Review (MAR); the 2012 Australian Multilateral Aid Assessment; Publish What You Fund's Transparency Assessment; and the Brookings Institution's Transparency Index. The 2011 UK Multilateral Aid Review characterized IDA as good value for money and highlighted IDA's ability to align its work with country priorities. The review also noted the breadth and quality of IDA's technical knowledge along with its global reach. In addition, DFID's 2011 review took particular note of IDA's impact on meeting the needs of girls and women and found that IDA's delivery in FCCs and partnership behavior have been improving, despite need for further focus on these areas going forward. DFID's assessment also saw scope for further improvements in the World Bank's internal performance and country level focus. IDA also showed strong performance in the 2010 Quality of Official Development Assistance Assessment by the Brookings Institution and the CGD that reviewed and ranked thirty bilateral donors and multilateral aid agencies. IDA was the only multilateral to score in the top ten in all dimensions of aid quality, scoring 2nd in the dimensions of fostering institutions and reducing the administrative burden on recipients. The results of the 2011 assessment were broadly consistent with the earlier findings.

IDA's Growing Role in Delivery of Multi-Bilateral Aid

174. **IDA's platform role extends to the delivery of a growing portfolio of multi-bilateral aid or trust funds**.[140] The World Bank administers and implements a large portfolio of multilateral aid or trust funds. It is the single largest multilateral agency channeling trust funds, followed by the World Food Program (WFP) and the United Nations Development Program (UNDP). In the past decade, donor contributions to IDA/IBRD trust funds have quadrupled, growing from US$1.2 billion per year in FY02-FY03 to US$4 billion in FY07-FY11.

175. **Through the implementation of trust funds, IDA contributes to enhance overall aid effectiveness**. Channeling trust funds through IDA reduces proliferation of bilateral initiatives at the country level and facilitates integration of global priorities in country programs. For recipient countries, this means lower transactions costs of managing aid and for contributing donors is a way to deliver concessional resources in a cost-effective manner. In turn, trust funds complement IDA's own resources in critical areas such as FCCs, disaster response, global public goods, and innovation.

176. **As noted earlier, implementation of multi-donor trust funds in FCCs has been an integral aspect of IDA's support to these countries**. By implementing MDTFs, IDA provides a platform for enhanced aid effectiveness through strong country ownership, increased use of country systems, greater transparency and accountability and more harmonized donor engagement. In the case of FCCs, trust funds allow IDA to provide resources beyond those provided by IDA's allocation system or to provide transitional support to FCC's prior to their membership to IDA (i.e., South Sudan). During IDA15, IDA disbursed US$4.6 billion of its own resources plus another US$2.6 billion in trust funds to IDA-eligible FCCs. Most trust fund resources were provided through MDTFs, with a significant proportion of these resources going to Afghanistan (US$1.7 billion) followed by South Sudan (US$410 million).

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[140] The World Bank Group trust fund portfolio consists of IBRD/IDA trust funds, Financial Intermediary Funds (FIFs) and IFC trust funds, in which the Bank's plays different roles. While performing a trustee function in all, in the case of IBRD/IDA trust funds, the Bank is the sole implementing agency, while in the case of FIFs, the Bank may (or may not) be one of several implementing agencies.

177. **Importantly, IDA has also supported coordinated responses to natural disasters and global initiatives to address cross cutting issues through trust funds**. IDA's support for natural disaster response in IDA15 involved implementation of MDTFs such as the GFDRR, which supported the response to several crisis situations during IDA15 (see Box 26). In the context of international support for achievement of the Education MDG, IDA also prepared and implemented several projects under EFA-FTI (recently restructured into the Global Fund for Education), which mostly benefits IDA-eligible countries.

178. **A critical strategic challenge going forward is positioning IDA to continue exercising a platform role in the context of a more fragmented and complex environment for aid and development assistance**. Analysis from the CGD suggested that aid will be increasingly shaped by fragmentation and comparative advantage across players, with a role for IDA in supporting well-performing low-income countries as well as middle income countries with poverty problems. [141] Increased access to development-related financing for many LICs is rooted in the growing role of developing countries – particularly emerging economies – as drivers of global growth. The changing context is already influencing key sectors, particularly infrastructure, and is concentrated in resource-rich countries. Going forward, the increasingly competitive environment for development finance will demand strategic adjustments by IDA and increasingly results-oriented, high-quality engagement in areas of IDA's comparative advantage.

[141] The Future of Development Finance (Nemat Shafik. CGD Working Paper 250: Washington, DC. 2011).

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Annex 1: Basic IDA Definitions

	DEFINITION	SOURCE
IDA ELIGIBILITY		
GNI per capita	Per capita GNI computed per the World Bank Atlas methodology is IDA's basic indicator or proxy for poverty.	OP 3.10 Annex D, "IDA Eligibility, Terms, and Graduation Policy" (IDA, January 2001)
Historical ceiling	The ceiling for IDA eligibility (currently called the "historical ceiling"), initially set at $250 per capita in 1964, has been revised to account for inflation, reaching $1,905 in FY2011.	
Operational cutoff	"Operational cutoff" was formally recognized by IDA donors and participants in IDA8 (FY1989) as a second and lower income criteria for IDA eligibility. The operational per capita income cut-off has been reaffirmed by the donors in each subsequent replenishment and stood at $1,165 in FY2011.	
Creditworthiness	In general, creditworthiness has been defined as "the ability to service outstanding and projected external debt at market interest rates over the long term." Creditworthiness considerations have always guided IDA lending policies, since the Articles of Agreement limit IDA from providing assistance if financing is "available from private sources on terms which are reasonable for the recipients or could be provided by a loan of the type made by Bank."	
Gap countries	IDA extends temporary eligibility to countries, called "gap countries," that are above operational cutoff (for more than two consecutive years) and are taking major adjustment efforts but are not creditworthy for IBRD lending.	OP 3.10 Annex D, "IDA's Performance Allocation System: Simplification of the Formula and Other Outstanding Issues" (IDA September 2007).
Blend countries	"Blend countries" are countries eligible to borrow from IDA as well as IBRD on the basis of creditworthiness.	"IDA Eligibility, Terms, and Graduation Policy" (IDA, January 2001).
Capped blend countries	"Capped blend countries" - India and Pakistan - with access to IBRD lending receive less than their PBA allocations because they have broader financing options.	
Small island economies (small states)	Small island economies with incomes above operational cutoff have exceptional access to IDA resources on the basis of their vulnerability.	
Fragile and Conflict-Affected Countries (FCCs)	FCC is the term used for countries facing particularly severe development challenges such as weak institutional capacity, poor governance, political instability, and frequently on-going violence or the legacy effects of past severe conflict. The World Bank defines FCCs as those having either: (i) a composite Bank, AfDB and ADB CPIA rating of 3.2 or less; or (ii) the presence of a United Nations and/or regional peace-keeping or peace-building mission (e.g., AU, EU, North Atlantic Treaty Organization), with the exclusion of border monitoring operations, during the past three years. From a financing perspective, IDA classifies FCCs according to the following: (i) those receiving IDA resources through the Performance-Based Allocation (PBA) system; (ii) those qualifying for exceptional post-conflict allocations; (iii) those qualifying for exceptional allocations upon re-engaging with IDA after a prolonged period of inactivity; and (iv) those in non-accrual status. For list of FCCs, see http://siteresources.worldbank.org/EXTLICUS/Resources/FCS_List_FY12_External_List.pdf.	“Operational Approaches and Financing in Fragile States” (IDA, June 2007)

	DEFINITION	SOURCE
IDA graduation	Graduation from IDA is normally triggered when a country exceeds the operational per capita income cutoff for several years. Some countries have graduated from IDA on an accelerated basis, which may occur when improved information becomes available showing that a country's income is substantially higher than previously expected and the country is deemed creditworthy for IBRD financing. Graduation can also occur when a country achieves creditworthiness for adequate amounts of IBRD lending and other commercial sources of funds, even though its per capita income remains below the operational cutoff. To date, 27 countries that once received IDA resources have graduated (excluding reverse graduates, see next definition).	"IDA Eligibility, Terms, and Graduation Policy" (IDA, January 2001)
Reverse graduation	Because of adverse developments, some IDA graduates have been granted renewed access to IDA subsequent to their graduation. Eight (8) countries are now receiving IDA resources as reverse graduates.	
IDA CREDITS		
Regular IDA credit	For IDA-only countries, credits are repayable over 40 years, with principal repayment at the rate of 2 percent of the credit amount per year from the eleventh to twentieth year, and 4 percent per year thereafter.	OP3.10 Annex D, "Compendium of IDA's Financial Policies: Updated for IDA16" (CFPIR, December 2011)
Blend terms	For other IDA eligible countries (blend countries) until end-IDA15 (June 30, 2011), credits were repayable over 35 years, with principal repayment at the rate of 2.5 percent of the credit amount per year from the eleventh to twentieth year, and 5 percent per year thereafter. Effective from July 1, 2011, the formerly blend and hardened terms (see definition of hardened term credit below) have been consolidated into one blend credit instrument with a maturity of 25 years, a grace period of 5 years, a 1.25 percent interest charge, and with principal repayable at 3.3 percent per annum for years 6-15 and 6.7 percent per annum for years 16-25. The new blend terms apply to credits approved on or after July 1, 2011.	
Hardened term credit	During the IDA13-IDA15 periods, if a borrower's GNI per capita had been above the operational cutoff for more than two consecutive years, IDA credits were extended on hardened terms (maturity of 20 years including 10 years of grace, with principal repayment at the rate of 10 percent of the credit amount per year from eleventh to twentieth year). Effective from July 1, 2011, the formerly blend and hardened terms have been consolidated into one blend credit instrument.	OP 3.10 Annex D, "Compendium of IDA's Financial Policies: Updated for IDA16" (CFPIR, December 2011),
Hard-term credit	During IDA15, a blend country was eligible for an additional window of IDA lending at hard-term, if its GNI per capita was below the operational cutoff and if it had an active IBRD lending program. Hard-term credits had blend repayment terms (a maturity of 35 years including 10 years of grace) and standard IDA service and commitment charges. In addition, there was a fixed interest charge on the principal amount disbursed and outstanding. The interest rate was set annually (200 basis points below the equivalent IBRD lending rate in fixed-rate terms) and applied for all hard-term IDA credits approved during a fiscal year. There were only three countries that were eligible for IDA's hard-term credits during IDA15: India, Pakistan, and Vietnam. Starting from IDA16, access to hard-term IDA credits has been expanded to all blend countries, excluding small island blends, in proportion to the countries' performance-based allocation. Effective from July 1, 2011, the maturity of hard-term credits is 25 years, with a 5 year grace period, and a 3.3 percent of principal repayable per annum for years 6-15 and 6.7 percent per annum for years 16-25. Standard IDA service and commitment charges apply plus a fixed interest charge for the life of each credit. The interest rate is set annually.	
Acceleration clause	Development Credit Agreements provide that IDA may accelerate repayment should the borrower's GNI per capita exceed the operational cutoff for three consecutive years and the borrower is considered creditworthy for IBRD lending. The accelerated repayment provision doubles the amount due on each semi-annual repayment date, with credit repayment commencing the year after the country reaches the operational cutoff, provided that a 5-year grace period will be assured in all cases.	"Compendium of IDA's Financial Policies: Updated for IDA16" (CFPIR, December 2011)

	DEFINITION	SOURCE
Service charge	For all IDA credits, a service charge is levied at the rate of 0.75 percent per annum on the principal amount disbursed and outstanding. The rate of service charge has been fixed at 0.75 percent per annum since fiscal year 1965-66.	
Commitment charge	In 1982, the Executive Directors approved the introduction of a commitment charge, payable on the undisbursed amount of the credit and beginning to accrue 60 days after the Development Credit Agreement is signed. From 1982 through 1988, the commitment charge was set at 0.50 percent per annum. Beginning in 1989, a variable commitment charge was introduced. Each year, the Executive Directors approve the level of commitment charge that will apply for that fiscal year, not to exceed 0.50 percent. From FY09-FY12, the commitment charge was set at 0 percent.	
IDA RESOURCE ALLOCATION		
Performance-based allocation (PBA)	IDA allocates resources to client countries based on its performance-based allocation (PBA) system. The PBA system has evolved over the last two decades and was the basis for the distribution of IDA resources during IDA15. Under the PBA system, IDA resources are allocated on the basis of Country Performance Rating (CPR), population, and GNI per capita. Starting with the IDA15 period, the country allocations and commitments disclosed to the Executive Directors of IDA on an *ex post* basis (i.e., at the end of each fiscal year).	"Additions to IDA Resources: Fifteenth Replenishment. IDA: The Platform for Achieving Results at the Country Level" (IDA, February 2008)
Country Performance Rating (CPR)	The CPR is computed annually using the Country Policy and Institutional Assessment (CPIA) and the portfolio performance rating.	
Country Policy and Institutional Assessment (CPIA)	The performance of IDA countries is assessed annually using the CPIA. The CPIA assesses each IDA country's policy and institutional framework for fostering poverty reduction, sustainable growth, and ability to use development assistance. The system has evolved over time and now comprises 16 criteria grouped into four clusters: (A) economic management; (B) structural policies; (C) policies for social inclusion and equity; and (D) public sector management and institutions.	
Governance rating	The governance rating is calculated using cluster D of the CPIA.	
Post Conflict Progress Indicators (PCPI)	The performance of IDA countries eligible for IDA post-conflict allocations is measured by PCPIs, indicators developed to reflect their special country circumstances. Starting from IDA15, the PCPI indicators are publicly disclosed.	
Portfolio Performance Ratings	To capture the quality of IDA-financed project and program management, the portfolio performance indicators are used to determine a portfolio performance rating which captures each country's implementation performance.	
IDA15 GRANT ALLOCATION FRAMEWORK		
IDA15 Grant Allocation Framework	In IDA15, grants continued to be provided based on countries' risk of debt distress. This risk is assessed on the basis of the methodology proposed in the joint IMF-World Bank debt sustainability framework (DSF) for low-income countries. The risk ratings ("traffic lights") are then translated into grant allocations: high risk ("red") is associated with 100 percent grants, medium ("yellow") with 50 percent grants, and low ("green") with zero grants.	"Assessing Implementation of the IDA14 Grant Framework" (IDA, October 2005)

SPECIAL ALLOCATIONS IN IDA15		
Financial support to post-conflict and re-engaging countries	In IDA15, financial support to post-conflict and re-engaging countries has been strengthened, including through: (i) extending the exceptional support for post-conflict countries from seven to ten years (four years of special post conflict allocations, plus six years of phase out period to performance based norm); (ii) extending the exceptional support for re-engaging countries from three to five years (two years of exceptional allocations plus three years of phase out to PBA norms); and (iii) implementing the systematic approach to arrears clearance to help eligible countries finance the costs associated with the clearance of arrears to IBRD and/or IDA.	"Additions to IDA Resources: Fifteenth Replenishment. IDA: The Platform for Achieving Results at the Country Level" (IDA, February 2008)
Regional projects	There was a special provision for selected regional integration projects during IDA15 period. As a continuation of the regional pilot program in IDA13 and regional program in IDA14, IDA15 envisaged up to SDR400 million per annum of such projects, or SDR1.2 billion during IDA15 (up from SDR700 million in IDA14). The additional financing is used to 'top up' IDA resources provided to countries through the PBA system in order to encourage and facilitate participation in regional projects. Eligibility criteria include that the project must: (i) involve three or more countries; (ii) have benefits that spill over country boundaries; (iii) have ownership and commitment of the majority of participating countries; (iv) provide a platform for policy harmonization between countries; and be part of a regional strategy; (v) avoid funding primarily national-level investments with regional resources; and (vi) be considered for IDA funding only once other options have been ruled out. For guidelines, see http://intresources.worldbank.org/INTCFP/Resources/GuidelinesAccessingIDARegionalFunding.pdf.	"Additions to IDA Resources: Fifteenth Replenishment. IDA: The platform for Achieving Results at the Country Level" (IDA, February 2008), "IDA15 Mid-Term Review of the IDA Regional Program" (IDA, October 2009)
IDA RESOURCES		
Replenishment	Replenishment is the process of periodic review with the objective of ensuring adequacy of IDA resources and authorization of additional subscriptions for a future period (normally 3 years). Under IDA's Articles, replenishments are required to be approved by IDA's Board of Governors by a two-thirds majority of the total voting power.	"Compendium of IDA's Financial Policies: Updated for IDA16" (CFPIR, December 2011)
Commitment authority	Commitment authority is the total value of resources available during a particular replenishment, including donor contributions, internal resources, IBRD net income transfers, IFC grants, and other resources. The commitment authority level is monitored periodically to ensure that funding is available to meet commitments and to provide early warning signs of any problems in terms of resource availability.	
Special Drawing Rights (SDR)	The value of the SDR in U.S. dollar terms is calculated daily as the sum of the values in U.S. dollars of specific amounts of four currencies—the Euro, Japanese Yen, Pound Sterling, and U.S. dollar—based on exchange rates quoted at noon at the London market. The value of the SDR is posted daily on the IMF website.	

Annex 2: Countries Eligible to Receive IDA Financing during IDA15

Africa

Angola
Benin
Burkina Faso
Burundi
Cape Verde [a], [b]
Cameroon
Central African Republic
Chad
Comoros
Congo, Democratic Republic of
Congo, Republic of
Côte d'Ivoire
Ethiopia
Eritrea
Gambia, The
Ghana
Guinea
Guinea-Bissau
Kenya
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritania
Mozambique
Niger
Nigeria
Rwanda
Sao Tome and Principe
Senegal
Sierra Leone
Somalia
Sudan
Tanzania
Togo
Uganda
Zambia
Zimbabwe [b]

East Asia and the Pacific

Cambodia
Kiribati [a]
Laos, People's Democratic Republic
Mongolia
Myanmar
Papua New Guinea [b]
Samoa [a]
Solomon Islands
Timor-Leste
Tonga [a]
Vanuatu [a]
Vietnam [b]

South Asia

Afghanistan
Bangladesh
Bhutan
India [b]
Maldives [a]
Nepal
Pakistan [b]
Sri Lanka

Europe and Central Asia

Armenia [b]
Azerbaijan [b]
Bosnia-Herzegovina [b]
Georgia [b]
Kosovo
Kyrgyz Republic
Moldova
Tajikistan
Uzbekistan [b]

Middle East and North Africa

Djibouti
Yemen, Republic of

Latin America and the Caribbean

Bolivia [b]
Dominica [a], [b]
Grenada [a], [b]
Guyana
Haiti
Honduras
Nicaragua
St Lucia [a], [b]
St Vincent and the Grenadines [a], [b]

Total countries - 79 countries.
[a] Small island economy exception countries.
[b] "Blend Countries," which qualified for both IBRD and IDA.

Annex 3: IDA15 Financing

1. Discussions concerning IDA15, including the size and the relative burden sharing among donors, were subject to negotiations that took place over a series of five meetings between March 2007 and December 2007. As a result of these discussions, for the IDA15 period (FY09-11 or July 1, 2008 to June 30, 2011), an expected commitment authority of SDR28.5 billion was made available to the world's poorest countries.[142] Out of this total expected commitment authority, an amount of SDR28.1 billion was made available for commitment during the IDA15 period (Table 1). This amount included SDR16.1 billion of new donor contributions, SDR5.4 billion of internal resources, SDR3.2 billion of donor compensation for MDRI debt forgiveness, SDR2.4 billion in transfers from IBRD and IFC, and SDR0.2 billion from carryover funds. In addition, towards the end of the IDA15 period, Executive Directors approved the use of up to SDR0.7 billion of IDA16 internal resources during IDA15, in order to bridge a temporary funding gap due to potential delays in the receipt of some donor commitments.[143,144] Together with the carry forward of SDR0.4 billion from IDA14, this resulted in a total carry forward of SDR1.1 billion into IDA16.

2. Donor contributions were provided by 45 members (including China, Cyprus, Egypt, Estonia, Latvia, and Lithuania as new donors) (Table 2). Several countries increased their basic shares from those in IDA14. These included: Denmark, France, Germany, Japan, Norway, Switzerland, and United States.

3. Alongside their regular IDA replenishment contributions and due to the substantial increase of IDA's debt relief costs under the Enhanced HIPC framework, donors provided additional resources (SDR1.2 billion) for financing IDA's HIPC-related debt relief costs. This was to maintain the long-term financial capacity of IDA and to ensure that IDA's loss of credit reflows due to HIPC debt relief did not come at the expense of future IDA allocations to poor countries. Donors also provided additional resources (SDR0.8 billion) for financing arrears clearance.[145]

4. Of the envelope of SDR28.1 billion, IDA commitments amounted to SDR8.4 billion in FY09,[146] SDR9.4 billion in FY10,[147] and SDR10.1 billion in FY11.[148]

[142] Conversion of IDA financing amounts from SDRs to other currencies is typically based on the official exchange rate agreed for each replenishment (SDR 1 = USD 1.52448 for IDA15). This amount may differ from the prevailing exchange rates, which can vary daily during the replenishment period. As a result, total financing (reported at the official rate) may not be directly comparable to total commitments (reported at the prevailing rate) in USD terms.

[143] The numbers in the text and accompanying Table 1 and Table 2 may not add up to totals due to rounding.

[144] This constituted a temporary cut in IDA16 commitment authority to be reversed upon donors' fulfilling their outstanding commitments under IDA15.

[145] These resources were redeployed for the IDA15 Pilot Crisis Response Window.

[146] Excluding: (i) IDA14 grace period operations of SDR0.5 billion, and (ii) recommitments of SDR0.1 billion for Ethiopia, Nepal, and Senegal; and including: (iii) HIPC Debt Initiative grant of SDR30 million to Côte d'Ivoire, and (iv) one-fourth of IDA's guarantee of SDR0.3 billion to Nigeria. (For guarantees, only one-fourth of the approved amount is counted towards the use of commitment authority).

[147] Excluding recommitments of SDR19.2 million for Kyrgyz Republic, Yemen, Senegal, and Nepal.

[148] Excluding recommitments of SDR336.7 million for 19 countries.

Table 1: IDA15 Financing Framework

Sources of Funds (in SDR billions)	**Revised Framework**	**Sources**		**Uses**		**Balance**
		Available	Difference	Used	Redeployed for CRW	Remaining
New Donor Contributions						
Regular and supplemental contributions	14.6					
Acceleration of donor encashment schedules [a/]	0.3					
Compensation for HIPC	1.2					
Financing of Arrears Clearance [b/]	0.8					
Total New Donor Contributions	**16.8**	**16.1**	**(0.7)**	**16.1**		**-**
Reflows						
Donor Compensation for MDRI Debt Forgiveness	3.2	3.2		3.2		-
Internal Resources of IDA	5.4	5.4		5.4		-
Internal Resources to cover donor shortfall		0.7		0.5	0.2	0.0
Total Reflows	**8.6**	**9.3**	**0.7**	**9.1**	**0.2**	**-**
Transfers [c/]						
IBRD Net Income Transfer	1.2	1.2		1.2		-
IFC Grant	1.2	1.2		1.2		-
Total Transfers	**2.4**	**2.4**	**0.0**	**2.4**		**-**
Other						
Carry Forward from IDA14/Other Funds	**0.6**	0.2	**(0.4)**	0.2		-
Total IDA15 Commitment Authority	**28.5**	**28.1**	**(0.4)**	**27.8**	**0.2**	**0.0**

(i) Carry Forward from IDA14/Other Funds	**0.4**
(ii) Carry Forward from IDA15 due to donor arrears temporarily covered through Internal Resources	**0.7**
Total carryforward to IDA16	**1.1**

Notes : 1/ All amounts with the exception of Reflows are valued at May 22, 2008 exchange rates -- the date at which these contributions/transfers were locked into IDA's new foreign exchange hedging framework.

2/ Numbers may not add up to totals due to rounding.

a/ Represents the investment income generated by using an encashment profile of 9 years.

b/ Includes SDR 243m (USD 370m) from unused set aside for arrears clearance and reengagement costs during IDA15 which are not available for commitment. These funds were envisaged to be rolled over to IDA16 if not utilized, but instead shall now be redeployed for the Pilot Crisis Response Window. However, without amendment to the IDA15 resolution Executive Directors approved the use of an equivalent amount of internal resources to bridge the immediate financing need. This additional amount of internal resources is included in the amount reported under "Internal Resources of IDA".

c/ Represents the SDR equivalent of USD 1.75 billion each for IBRD and IFC plus additional investment income generated by acceleration of payment.

Table 2: Donor Contributions to IDA15

Contributing Members		Basic Contributions Share (1)	Basic Contributions SDR Million (2)	Supplemental SDR Million (3)	Incentive SDR Million (4)	Sub-total Contributions SDR Million (4)	Sub-total Contributions NC Million (5)	HIPC Costs Share (6)	HIPC Costs SDR Million (7)	HIPC Costs NC Million (8)	Arrears Clearance Share (9)	Arrears Clearance SDR Million (10)
Australia	7/	1.80%	320.35	2.61	-	322.96	587.75	1.61%	19.66	35.78	1.61%	14.60
Austria	3/ 5/	1.56%	277.91	*7.58*	-	285.49	311.65	0.86%	10.50	11.77	0.86%	7.80
Barbados	3/	0.002%	0.36	-	-	0.36	1.09	0.002%	0.02	0.06	0.002%	0.02
Belgium	8/	1.55%	276.13	-	-	276.13	309.65	1.71%	20.88	23.42	1.71%	15.51
Brazil	3/	0.61%	108.67	-	-	108.67	323.83	0.67%	8.18	24.38	0.67%	6.08
Canada		3.98%	709.45	-	-	709.45	1,161.72	4.14%	50.55	82.78	4.14%	37.55
China		0.10%	17.55	-	-	17.55	26.75	0.10%	1.22	1.86	0.10%	0.91
Cyprus		0.02%	3.56	-	-	3.56	3.99	0.02%	0.24	0.27	0.02%	0.18
Czech Republic	3/ 5/	0.05%	8.91	*1.02*	-	9.93	280.88	0.06%	0.73	23.01	0.06%	0.54
Denmark	3/	1.08%	192.07	-	-	192.07	1,604.06	1.21%	14.77	123.35	1.21%	10.97
Egypt		0.006%	1.10	-	-	1.10	1.68	0.01%	0.12	0.18	0.01%	0.09
Estonia	3/	0.01%	1.78	-	-	1.78	2.00	0.01%	0.12	0.13	0.01%	0.09
Finland	4/	0.94%	166.64	-	-	166.64	184.25	0.66%	8.06	9.04	0.66%	5.99
France	4/	6.49%	1,155.51	-	-	1,155.51	1,581.72	6.62%	80.83	123.22	6.62%	60.04
Germany	3/ 4/ 6/	7.11%	1,267.14	-	-	*1,267.14*	1,240.37	11.37%	138.83	138.83	1.97%	17.87
Greece		0.24%	42.76	-	-	42.76	47.95	0.13%	1.59	1.78	0.13%	1.18
Hungary		0.06%	10.69	-	-	10.69	2,997.95	0.07%	0.85	238.38	0.07%	0.63
Iceland		0.04%	7.13	-	-	7.13	690.15	0.04%	0.49	47.43	0.04%	0.36
Ireland	3/ 5/	0.43%	76.01	*8.03*	-	84.04	85.24	0.20%	2.44	2.74	0.20%	1.81
Israel	3/ 10/	0.07%	12.47	-	-	12.47	78.69	0.11%	1.34	8.46	0.11%	1.00
Italy	3/ 9/	3.80%	676.97	-	-	676.97	759.16	3.80%	46.40	52.03	3.80%	34.47
Japan	3/	9.28%	1,653.82	-	-	1,653.82	300,772.85	16.00%	195.36	35,529.25	16.00%	145.12
Korea	9/	0.91%	162.12	-	-	162.12	229,485.11	1.00%	12.21	17,283.58	1.00%	9.07
Kuwait	3/	0.18%	31.18	-	-	31.18	13.59	0.15%	1.83	0.80	0.15%	1.36
Latvia		0.01%	1.78	-	-	1.78	2.00	0.01%	0.12	0.13	0.01%	0.09
Lithuania	3/	0.01%	1.78	-	-	1.78	2.00	0.01%	0.12	0.13	0.01%	0.09
Luxembourg	3/ 4/	0.19%	32.99	-	-	32.99	35.97	0.18%	2.20	2.47	0.18%	1.63
Mexico	3/	0.05%	8.91	-	-	8.91	148.42	0.06%	0.73	12.16	0.06%	0.54
Netherlands		3.00%	534.45	-	-	534.45	599.34	2.87%	35.04	39.29	2.87%	26.03
New Zealand		0.12%	21.38	-	-	21.38	44.01	0.13%	1.59	3.27	0.13%	1.18
Norway		1.46%	259.87	-	-	259.87	2,337.00	1.68%	20.51	184.44	1.68%	15.24
Poland	3/	0.03%	5.34	-	-	5.34	5.34	0.03%	0.37	0.37	0.03%	0.27
Portugal		0.20%	35.63	-	-	35.63	39.96	0.22%	2.69	3.02	0.22%	2.00
Russia	1/ 3/	0.25%	44.54	23.54	-	68.08	68.08	0.09%	1.10	1.10	0.09%	0.82
Saudi Arabia	3/	0.22%	39.19	-	-	39.19	59.74	0.43%	5.25	8.00	0.43%	3.90
Singapore	3/	0.08%	14.25	-	-	14.25	21.72	0.08%	0.98	1.49	0.08%	0.73
Slovak Republic	3/	0.01%	1.78	-	-	1.78	2.00	0.01%	0.12	0.13	0.01%	0.09
Slovenia		0.03%	4.98	-	-	4.98	5.58	0.03%	0.37	0.41	0.03%	0.27
South Africa	5/	0.09%	16.89	*1.88*	-	18.77	183.15	0.09%	1.10	11.93	0.09%	0.82
Spain	5/	3.00%	534.45	*49.03*	-	583.48	599.34	1.99%	24.30	27.25	1.99%	18.05
Sweden		2.96%	527.32	67.87	-	595.19	6,182.88	2.89%	35.29	366.60	2.89%	26.21
Switzerland	3/	2.10%	374.12	-	-	374.12	570.34	2.10%	25.64	39.09	2.10%	19.05
Turkey	3/ 9/	0.06%	10.00	-	-	10.00	20.06	0.00%	-	-	0.00%	-
United Kingdom		14.39%	2,564.17	203.45	-	2,767.62	2,107.60	11.19%	136.63	104.05	11.19%	101.49
United States		11.24%	2,002.18	-	-	2,002.18	3,052.28	20.12%	245.67	374.52	20.12%	182.49
Sub-total		79.80%	14,216.28	365.01	-	14,581.29		94.76%	1,157.04		85.36%	774.23
Funds from accelerated encashment		0.00%	-			-		0.00%	-		0.00%	-
Additional Financing	2/	1.82%	323.48			323.48						
Structural financing gap		18.38%	3,275.24			2,910.23		5.24%	63.96		14.64%	132.77
Total		100.00%	17,815.00			17,815.00		100.00%	1,221.00		100.00%	907.00

1/ Contributions of countries with an average inflation rate exceeding 10% over the 2004-2006 period would be denominated in SDRs.
2/ Represents the investment income generated by using a regular encashment profile of 9 years.
3/ Indicative contribution, subject to government and/or parliamentary approval.
4/ Includes an increase in basic share achieved through accelerated encashments.
5/ Supplemental contributions provided through accelerated encashments.
6/ Pledge for arrears clearance not yet determined.
7/ Due to timing constraints arising from recent elections, Australia was unable to provide a commitment towards IDA15 debt relief at the time of finalization of IDA15 pledges. However, debt relief is an important issue for Australia's new Government. Australia aims to clarify this matter in the near future.
8/ Subject to approval by the duly constituted authorities.
9/ Currency of denomination is to be reconfirmed.
10/ As proposed by Management, for government consideration.

Annex 4: Trends in IDA Commitments and Disbursements

Table 1: IDA14-15 Commitments by Region and Country

			IDA14 Commitments							IDA15 Commitments					
		2006 Popu-lation	Number of Operations			IDA Amount (US$ million)			2009 Popu-lation	Number of Operations			IDA Amount (US$ million)		
Region	Country	(million)	DPOs	Invest-ment	Total	DPOs	Invest-ment	Total	(million)	DPOs	Invest-ment	Total	DPOs	Invest-ment	Total
	Africa	N/A	0	13	13	0	1,611	1,611	N/A	0	27	27	0	2,272	2,272
	Angola	16	0	1	1	0	102	102	18	0	5	5	0	360	360
	Burkina Faso	14	2	9	11	150	294	444	16	3	6	9	290	340	630
	Burundi	8	1	6	7	60	171	231	8	3	7	10	80	189	269
	Benin	9	2	5	7	70	173	243	9	2	6	8	82	206	288
	Central African Republic	4	2	1	3	90	18	108	4	2	4	6	14	64	78
	Congo, Republic of	4	0	2	2	0	75	75	4	0	4	4	0	56	56
	Cote d'Ivoire	18	1	4	5	308	247	555	21	2	3	5	240	115	355
	Cameroon	17	2	5	7	57	205	261	20	0	5	5	0	189	189
	Cape Verde	1	2	1	3	20	13	33	1	3	2	5	35	15	50
	Eritrea	5	0	1	1	0	30	30	5	0	0	0	0	0	0
	Ethiopia	73	0	17	17	0	1,846	1,846	83	0	8	8	0	2,665	2,665
	Ghana	23	6	10	16	520	347	867	24	6	10	16	617	851	1,468
	Gambia, The	2	0	3	3	0	23	23	2	1	3	4	7	23	30
	Guinea	9	0	4	4	0	46	46	10	1	1	2	78	10	88
	Guinea-Bissau	2	0	2	2	0	25	25	2	3	4	7	20	22	42
	Kenya	35	0	8	8	0	570	570	40	0	11	11	0	1,545	1,545
	Comoros	1	0	1	1	0	5	5	1	1	2	3	3	7	10
Africa	Liberia	3	1	6	7	430	108	538	4	2	7	9	15	183	198
	Lesotho	2	1	3	4	16	38	54	2	2	3	5	43	45	88
	Madagascar	19	4	11	15	210	351	561	20	0	3	3	0	112	112
	Mali	14	3	6	9	112	266	378	13	3	7	10	206	324	530
	Mauritania	3	0	4	4	0	33	33	3	0	4	4	0	53	53
	Malawi	13	1	8	9	20	262	282	15	2	7	9	84	375	459
	Mozambique	20	3	8	11	250	334	584	23	3	11	14	285	548	833
	Niger	14	2	5	7	100	120	220	15	2	6	8	92	260	352
	Nigeria	145	0	11	11	0	1,562	1,562	155	2	14	16	700	2,085	2,785
	Rwanda	9	3	6	9	175	92	267	10	6	5	11	318	153	471
	Sierra Leone	6	1	2	3	10	93	103	6	4	7	11	37	76	113
	Senegal	12	3	6	9	130	230	360	13	3	9	12	145	378	523
	Sao Tome and Principe	0.2	1	0	1	6	0	6	0.2	1	1	2	6	2	8
	Chad	10	0	2	2	0	25	25	11	0	3	3	0	72	72
	Togo	6	1	1	2	175	17	192	7	3	6	9	64	83	147
	Tanzania	39	3	14	17	540	1,142	1,682	42	3	15	18	635	1,333	1,968
	Uganda	30	3	7	10	460	511	971	33	2	9	11	150	980	1,130
	Zambia	12	1	6	7	10	168	178	13	2	5	7	50	265	315
	Congo, Democratic Repu	59	1	7	8	90	827	917	66	0	13	13	0	1,074	1,074
Subtotal			**50**	**206**	**256**	**4,008**	**11,979**	**15,988**		**67**	**243**	**310**	**4,296**	**17,328**	**21,624**

.

Table 1: IDA14-15 Commitments by Region and Country

Region	Country	2006 Population (million)	IDA14 Commitments: Number of Operations: DPOs	IDA14: Number of Operations: Investment	IDA14: Number of Operations: Total	IDA14: IDA Amount (US$ million): DPOs	IDA14: IDA Amount (US$ million): Investment	IDA14: IDA Amount (US$ million): Total	2009 Population (million)	IDA15 Commitments: Number of Operations: DPOs	IDA15: Number of Operations: Investment	IDA15: Number of Operations: Total	IDA15: IDA Amount (US$ million): DPOs	IDA15: IDA Amount (US$ million): Investment	IDA15: IDA Amount (US$ million): Total
East Asia and the Pacific	Indonesia	223	0	4	4	70	900	970	N/A	0	0	0	0	0	0
	Cambodia	14	1	7	8	15	146	161	15	1	4	5	5	88	93
	Kiribati	0.1	0	0	0	0	0	0	0.1	0	1	1	0	20	20
	Lao People's Democratic	6	3	7	10	28	62	90	6	3	9	12	50	144	194
	Mongolia	3	0	8	8	0	78	78	3	2	6	8	70	72	142
	Papua New Guinea	6	0	3	3	0	82	82	7	0	6	6	0	126	126
	Solomon Islands	0.5	0	2	2	0	5	5	0.5	0	3	3	0	13	13
	Tonga	0.1	0	0	0	0	0	0	0.1	1	2	3	5	10	15
	Timor-Leste	1	1	4	5	1	17	17	1	0	4	4	0	32	32
	Vietnam	84	4	21	25	475	2,197	2,672	87	6	19	25	1,125	2,734	3,858
	Samoa	0.2	0	1	1	0	11	11	0.2	1	1	2	20	13	33
Subtotal			**9**	**57**	**66**	**589**	**3,498**	**4,086**		**14**	**55**	**69**	**1,274**	**3,253**	**4,527**
South Asia	South Asia	N/A	0	0	0	0	0	0	N/A	0	3	3	0	140	140
	Afghanistan	31	2	17	19	160	642	802	30	1	13	14	35	622	657
	Bangladesh	144	7	11	18	1,135	459	1,594	162	1	22	23	130	3,934	4,064
	Bhutan	1	2	3	5	27	21	48	1	2	1	3	45	12	57
	India	1,110	0	14	14	290	3,298	3,588	1,155	0	20	20	0	5,606	5,606
	Sri Lanka	20	0	8	8	0	373	373	20	0	10	10	0	693	693
	Maldives	0	0	2	2	0	28	28	0	1	1	2	14	16	30
	Nepal	28	0	8	8	0	483	483	29	0	12	12	0	745	745
	Pakistan	159	7	10	17	1,170	1,269	2,439	170	3	15	18	800	2,401	3,201
Subtotal			**18**	**73**	**91**	**2,782**	**6,573**	**9,355**		**8**	**97**	**105**	**1,024**	**14,169**	**15,192**
Europe and Central Asia	Central Asia	N/A	0	0	0	0	0	0		0	1	1	0	21	21
	Albania	3	1	5	6	10	121	131	N/A	0	0	0	0	0	0
	Armenia	3	3	8	11	67	121	187	3	1	6	7	81	96	177
	Azerbaijan	8	0	8	8	0	229	229	9	0	1	1	0	226	226
	Bosnia and Herzegovina	4	0	6	6	0	115	115	4	0	2	2	66	40	106
	Georgia	4	4	6	10	83	84	167	4	1	1	2	165	72	237
	Kyrgyz Republic	5	0	9	9	0	105	105	5	0	12	12	0	207	207
	Moldova	4	2	7	9	20	96	116	4	1	6	7	25	136	161
	Montenegro	N/A	0	3	3	0	28	28	N/A	0	0	0	0	0	0
	Tajikistan	7	2	9	11	20	76	96	7	3	6	9	55	62	117
	Uzbekistan	27	0	2	2	0	83	83	28	0	6	6	0	355	355
	Kosovo	2	0	6	6	0	36	36	2	1	4	5	6	47	54
	Serbia	N/A	1	1	2	55	45	100	N/A	0	0	0	0	0	0
Subtotal			**13**	**70**	**83**	**254**	**1,137**	**1,392**		**7**	**45**	**52**	**399**	**1,261**	**1,659**
Middle East and North Africa	Djibouti	1	0	3	3	0	22	22	1	0	4	4	0	22	22
	Iraq	29	0	5	5	0	509	509	N/A	0	0	0	0	0	0
	Yemen, Republic of	22	1	9	10	51	269	320	24	1	13	14	70	417	487
Subtotal			**1**	**17**	**18**	**51**	**799**	**850**		**1**	**17**	**18**	**70**	**439**	**509**
Latin America and the Caribbean	OECS Countries	N/A	0	2	2	0	21	21	N/A	0	3	3	0	29	29
	Bolivia	9	0	9	9	0	147	147	9.9	0	3	3	0	190	190
	Dominica	0.1	0	1	1	0	1	1	0.1	0	0	0	0	0	0
	Grenada	0.1	0	2	2	0	5	5	0.1	0	2	2	4	5	8
	Guyana	1	1	1	2	10	11	21	0.8	0	2	2	0	14	14
	Honduras	7	0	9	9	0	230	230	7.5	1	5	6	85	131	216
	Haiti	9	1	10	11	23	130	153	10.0	2	13	15	43	197	239
	St. Lucia	0.2	0	1	1	0	5	5	0.2	0	2	2	8	18	26
	Nicaragua	5	1	7	8	25	153	178	5.7	1	7	8	20	155	175
	St. Vincent and the Gren	0.1	0	0	0	0	0	0	0.1	0	1	1	0	5	5
Subtotal			**3**	**42**	**45**	**58**	**705**	**763**		**4**	**38**	**42**	**159**	**743**	**902**
Total			**94**	**465**	**559**	**7,742**	**24,691**	**32,433**		**101**	**495**	**596**	**7,222**	**37,192**	**44,413**

Table 2: Sectoral Distribution of IDA14 and IDA15 Commitments

	IDA14		IDA15	
	US$ million	Share of Total	US$ million	Share of Total
Development Policy Operations				
Agriculture	549	7%	605	8%
Education	1,000	13%	489	7%
Energy & mining	728	9%	755	10%
Finance	372	5%	588	8%
Health & social serv	625	8%	797	11%
Industry and trade	638	8%	583	8%
Info & communication	63	1%	11	0%
Public admin, Law	3,510	45%	3,166	44%
Transportation	150	2%	126	2%
Water/sanit/fld prot	107	1%	101	1%
Total	**7,742**	**100%**	**7,222**	**100%**
Investment Operations				
Agriculture	2,202	9%	3,822	10%
Education	2,788	11%	4,298	12%
Energy & mining	2,763	11%	3,766	10%
Finance	849	3%	781	2%
Health & social serv	3,178	13%	5,506	15%
Industry and trade	984	4%	1,251	3%
Info & communication	168	1%	630	2%
Public admin, Law	4,862	20%	5,823	16%
Transportation	4,145	17%	7,082	19%
Water/sanit/fld prot	2,753	11%	4,234	11%
Total	**24,691**	**100%**	**37,192**	**100%**
Total Commitments				
Agriculture	2,751	8%	4,426	10%
Education	3,787	12%	4,787	11%
Energy & mining	3,491	11%	4,521	10%
Finance	1,221	4%	1,368	3%
Health & social serv	3,802	12%	6,302	14%
Industry and trade	1,622	5%	1,834	4%
Info & communication	230	1%	641	1%
Public admin, Law	8,372	26%	8,989	20%
Transportation	4,295	13%	7,208	16%
Water/sanit/fld prot	2,861	9%	4,336	10%
Total	**32,433**	**100%**	**44,413**	**100%**

Table 3: Sector Breakdown of IDA14 and IDA15 Commitments by Fiscal Year (US$ million)

	FY06	FY07	FY08	IDA14	FY09	FY10	FY11	IDA15	Change: IDA15 to IDA14
Agriculture, Fishing, and Forestry	977	794	980	2,751	1,871	1,214	1,341	4,426	61%
Social Sectors	**1,968**	**3,466**	**2,156**	**7,590**	**3,646**	**4,192**	**3,251**	**11,089**	**46%**
Education	941	1,601	1,246	3,787	1,647	2,083	1,057	4,787	26%
Health & social serv	1,026	1,866	910	3,802	1,999	2,110	2,193	6,302	66%
Infrastructure	**2,712**	**3,839**	**4,326**	**10,877**	**4,510**	**5,340**	**6,855**	**16,706**	**54%**
Energy & mining	955	1,117	1,420	3,491	2,108	1,249	1,164	4,521	30%
Info & communication	67	147	17	230	147	80	414	641	178%
Transportation	1,034	1,412	1,849	4,295	1,347	2,308	3,553	7,208	68%
Water/sanit/fld prot	656	1,164	1,041	2,861	909	1,703	1,724	4,336	52%
Industry	**3,790**	**3,652**	**3,773**	**11,215**	**3,567**	**3,803**	**4,822**	**12,192**	**9%**
Finance	281	476	464	1,221	395	790	183	1,368	12%
Industry and trade	751	437	433	1,622	545	357	933	1,834	13%
Public admin, Law	2,757	2,738	2,876	8,372	2,627	2,656	3,706	8,989	7%
Total	**9,446**	**11,752**	**11,235**	**32,433**	**13,595**	**14,550**	**16,269**	**44,413**	37%

Table 4. IDA14 and IDA15 Commitments by Theme (US$ million)

	FY06	FY07	FY08	IDA14	FY09	FY10	FY11	IDA15	% Change: IDA15 to IDA14
Economic management	92	106	234	432	433	344	150	927	115%
Envir & natural res	362	519	766	1,646	605	681	1,071	2,356	43%
Fin & pvt sector dev	1,718	1,556	1,658	4,932	2,119	2,144	2,417	6,681	35%
Human development	1,399	2,565	1,600	5,564	2,739	2,852	1,964	7,555	36%
Public sector govern	1,840	1,815	2,262	5,917	1,719	1,116	1,851	4,687	-21%
Rule of law	246	106	67	419	13	21	62	96	-77%
Rural development	1,333	1,722	1,654	4,710	3,184	2,603	3,020	8,807	87%
Social dev/gender	722	919	863	2,505	593	442	428	1,463	-42%
Social prot & risk	830	896	466	2,191	765	1,702	1,763	4,230	93%
Trade & integration	537	569	591	1,696	401	908	1,548	2,857	68%
Urban development	366	980	1,074	2,420	1,023	1,736	1,995	4,754	96%
Total	**9,446**	**11,752**	**11,235**	**32,433**	**13,595**	**14,550**	**16,269**	**44,413**	37%

Table 5. IDA Disbursements by Region and Lending Instrument (US$ million)

Region	Lending Instrument	FY06	FY07	FY08	IDA14	Share of Total	FY09	FY10	FY11	IDA15	Share of Total	% Change: IDA15 to IDA14
AFR		**4,003**	**3,852**	**4,848**	**12,703**	**48%**	**4,317**	**5,893**	**4,911**	**15,121**	**49%**	**19%**
	Development Policy Operations	1,252	963	1,755	3,970	31%	951	2,015	1,178	4,144	27%	
	Investment Operations	2,752	2,889	3,093	8,734	69%	3,351	3,851	3,730	10,932	72%	
	Other						16	27	3	45	0.3%	
EAP		**755**	**858**	**1,111**	**2,723**	**10%**	**1,254**	**1,613**	**1,238**	**4,105**	**13%**	**51%**
	Development Policy Operations	105	182	259	546	20%	147	620	372	1,139	28%	
	Investment Operations	650	676	852	2,178	80%	1,107	993	866	2,966	72%	
SAR		**3,218**	**3,047**	**2,379**	**8,644**	**32%**	**2,792**	**3,014**	**3,027**	**8,833**	**29%**	**2%**
	Development Policy Operations	884	1,135	671	2,691	31%	630	413	26	1,069	12%	
	Investment Operations	2,334	1,912	1,708	5,954	69%	2,163	2,601	3,001	7,765	88%	
ECA		**457**	**480**	**527**	**1,463**	**5%**	**492**	**538**	**585**	**1,615**	**5%**	**10%**
	Development Policy Operations	113	84	105	302	21%	90	154	180	424	26%	
	Investment Operations	344	395	422	1,161	79%	402	384	405	1,192	74%	
MNA		**216**	**194**	**137**	**546**	**3%**	**183**	**188**	**185**	**556**	**2%**	**2%**
	Development Policy Operations	0	0	0	0	0%	27	0	69	96	17%	
	Investment Operations	216	194	137	546	100%	156	188	116	460	83%	
LCR		261	158	159	**578**	**2%**	**180**	**215**	**322**	**716**	**2%**	**24%**
	Development Policy Operations	71	35	23	129	22%	28	26	118	172	24%	
	Investment Operations	190	123	136	449	78%	152	188	203	544	76%	
Total		**8,910**	**8,589**	**9,160**	**26,659**		**9,219**	**11,460**	**10,268**	**30,947**		**16%**
	Development Policy Operations	2,425	2,400	2,813	**7,638**	29%	1,872	3,228	1,944	**7,044**	23%	
	Investment Operations	6,485	6,189	6,347	**19,021**	71%	7,331	8,206	8,321	**23,858**	77%	
	Other						16	27	3	**45**	0.1%	

Table 6: IDA14-15 Disbursements by Sector (US$ million)

	FY06	FY07	FY08	IDA14	Share of Total	FY09	FY10	FY11	IDA15	Share of Total	Change: IDA15 to IDA14
Agriculture, Fishing, and Forestry	756	697	832	2,286	9%	1,038	1,062	917	3,017	10%	32%
Social Sectors	**2,827**	**2,699**	**2,117**	**7,643**	**29%**	**2,415**	**3,344**	**2,730**	**8,488**	**27%**	**11%**
Education	1,339	1,251	874	3,464	13%	1,177	1,667	1,289	4,133	13%	19%
Health & social serv	1,487	1,448	1,243	4,178	16%	1,238	1,677	1,441	4,355	14%	4%
Infrastructure	**2,231**	**2,466**	**2,755**	**7,452**	**28%**	**2,919**	**3,242**	**3,281**	**9,442**	**31%**	**27%**
Energy & mining	491	752	862	2,105	8%	1,005	1,177	1,138	3,321	11%	58%
Info & communication	85	46	45	175	1%	45	52	88	185	1%	6%
Transportation	1,048	1,043	1,120	3,210	12%	1,189	1,164	1,275	3,628	12%	13%
Water/sanit/fld prot	608	626	728	1,962	7%	680	848	780	2,308	7%	18%
Industry	**3,096**	**2,726**	**3,456**	**9,278**	**35%**	**2,846**	**3,813**	**3,340**	**9,999**	**32%**	**8%**
Finance	301	364	417	1,081	4%	495	671	432	1,598	5%	48%
Industry and trade	520	284	462	1,266	5%	284	406	568	1,258	4%	-1%
Public admin, Law	2,275	2,078	2,577	6,931	26%	2,067	2,735	2,341	7,144	23%	3%
Total	**8,910**	**8,589**	**9,160**	**26,659**	**100%**	**9,219**	**11,460**	**10,268**	**30,947**	**100%**	**16%**

Table 7: IDA14-15 Commitments by Lending Instrument (US$ million)

	Len Instr Type	FY06	FY07	FY08	IDA14	FY09	FY10	FY11	IDA15	% Change: IDA15 to IDA14
IDA No.	Dev Pol Lend	30	35	29	94	33	34	34	101	7%
	Investment	143	152	170	465	143	156	196	495	6%
	Total	**173**	**187**	**199**	**559**	**176**	**190**	**230**	**596**	7%
%	Dev Pol Lend	17%	19%	15%	17%	19%	18%	15%	17%	
	Investment	83%	81%	85%	83%	81%	82%	85%	83%	
	Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	
IDA Commit Amt	Dev Pol Lend	2,425	2,645	2,672	7,742	2,820	2,370	2,032	7,222	-7%
	Investment	7,022	9,107	8,563	24,691	10,775	12,180	14,237	37,192	51%
	Total	**9,446**	**11,752**	**11,235**	**32,433**	**13,595**	**14,550**	**16,269**	**44,413**	37%
%	Dev Pol Lend	26%	23%	24%	24%	21%	16%	12%	16%	
	Investment	74%	77%	76%	76%	79%	84%	88%	84%	
	Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	

Annex 5: Monitorable Actions Table

OBJECTIVES	RECOMMENDATIONS/ACTIONS	PRODUCT	TARGET DATE	ACTIONS TAKEN/REMARKS
STRENGTHENING TRANSPARENCY AND ACCOUNTABILITY				
IDA's Internal Controls	• Provide an update on progress in implementing the recommendations of the IDA Controls Assessment.	• Background note	IDA15 Mid-Term Review	Under Implementation: Management developed new controls to address the weaknesses in the areas of Investment Lending policies; Bank's risk management; fraud and corruption risk management; financial management and procurement controls; and IT in risk management and the AAA process, and has rolled out the majority of them. The Internal Audit Vice Presidency began testing the operating effectiveness of the new controls in FY12. For a detailed review of implementation of the Five Point Action Plan (FPAP) and results of completed follow-up audits, see IDA16 MTR paper "Results and Implementation Progress Report".
Disclosure of CPIA and CPR	• Continue to disclose the numerical CPIA and IDA Country Performance Ratings and their components on IDA's external website.	• CPIA Exercise	Annual, ongoing	Continued in IDA15 in FY09 through FY11.
	• Conduct a review of Post-Conflict Performance Indicators (PCPI) in preparation for public disclosure.	• PCPI exercise	IDA15 Mid-Term Review	Completed. The PCPI review by an external panel has been completed as agreed, and a separate status report was presented at the IDA15 MTR for Deputies' review.
Harmonization of PBA Systems	• Encourage other partners to align their resources with performance, and work with Regional Multilateral Banks toward greater harmonization of PBA systems.	• Consultations with Regional Multilateral Banks	Ongoing	Consultations with Regional Multilateral Banks have continued through the annual PBA workshops, with the latest one organized by the IDA and the Inter-America Development Bank in May 2012 in Washington D.C.
ALLOCATING RESOURCES ACCORDING TO THE PBA SYSTEM				
Allocating IDA	• Allocate IDA resources in accordance	• Allocation	Annual	The simplified PBA formula has been used to determine

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OBJECTIVES	RECOMMENDATIONS/ACTIONS	PRODUCT	TARGET DATE	ACTIONS TAKEN/REMARKS
Resources According to the PBA System	with PBA system. • Simplify the PBA formula by adopting an additive functional form. In addition, lower unwarranted volatility in portfolio performance ratings. • Increase base allocation from SDR1.1 million to SDR1.5 million per annum. • Increase the cap on per capita allocations from SDR13.2 to SDR19.8.	Exercise		country allocations for FY09-11: the base allocation was increased to SDR1.5 million per annum, and the per capita cap was increased to SDR19.8 beginning with the FY09 allocations.
	• Direct more than half of IDA's assistance to Africa, if warranted by performance, and support efforts of these countries to use these resources effectively.	• IDA Commitments, Disbursements, and Funding Report	End-Fiscal Year	IDA15 commitments to Sub-Saharan Africa amounted to approximately 50 percent over the IDA15 period.
Regional Projects	• Place a 20 percent across-the-board ceiling on country contributions to regional projects. • Prepare a report reviewing regional projects program, experience with scaling up regional projects, and adjustments to country contributions ceiling if necessary.	• A Report	IDA15 Mid-Term Review	The 20 percent ceiling has been invoked in 15 cases in IDA15 regional operations. Completed. Report prepared for IDA15 MTR discussions. A pilot regional grant program was created to enhance support to regional institutions in helping implement IDA regional projects, and the grant has been provided in four regional projects.
	• Make allocations and commitments available to IDA's Board of Executive Directors for information at the end of each fiscal year.	• Information Note	End-Fiscal year	During the IDA15 period, IDA management informed Executive Directors of annual country allocations and commitments at the end of each fiscal year. Accordingly, the country allocations for FY09-11 were disclosed to the Executive Directors in August 2009, September 2010, and December 2011, respectively.
	• Update study of links between aid allocation and results, including the experience with PBA and CPIA, and balance between needs and performance.	• A Report	IDA15 Mid-Term Review	An updated study has been completed as agreed, and a separate report was presented at the IDA15 MTR for Deputies' review (see IDA, 2009m).

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OBJECTIVES	RECOMMENDATIONS/ACTIONS	PRODUCT	TARGET DATE	ACTIONS TAKEN/REMARKS
	• Enhance cooperation among Regional Multilateral Banks (RMBs) to avoid overlap and to ensure that each institution’s programs are based on its comparative advantage.	• Multilateral Development Bank Working Groups	Ongoing	A paper entitled "Coherence, Coordination and Cooperation among Multilateral Organizations - 2009 Progress Report" was discussed by Executive Directors in May 2009. While collaboration among key RMBs (including AfDB, ADB, IDB, EBRD and the World Bank) has traditionally been strong, it received new impetus following the global response to the food, fuel and financial crises. Several high-level meetings took place, including the International Conference on Financing for Development to review the implementation of the Monterrey Consensus held in Doha in November and December 2008 as well as the most recent G20 Summit in Pittsburgh in September 2009 where the Heads of States articulated joint positions on many major development challenges and issued a statement pledging to further increase the efficiency and effectiveness of MDB assistance. In recent years RMBs have deepened their cooperation in many areas through establishment of several working groups on a wide range of cross-cutting issues (including aid effectiveness, fragile countries, safeguards, financial management, gender and managing for results). In many countries, there is a strong harmonization of operational policies including procurement, FM and auditing. Another important area of collaboration has been arrears clearance, where in FY08 a closely coordinated approach resulted in the clearance of arrears of Togo, Liberia, and Côte d'Ivoire. In the area of sustainable lending practices, there is ongoing collaborative work on a harmonized approach for the application of the Debt Sustainability Framework and in dealing with non-concessional borrowing. IFC is also playing a leading role in supporting RMBs to develop their own private sector financial operations, via the crisis response initiatives and through enhanced

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OBJECTIVES	RECOMMENDATIONS/ACTIONS	PRODUCT	TARGET DATE	ACTIONS TAKEN/REMARKS
				cooperation in investment and advisory work.
SPECIAL THEME I: IDA'S ROLE IN THE INTERNATIONAL AID ARCHITECTURE				
Complementa-rity with Vertical Approaches	• Integrate analysis of global programs and Trust Funds in the programming of Country Assistance Strategies and sector strategies.	• Country Assistance Strategies and Sector Strategies	Ongoing	A "Management Framework for World Bank-Administered Trust Funds (TFs)," endorsed by the Board on October 30, 2007, laid out Management's commitment to mainstream TFs into the Bank's operational and business processes. The Bank continues to implement the Trust Fund Management Framework (TFMF) along three pillars: strategic alignment; integration with Bank business processes; and cost recovery and efficiency. In addition, the reform framework has been expanded to include a fourth pillar focused on enhanced oversight by Senior Management and the Board. As outlined in the 2011 Trust Fund Annual Report, progress has been achieved along all four pillars of the TFMF, including enhanced strategic alignment of TFs with CASs and sector strategies. The Bank is also conducting joint portfolio reviews with key donors to identify ongoing opportunities for TF consolidation and is exploring the possibility of establishing Umbrella Facilities for multi-recipient TFs along sector or thematic priorities.
Appropriate Sectoral Funding	• Monitor sectoral composition of IDA's assistance, both on an aggregate and on a country-by-country basis.	• IDA Commitments, Disbursements, and Funding Report • Country Assistance Strategies	End-Fiscal Year Ongoing	Infrastructure accounted for 33 percent of IDA commitments in FY09, increasing to 37 percent in FY10 and 42 percent in FY11. The Social Sectors accounted for 27 percent in FY09 compared to 29 percent in FY10 and 20 percent in FY11. Country allocations are determined based on PBA system and resource usages are monitored country-by country basis.
Addressing	• Mainstream adaptive action in Country	• Country	Ongoing	Ongoing. The IDA15 MTR Progress Report on IDA

OBJECTIVES	RECOMMENDATIONS/ACTIONS	PRODUCT	TARGET DATE	ACTIONS TAKEN/REMARKS
Climate Change	Assistance Strategies. • Improve climate adaptation and climate risk management by piloting Climate Change Screening Tools.	Assistance Strategies • Test in 15-18 countries at greatest risk	Over the IDA15 period	and Climate Change (see IDA, 2009k) showed that IDA has continued to make good progress in a number of areas including mainstreaming adaptive actions, scaling up funding for climate actions, tapping into carbon finance, and improving donor coordination in climate actions. Further details are provided in the report.
	• Scale up climate change adaptation actions as well as financial support to climate change adaptation.	• End-FY/A Report	Annual/ IDA15Mid-Term Review	
	• Increase technology dissemination by tapping into carbon finance.	• Energy projects using cleaner technology	Ongoing	
	• Improve donor coordination on climate change actions, including better clarifying the role of IDA vis-à-vis GEF.	• A Report	IDA15 Mid-Term Review	
	• Report on progress on climate change actions.	• A Report	IDA15 Mid-Term Review	Completed. A progress report on IDA's climate actions during the first half of IDA15 has been completed, and was presented at the IDA15 MTR for Deputies' review (see IDA, 2009k).
Helping Ensure Debt Sustainability	• Continue to implement the IDA grant allocation framework using countries' risk of debt distress as primary grant eligibility criterion.	• Annual allocation exercise	Ongoing	Completed. IDA grant allocation framework has been implemented in the annual allocation exercises for FY09- FY11.
	• Conduct regular DSF-style DSAs for all active IDA-only borrowers. • Provide regular updates on progress to date in dealing with the Non-Concessional Borrowing Policy.	• Board papers	Ongoing 3rd quarter FY08	Ongoing for all active IDA-only borrowers. Completed. An update on the NCBP was sent to the Board for information in April 2010. A new NCBP update paper will be sent to the Board Q2 of FY13. The FY12 capacity Assessment Paper was sent to the Board in Q2 of FY12.

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OBJECTIVES	RECOMMENDATIONS/ACTIONS	PRODUCT	TARGET DATE	ACTIONS TAKEN/REMARKS
	• Develop a Medium-Term Debt Management Strategy (MTDS) toolkit and advisory services for IDA countries.	• Pilot TA in 4-6 countries and roll out thereafter	End-FY08	Completed. The MTDS toolkit was developed and circulated to country teams in 2009. It includes a guidance note on the process of designing and implementing a debt management strategy in a LIC context, a template for strategy documentation and a quantitative cost-risk analysis tool with an associated handbook. By October 2009, the toolkit had already been applied in eight countries. The MTDS analytical tool has been streamlined, and made user-friendly, keeping in view the requirements of the IDA country clients. To support advisory services to LICs regarding debt management, the Bank launched in November 2008 a multi-donor trust fund, the Debt Management Facility (DMF) for LICs. The DMF is supports the scaling up and accelerated implementation of the Bank's debt management work program in LICs.
Gender	• Provide a status report on the Gender Action Plan. Strengthen the tracking of progress on gender outcomes and work towards the collection and analysis of gender-disaggregated statistics at the country level.	• A Report	IDA15 Mid-Term Review	Completed. A paper reporting on the Gender Action Plan was prepared for the IDA15 MTR (see IDA, 2009l). The GAP has supported the strengthening of the Bank's gender monitoring system for tracking country level gender disaggregated statistics and outcomes in IDA countries. The GAP has provided support for statistical capacity building for IDA countries.
SPECIAL THEME II: ENHANCING COUNTRY-LEVEL EFFECTIVENESS				
	• Issue guidelines on PIUs requiring that their integration into government structures become the default option for IDA projects	• Guidelines on PIUs	FY09	Completed. The Bank has reviewed its current (2005) guidance to staff on PIUs and found it to be fully aligned with aid effectiveness commitments and intentions. It recommends the "use of existing institutional structures as the default mode, and use of 'enclave' PIUs as an exception." The stock of Bank parallel PIUs fell by 80 percent from 216 (2005) to 44

OBJECTIVES	RECOMMENDATIONS/ACTIONS	PRODUCT	TARGET DATE	ACTIONS TAKEN/REMARKS
				(2010). This reflects the Bank's efforts to integrate PIUs into county line ministries as part of its core focus on supporting country capacity development and improved public sector management, leveraging existing resources and strengthening country institutions.
	• Review IDA's performance with respect to predictability of disbursements, as well as the constraints to medium-term predictability of IDA disbursements, at the country level.	• A Report	IDA15 Mid-Term Review	Completed. The Bank reviewed its record with respect to predictability as part of the overall agenda on transparency, accountability and results and led the multi-stakeholder working and aid predictability study, "*Aid predictability – Synthesis of Findings and Good Practice (2011)*". This exercise highlighted the importance of using a measure of predictability that appropriately reflects donor and country performance based on the needs of recipient governments. The Bank's performance on aid predictability has been relatively good. The Bank's ongoing country dialogue and indicative lending program outlined in the CAS provides a predictable basis for short-and medium term programming. Disbursements on DPOs are fairly predictable: they tend to be well aligned with country budget cycles and are based on the government meeting agreed prior actions. Investment lending disbursements vary in predictability depending on a number of factors related to pace of project implementation including: speed of signing agreements and meeting effectiveness requirements; and, absorptive capacity of client.
	• Carry out – jointly with other interested donors – a survey of selected country programs and the total amounts of co-financing and of pooled and parallel financing they leverage through IDA's budgetary support and investment lending.	• Report of the survey	Accra High Level Forum, 2008	Completed. The Bank has carried out a survey of selected country programs to examine the financial leverage from co-financing. In the past 10 years, IDA has significantly broadened its financial collaboration with other donors, including co-financing, parallel financing of stand-alone projects, and emphasizing program-based financial collaboration.

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OBJECTIVES	RECOMMENDATIONS/ACTIONS	PRODUCT	TARGET DATE	ACTIONS TAKEN/REMARKS
	• Reporting by Regional Management to the Board periodically, on IDA's actions at the country level to assist in the preparation and implementation of country-led strategies or plans for harmonization and alignment.	• Regional Alignment and Harmonization reports	Ongoing	Ongoing. Regional Management reports regularly to the Board on progress on the Aid Effectiveness agenda.
	• Update good practice note on joint/collaborative CAS preparation.	• Good Practice Note	2008	Completed. The Bank has updated the "Good Practice Note on Bank Collaboration with Development Partners in Country Assistance Strategy Products. March, 2011". This Good Practice Note highlights appropriate ways to engage development partners in the CAS process, along with aid management, mapping of donor support and ensuring that Bank and other development partner support is demand-driven. The 2009 MOPAN report on the Bank found that CAS results framework is consistent with national development strategies and that, "client respondents perceive the World Bank to be strong in its support for funding proposals designed and developed by the national government or clients/partners." The Bank's 2009 CAS Retrospective found that, "the increased focus of CASs on results at the country level has contributed to strengthening the alignment of the Bank's services to country needs and conditions."[149]
	• Update good practice note on PSIAs.	• Good Practice Note	2008	Completed. The Bank has updated its good practice note on poverty and social impact analysis (PSIA). This good practice note, produced in August 2008, identifies important dimensions of such impact analysis, and provides examples that relate pragmatic solutions to real situations.[150]
	• Further review application of	• Development	FY09	Completed. The Bank has reviewed recent Bank

[149] *Country Assistance Strategies: Retrospective and Future Directions*, The World Bank, September 2009.
[150] Good Practice Note: Using Poverty and Social Impact Analysis to Support Development Policy Operations, August 2008

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OBJECTIVES	RECOMMENDATIONS/ACTIONS	PRODUCT	TARGET DATE	ACTIONS TAKEN/REMARKS
	conditionality.	Policy Operations Retrospective		experience with conditionality in development policy operations (DPO) in the "DPL Retrospective, October 2009", focusing on the effectiveness of Bank DPOs in supporting countries in the design and implementation of their medium-term development policy agendas. One of the main findings of the retrospective was that the Bank continues to prepare its DPOs in line with its good practice principles for the application of conditionality (reinforcing ownership, harmonization, customization, criticality, transparency and predictability).
	• Work with other lenders/donors on common (harmonized) legal requirements for MOUs in joint financing operations.	• Conferences, Analytical studies, MOUs	Ongoing	Completed. The Bank worked with select development partners on legal harmonization. This work identified commonalities and differences across institutions, stemming from different mandates, governance structures and policies (such as procurement). It concluded that it is difficult to have one unified legal agreement which would serve both grant-making bilateral organizations as well as loan-making multilateral institutions, and suggested that the potential costs of full legal harmonization would outweigh benefits. The Bank continues to support investment lending (IL) and DPOs in collaboration with other development partners using pragmatic approaches depending on country and donor circumstances, in many cases using arrangements and processes other than formal coordination documents (i.e., joint legal agreements and MoUs) which have more limited flexibility and utility.
	• Update progress on the Matrix of Actions for Harmonization and Alignment.	• A Report	IDA15 Mid-Term Review	Completed. Progress on the Matrix of Actions for Harmonization and Alignment has been completed and is contained in Annex 7 of this report. The Bank's strong performance has been demonstrated in the Paris Declaration monitoring survey (PD survey), the main tool for tracking progress globally in meeting PD commitments. The 2011 PD survey showed that the

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OBJECTIVES	RECOMMENDATIONS/ACTIONS	PRODUCT	TARGET DATE	ACTIONS TAKEN/REMARKS
				Bank's performance is better than the overall development partner average, demonstrates significant progress between 2005 and 2010, and the Bank has met or is close to meeting the majority of targets. Recognizing the importance of partnerships, both the Bank's Africa Regional Strategy and Strategy for Europe and Central Asia include partnerships as a main instrument for implementation.
	• Facilitate and support country efforts to incorporate non-traditional partners – vertical funds, non-DAC donors, and the private sector – in harmonization and alignment actions and undertake further analytic work on the changing aid architecture.	• Conferences, Memoranda of Understanding, Analytical studies	2008	Ongoing. The Bank continues to focus on supporting non-traditional partners in their role as donors, including through knowledge sharing, and supporting and facilitating learning from South-South partnerships; working with new donor countries and global programs to improve country alignment; and working with recipient countries to support engagement with non-traditional partners.
	• Enhance internal staff incentives and guidance on ownership, harmonization and alignment.	• Good Practice Note	FY09	Ongoing. The Bank's strong performance on aid effectiveness is a manifestation of a strong staff effort at the country and corporate levels. As the IEG report[151] (and other surveys) notes, staff already spend substantial time on aid coordination as an "integral part of the work" or "because it makes sense." An internal review of aid coordination in IDA countries[152] also finds that country office staff feel that Bank management encourages staff "to participate significantly in aid coordination" and that there are "incentives for them to incorporate coordination in their daily work". Other parts of the aid effectiveness agenda, notably results, transparency and accountability, have become cornerstones of the Bank's modernization agenda.

[151] *World Bank Progress in Harmonization and Alignment in Low-Income Countries*, Independent Evaluation Group, 2011.

[152] *Aid Coordination in IDA Countries: A Roadmap to More Effective Aid Coordination; National Aid Coordination Fora – What, Where, and Why?;* and *Aid Coordination in IDA Countries: Role of the World Bank*, The World Bank, April 2011.

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OBJECTIVES	RECOMMENDATIONS/ACTIONS	PRODUCT	TARGET DATE	ACTIONS TAKEN/REMARKS
	• Continue to implement and explore further options for decentralization. • Complete an analysis of different models of decentralization by types of clients and services, and develop an approach to better define cost effectiveness of decentralization in light of budget implications, with special attention to fragile countries. • The Africa region- increase the number of internationally recruited staff in the field by over 50 percent by end FY08 compared to FY06. • Africa Region - increase the percentage of projects and programs managed in the field by continuing to move towards a model where a majority of tasks are managed in the field with task managers located in one country and working on two to three. • Develop a draft World Bank Action Plan for aid effectiveness in preparation for the High Level Forum on Aid Effectiveness to be held in Accra.	• A Report Action Plan	IDA15 Mid-Term Review September 2008	Completed. As reported to the Executive Directors in June 2009, the Bank has met its commitments related to decentralization. For the Africa Region, the number of internationally recruited staff (IRS) based in the field increased between IDA14 and IDA15 periods by over 50 percent. In addition, the percentage of tasks (appraisal, supervision, and analytic and advisory work) that AFR has devolved to the field has increased from 17 percent (IDA14) to 32 percent (IDA15). IRS in FCCs have increased from 107 to 129. In addition to the Global Center for Conflict, Security and Development, new offices in the Solomon Islands, Tonga, and Samoa have been opened. The Bank is also exploring ways to develop the next generation approach to decentralization. The objective is to bring the Bank closer to clients and partners through greater field presence, while complementing existing services provided by WBG offices with more emphasis on global expertise and staff. Issues currently being examined include costs, numbers of technical staff, recruitment, and knowledge sharing across countries. The Bank is placing particular emphasis on: (i) increasing staff in and devolving tasks to country offices in FCCs and low-income countries; and (ii) creating better accessibility to staff with specialized knowledge and skills. Completed. The Bank has taken the messages from Accra and translated them into the Bank's Aid Effectiveness Action Plan (AEAP), reflecting the evolution of the agenda into one that focuses on Bank actions to strengthen partner countries' ownership, capacities, and structures across the full spectrum of Aid Effectiveness agenda issues; strengthen partnerships, especially by engaging actively with nontraditional partners; and continue the emphasis on results and transparency.

OBJECTIVES	RECOMMENDATIONS/ACTIONS	PRODUCT	TARGET DATE	ACTIONS TAKEN/REMARKS
	Country level outcomes: Tier 1 • Monitor and report on aggregate progress on 14 key country outcome indicators. • Review Tier 1 PSD indicators. • Review feasibility of developing a PEFA-based aggregate indicator to measure the quality of countries' public financial management.	• A Report	IDA15 Mid-Term Review	Completed. IDA15 MTR Results Management System Report provides progress on the 14 key country outcome indicators (see update in main report). Completed. Review of the Tier 1 PSD indicator was completed for IDA16 Replenishment. The indicator "Formal cost required for business start up" was dropped and a new indicator, "Trade Logistics Performance Index for IDA Countries" was introduced. Completed. Tier 1 indicator measuring the quality of the public financial management in IDA countries has been changed from "Public Financial Management (Number of HIPC Benchmarks Met)" to "Quality of Budgetary and Financial Management (CPIA question 13)."
	Country Level: Tier 2 • Enhance quality of CAS Results Frameworks by strengthening emphasis on results in the corporate review process. • Monitor self ratings in CASCRs and their independent validation by IEG.	• CAS review process • A Report	Ongoing IDA15 Mid Term review	Ongoing. Review of CAS Results Frameworks has been institutionalized as part of the corporate review process. The corporate review process has been strengthened with at least two corporate reviews held for each CAS before its presentation to the Board. The analyses provide recommendations for strengthening the CAS Results Frameworks. CASCRs are now regularly monitored for self ratings which are independently validated by IEG. In FY09-11 IEG reviewed 26 IDA/Blend CASCRs, of which 16 had self-evaluation ratings: thirteen were rated Satisfactory or Marginally Satisfactory, and three were rated Marginally Unsatisfactory. All 26 have IEG evaluations and ratings: 13 are rated Satisfactory or Marginally Satisfactory; and 13 are rated Marginally Unsatisfactory or Unsatisfactory.

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OBJECTIVES	RECOMMENDATIONS/ACTIONS	PRODUCT	TARGET DATE	ACTIONS TAKEN/REMARKS
	Quality at Entry: Tier 2 • Monitor and report percent of IDA projects with satisfactory quality at entry. • Monitor and report percent of operations whose outcome indicators in the PAD (for investment lending) and in the PD (for DPO) cover key aspects of the PDO.	• Quality At Entry Assessment • A Report	Annual IDA15 Mid-Term Review	Completed. The Quality Assessment of Lending Portfolio (QALP) replaced the previous series of Quality at Entry Assessments. The QALP reviewed a sample of operations at the mid-point of implementation on four criteria, one of which is quality of design. The QALP I assessment in 2009 shows that 69 percent of IDA operations had satisfactory quality of design, which increased to 81 percent by the time of the QALP II assessment in 2011. Completed. Management carried out a comprehensive review of 549 IDA investment lending operations that were approved between FY09 and FY11. On the quality of the key outcome indicators used in results frameworks, the review found that in 87 percent of the operations the outcome indicators captured all aspects of the PDO, and that in 99 percent of the operations, the outcome indicators captured at least one aspect of the PDO. Completed. According to the 2012 Development Policy Retrospective, approximately 75 percent of IDA financed DPOs, approved between FY09Q4 and FY12Q3, had satisfactory results frameworks measured by the standard that at least 70 percent of the prior actions had a results indicator in which: (i) there was a clear causal link between the prior action and the result; (ii) the result was distinct from the prior action; (iii) the result had a results indicator; and (iv) the results indicator was precise. .
	Quality of Supervision: Tier 2 • Monitor and report percent of ISRs with satisfactory outcome baseline data (i.e., baseline availability for either one outcome or one intermediate outcome	• Quality At Entry Assessment	Annual	For first ISRs filed in FY09-11, 86 percent of operations have some baseline data and about 61 percent of the ISRs filed over the three years have adequate baseline data for every PDO indicator. For operations approved during IDA15 (FY09-11) 90 percent of them had adequate baseline data for at least one PDO indicator in

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OBJECTIVES	RECOMMENDATIONS/ACTIONS	PRODUCT	TARGET DATE	ACTIONS TAKEN/REMARKS
	indicator). • Monitor and report percent of first ISRs submitted during the fiscal year with adequate baselines for key outcome indicators.			their first ISR. The review of the latest ISR for these operations found that 48 percent of operations approved during IDA15 had added PDO baseline data for at least one PDO indicator, bringing the total to 95 percent with adequate baselines.
	Quality at Exit: Tier 2 • *Monitor percent of IDA projects with satisfactory outcome ratings* • *Monitor percent of IDA projects with satisfactory Implementation Completion Reports quality.* • Monitor percent of IDA Implementation Completion Reports that report on key outputs and outcomes from the results framework. • Monitor progress on selected aggregate project outputs in four sectors: health, education, transport and water. • Develop a list of uniform/standardized output indicators for 4-5 sectors.	• IEG reviews of ICRs • A Report	Annual IDA15 Mid-Term Review	As reflected in Table 8, outcomes based on the fiscal year in which the projects exited steadily improved from 65 percent during IDA11 to 77 percent in IDA14, and are now at 69 percent for IDA15 based on partial data through July 2012. IEG has found that 90 percent of ICRs for IDA operations have had exemplary or satisfactory quality. IEG reviewed 97 IDA projects that exited in FY09. Based on IEG findings, 92 percent of those ICRs had exemplary or satisfactory quality. Out of the 95 IDA projects that exited in FY10, IEG found that 93 percent of those ICRs had exemplary or satisfactory quality. A review of the use of key outcome and output data in the FY09-FY11 IDA ICRs found: 76 percent of ICRs reported on data related to the achievement of the PDO, with partial data available in another 17 percent of the ICRs. Data was fully used in the assessment of the PDO in 59 percent of the ICRs, and partially used in another 34 percent. Output data were available in 76 percent of the ICRs. Ongoing. Progress on selected aggregate project outputs in four sectors: health, education, transport and water is being regularly monitored and an update is provided in the IDA15 Retrospective. Core Output Indicators have been developed for the health, education, transport (roads) and water sectors (see Annex 6). Use of the indicators in ISRs was launched on July, 1, 2009. The indicators are being applied to operations approved under IDA14 and

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OBJECTIVES	RECOMMENDATIONS/ACTIONS	PRODUCT	TARGET DATE	ACTIONS TAKEN/REMARKS
				IDA15.
	Analytical work • A summary assessment of previous analyses of the AAA, current issues, future directions, and implications for Tier 2 metrics.	• A Report	IDA15 Mid-Term Review	Completed. A review of ESW and TA delivered during the IDA15 replenishment period (FY09-11)[153] found that development objectives were rated fully or largely achieved for 63 percent of ESW activities and 70 percent of TA for IDA countries. DOs for more than three quarters of completed ESW activities was to inform government policies and programs. Institutional development and strengthening was a key objective of most of the completed TA activities. Results frameworks for ESW and TA were strengthened by incorporating systematic consideration of the success factors underlying high impact ESW and TA, namely: strategic relevance and ownership, timeliness, client engagement, in addition to technical quality. Better online systems and processes were also developed, and tested in June 2011, to facilitate increased management oversight, especially for quality assurance and to better focus on results. The results framework generates monitorable intermediate outcome indicators that will serve as the basis to develop Tier II indicators for the IDA RMS and the Corporate Scorecard. System improvements also support the Bank's Open Development agenda by ensuring that final ESW and TA outputs are disclosed, according to the Access to Information policy.
	Statistical Capacity Building • In each IDA CAS, require a more comprehensive discussion of weaknesses	• CAS/operational review process	Ongoing	CASs include discussions on country statistical systems. Guidelines have been prepared for addressing statistical

[153] The results monitoring of the Bank's ESW and TA are based on Activity Completion Summaries (ACS). The ACS is typically completed within six months of delivery-to-client date as long as all steps associated with finalizing the activity (e.g., incorporating clients' comments, dissemination, publication) are completed. ACS compliance ratios vary throughout the Bank.

OBJECTIVES	RECOMMENDATIONS/ACTIONS	PRODUCT	TARGET DATE	ACTIONS TAKEN/REMARKS
	in IDA country statistical systems and their use in decision making. Where relevant, follow up in DPOs, ILs, AAA, CASPRs, CASCRs, and ICRs.			issues in CASs. Guidance is also provided by internal Statistical Capacity Building Committee. Monitoring of implementation progress is done mainly through M&E in IDA operations and analytical work.
	• Explore the potential for expanding and re-designing the existing TFSCB to primarily provide a mechanism to finance and co-finance as well as to supervise investments in statistical capacity and implementation of NSDSs. • Jointly with donors and partners, intensify efforts to identify "lead donors" for work in selected priority countries and accelerate efforts to develop a sector-wide approach to building statistical capacity in these priority countries.	• A Report	IDA15 Mid-Term review	Completed. The small, fast disbursing TFSCB grants provided partner countries support for: i) developing strategies to improve their statistical systems, and ii) targeted support for priority improvements. The scope of TFSCB support is being expanded to help countries pursuing Open Data Initiatives to help improve transparency and accountability of participating governments. Instead of re-designing the TFSCB, a new Statistics for Results Facility Catalytic Fund (SRF-CF) was established on July 30, 2009. The SRF-CF complements the TFSCB by providing large-scale investment resources for the National Strategy for the Development of Statistics (NSDSs) implementation. Thus, the SRF emphasizes a system wide approach to strengthening the statistical systems, donor coordination and the identification of a lead donor in statistics. Initially, five pilot countries were selected for SRF/CF support. More recently, the number of pilot countries has been expanded to eight.
	• Develop web-based data standards system to help IDA countries track progress towards internationally accepted norms of data coverage, frequency, and timeliness.	• Web-based data standards system	IDA15 Mid-Term Review	Completed. The web-based data standards system has been developed and is on a "Bulletin Board" system, which allows countries to provide updated information using a web-based application.
	• Continue to improve staff and Management incentives for implementation of the results agenda by aligning performance to results.	• Consideration in reform of Strategic Performance Contracts	FY08	Ongoing. Management continues to refine corporate performance review and reporting. One of the key actions for improving the planning, budget and performance management process is the improvement of tools such as the Strategic Performance Contract. Management will consider incentives for implementing

OBJECTIVES	RECOMMENDATIONS/ACTIONS	PRODUCT	TARGET DATE	ACTIONS TAKEN/REMARKS
				the results agenda as part of any such reform.
SPECIAL THEME III: IDA'S ROLE IN FRAGILE COUNTRIES				
Operational Support and Financing Arrangements	• Continue to strengthen IDA's support to fragile countries, with key objectives of supporting state building and peace building activities.	• PRSP, ISN/CAS, ESW, individual operations	Ongoing	Completed. 30 out of 68 CASs/ISNs that went to Board from FY08 through FY11 were for FCCs. In FY08, IDA assistance resumed for 2 new post-conflict countries (Côte d'Ivoire and Liberia) and one re-engaging country (Togo). These involved preparation of CASs, ESW, ISN, PRSs and lending/grant operations.
	• Assess implementation experience with lengthened phase-out for post-conflict and re-engagement allocations.	• A Report	IDA15 Mid-Term Review	Completed. A review of the implementation experience has been completed as agreed, and a separate status report was presented at the IDA15 MTR for Deputies' review (see "IDA's Exceptional Allocation: A Review of the Implementation Experience with Lengthened Phase Out," October 2009).
	• Develop indicators to measure progress in state building and peace building activities.	• Guidance note	December 31, 2008	Completed. The PCPIs were thoroughly revised during IDA15. A new PCPI process was also implemented in FY11 and process/scores publicly disclosed starting FY12. This workstream has been folded into International Dialogue with g7+ and development of global Peace-building and State-building Indicators as part of the New Deal commitments coming out of Busan (Nov 2011).
	• Prepare a multi-donor results framework tool to assist authorities in post-conflict and political transition situations. • Strengthen partnership with the UN, other donors and regional institutions.	• Joint World Bank-UN guidance note	June 30, 2008	Completed. UNDG/WB guidance was issued December 2008 (see "Guidance and Good Practice Note on Transitional Results Frameworks and Matrices"). Completed. UN/WB Fiduciary Principles Accords: October 2008; Multilateral Development Bank

OBJECTIVES	RECOMMENDATIONS/ACTIONS	PRODUCT	TARGET DATE	ACTIONS TAKEN/REMARKS
	• Continue working with the UN, EC and other bilateral donors at the OECD-DAC to revise the guidance for integrated post-conflict recovery planning.			statements October 2007; EC/UNDG/WB joint declaration September 2008, Establishment of UN-World Bank Partnership Trust Fund 2010 – supports staff exchange and grant program for joint UN-WB projects in four pilot countries. Bank participated in OECD-DAC International Network on Conflict and Fragility (INCAF), co-chaired INCAF task force on financing and aid architecture – served as basis for International Dialogue and engagement in Dili (2010) and Monrovia (2011) leading to Busan (2012). Completed. Joint guidance note issued in September 2007 (see “Joint Guidance Note on Integrated Recovery Planning using Post Conflict Needs Assessments and Transitional Results Frameworks”) , joint declaration on post-crisis assessments and recovery planning September 2008 – applied in Georgia, Zimbabwe and Pakistan.
	• Report on progress on human resources reforms, cooperation with the UN and other actors, implementation of DAC Principles and the adaptation of country assistance strategies to fragile and conflict-affected environments.	• A Report	IDA15 Mid-Term Review	Completed. A report was prepared for the IDA15 MTR (see “IDA’s Support to Fragile and Conflict-Affected Countries: Progress Report 2007-2009,” International Development Association, Operations Policy and Country Services, November 2009).
	• Lengthen the duration of exceptional assistance to post-conflict countries from 7 to 10 years by doubling the phase-out period from 3 to 6 years. Calibrate exceptional assistance during the phase-out period on a case-by case basis based on country performance as measured by the Post-Conflict Performance Indicators (PCPIs). • Link the share of post-conflict allocations in overall allocations to changes in the overall replenishment	• PCPI and Allocation exercise	Annual	Completed. The lengthened phase out is under implementation from the beginning of IDA15 (FY09). Exceptional assistance during the phase-out period was calibrated based on country performance as measured by the PCPIs. Completed. The share of post-conflict allocations have been linked to the overall replenishment size of IDA15, i.e., the resource envelope for post-conflict and re-engaging countries has been increased by the same amount as the increase in IDA15 country allocable resources (21 percent).

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OBJECTIVES	RECOMMENDATIONS/ACTIONS	PRODUCT	TARGET DATE	ACTIONS TAKEN/REMARKS
	size. • Graduate some post-conflict countries from receiving exceptional allocations earlier than 10 years if warranted by country circumstances. • Retain additional flexibility in deciding post-conflict allocations in the first year as agreed during the IDA13 replenishment discussions. • Lengthen the duration of exceptional allocations to countries re-engaging with IDA after a prolonged period of inactivity from 3 to 5 years, including three years of phase-out to PBA allocations. Calibrate exceptional assistance based on performance. Provide resources that would be around half of what would be provided under the post-conflict allocation system. • Implement systematic approach for arrears clearance for eligible countries.			Flexibility has been retained, but no country has warranted graduation from the post-conflict allocations during the IDA15 period. Congo Republic and Eritrea graduated from exceptional post-conflict allocations at the end of the IDA15 period. Flexibility has been retained, but no new country qualified for exceptional post-conflict allocations during the IDA15 period. Completed. The duration of exceptional allocations to re-engaging countries has increased from 3 to 5 years with the start of IDA15 (FY09). Exceptional assistance during the phase-out period was calibrated based on country performance and the allocated resources were around half the amount provided under the framework for exceptional allocations to post-conflict countries. No new cases warranted the application of the systematic approach for arrears clearance during the IDA15 period. In recognition of its usefulness, this approach has been confirmed in IDA16 and will likely play a crucial role if and when the remaining eligible countries make credible progress towards re-engagement

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Annex 6: List of Core Sector Indicators

EDUCATION
1. Primary completion rate (PCR) (MDG2) (Tier 1)
2. Gender parity index (GPI) (MDG3) (Tier 1)
3. Number of additional qualified primary teachers resulting from project interventions (Tier 2)
4. Number of additional classrooms built or rehabilitated at the primary level resulting from project interventions (Tier 2)
5. System for learning assessment at the primary level (rating scale)

HEALTH
1. People with access to a basic package of health, nutrition, or reproductive health services (number)
2. Health personnel receiving training (number)
3. Health facilities constructed, renovated, and/or equipped (number)
4. Children immunized (number)
5. Pregnant women receiving antenatal care during a visit to a health provider (number)
6. Births (deliveries) attended by skilled health personnel (number)
7. Pregnant/lactating women, adolescent girls and/or children under age five reached by basic nutrition services (number)
8. Long-lasting insecticide-treated malaria bed nets purchased and/or distributed (number)
9. Total number of condoms purchased and/or distributed (number)
10. People receiving tuberculosis treatment in accordance to the WHO-recommended "Directly Observed Treatment Strategy" (DOTS) (number)

ROADS AND HIGHWAYS
1. Roads constructed (km)
(i) Rural
(ii) Non-rural
2. Roads rehabilitated (km)
(i) Rural
(ii) Non-rural
3. Roads in good and fair condition as a share of total classified roads (percentage)
(i) Size of the total classified network
4. Share of rural population with access to an all-season road (proportion)
(i) Number of people with access to an all-season road
5. Average time from ship readiness to unload to final destination for an imported container, on the corridor(s) targeted by the project (days)
(i) Freight volume measured in TEU in targeted corridor

WATER SUPPLY
1. People provided with access to "Improved Water Sources" under the project (number)
2. Improved community water points constructed or rehabilitated under the project (number)
3. New piped household water connections that are resulting from the project intervention (number)
4. Piped household water connections affected by rehabilitation works undertaken under the project (number)
5. Water utilities that the project is supporting (number)
6. Other water service providers that the project is supporting (number)

Annex 7: Supplementary Tables

Table 1: Outcome Ratings of Closed Operations for Fragile and Conflict-affected Countries

	Exit Fiscal Years		Approval Fiscal Years	
IDA Period	Moderately Satisfactory or Better Outcomes at Exit		Moderately Satisfactory or Better Outcomes at Exit	
	(# of operations basis)	(Commitments basis)	(# of operations basis)	(Commitment basis)
IDA11	56%	58%	63%	61%
IDA12	68%	71%	68%	63%
IDA13	65%	60%	68%	77%
IDA14	68%	79%	71%	90%
IDA15	70%	81%	91%	97%

Source: IEG Data in Business Warehouse, July 2, 2012.

Table 2: IDA15 Outcome Ratings Across Sectors

	Exit Fiscal Years	
IDA15 Period	Moderately Satisfactory or Better Outcomes at Exit	
	(# of operations basis)	(commitments basis)
Agriculture and rural development	70%	67%
Economic policy	80%	70%
Financial and private sector development	59%	82%
Public sector governance	61%	69%
Energy and mining	57%	58%
Transport	83%	91%
Urban development	90%	98%
Water	58%	83%
Education	73%	86%
Health, Nutrition and Population	64%	57%
Social protection	70%	83%
Social Development	67%	54%

Source: IEG Data in Business Warehouse, July 2, 2012.

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Table 3: IDA15 Outcome Ratings by Regions

	Exit Fiscal Years	
IDA15 Period	Moderately Satisfactory or Better Outcomes at Exit	
	(# of operations basis)	(commitments basis)
Sub-Saharan Africa	64%	75%
East Asia and Pacific	89%	92%
Europe and Central Asia	77%	86%
Latin America and Caribbean	66%	61%
Middle East and North Africa	50%	36%
South Asia	73%	75%

Source: IEG Data in Business Warehouse, July 2, 2012.

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Annex 8: IDA Performance in the Aid Effectiveness (AE) Agenda

IDA delivered on all of the IDA15 Replenishment commitments on aid effectiveness (AE) and made significant progress at the corporate and country levels, playing a key role in helping shape the international aid effectiveness agenda. IDA has been a key player in the Second High Level Forum on Aid Effectiveness (Paris, 2005), which focused on harmonization and alignment and produced the Paris Declaration (PD); the Third High Level Forum (Accra, 2008), which endorsed the Accra Agenda for Action (AAA), focused on strengthening country ownership; and the 4th High Level Forum (HLF-4) on Aid Effectiveness (Busan, 2011), which emphasized an inclusive partnership in development cooperation. Furthermore, the Bank has made significant progress in mainstreaming the aid effectiveness agenda internally and in countries.

In the 2011 Paris Declaration monitoring survey, which tracks progress globally in Aid Effectiveness targets, the Bank/IDA performed better than the overall development partner average. The Bank has made progress between 2005 and 2010. It has met or is close to meeting most targets (Table 1).

Table 1: World Bank Performance on the Paris Declaration Survey

Paris Declaration Survey Indicators (Development Partner Performance)	All Development Partner Results			World Bank Results			
	Target	2010[a/]	Meeting PD Target?	Target	2010[a/]	Meeting PD Target?	Progress since 2005?
Indicator 3. Aid flows are aligned with national priorities (aid on budget)	85%	41%	🔴	85%	74%	🟡	↑
Indicator 4. Strengthen capacity by coordinated support (technical assistance)	50%	57%	🟢	50%	73%	🟢	↑
Indicator 5a. Use of country PFM systems	55%	48%	🟡	51%	69%	🟢	↑
Indicator 5b. Use of country procurement systems	n/a	44%	n/a	50%[b/]	54%	🟢	↑
Indicator 6. Strengthen capacity by avoiding parallel project implementation units (PIUs)	-67%	-32%	🔴	-67%	-80%	🟢	↑
Indicator 7. Aid is more predictable	71%	43%	🔴	83%	61%	🔴	↓
Indicator 8. Aid is untied	89%	86%	🟡	100%	100%	🟢	→
Indicator 9. Use of common arrangements or procedures (program based approach)	66%	45%	🔴	66%	59%	🟡	↑
Indicator 10a. Joint missions to the field	40%	19%	🔴	40%	29%	🟡	↑
Indicator 10b. Joint country analytic work	66%	43%	🔴	66%	59%	🟡	↑

Note: Data includes both IDA and IBRD countries. Among 76 countries in Bank data, 56 (or 74 percent) are IDA countries. Indicator 1 "Operational National Strategies" and Indicator 2 "Reliable Public Financial Systems" are not included in the table since they measure partner country performance.

🟢 Denotes the target is achieved; 🟡 denotes the target is nearly achieved (gap is about 10%); 🔴 denotes the target is not achieved. [a] Indicators 3, 5a, 5b, 6, and 7 are calculated for the 30 countries that participated in the 2006 baseline survey and the 2011 survey. [b] The 2008 Accra Agenda for Action target of 50% is applied.

Leveraging IDA. In 2008, the Bank surveyed selected countries and found that in the past 10 years, IDA has significantly broadened its financial collaboration with other donors, from co-financing and parallel financing of stand-alone projects to program-based collaboration with large contributions from donors. [154] This partnering has helped bring coherence to policy dialogue across a large group of stakeholders in support of country development priorities.

Harmonizing Approaches. The Bank performed better than the overall development partner average on three harmonization-related PD indicators—performance-based approaches (PBAs), joint missions to the field, and joint country analytic work—although it fell short of the targets. The Bank's share of coordinated technical assistance accounted for 73 percent of total technical assistance, exceeding the PD target of 50 percent and the overall development partner result of 57 percent.[155] At the country level, a recent survey on aid coordination showed that the Bank is involved in country-level aid coordination and it supports the development of government capacity to manage and coordinate aid.[156] On harmonized approaches to MOUs in co-financed operations, the Bank continued its work with select development partners on legal harmonization. This work identified commonalities and differences across institutions, stemming from different mandates, governance structures and policies (such as procurement). It concluded that it is difficult to have one unified legal agreement that would serve both grant-making bilateral organizations as well as loan-making multilateral institutions, and suggested that the potential costs of full legal harmonization would outweigh benefits. The Bank continues to support investment lending and DPOs in collaboration with other development partners using pragmatic approaches depending on country and donor circumstances, in many cases using arrangements and processes other than formal coordination documents (i.e., joint legal agreements and MoUs) which have more limited flexibility and utility.

Partnering with Wider Stakeholder Groups. A Bank report on aid architecture for HLF3 and updated in November 2011 for the HLF4 point to the increasing diversity of providers of development aid—such as global funds and programs, foundations, the private sector, and MICs.[157] These players have a variety of approaches which include technology transfers, investment, trade, aid, and South-South knowledge exchanges. The Bank, with its representative governance structure and experience in working with different partners, serves as a global knowledge connector and repository of good practice and provides innovative financing options for development. The Bank has continued to build a strong track record of partnership at global, regional, and country levels. Indeed, the Regional Strategies for Sub-Saharan Africa and Europe and Central Asia include partnerships as a main instrument for implementation.

Delivering and Accounting for Development Results. Defining and delivering results has become a major goal for developing country governments, donors and multilateral institutions. The international community also recognizes that transparency—of aid flows, budgets, and results information—is important for accountability. The Bank is a leader on the results and transparency agendas, and continues to pioneer new frontiers to increase its accountability to its shareholders and other external stakeholders.

Predictability. During and after the High Level Forum in Accra, partner countries identified aid predictability as one of their top priorities for improved aid management. IDA Deputies requested the Bank to review predictability of IDA disbursements. The Bank led a multi-stakeholder working group and aid predictability study in preparation for Busan.[158] This included a review of the Bank's own aid predictability. The Bank's ongoing country dialogue and the indicative lending programs outlined in CASs (determined by IDA's performance-based allocation system) provide a strong foundation for partner countries' short- and medium-

[154] IDA's Financial Collaboration with Other Development Partners at the Country Level, August 2008, World Bank.
[155] According to Bank PD survey data, the value of the Bank's total capacity development reached US$1.5 billion in 2010, accounting for 10 percent of total assistance; the share differs significantly across Bank Regions and country classifications.
[156] *Aid Coordination in IDA Countries: A Roadmap to More Effective Aid Coordination; National Aid Coordination Fora – What, Where, and Why?;* and *Aid Coordination in IDA Countries: Role of the World Bank,* The World Bank, April 2011.
[157] Adugna et. al.
[158] Aid Predictability – Synthesis of Findings and Good Practices.

term programming.[159] Investment projects have firm commitments for their total cost and project component. However, they are implemented over a number of years and predictability of disbursement is influenced by a number of factors: the pace of project execution, contracting capacity in the recipient's implementing agency, noncompliance with terms of financing arrangements, the recipient country's absorptive capacity, and delays in signing of project legal agreements and requirements for effectiveness. DPO disbursements tend to be more predictable as they are typically aligned with the government's budget cycle and disbursements are based on the government meeting agreed prior actions, although disbursements timing depends on implementation of agreed prior actions.[160] While the Bank has not met the target on aid predictability under the PD Survey, a recent evaluation by IEG noted that the predictability of the Bank's DPOs has improved over time in IDA countries.[161]

Poverty and Social Impact Analysis. The Bank updated the good practice note on PSIAs, produced in August 2008. The note identifies important dimensions of such impact analysis, and provides examples that relate pragmatic solutions to real situations.[162] The Bank has also updated the good practice note for the IDA15 period as requested by the IDA Deputies.

Shaping the Aid Effectiveness Agenda and Supporting Implementation. The Bank has paid significant attention to mainstreaming aid effectiveness principles and practices internally. The Bank implemented an action plan to identify and disseminate good practices through a newly developed aid effectiveness website which also kept staff informed on the developing aid effectiveness agenda at the global level. The Board was kept informed through annual regional updates as well as through CODE in the lead up to Busan, to seek guidance from shareholders. The Bank's global, institutional and country level experiences in implementing AE principles were presented at the Aid Effectiveness Showcase in October 2011. Bank performance has been monitored through the Bank's participation in global mechanisms (e.g., the PD survey) and also various forms of internal reporting. A flagship report – *The World Bank and Aid Effectiveness* – was prepared to review the Bank's performance against its key commitments under the PD and AAA, as well as other effectiveness issues which are not well captured by the PD and AAA.[163] The IDA16 RMS has incorporated five aid effectiveness indicators.[164]

Staff Incentives. Bank senior management has emphasized the importance of aid coordination and staff has stepped up efforts at corporate and country levels. As the IEG report[165] notes, staff already spend substantial time on aid coordination as an "integral part of the work" or "because it makes sense." An internal review of aid coordination in IDA countries[166] also finds that country office staff feel that Bank management "[encourages] staff to participate significantly in aid coordination" and that there are "incentives for them to incorporate coordination in their daily work". Other parts of the aid effectiveness agenda, notably results, transparency and accountability, are cornerstones of the Bank's modernization agenda.

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159 For IBRD-eligible countries, the determination of financing envelopes is based on other factors (e.g., creditworthiness, exposure risks).

160 *Aid Predictability – Donor Profiles*, Appendix, p. 53 Carter and Lister, Mokoro Ltd., June 2011.

161 *Poverty Reduction Support Credit: An Evaluation of World Bank Support*, Independent Evaluation Group, October 2009.

162 Good Practice Note: Using Poverty and Social Impact Analysis to Support Development Policy Operations, August 2008.

163 The World Bank and Aid Effectiveness: Performance to Date and Agenda Ahead, World Bank, November 2011.

164 These include (i) use of country PFM system, (ii) use of country procurement systems; (iii) use of country M&E systems; (iv) aid predictability; and (v) coordinated AAA.

165 *World Bank Progress in Harmonization and Alignment in Low-Income Countries,* Independent Evaluation Group, 2011.

166 *Aid Coordination in IDA Countries: A Roadmap to More Effective Aid Coordination; National Aid Coordination Fora – What, Where, and Why?;* and *Aid Coordination in IDA Countries: Role of the World Bank,* The World Bank, April 2011.

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