IDA RESULTS MEASUREMENT SYSTEM: PROGRESS AND PROPOSALS

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ACRONYMS

CAS	Country Assistance Strategy
CASCR	Country Assistance Strategy Completion Report
CFAA	Country Financial Accountability Assessment
CODE	Committee on Development Effectiveness
CPAR	Country Procurement Assessment Report
DECDG	Development Economics Data Group
ESW	Economic and Sector Work
FY	Fiscal Year
GDP	Gross Domestic Product
ICA	Investment Climate Assessments
ICR	Implementation Completion Report
IDA	International Development Association
IMF	International Monetary Fund
JSA	Joint Staff Assessments
M&E	Monitoring and Evaluation
MDB	Multilateral Development Bank
MDG	Millennium Development Goal
OECD-DAC	Organization for Economic Co-operation and Development-Development Assistance Committee
OED	Operations Evaluation Department
OPCS	Operations Policy and Country Services
PA	Poverty Assessment
PARIS21	Partnership in Statistics for the 21st Century
PER	Public Expenditure Review
PRSP	Poverty Reduction Strategy Paper
QAG	Quality Assurance Group
STATCAP	Statistical Capacity Program

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EXECUTIVE SUMMARY AND ISSUES FOR DISCUSSION

1. The introduction of a framework for measuring results was an innovation of the IDA13 replenishment discussions. It was embodied in the creation of an interim system to monitor results during the IDA13 period as well as in the request by Deputies to develop a more robust system to measure results in IDA14 and beyond. Since then, work has been under way to design an enhanced system that measures development results at the level of country outcomes, and that better assesses the contribution of IDA programming to these results. On November 4, 2002, a technical meeting was held for IDA Deputies and their representatives to discuss initial ideas for the architecture of this enhanced system. This paper is a follow-up to that meeting, and reports on progress in the implementation of the interim system and the design of the enhanced system.

2. ***Conceptual Framework for Enhanced Results Orientation***. The work on the IDA results measurement system is anchored in the World Bank's broader effort to enhance its results orientation. This effort was launched last year as part of the follow-up to Monterrey, drawing on the international Roundtable on Better Measuring, Monitoring, and Managing for Development Results that the multilateral development banks (MDBs) cosponsored on June 5-6, 2002, in cooperation with the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD-DAC).[1] The Bank's approach, which the Development Committee endorsed in September 2002,[2] brings together three strands of the development dialogue of recent years: country-led development, results-based management, and development effectiveness. The Board's Committee on Development Effectiveness (CODE) discussed the Implementation Action Plan for Results on December 18, 2002,[3] endorsing the overall approach and the focus on country ownership and capacity, Bank/IDA strategy and instruments, results reporting and incentives, and a global partnership for better results.

3. ***IDA and the Results Agenda.*** The proposal to enhance the IDA results measurement system builds on two key elements of this results agenda. First is the increasing focus on country outcomes and the associated measurement and monitoring that must occur at the country level through national statistical systems. The second is the introduction of a results-based Country Assistance Strategy (CAS) as the Bank's business plan for contributing to selected outcomes at the country level. For IDA-eligible countries, this takes place within the PRSP context, facilitating alignment of the CAS with country priorities. Measuring and monitoring country outcomes remain a difficult challenge, however, especially in view of country capacity constraints and the need to ensure country ownership. Care is being taken to ensure that the proposed monitoring of country outcomes is both an integral part of the PRSP process, and consistent with the UN's monitoring of the Millennium Development Goals (MDGs). Care also

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1 See *Policies for Achieving the MDGs and Related Development Outcomes: Proposals for Monitoring*, Development Committee discussion draft, February 11, 2003.

2 See *Better Measuring, Monitoring, and Managing for Development Results* (DC2002-0019), September 18, 2002; and Development Committee Communiqué, Washington D.C., September 28, 2002.

3 See *Better Measuring, Monitoring, and Managing for Development Results: Implementation Action Plan* (CODE2002-0086), December 18, 2002.

is being taken to ensure consistency of the IDA results measurement system with the proposals that Bank and Fund staff are preparing for the Development Committee's consideration with respect to the global monitoring of the policies and actions of developing and developed countries for achieving the MDGs. Indeed, the IDA results measurement system coupled with IDA's longstanding performance-based allocation system is fully consistent with the new partnership for development that emerged from Monterrey that links improved policies and institutions in developing countries with enhanced trade and aid measures in developed countries.

4. ***Interim System Update***. As Management defined the results agenda and an initial action plan, the IDA Deputies requested a results measurement system that could be put in place immediately for the IDA13 period. This interim system tracks results on two levels. First, at the country level, key indicators capture progress in achieving desired development goals in education (primary school completion), health (measles immunization), and private sector development (time and cost of business start-up). Second, at the agency level, input indicators capture the performance of the Bank in terms of selected analytical work that underpins IDA's dialogue with governments. Work is on track for meeting the agreed input targets by early May 2003. In April 2004, IDA Deputies will assess progress against the second set of input targets and against the country outcome targets. No major unforeseen obstacles have arisen to meeting the outcome targets, although special efforts have been needed with respect to data collection and reporting in order to adequately assess progress.

5. ***Enhanced System for Monitoring Country Outcomes***. IDA Deputies asked for enhancements to the interim system to strengthen coverage of country outcomes and the linkage to Poverty Reduction Strategy Paper (PRSP). This paper proposes a phased approach to an enhanced system, in which an expanded set of country outcome indicators is identified and tracked for the final year of IDA13 monitoring. In Spring 2004, Deputies will begin to discuss proposed aggregate targets for the IDA14 period for a subset of these indicators. The guiding principle in proposing outcome indicators is coherence: ensuring consistency with PRSP priorities, the MDG indicators and other international monitoring efforts. Given the diversity of indicators in existing PRSPs, the proposal draws on a common thread of indicators found in many PRSPs, which IDA countries will be encouraged to incorporate in future PRSP reporting along with other country-specific indicators. The proposed 15 indicators-11 of which are MDG indicators-cover areas that are priorities in most PRSPs: income poverty, malnutrition, maternal and child health, HIV/AIDS, basic education, gender, water supply and sanitation, economic growth and private sector development. They benefit from relatively better data availability and reliability than alternative indicators. Nonetheless, serious data gaps remain that make it difficult to monitor progress within countries on a three-year PRSP cycle or establish meaningful aggregate targets over a three-year IDA replenishment cycle. In the coming year, developing countries and their partners should be encouraged to adopt a core set of outcome indicators for international results reporting that can complement other, country-specific PRSP indicators. This core set should be of limited number—perhaps less than 15—and most relevant to desired outcomes. Once agreed, an intensified effort will be needed to identify reporting gaps, enhance the efficiency of reporting systems and, in particular, scale up statistical capacity building in the medium-term. Ultimately, the ability of countries to monitor and manage their poverty reduction strategies depends on this.

6. ***Enhanced System for Monitoring IDA Contributions to Country Outcomes***. The interim system measures IDA's contribution to country development solely in terms of its inputs of key economic and sector work (ESW). The enhanced system would focus on IDA's contribution to country outcomes, measured in terms of CAS and project outcome ratings, as well as the quality of IDA lending operations and analytic services. The specific proposal calls for monitoring five indicators, two of which derive from introduction of a results-based CAS. It is proposed that during the IDA14 period, IDA monitor the adoption of results-based CASs, the prerequisite for future CAS outcome ratings. Beginning in FY06, it will be possible to monitor CAS outcomes ratings, which will represent a comprehensive assessment of IDA's contribution to country results. In the interim, and as a complement to the focus on outcomes at the CAS level, it is proposed to monitor outcomes at the project level, as well as the quality of IDA operations and analytic work, as leading indicators of future outcomes. Data for monitoring these indicators will be managed within the Bank by Operations Policy and Country Services (OPCS), drawing on existing databases from the Operations Evaluation Department (OED) and Quality Assurance Group (QAG).

7. ***Issues for Discussion***. This paper will serve as the basis for further discussion and consultations with IDA donors and borrowers in the next few months. Executive Directors will be kept informed of progress in defining and implementing the enhanced IDA results measurement system in the coming year. An initial technical briefing of the Executive Directors will take place in late February. Feedback from these consultations will help shape the final proposal that will be presented to Deputies on April 10, 2003. During the initial consultations, reviewers may wish to comment on the following issues:

- ***Country Outcomes***. Are the number and the selection of indicators for the enhanced system appropriate? Have the issues involved in setting aggregate targets been properly identified? How proactive should IDA be in encouraging the inclusion of the proposed indicators in PRSPs, and in advocating an intensified global partnership for statistical capacity building and improved international reporting?

- ***IDA's Contribution to Country Outcomes***. Is the proposal to monitor adoption of results-based CASs and project and CAS outcomes, as well as quality of the IDA portfolio and ESW an appropriate foundation for an enhanced system to monitor IDA's contribution to development outcomes?

IDA RESULTS MEASUREMENT SYSTEM: PROGRESS AND PROPOSALS

I. INTRODUCTION

1. The introduction of a results-based framework into the compact between donors and recipient countries and between donors and IDA Management was an innovation of the IDA13 replenishment discussions. An interim system was created to monitor results during the IDA13 period. At the IDA Deputies' request, work has been under way to develop a more robust system to measure results in IDA14 and beyond--a system that measures development results both at the country level and at the level of IDA programs. On November 4, 2002, a technical meeting was held for IDA Deputies and their representatives to discuss initial ideas for the architecture of this system. This draft paper follows up on the technical meeting, reporting on progress in developing the results measurement system for IDA and updating Deputies on the status of the interim system targets agreed for spring 2003. It will serve as the basis for further discussions and consultations with donors and borrowers, and will be revised and submitted to the IDA Deputies for their consideration on April 10, 2003.

2. ***Consultations.*** Initial consultations have already been held with country representatives from Africa and Eastern Europe and Central Asia who are involved in Poverty Reduction Strategy Paper (PRSP) monitoring. More comprehensive consultations, using this paper as the basis for discussion, are planned for March 2003. A technical briefing for Executive Directors is also being scheduled for late February. Additionally, borrower representatives whom Executive Directors are now appointing to participate in the IDA13 Mid-Term Review and in the IDA14 Replenishment negotiations could also provide valuable feedback on the proposal.

3. ***Structure of Paper.*** The paper is organized as follows. Section II provides an overview of the Bankwide agenda for better measuring, monitoring and managing for development results, which provides the conceptual underpinning for the IDA results measurement system. Section III offers an update on progress within the IDA interim system. Section IV outlines the proposal for an enhanced system to monitor country outcomes, and Section V focuses on enhancements for monitoring IDA's contribution to country outcomes through Country Assistance Strategy (CAS) and portfolio measurement systems.

II. RESULTS AGENDA OVERVIEW

4. Work on the IDA results measurement system is anchored in the World Bank's broader effort to enhance its results orientation. This effort was launched last year in the context of the follow-up to Monterrey, drawing on the international Roundtable on Better Measuring, Monitoring, and Managing for Development Results that the multilateral development banks (MDBs) cosponsored on June 5-6, 2002, in cooperation with the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD-DAC).[1] The results agenda also builds on the broad consensus (as witnessed in Doha, Monterrey, and

[1] See Roundtable Results at www.worldbank.org/results.

Johannesburg) that the Millennium Development Goals (MDGs) provide a frame for many of the desired outcomes and agreement about the actions for achieving them-especially the policies and institutions that developing countries need to put in place, and the trade and aid measures that developed countries must take to support them.

5. ***Conceptual Framework.*** In September 2002, the Development Committee endorsed the Bank's approach, which brings together three strands of the development dialogue of recent years: country-led development, results-based management, and development effectiveness.[2] Building on these antecedents, the Bank's approach uses standard results measurement concepts-inputs, outputs, intermediate outcomes, and outcomes-that are commonly used within the evaluation community.[3] The approach is based on the premise that improved country outcomes on sustainable growth and poverty reduction are the bottom-line measure of development effectiveness; that these outcomes emerge gradually as a result of influences from multiple sources, internal and external; and that for many development partners-both in developing countries and in development agencies-outputs and intermediate outcome indicators linked more tangibly and immediately to their own actions are appropriate performance benchmarks.

6. ***Implementation Action Plan.*** Following the endorsement by the Development Committee, Bank staff have been designing and piloting specific steps with a view to a concerted rollout on July 1, 2003. The Implementation Action Plan for Results, which the Board's Committee on Development Effectiveness (CODE) endorsed in December 2002,[4] can be summarized as follows:

- ***Country Focus and Ownership***. Focusing on country outcomes, including the MDGs and other priorities, the results agenda puts a premium on country efforts to manage for results as set out in national strategies, such as the PRSP. It also emphasizes coordinated donor support for enhancement of country statistical systems and monitoring and evaluation (M&E) capacity, as well as the knowledge base that countries need to manage for results.

- ***Bank Strategy and Instruments***. Central to the implementation of an enhanced results orientation within the Bank is the design and piloting of the results-based CAS. A distinguishing feature of this CAS is its clarity about intended outcomes, and thus its "evaluability," which derives from the articulation of a clear M&E framework. This framework will serve as the basis for self-assessment in the CAS Completion Report (CASCR), which is now being piloted, and for subsequent independent evaluation. Efforts are also under way to ensure that the M&E framework used in the CAS and the supporting lending and knowledge activities are

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2 See *Better Measuring, Monitoring, and Managing for Development Results* (DC2002-0019), September 18, 2002; and Development Committee Communiqué, Washington D.C., September 28, 2002.

3 These are terms long used by the evaluation community. In addition, at the project level, evaluators refer to impact as the sustained effect years after the end of the intervention. When discussing sectoral or country program support, rather than discrete, time-bound projects, the concept of impact is more elusive, as the outcomes themselves emerge with long and variable lags, and intervention is a continuous process of development. Hence, this paper refers to country outcomes in both the medium and long term. See *Glossary of Terms in Evaluation and Results-Based Management*, OECD/DAC, 2002.

4 *Better Measuring, Monitoring, and Managing for Development Results: Implementation Action Plan* (CODE2002-0086), December 18, 2002.

effectively joined up-and clearly linked to the country's own efforts to manage for results.

- ***Corporate Reporting and Staff Learning and Incentives***. Building on these efforts, investments in corporate reporting on results are being taken forward at three levels- in the IDA Results Measurement System, in Quality Assurance Group (QAG) operational reports (with the QAG Annual Report on Portfolio Performance evolving into the Operational Performance and Results Review), and in corporate strategy and budget documents. In parallel, staff learning programs and incentives are being reviewed to ensure that they are aligned with and supportive of the Bank's enhanced results focus.

7. ***IDA and the Results Agenda.*** The proposal to enhance the IDA results measurement system builds on two key elements of this results agenda. First is the increasing focus on country outcomes and the associated measurement and monitoring that must occur at the country level through national statistical systems. The second is the introduction of a results-based CAS as the Bank's business plan for contributing to selected outcomes at the country level. For IDA-eligible countries, this takes place within the PRSP context, facilitating alignment of the CAS with country priorities. Measuring and monitoring country outcomes remain a difficult challenge, however, especially in view of country capacity constraints and the need to ensure country ownership. Care is being taken to ensure that the proposed monitoring of country outcomes is both an integral part of the PRSP process, and consistent with the UN's monitoring of the Millennium Development Goals (MDGs). Care also is being taken to ensure consistency of the IDA results measurement system with the proposals that Bank and Fund staff are preparing for the Development Committee's consideration with respect to the global monitoring of the policies and actions of developing and developed countries for achieving the MDGs. Indeed, the IDA results measurement system coupled with IDA's longstanding performance-based allocation system is fully consistent with the new partnership for development that emerged from Monterrey that links improved policies and institutions in developing countries with enhanced trade and aid measures in developed countries. .

III. IDA13 INTERIM SYSTEM: UPDATE

8. As Management defined the results agenda and an initial action plan, IDA Deputies called for a results measurement system that could be put in place immediately following the IDA13 replenishment discussions. While beginning work on a broader system, Management designed an interim system that tracks results on two levels. On the agency level, input indicators capture the performance of the Bank in terms of selected pieces of analytic work that underpin IDA's dialogue with governments around the proper use of public resources and other key aspects of development effectiveness: Country Financial Accountability Assessments (CFAAs), Country Procurement Assessment Reviews (CPARs), Public Expenditure Reviews (PERs), Investment Climate Assessments (ICAs), and Poverty Assessments (PAs). On the country level, outcome indicators capture the performance of all development partners, including IDA and country governments, in achieving desired development goals in areas that are critical for growth and poverty reduction: education, health, and private sector development.

9. ***IDA13 Targets.*** Targets were established for both the input and the outcome indicators, and additional donor contributions are linked to the achievement of these targets.[5] In April 2003, Deputies will assess progress against the first set of input targets and will review the architecture and baseline data for the enhanced IDA results measurement system. In April 2004, Deputies will assess progress against the second set of input targets along with progress on the country outcome targets under the interim system.

A. IDA Inputs

10. Work is on track for meeting the agreed input targets for April 2003. Analytic work completed for IDA countries, beginning in FY01, includes 26 CFAAs, 24 CPARs, 26 PERs,[6] and five ICAs.[7] In addition, every CAS prepared for an IDA country since July 2002 has been underpinned by an up-to-date poverty analysis.[8] The number of economic and sector work (ESW) products that are expected to be finalized between now and April 2003 will increase the stock to levels that meet or exceed the targeted figures in each of the four relevant categories.

11. ***Africa Share of ESW.*** In addition to the overall targets for these ESW products, Management was asked to ensure that half of the CFAAs, CPARs, and PERs are completed in African countries. It is expected that by the time the Deputies' meet in April 2003 the Africa share will exceed the target for CPARs, but will fall slightly short of the target for CFAAs and PERs. This is because, in spite of efforts to reduce "bunching" of deliveries, nearly half of the CFAAs and PERs in the Africa region are scheduled for the end of the fiscal year.[9] Nevertheless, it is expected that by early May 2003, IDA will have met the spring 2003 target of 50 percent of both CFAAs and PERs completed in African countries.

12. ***Quality of ESW.*** Efforts to ensure good core diagnostic ESW coverage across IDA countries should not compromise the quality of individual products or the Bank's capacity to respond to individual country priorities. Regional ESW guidelines are in place to ensure that the Bank delivers high-quality analytical and advisory work to its clients, and each CAS must set forth a well-balanced ESW program. The task leader, who is usually a sector specialist located in the Region, is aided by several quality-enhancement processes, including upstream support and peer reviews. While country directors and the regional sector managers are ultimately responsible for the quality of their Region's ESW, quality standards for the major ESW products are set and maintained by the Sector Boards. Before an ESW product is delivered to the client,

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5 See Schedule A and B to Attachment II of *Additions to IDA Resources: Thirteenth Replenishment: Supporting Poverty Reduction Strategies* (IDA/SecM2002-0488), September 17, 2002, attached as Annex A to this paper.

6 The number of PERs delivered since FY01 is one less than the total presented at the November 4, 2002, technical meeting (26 vs. 27 PERs) because one PER was initially indicated as delivered in late June 2002, but subsequently the delivery dates were revised by the team leaders to early July 2002, and two separate system searches for FY02 and FY03 (done independently with some delay between the two searches) picked the report up in both fiscal years.

7 See Annex A for further details on input indicators within the interim system.

8 On poverty analysis, IDA Management has committed to ensuring that, beginning in July 2002, every CAS either is underpinned by current poverty analysis or it identifies the gaps and lays out a plan for how they will be filled and by whom.

9 The tendency for ESW deliveries to "bunch" at the end of the fiscal year points to need to better align IDA performance triggers with the institution's established business cycle in order to facilitate reporting, reduce additional administrative costs, and align with budget and staff planning.

the Sector Board informally "certifies" that it complies with the guidelines that have been established for that product. Sector Boards also provide support to the country/task teams as needed, drawing upon the technical expertise in their anchor groups. Each year QAG evaluates a random sample of Bank ESW for broad quality dimensions: strategic relevance and timeliness; internal quality; dialogue and dissemination; and likely impact. The QAG review process strengthens the accountability of staff and managers responsible for ESW, while the associated synthesis report shared with Management and the Board enhances learning and helps to identify best practices that can catalyze changes in ESW policies, programs, and procedures.[10]

B. Country Outcomes

In addition to the ESW inputs, the IDA13 interim system includes a set of country-level outcome indicators and progress targets that will be assessed in spring 2004. These indicators are in the areas of education (primary school completion), health (measles immunization), and private sector development (time and cost of business start-up).[11] In selecting these indicators, Deputies took into account the advice of technical experts in the Bank, as well as the indicators' reliability, accessibility, and comparability across countries over time and their link to development effectiveness and poverty reduction. While no major unforeseen obstacles have arisen to meeting the outcome targets, special efforts have been needed with respect to data collection and reporting in order to adequately assess progress.

13. Recent data for primary school completion and measles immunization suggest that IDA countries are on track to meet the spring 2004 targets for the population-weighted averages in each of these categories. In addition to the aggregate targets, the interim system includes a threshold target for each of these indicators. For primary completion, it is the number of countries with positive growth rates in primary completion; and for measles immunization, it is the number of countries with 80 percent coverage of measles vaccination. Because of the variability in individual progress from year to year, it is not feasible to estimate the likelihood of reaching these threshold targets at this time.

14. With regard to the private sector development indicators (time and cost of business start-up), it is too early to assess whether the 7 percent reduction targets will be achieved because data from end-2002 are still being compiled. Nevertheless, there are some positive indications. For example, reforms to business registration procedures in Pakistan have cut the time for business start-up from 53 to 27 days, which is equivalent to a 2 percent population-weighted reduction for all 39 IDA countries in the sample. Streamlining of registration has also taken place in Bolivia, Honduras, Nicaragua, and Vietnam. Thirteen countries have been targeted as priorities for reform by the Regions and dialogue with country counterparts has commenced. A full assessment of progress will be possible by the time of the Deputies' meeting in April 2003 when the data will be updated through January 1, 2003.

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[10] See Annex A for more details on the Bank's quality assurance processes, for ESWs.

[11] See Annex A for further details on outcome indicators within the interim system.

IV. ENHANCED SYSTEM FOR MONITORING COUNTRY OUTCOMES

15. When the IDA Deputies discussed the interim system, many requested a results measurement system that better reflected the PRSP process and the "localization" of MDG targets among IDA borrowers. The guiding principle in proposing a set of indicators to monitor country outcomes is coherence: ensuring that indicators and the monitoring process are consistent with PRSP priorities, the MDG indicators, other international monitoring efforts, and the preceding interim system. This chapter outlines proposed enhancements to the system based on monitoring aggregates of country outcomes that are rooted in PRSP priorities and linked to the MDGs. It looks at the foundations of such a system, proposes a set of country outcome indicators to be monitored under IDA14, and outlines the many methodological and data challenges in monitoring and targeting aggregate outcomes.

A. Foundations for an Enhanced System

16. Monitoring aggregates of country outcomes rests on two foundations: articulation of desired outcomes at the country level, and countries' ability to assess progress toward these outcomes.

1. PRSPs and Localized MDGs

17. The PRSP process has enhanced country ownership of strategy development, and has encouraged donor alignment around national strategies. Establishing appropriate indicators and targets for poverty reduction is a key element of the PRSP approach. However, as recent reviews have indicated, considerable scope remains for setting clear and realistic targets, defining appropriate indicators to monitor progress, and strengthening monitoring systems and statistical capacity.[12] The Bank, the IMF, and other partners are helping countries strengthen the results focus of their PRSPs, including by better articulating desired outcomes and the indicators and targets needed to assess progress. The PRSP process is increasingly being used to translate a broad commitment to the MDGs into country-specific priorities and targets-targets that directly relate to national priorities and policies and facilitate midterm review and revisions as needed (Box 1).

Box 1. Integrating MDGs into PRSP Targets

The MDGs reflect a shared international agenda and provide a set of goals and targets for the international community to meet by 2015. But they are broad goals that need to be adapted to local constraints, priorities, and timeframes. At the country level, target setting forms a key component of the PRSP process. As a tool for setting national priorities and strategies, including numerical and time-bound targets for human development and poverty reduction, the PRSP is a key instrument for integrating the MDGs fully within governments' priorities, policies, and resource allocation decisions. As an example, in Vietnam's PRSP process, Japan, the United Kingdom, and other partners helped to "localize" the MDGs so that they were relevant and meaningful to country circumstances.

18. ***PRSPs and Cross-Country Monitoring.*** Country specificity of progress indicators and targets poses a challenge, however, when building reporting systems with which the international community (donors and developing countries) can assess comparative and overall progress.

[12] *Review of the Poverty Reduction Strategy Paper* (PRSP)(DC2002-03), March 27, 2002.

Comparison of PRSP indicators with MDG indicators shows substantial alignment of priorities (e.g., universal primary education), but far less alignment of specific indicators for achieving those priorities (e.g., net enrollment rates, gross enrollment rates, primary completion rates, and teacher qualifications). This means that we cannot simply aggregate across PRSPs for the purpose of monitoring progress in IDA countries. Another problem is that only about one-third (23) of IDA-eligible countries had completed full PRSPs as of the end of January 2003. For these reasons, the proposal for an enhanced system draws on a common thread of indicators found in many PRSPs, which IDA countries will be encouraged to incorporate in future PRSP reporting along with other country-specific indicators. Initial consultations with clients suggest that, because the proposed indicators reflect the priorities of existing PRSPs and the MDGs to which IDA countries are committed, it is unlikely that their inclusion in future PRSP monitoring would distort country priorities.

2. Strengthened National Statistical Systems

19. Although many of the most frequently used PRSP indicators are also MDG indicators, data reporting on them may be sporadic and their reliability is uncertain. If monitoring is to be scaled up to the country level to assess progress on PRSPs-and permit IDA results measurement-there will be a need for reliable and timely data based on accepted standards and methodologies. In many countries, a lack of investment in statistical systems has led to poor quality statistical outputs, which in turn has led to reduced demand, and continued under investment in these systems. As a result, many countries have little technical or institutional capacity to produce reliable and regular estimates of many key indicators, either from administrative data (e.g., vital registration systems) or from household surveys. An intensified global partnership will be necessary to increase support for statistical capacity building and improve efficiency of international reporting systems to allow country-led monitoring of PRSPs, as well as aggregate results measurement by IDA.

20. ***Role of the PRSP and JSA.*** The PRSP process underscores statistical shortcomings, and countries themselves are beginning to address technical and capacity constraints that affect the measurement of development outcomes. The experience of Tanzania is one promising example: a range of partners, including IDA, are providing substantial assistance on indicators and PRSP monitoring (see Box 2). Joint Staff Assessments (JSAs) by the World Bank and the IMF are another avenue for feedback on the relevance of chosen indicators, the reliability of national data and their consistency with international norms and standards, and the need for statistical capacity

Box 2. Tanzania: Improving Data Quality through the PRSP

In response to the needs arising from the PRSP, the Government of Tanzania has developed a comprehensive monitoring plan using a joint funding mechanism between donors and government. The result is a comprehensive database of indicators for monitoring poverty and PRSP implementation, and the design of improved statistical instruments, including both household surveys and the extraction of data from routine administrative systems.

Tanzania was one of the first countries to produce a United Nations MDG report, and the latest PRSP Progress Report outlines plans for fully integrating the reporting of progress toward implementation of the MDGs into the PRSP monitoring framework. Many of the MDG indicators are already included in the PRSP, and explicit targets are set for many of the indicators proposed for the enhanced IDA monitoring system. The Government has improved the statistical basis for monitoring many of these indicators, particularly as a result of the Household Budget Survey conducted in 2000/2001, and has given a clear timetable, consistent with international recommendations, for updating PRSP and MDG indicators.

building. Staff will be asked to increase their focus on these aspects in future JSAs.

B. Proposal for an Enhanced System for Monitoring Country Outcomes

21. A phased approach is proposed, in which an enhanced set of country outcome indicators is identified and tracked for the final year of IDA13 monitoring. Beginning in spring 2004, Deputies will discuss proposed aggregate targets for the IDA14 period (FY06-08) for a subset of these indicators. Those most amenable to measurement and targeting-because of the reliability and frequency of data and the existence of international standards and methodologies-could be adopted as targets in the context of the IDA14 replenishment discussions. This section describes the proposed indicators, outlines the data constraints and methodological considerations involved in defining targets, and discusses how IDA can contribute to an intensified global partnership for statistical capacity building and international reporting.

1. Summary of Indicators

22. Fifteen indicators are proposed for monitoring country outcomes, covering areas that are priorities in most PRSPs: income poverty, malnutrition, maternal and child health, HIV/AIDS, basic education, gender, water supply and sanitation, and economic growth and private sector development. As Table 1 shows, these indicators appear in existing PRSPs to varying degrees, reflecting both country-specific priorities and the limitations of national statistical systems. In some cases, data are available for these indicators even if they are not included in the PRSPs; in other cases, data could be available with timely and appropriate intervention.

23. ***Consistency with MDGs and Other Global Initiatives.*** These 15 indicators are proposed because they are among the most relevant indicators of desired outcomes and because they benefit from relatively better data availability and reliability than alternative indicators. Eleven of the 15 are MDG indicators, and the others are complementary to the MDGs, reflecting PRSP indicators (national poverty incidence) or growth and private sector development needed for poverty reduction (per capita GDP growth rate and cost/time of business start-ups). The list includes all 10 indicators being suggested by the European Commission for assessment of country performance,[13] and it also has commonalities with the indicators for the Public Service Agreements of the United Kingdom's Department for International Development and for the United States Millennium Challenge Account (see Annex B).

24. ***Building on the Interim System.*** The proposed set of indicators includes all those used in the interim system, two of which (primary school completion and measles immunization) are also MDG indicators.[14] Growth and private sector development are central priorities in PRSPs, but private sector development, in particular, has a large variety of indicators that are not

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[13] The European Commission has been working with its members, other donors, and the OECD-DAC on a common set of outcome indicators; IDA is seeking to support this harmonization process by adopting the entire European Commission-recommended set as central to its own approach. See *Guidelines for the Use of Indicators in Country Performance Assessment*, European Commission, Directorate General Development, Brussels, December 2002.

[14] The primary completion rate has been recommended as a more appropriate measure of progress toward universal primary education (goal 2, target 3), replacing the net primary enrollment rate. The measles immunization rate of children age 1 or younger is included as one of the monitoring indicators for goal 4, target 5.

amenable to cross-country comparison or aggregation. In recognition of the concern for measuring the private sector environment needed for growth and poverty reduction, IDA proposes to include the two measures in this area from the interim system-the time and cost of starting a business-which come out of the Bank's "Doing Business" project which collects information on the laws and regulations that affect business registration.

Table 1. Proposed Country Outcomes Indicators

Indicator	*Percent of PRSPs that include the indicator[a]*	*Percent of PRSPs covering subject*	*Range of most recent year data*	*Number of countries with data in the latest year[b]*	*Number of countries with sufficient data to calculate trend from 1990[c]*	*Historical annual rate of change[d]*	*Annual rate of change required to meet MDG target from 1990[e]*
1. Proportion of population below national poverty line	83	91	1995-2000	29	8	..	..
2. Proportion of population below $1/day poverty line	14	52	1995-2000	35	-	..	..
3. Under-5 child mortality	65	96	2001	80	80	-1.9	-4.4
4. Prevalence of underweight children under five years of age	35	60	1995-2001	65	35	-1.4	-2.8
5. Proportion of 1-year-old children immunized against measles	9	70	2001	79	72	0.4	1.7
6. Proportion of births attended by skilled health personnel	48	100	1995-2000	72	42	-0.7	2.9
7. HIV prevalence rate of pregnant women aged 15-24	-	52	1999-2001	57	-	..	..
8. Net enrollment ratio in primary education	48	91	1998-2000	61	33	1.1	1.7
9. Primary school completion rate	22	35	1998-2001	71	46	0.5	1.5
10. Ratio of girls to boys in primary and secondary education	61	61	1998	52	47	1.3	2.2
11 Proportion of population with sustainable access to an improved water source	74	74	1993-1999	75	35	1.7	0.9
12. Proportion of population with access to improved sanitation	60	65	1993-1999	73	37	3	3
13. GDP per capita	39	100	2001	75	73	2.1	n/a
14. Formal cost required for business start up	n/a	n/a	2002	39	-	..	n/a
15. Time required for business start up	n/a	n/a	2002	39	-	..	n/a

Notes:

(..) means insufficient data, (n/a) means not applicable, (-) means zero.

a The number of countries with full PRSPs was 23 at the end of December 2002.

b All data are taken from the latest 2003 World Development Indicators database.

c A country has been used in the calculation of trend if estimates for both end points (1990 and the latest year) either exist or can be extrapolated.

d Calculated between the "end points," i.e., the population weighted average in 1990 and the latest year for which data are available, using the exponential growth method.

e Since three of the MDG indicators in this table do not translate easily to the MDG targets, illustrative targets have been used based on achieving, by 2015, 90% measles vaccination coverage, 90% of births attended by skilled health personnel, and a 50% reduction in the proportion of people without access to improved sanitation.

2. Data and Methodological Issues

25. Although the proposed indicators were selected partly on the basis of data availability and reliability, there are still serious constraints in this regard. Table 1 gives some sense of the challenge. For indicators of malnutrition, net enrollment in primary education, and improved water supply and sanitation, less than half the IDA countries have two data points with which to calculate a trend line for the decade of the 1990s-much less assess change within a three-year PRSP period or IDA cycle. For some countries, the most recent data are six or seven years old. For many indicators (e.g. child mortality rates) the most recently reported data are largely estimates based on survey data or incomplete vital registration data.[15] Only about eight IDA countries each year have new household survey data allowing calculation of a child mortality rate.

26. ***Addressing Data Constraints.*** These constraints make it difficult to establish meaningful aggregate outcome targets during a three-year IDA replenishment cycle. More importantly, countries do not have the data they need to manage their poverty reduction strategies. On this, three points are salient. First, to reduce the burden on countries and align capacity building and reporting efforts, it is important to harmonize aggregate country-outcome monitoring around a core set of indicators. Second, it is imperative for countries and their partners to identify data gaps and develop appropriate action plans to build sustainable capacity to collect data and report on core indicators periodically. Finally, target setting for IDA monitoring must take into account the limits of data availability, while IDA needs to support improvements at the country level and within the international reporting system.

27. ***Selecting Targetable Indicators.*** The proposal is to establish targets for a subset of indicators that is most amenable to aggregate targeting. Those under initial consideration include child mortality rates, measles immunization rates, attended births, primary school completion rates, gender balance in education, access to an improved water source, and time and cost of business start-up. The country sample for each aggregate target would be governed by data availability for the indicator, rather than restricting country coverage to a common set, which would be less than half the IDA-eligible countries.

28. ***Types of Targets.*** Various types of targets could be considered in the course of the IDA14 Replenishment discussions.[16] Targets based on a median value may be useful when the distribution of observations is very irregular. Typically, targets have been based on the mean value across IDA countries, which requires a decision on how to aggregate country data. The aggregation procedure should take into account the problem of missing data and the need for contemporaneous observations across a large number of countries.[17] For many of the proposed targets, the use of weighted averages of ratios calculated using the value of the denominator as

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[15] Annex B discusses accepted methods for estimating and extrapolating child mortality rates from survey data.

[16] See Annex B for further discussions of targeting.

[17] When datasets are incomplete, possible responses to enable aggregation for IDA include the estimation of missing data; the use of cohort sample of those countries with reliable data; the use of "proxy" indicators for which data might be more readily available; and the estimation of indicators that are reliable in aggregate form only. The latter is the practice used for the annual global estimates of poverty incidence calculated by the World Bank and published in *World Development Indicators* (Washington, D.C.: World Bank, 2002) and *World Development Report 2000/2001*: Attacking Poverty (New York: Oxford University Press, 2000).

the weighting variable (for example, the number of infants vaccinated divided by the total number of infants) would yield a mean value that corresponds to the ratio of the totals. Population or GDP weights are also common. Denominator or population-weighted targets best capture how many people are affected by progress (or lack thereof) toward the goal. A decision must also be made whether to target an absolute value (e.g., increase primary completion rate to 70 percent) or a rate of change (e.g., increase the aggregate primary completion rate by 2.2 percent annually) in the aggregate indicator. A further issue is whether targets should be defined as specific point values or in terms of a range. Because the statistics used to monitor outcomes are not exact, defining a target using a range of values may be more appropriate, especially when outcomes are the result of many factors, some of which are beyond government control. On the other hand, point targets may be more appropriate for indicators that reflect more directly the delivery of services over which governments can exert more direct control.[18] For some indicators, it may also be useful to complement or substitute for a target based on the growth of an average with a target based on the number of countries surpassing a threshold level either in the value of the indicator or in the rate of change (e.g., number of countries achieving a 65 percent measles immunization rate or increasing the primary completion rate). This approach is used in the interim system, balancing the focus on how many people are affected with a focus on the breadth of progress across a range of IDA countries.

29. ***Past Performance.*** Target setting will also need to take into account past performance in IDA countries while seeking to accelerate progress toward the MDGs and other goals. Table 1 provides historical rates of change for the proposed indicators, based on trend lines calculated from 1990 to the most recent year of data. The number of countries included in the calculation varies by indicator. Using the same subsets of countries, the rates of change needed to meet MDG targets between 1990 and 2015 are also shown. This was, in a certain sense, the normative goal for the past decade. For the majority of indicators, the IDA countries (or rather, the subsets for which data are available) did not progress at a pace sufficient to meet the MDGs. Clearly, catch-up rates would be even higher from today through 2015. In establishing targets for IDA14 and beyond, however, IDA Deputies and borrowers must temper ambition with realism, taking into account challenges, such as the HIV/AIDS pandemic which is increasing child and adult mortality rates in many IDA countries.

30. ***Measuring Results.*** The difficulty in defining and establishing baselines for a broader set of country outcome indicators for IDA has underlined the effort that will be needed by developing countries-to collect information needed to manage the development process-and by donors-to support countries and improve international reporting systems. An intensified effort will be needed to reach closure on a core set of outcome indicators for international results reporting that are consistent with PRSPs, without precluding other country-specific indicators. This core set should be of limited number—perhaps less than 15—and most relevant to desired outcomes. Once identified, it will be critical to agree on standards and methodologies for data collection and reporting on core outcome indicators. It will also be necessary to identify data gaps and define action programs to improve data availability and reliability, as well as strengthen the mechanisms and incentives for international reporting. As highlighted in recent work on global monitoring, it will be essential to build on existing initiatives, review

[18] For a full discussion, see Luc Christiaensen, Chris Scott, and Quentin Wodon, *"Development Targets and Costs"* chapter in the Poverty Reduction Strategy Sourcebook, available in the World Bank website.

international data accountabilities, and strengthen coordination to help countries scale up national statistical capacity.[19] (Box 3 describes some of the Bank's activities in this area) The Bank is committed to working with countries and partners to bring about the improvement of global statistics through increasing support for countries and enhancing the global partnership for statistical capacity building and reporting.[20]

Box 3. Statistical Capacity-Building Initiatives

The Bank has been stepping up its capacity-building efforts through initiatives such as the Global Trust Fund for Statistical Capacity Building (TSFCB) established by DECDG two year ago. But much more needs to be done in this area. To improve the Bank's lending instruments for statistical capacity building, DECDG and OPCS have recently developed a new lending application, the Statistical Capacity (STATCAP) program. STATCAP aims to address countries' differing needs flexibly while offering a simplified preparation and approval process. Staff of DECDG are working with a number of a country management units to pilot STATCAP in three to five countries in FY04.1

In parallel, a significant multilateral effort is under way to improve the quality of data in PRSP Countries. PARIS21, an international consortium of users and producers of statistics, is promoting the demand for statistics and mobilizing resources for investment in statistical systems. Through PARIS21, the World Bank and the Eurostat are co-chairing a task team which is examining ways to improve the quality and availability of statistics to measure development progress. The work will involve detailed case studies to examine the constraints countries face in monitoring their own PRSPs and in providing data to monitor the MDGs, and a review of the systems international agencies use to collect and store these data. The output will be used to develop plans for improving methods at all levels, including the resolution of some of the major discrepancies between national and international datasets, and to inform discussion among UN agencies on improvements in the international statistics system. Finally, as a follow-up to the June 2002 Roundtable on Results, it has been proposed that the 2003 roundtable focus on the measurement and statistical aspects of monitoring and managing for results.

V. ENHANCED SYSTEM FOR MONITORING IDA'S CONTRIBUTION TO RESULTS

31. Chapter IV proposes to enhance the IDA results measurement system through monitoring of an expanded set of country outcome indicators. This chapter looks at how IDA assistance contributes to progress toward these outcomes-not only at the project level, where measuring and monitoring have historically taken place, but also at the country level, which represents a new challenge. It reviews the foundations on which the proposal rests-development of a results-based CAS and use of existing portfolio measurement systems; proposes a set of indicators to assess the contribution of IDA programming to development results; and discusses data and methodological issues for the suggested indicators.

32. ***Overall Approach.*** The conceptual framework underpinning the Bank's broader results agenda recognizes the centrality of a country focus, reflecting the articulation of Comprehensive Development Framework (CDF) principles, the consensus on country-led development, and the introduction and strengthening of the PRSP process in IDA-eligible countries. Scaling up of measuring and monitoring to the country level reflects the understanding that improvements in country outcomes is the bottom-line measure of development effectiveness. For this reason it is proposed that an enhanced IDA results measurement system provide greater focus on IDA's

[19] See *Policies for Achieving the MDGs and Related Development Options: Proposals for Monitoring*, Development Committee draft discussion paper, February 11, 2003.

[20] A report on the overall status of the international statistical system and efforts to improve the statistical capacity of developing countries was prepared for an information session of the World Bank's Board of Executive Directors: *Building Statistical Capacity to Monitor Development Progress* (SecM2002-0539), November 12, 2002.

contribution to country outcomes by drawing on the data that will emerge from development of a results-based CAS. This approach is consistent with the PRSP approach, since the CAS is the vehicle for linking selected country outcomes, as articulated in the PRSP, to activities for which IDA has a comparative advantage, taking into account partners' actions. The approach also builds on the interim system, under which IDA's contribution is assessed solely through the delivery of inputs, but it shifts the focus toward IDA's contribution to outcomes. The focus on country outcomes at the level of the CAS needs to be complemented by a focus on project outcomes within the IDA portfolio and on the quality of lending and analytic services. Both lending and analytic work must be relevant and effectively implemented if they are to achieve outcomes that contribute to broader country outcomes.

A. Foundations for an Enhanced System

33. In the PRSP context, the CAS serves as IDA's business plan, linking the vision and outcomes articulated in the PRSP to IDA country programming.[21] Work on the Bank's results agenda has centered on strengthening the results focus of both the CAS and the lending products and analytic services within the CAS program. These are the foundations on which an enhanced IDA results measurement system can be built.

34. ***Toward a Results-Based CAS.*** Although in recent years CASs have been more closely aligned with country and Bank priorities, the definition of desired results-in terms of country outcomes-still needs to be significantly strengthened. Many CASs lack outcome-oriented objectives and measurable indicators of progress toward these outcomes, while the link between country-level results and the choice of IDA instruments is weak. The results-based CAS is based on ex ante definition of a "results framework" that identifies (a) core country outcomes (as articulated in the PRSP), (b) associated intermediate outcomes that IDA can contribute to directly; and (c) the products and services mix that maximizes impact on these outcomes.[22] By working backwards from desired outcomes to products and services, the results framework is expected to enhance IDA's allocative efficiency within each country-that is to say, IDA will be more likely to do the right things in a specific country context.

35. ***CAS Monitoring and Evaluation.*** An integral part of the movement to a results-based CAS is the strengthening of the CAS monitoring and evaluation architecture. Typically, the CAS monitoring framework consists of a large number of indicators for which there is little prioritization and often scant baseline data. An enhanced architecture would focus on results identified ex ante, as well as self-evaluation for midcourse correction and ex post learning. At the end of the CAS cycle, teams will prepare a CAS Completion Report that will serve as a starting point for independent evaluation by the Operations Evaluation Department (OED). The results-based CAS, including the CASCR, is being designed and piloted in FY03, with mainstreaming expected in FY04. Rollout will be gradual, however, as new results-based CASs will be prepared at the end of the normal CAS cycle in each country.

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[21] This is in keeping with the country business model set out in the Prague Development Committee paper, *Supporting Country Development: World Bank Role and Instruments in Low- and Middle-Income Countries* (DC/2000-19), September 8, 2000, which links vision and diagnosis to programming that contributes to development results.

[22] The results framework is detailed in the third CAS retrospective, *Country Assistance Strategy: Retrospective and Future Directions*, OPCS (forthcoming).

36. ***Results-Focused IDA Operations.*** Strengthening the results focus of IDA operations includes, on the one hand clearly articulating outcome-oriented objectives and measurable indicators at the project level; and on the other hand, focusing the monitoring and evaluation framework more narrowly on project outcomes and integrating it into a comprehensive M&E architecture reaching from the CAS downward. This will shift some of the M&E responsibility for outcomes upward from the product level to the CAS level. IDA has a strong track record of using independent evaluation and peer assessment to assess the quality and results of the operations it supports. Efforts to enhance the results focus of operations will strengthen the systems and databases with which IDA historically monitors project-level results and quality. This is the appropriate foundation for an IDA results measurement system that seeks to link IDA programming to results on the ground. With this foundation in place, it is possible to begin building results measurement beyond the project level, looking at the relevance of the CAS to the achievement of country outcomes.

B. Proposal for Enhanced Monitoring of IDA's Contribution to Results

37. The enhanced IDA results measurement system will provide greater focus on IDA's contribution to country outcomes by drawing on the data that will emerge from mainstreaming of the results-based CAS. This will be complemented by a focus on project-level outcomes within the IDA portfolio and on the quality of lending and analytic services. This section summarizes the indicators and sources that are proposed to enhance the monitoring of IDA contributions to development results and then discusses data and methodological issues for the proposed indicators.

1. Summary of Indicators and Sources

38. Five indicators are proposed to measure IDA's contribution to development results (Box 3). The first two monitor the adoption of results-based CASs and, eventually, their outcomes. The other three monitor IDA's contribution to results through lending operations and analytic services. First, the Operations Evaluation Department validates project outcome ratings when reviewing all Implementation Completion Reports (ICRs), which cover the universe of exiting IDA projects and stretches back for many years. These data, which are based on independent ex post evaluation, are the most reliable measure of results available across the IDA portfolio. Second, since the mid-l990s, the Quality Assurance Group has managed peer review processes to assess the main Bank instruments through annual quality reviews of projects at entry, supervision and ESW. Quality at entry is correlated with satisfactory project outcomes, and can serve as an early, leading indicator of project results. Quality of ESW is also a leading indicator with a significant positive impact on the quality of projects.[23]

[23] Klaus Deininger, Lyn Squire, and Swati Basu. "Does Economic Analysis Improve the Quality of Foreign Assistance?" World Bank Economic Review, Vol. 12, No. 3, 1998.

Box 4. Indicators for Monitoring IDA's Contribution to Country Results

To measure IDA's contribution to development results, it is suggested that the following indicators be monitored annually:

CAS-level indicators

- Adoption of results-based CASs in IDA-eligible countries
- CAS final outcome ratings as validated by OED through CASCR review

Portfolio-level indicators

- Project outcome ratings as validated by OED through ICR review
- Quality at entry indicators for IDA projects as assessed by QAG
- Quality of ESW in IDA-eligible countries, as assessed by QAG

2. Data and Methodological Issues

39. The key methodological issues for the five proposed indicators are variability based on sample size, timeliness, and the ability to aggregate across countries for the purpose of IDA monitoring and targeting. Data availability is less an issue for these five indicators than for those presented in the previous chapter; in most cases the data are internally generated. Ultimately, though, the ability to accurately measure CAS or project outcomes is dependent on countries' ability to assess outcomes through national statistical systems, with all the issues of statistical capacity building this entails (see Chapter IV). In terms of ability to aggregate across countries, the constraint is the same for all proposed indicators: the diversity of CAS and project outcomes or quality factors prevents simple aggregation. To say something meaningful, it is necessary to aggregate through conversion to an ordinal rating system, either numeric (e.g., 0-100 percent achieved) or qualitative (e.g., six-point scale, from highly unsatisfactory to highly satisfactory). Beyond this, each indicator has strengths and weaknesses in terms of variability and timeliness that influence the setting of appropriate targets. These are discussed below and summarized in Table 2.

Table 2. Indicators of IDA's Contribution to Country Results, FY97-02

IDA results indicator	*Sample size (per annum)*	*Timeliness*	*FY97*	*FY98*	*FY99*	*FY00*	*FY01*	*FY02*
Adoption of results-based CASs (number of countries)	Population (67 CASs)	Timely (new CASs)			[beginning in FY03]			
CAS outcome indicator (OED) (% satisfactory)	Population (15-20 CASs)	Lagged (exiting CASs)			[beginning in FY06]			
Project outcome indicator (OED) (% satisfactory)	Population (120-130 projects)	Lagged (exiting projects	74	66	64	75	77	n.a.
Quality at entry[1] indicator (% satisfactory)	Sample (27 projects)	Timely (new projects)	70	82	88	n.a.	90	76
Quality of ESW (% satisfactory)	Sample (35 reports)	Timely (new reports)	n.a.	71	62	80	91	94

[1] An extended quality at entry exercise was conducted in FY00-01.

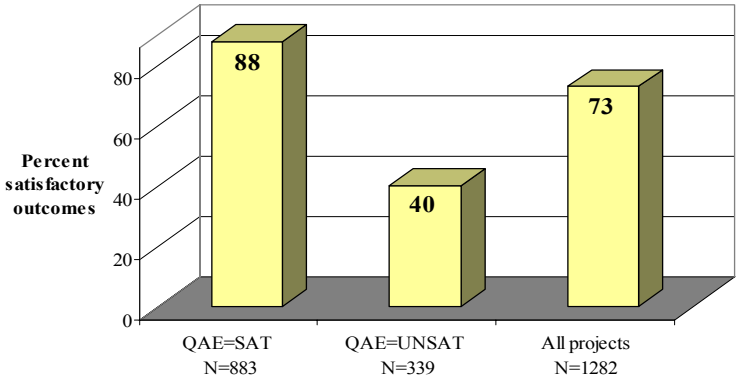
Source: OED and QAG Databases.

40. ***CAS Outcome Ratings.*** With a three- to four-year CAS cycle, the number of CASs from IDA-eligible countries reaching completion in any given year is likely to be between 15 and 20. This is sufficient to establish a time series of CAS outcome ratings, but is too small a population for any further annual disaggregation (e.g., by Region). On the basis of such a time series, IDA could report, for example, that 70 percent of CASs at completion had satisfactory or better outcomes. This type of ex post indicator is lagged by definition, providing input into the development of future CASs or the reorientation of ongoing CASs. Thus, any IDA targets related to outcomes would have a built-in lag and so would the response to targeting. With gradual rollout of the results-based CAS, it will take a full cycle to have the breadth of data necessary for a permanent results measurement system that links IDA programs to outcomes at the country level. IDA-eligible countries will begin adopting results-based CASs in FY03 and FY04, making outcome ratings for a significant number of CASs available only in FY06 and beyond.

41. ***Adoption of Results-based CASs.*** Until CAS outcome ratings are available, IDA Deputies may wish to monitor the adoption of results-based CASs in IDA-eligible countries. This is an input indicator, on par with the monitoring of ESW deliveries within the interim system. It is the most effective way to ensure that data for establishing outcome ratings will eventually be available. Tracking the adoption of results-based CASs poses no particular methodological difficulties, and a steady upward trend is expected during the IDA14 period. The Bank's Operational Policies and Country Services (OPCS) Vice Presidency would review these CASs to ensure that they contain an adequate results framework, including attention to the monitoring and evaluation (M&E) architecture and necessary country capacity.

42. ***Project Outcome Ratings.*** The database on project outcomes covers the entire population of exiting IDA projects, generally 120-130 per year. This population is too small to ensure statistical validity of subcategories (e.g., Networks or Regions) on a yearly basis. Project outcomes are rated on a six-point scale that is consolidated into satisfactory/unsatisfactory categories. As outcome ratings, they also have a built-in lag (the average age of projects exiting the portfolio is 5-6 years). Nonetheless, these ratings and the lessons behind them are highly relevant to the preparation of new projects and to midcourse corrections of ongoing projects. Setting targets for project outcomes must take into account the lagged nature of the response, building on recent trends in which the share of satisfactory outcomes has risen toward 80 percent.

Figure 1. Quality at Entry and Project Outcomes, 1996-01



Source: QAG.

43. ***Quality at Entry.*** Good project design is correlated with satisfactory project outcomes, as indicated in Figure 1. Thus, quality at entry is an important leading indicator for results. Quality-at-entry ratings provide both timely and impartial feedback to project teams. QAG examines quality at entry through peer assessments of a random sample of IDA projects, as well as IBRD projects. Quality at entry provides information that is useful in short-term management for results with immediate impact on project implementation, including redesign and midcourse correction. However, because of small sample size, any subset (by Network or Region) would contain too few data points to be statistically valid. In addition, a relatively small sample introduces greater yearly variation that must be addressed in using this indicator to establish IDA targets. The Bank has an established target of 90 percent satisfactory quality at entry for the combined IBRD/IDA portfolio, which should be taken into account in considering targets for IDA

44. ***Quality of Economic and Sector Work.*** Peer review of ESW is also based on a random sample of new reports each year.[24] It provides timely information to managers on the value of analytic services and the need for further analytic work to address priority issues. As with other indicators, aggregation is through ordinal ratings (highly satisfactory to unsatisfactory). The relatively small sample size (around 35 reports) prohibits disaggregation by subgroup on an annual basis and is subject to greater annual variability. The quality of ESW in IDA countries has risen markedly in recent years, and this should be factored in to future discussions of IDA targets.

C. System Administration

45. The enhanced system to monitor IDA's contribution to country outcomes will be managed by OPCS, with inputs from QAG and OED. OPCS will maintain the database on adoption of results-based CASs, as well as preparation of CAS progress and completion reports. OED will maintain data on CAS and project-outcome ratings, and QAG will maintain data on quality at entry and quality of ESW. All data will be collected by OPCS and forwarded to the Finance and Resource Mobilization Department, which will be responsible for reporting to IDA Deputies.

[24] On the basis of recent piloting, the QAG approach will shift in FY04 to an integrated basis, assessing the overall country ESW program within the relevant CAS framework.

INTERIM SYSTEM FOR IDA: INPUT TARGETS , 2003

Schedule A to Attachment II[1]

Progress by Spring 2003: Inputs

- A total of 30 Country Financial Accountability Assessments completed, of which at least 50% for African countries;
- A total of 24 Country Procurement Assessment Reviews completed, of which at least 50% for African countries;
- A total of 29 Public Expenditure Reviews completed, of which at least 50% for African countries;
- All Country Assistance Strategies prepared since July 2002 underpinned by current poverty analysis;
- A total of 7 Investment Climate Assessments completed.
- Initiation of performance measurement system, including outline of approach, baseline data, outcome indicators, and progress targets.

[1] From Additions to IDA: Resources: Thirteenth Replenishment, Support Poverty Reduction Strategies, IDA(R2002-0316), July 12, 2002.

INTERIM SYSTEM: INPUT AND OUTCOME TARGETS 2004

Schedule B to Attachment II[2]

Progress by Spring 2004

A. Inputs

- A total of 40 Country Financial Accountability Assessments completed, of which at least 50 percent for African countries
- A total of 38 Country Procurement Assessment Reviews completed, of which at least 50 percent for African countries
- A total of 40 Public Expenditure Reviews completed, of which at least 50 percent for African countries
- All Country Assistance Strategies prepared since July 2002 underpinned by current poverty analysis
- A total of 14 Investment Climate Assessments completed

B. Country Outcomes

Education

- Increase population-weighted average primary completion rate to 69% with a substantial number of countries reaching a higher rate
- Increase number of countries with positive growth rates in primary completion rates to 38 countries

Health

- Increase overall coverage rate (population-weighted) of measles immunization to 60%, with a substantial number of countries reaching a higher rate
- Increase number of countries with 80% coverage of measles vaccination to 29 countries

Private Sector Development

- Reduce time required for business start-up (in number of business days) by 7 percent

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[2] From Additions to IDA: Resources: Thirteenth Replenishment, Support Poverty Reduction Strategies, IDA(R2002-0316), July 12, 2002.

from end-2001

- Reduce formal cost of business start-up (in percent of GDP per capita) by 7 percent from end-2001

STATUS OF IDA13 INPUTS AS OF END-JANUARY 2003

Product	*Completed FY01 to date*	*Target for Spring 2003*
CFAAs	**26**	**30**
o/w Africa	12	15
CPARs	**24**	**24**
o/w Africa	11	12
PERs	**26**	**29**
o/w Africa	12	15
ICAs	**5**	**7**

Product	*Projected in Africa by March 31,2003*	*Projected in Africa by early May, 2003*
CFAAs	**14**	**15**
Share of target	47%	50%
CPARs	**14**	**14**
Share of target	58%	58%
PERs	**13**	**16**
Share of target	45%	55%

QUALITY ASSURANCE AND ENHANCEMENT MECHANISMS FOR ESW

1. ***Processing Arrangements.*** Individual regional managers are responsible for the quality of Country Financial Accountability Assessments (CFAAs), Country Procurement Assessment Reports (CPARs), Public Expenditure Reviews (PERs), Poverty Assessments (PAs), and Investment Climate Assessments (ICAs) produced by regional operations staff-Country Directors have final sign-off authority on each report, while Regional Sector Managers/Directors are accountable for the quality of ESW (for ESW managed and produced by Network Anchor staff, the relevant Unit Manager/Director is responsible for the quality of the final output). Quality assurance is also provided by Bank-wide Sector Boards, which include Sector Managers from each of the Bank's six Regions. Sector Boards are responsible for the overall development of ESW tools as diagnostic products, the monitoring of quality, and identifying actions needed to improve product quality. Before an ESW product is delivered to the client, the Sector Board, or its designate charged with responsibility for the product, formally "certifies" that the product adequately complies with the guidelines that have been issued for the product. Upstream support is provided to the Sector Boards by Network Anchor units which review Concept Papers (CP), or Initiating Concept Memoranda (IM), provide peer review assistance and, in limited cases, participate directly in the production of specific ESW products. When necessary, Network Anchor staff also provide general advice to task teams on public financial accountability, poverty, and private sector development issues, and on the application of guidelines which govern the processing and production of each task. A description of the complementary roles of Bank units in the quality assurance process is presented in Box 1.

2. ***Ex-Post Assessment.*** CFAAs, CPARs, PERs, PAs and ICAs are subject to ex-post review by the Bank's Quality Assurance Group (QAG) which every year evaluates a random sample of ESW tasks along four broad criteria: strategic relevance and timeliness, internal quality, dialogue and dissemination, and likely impact. Core diagnostic ESW such as the PER and PA have historically shown a strong overall quality performance (96 percent satisfactory or better for ESW delivered during FY01). A first- time QAG assessment of CFAAs and CPARs was also conducted during 2002 at the request of the Procurement and Financial Management Sector Boards, in order to learn how to best design and apply these relatively new analytical products. Following up on the recommendations from QAG, (and, in the case of CFAAs and CPARs, the financial management community's own reviews of fiduciary ESW), Sector Boards have issued guidelines which take account of assessments, and which have led to changes in the contents of the reports and their concept papers, the breadth and depth of analysis of the products, an increased emphasis on decisions made at the concept stage and during the draft report review, and a greater level of involvement by regional quality teams.

Box 1. Key Participants in the Quality Enhancement Process

Regions. Each of the six Regional Vice Presidencies has in place guidelines which govern the processing arrangements for ESW products, and detail quality assurance procedures to be followed by task teams in the preparation of these tasks. Quality enhancement mechanisms are periodically reviewed and, when necessary, updated pursuant to recommendations by the relevant Office of the Regional Chief Economist, or by Operational Policy and Country Services (OPCS) and/or Quality Assurance Group (QAG) staff. Currently, regional quality requirements include the following key steps:

Concept Review. A Concept Paper (CP) or Initiating Concept Memorandum (IM) is prepared for each task estimated to cost more than $50,000, and is circulated to internal staff (both inside and outside the Region-and in many cases also to the IFC Regional Economist and the relevant IMF Division Chief. The CP covers the context, relevance and timeliness of the task; the content, objectives and scope of the task; participatory processes to be followed during preparation of the product; the expected impact of the work; the financial and human resources needed to deliver a high-quality product, and the timetable for delivery. A CP review meeting is usually chaired by the Country Director or a designated staff from the country team in order to provide guidance to the team concerning the scope, focus, and the analytic framework of the proposed work and to resolve any particular problems affecting the implementation of the work.

Decision Draft Review. A decision draft of the intended report is circulated to all recipients of the Concept Paper, and to other interested parties within the Bank for written comment. Based upon the nature of the comments received, a meeting may be held in order to discuss the suitability and readiness of the draft report for discussion with country officials and other stakeholders subject to agreed revisions.

Peer review. The key documents prepared which lead to the delivery of the final ESW product are the Concept Paper and the draft report described above. Both documents are subject to a mandatory peer-review process involving experienced staff from within the Bank and external participants selected jointly by the Regions, relevant Network Anchors, and the Development Economics unit to enhance the quality of the end product and provide the valuable input and insight of others who are not members of the assessment team. Peer reviewers are selected from within the Region, from sectors that are related to public financial management and from development partners that have an interest in the product. The peer-review process offers the task team leader a broader range of professional skills on the assessment team.

Network Anchors. Network Anchors enhance the quality of ESW by supporting operational staff through the dissemination of best practice analytical work and useful tools for operational analysis. Network Anchors themselves have in place action plans which lay out specific measure for quality support to Regions, and Network Anchor staff work closely together with regional and other staff on a demand-driven basis. One example of support is the Quality Enhancement Review, which usually consists of a one-day workshop with the task team and a panel of 3-4 experts coming from inside and outside the Bank.

Sector Boards. The Bank's Sector Boards serve as focal points for debating strategic, policy and technical, procedural, human resource and financial aspects of the Bank's operational work, and provide key inputs into the institutional work program. Sector Boards have prepared toolkits for CFAAs, CPARs, PERs, PAs and ICAs that are designed to help task teams produce high-quality outputs. Whereas the Sector Boards propose the operating standards that would strengthen institution-wide efforts to improve quality, the responsibility for implementing the agreed operating standards rests with the Regions.

METHODOLOGICAL NOTES FOR IDA 13 OUTCOME INDICATORS

1. ***Primary Completion Rate (PCR):*** The primary completion rate is a flow measure of the annual output of the primary education system. It is calculated as the total number of students successfully completing the last year of primary school in a given year, divided by the total number of children of official graduation age in the population. It is an application of the OECD methodology for measuring secondary school completion rates to the primary level.

2. As the numerator in the primary completion rate counts all children completing the final grade of primary school, it will typically include overage children who either started school late or have repeated one or more grades of primary school, but are now graduating successfully. In countries where there is some repetition yet the dropout rate is low, the primary completion rate can, in a particular year, exceed 100 percent. However, since children are counted in the numerator only once-when they actually graduate-completion rates cannot consistently remain above 100 percent. Completion rates consistently above 100 percent can be assumed to reflect data weaknesses, in either reported enrollment statistics or age-specific population estimates.

3. The primary completion rate focuses on capturing the share of children who ever complete the cycle; it is not a measure of "on-time" primary completion. An on-time completion rate could also be calculated, by netting overage children out of the numerator. But data for this are not readily available. More fundamentally, though, the key number of policy interest to countries from a human capital standpoint is the share of children who eventually obtain a primary-level education.

4. Primary completion rates are calculated from the same two basic data sources used to compute gross and net enrollment ratios: (a) enrollment data from national ministries of education, and (b) United Nations population data. The grade-specific enrollment data required for the primary completion rate is collected in all countries and is published by the UNESCO Institute for Statistics.

5. However, since developing the most up-to-date picture possible of where countries currently stand is a priority, the Bank collected enrollment data for the most recent year possible directly from national education ministries, through World Bank task teams. In most cases, that meant the year 2000. When it was impossible to obtain more recent data, the Bank relied on published UNESCO data, most often for 1997. In a few cases, the only available data was for even earlier years.

6. The PCR is the most direct and meaningful measure of progress towards the MDG goal of universal primary completion and is an important outcome measure which reflects Government commitment to primary education, the efficiency of education service delivery, and development effectiveness in the education sector.

7. However, in tracking the PCR in this context it is very important to note the following:

- ***New indicator—***The PCR is a brand new indicator. The first internationally standardized PCR estimates were developed only over the past year, in an ad hoc process to support a research project. While the World Bank and UNESCO's

Institute of Statistics are committed to monitor this statistic annually from now on, systems for collecting and standardizing the data from 155 developing countries are not yet in place. We do not have a very good sense yet of the confidence interval around the first set of estimates. .

- ***Summative indicator that is slow to change—***The PCR captures the final output of the primary education system-graduates from the final grade of primary school. The longer the length of the primary cycle (e.g., 7 years in Uganda, 8 years in Kenya), the longer it will take for PCRs to move. As such, although we know from our research that core education policy and financing parameters clearly do drive PCR progress, improvements (or declines) in response to policy change will only register with time.

- ***Population data issues, particularly in low-population countries—***The PCR is sensitive to the accuracy of age-specific population data which are used in the denominator (i.e., the number of 11 year-olds in the population, for a 5 grade primary system). The PCR database draws on the World Bank/UN population data. While these are the best internationally standardized population data available, the age-specific estimates are slightly less reliable than overall population estimates, and this is particularly an issue in low population countries, such as many of the IDA countries. There is no clear solution to this problem, other than to analyze closely whether changes in the PCR are being driven by genuine educational enrollment trends (captured in the numerator) or variations in the denominator that may reflect population data issues, rather than population changes. Finally, there are several very small island countries among the IDA-13 countries for which age-specific population breakdowns do not even exist, which precluded the development of a PCR estimate for these countries.

- ***Proxy primary completion rate used in the baseline for many IDA countries—***The most important concern of all is that many developing countries do not have the administrative capacity to collect the end-of-the-school year enrollment and completion data that are required for estimating a "true" primary completion rate (number of primary graduates/number of children of official graduation age). This is particularly true for the low income countries. In these cases, we have estimated "proxy" primary completion rates: the number of children enrolled in the final grade of primary school, adjusted for average repetition in that grade, divided by the number of children of official graduation age), About 60% of the PCR baseline estimates for the IDA countries are proxy PCRs (PPCRs).

It is very important to note that proxy primary completion rates have an upward bias, since they do not capture drop out during the final grade. In some cases, the upward bias may be as high as 10%. UNESCO and the Bank are working with countries to encourage data collection on actual graduates. This will improve the accuracy of PCR estimates, but in doing so will produce the appearance of a decline in the completion rate. It is very important to be aware of this and quickly "rebase" the estimates for these countries in order to evaluate their progress fairly, and avoid creating any disincentives for IDA countries to collect the data on actual graduates needed for a true PCR.

8. ***Measles Immunization Coverage Rate:*** These estimates are made by the World Health Organization (WHO) and UNICEF in a joint effort and are based on official data provided by country immunization programs and on household surveys that include immunization coverage modules. The data are evaluated for completeness and other errors by the WHO/UNICEF team, and, where necessary, adjusted in order to obtain internationally comparable estimates. The data are available annually for most-but not all-countries, with a 1-2 year lag. The latest year available is now 2001. In February 2004 data for 2002 should be available (but are dependent on the diligence of WHO/UNICEF for producing the estimates). The aggregate immunization coverage rates used for the IDA13 targets are weighted by the population at risk, which is the number of births in a given year.

9. ***Time and Cost of Business Start-Up:*** These data are gathered as part of the Doing Business project in the Private Sector Advisory Services unit of the World Bank.[3] The data track the time and cost it takes for a standardized hypothetical company to complete all of the necessary regulatory requirements to register a business formally. Baseline data as of January 1st, 2002 are available for 110 countries including 39 IDA countries.

10. The data are built through a combination of desk research and expert assessment. The Bank's project team starts by studying the laws and regulations in force on business regulations, as well as reviewing publicly available summaries and descriptions of the business registration process (e.g. Price Waterhouse Coopers reports on the business environment; government websites describing the business registration process). From this research, the team compiles a detailed list of the steps, time and cost for business registration. This list is then sent to business registration experts (e.g. incorporation lawyers, accountants) in the country, who are asked to verify the data, identify any missing steps/data, and make any corrections. If there are any differences in their answers the team goes back to the respondents until the data can be reconciled.

11. The survey divides the process of starting up a company into distinct procedures, and then proceeds to calculate the costs and time necessary for the accomplishment of each procedure under normal circumstances. The study assumes that the information is readily available and that all government and non-government entities involved in the process function efficiently and without corruption.

12. There are a number of procedures necessary to legally operate industrial or commercial businesses. These include (i) obtaining all the necessary permits and licenses, and (ii) completing all the required inscriptions, verifications and notifications to enable the company to start operation. A "procedure" is defined as any interaction of the company founder with external parties (government agencies, lawyers, auditors, notaries, etc). Interactions between company founders or company officers and employees are not considered as separate procedures. For example, an inauguration meeting where shareholders elect the directors and secretary of the company is not considered a procedure, as there are no outside parties involved.

13. All procedures that are required for establishing a business are recorded, even if they may be avoided in exceptional cases or for exceptional types of business. In general, there are four types of procedures: (i) procedures that are always required; (ii) procedures that are generally

[3] For more information on the Doing Business Project and the methodology used for collecting these data, see hhtp:/rru.worldbank.org/DoingBusiness/default.asp.

required but that can be avoided in exceptional cases or for exceptional types of businesses; (iii) mandatory procedures that are not generally required (industry-specific and procedures specific to large companies), and (iv) voluntary procedures. The data cover only procedures within the first two categories.

PRIMARY COMPLETION RATE

Primary completion rate, total

Countries	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Latest Rate (as of Spring 2002)	Year close to 1990	1990 Rate	Completers in the Last Grade of Primary (as of Spring '02)	Population of Last Grade of Primary (as of Spring '02)	Average Annual Change	Latest Rate (as of Today)	Completers in Last Grade of Primary (as of Today)	Population of Last Grade of Primary (as of Today)	Average Annual Change
Angola	..	..	..	..	..	..	..	..	..	..	..	..	28	..	28	NA	NA	93900	332000	..	28	93900	332000	..
Benin	..	..	23	..	..	..	..	..	37	..	39	..	..	..	39	1990	23	63974	166000	1.96	39	63974	166000	1.96
Burkina Faso	..	..	19	..	..	..	..	24	..	..	25	..	..	..	25	1990	19	66810	267000	0.74	25	66810	267000	0.74
Burundi	..	..	46	..	30	..	..	..	..	..	43	..	..	..	43	1990	46	72169	167500	-0.35	43	72169	167500	-0.35
Cameroon	..	..	57	..	..	..	..	..	..	..	..	43	..	..	43	1990	57	157940	371500	-1.57	43	157940	371500	-1.57
Cape Verde	..	55	..	..	..	..	..	..	..	117	..	..	..	..	117	1989	55	11710	10000	7.70	117	11710	10000	7.70
Central African Republic	..	..	28	..	..	..	..	..	..	..	..	..	19	..	19	1990	28	18037	94000	-0.87	19	18037	94000	-0.87
Chad	..	..	19	..	..	..	..	..	15	..	..	..	19	..	19	1990	19	47388	253000	-0.04	19	47388	253000	-0.04
Comoros	..	..	..	35	..	33	..	..	..	..	..	..	..	..	33	1991	35	4579	14000	-1.22	33	4579	14000	-1.22
Congo, Dem. Rep.	..	..	48	..	..	..	..	..	..	..	..	..	40	..	40	1990	48	527000	1325000	-0.79	40	527000	1325000	-0.79
Congo, Rep.	..	..	61	..	..	..	..	54	..	..	..	..	44	..	44	1990	61	33727	76500	-1.73	44	33727	76500	-1.73
Cote d'Ivoire	..	..	44	..	..	..	..	..	42	..	..	40	..	..	40	1990	44	162335	401000	-0.35	40	162335	401000	-0.35
Eritrea	..	..	..	22	..	..	..	..	36	..	..	35	..	..	35	1991	22	36091	102000	1.72	35	36091	102000	1.72
Ethiopia	..	22	..	..	..	..	..	..	17	..	..	24	..	..	24	1989	22	381650	1581000	0.25	24	381650	1581000	0.25
Gambia, The	..	..	..	40	..	..	..	55	..	..	..	..	70	..	70	1991	40	19600	28000	3.35	70	19600	28000	3.35
Ghana	..	..	63	..	..	..	..	..	..	..	..	64	..	..	64	1990	63	336210	529000	0.11	64	336210	529000	0.11
Guinea	..	..	16	..	..	..	..	..	..	28	..	..	34	..	34	1990	16	65604	193000	1.75	34	65604	193000	1.75
Guinea-Bissau	16	..	..	..	..	..	..	..	..	..	..	..	31	..	31	1988	16	8938	28500	1.28	31	8938	28500	1.28
Kenya	..	..	87	..	..	..	..	78	..	..	..	63	..	..	63	1990	87	542290	857000	-2.65	63	542290	857000	-2.65
Lesotho	..	..	75	..	..	..	..	..	79	..	..	..	68	..	68	1990	75	31355	45500	-0.72	68	31355	45500	-0.72
Madagascar	..	..	34	..	..	..	..	30	..	..	26	..	..	..	26	1990	34	105840	400500	-0.93	26	105840	400500	-0.93
Malawi	..	..	33	..	..	..	..	65	..	..	..	64	..	..	64	1990	33	188428	294000	3.45	64	188428	294000	3.45
Mali	..	..	11	..	..	..	..	..	23	..	23	..	..	..	23	1990	11	63195	269500	1.51	23	63195	269500	1.51
Mauritania	..	..	34	..	..	..	..	..	38	..	46	..	..	..	46	1990	34	28831	63000	1.47	46	28831	63000	1.47
Mozambique	..	..	30	..	..	..	..	21	..	..	36	..	..	..	36	1990	30	174705	484000	0.82	36	174705	484000	0.82
Niger	..	..	18	..	..	..	..	..	19	..	20	..	..	..	20	1990	18	48582	248000	0.17	20	48582	248000	0.17
Nigeria	..	..	72	..	..	..	74	..	..	..	..	..	67	..	67	1990	72	2110020	3165500	-0.56	67	2110020	3165500	-0.56
Rwanda	..	..	34	..	..	..	..	..	..	..	..	..	28	..	28	1990	34	57794	203000	-0.54	28	57794	203000	-0.54
Senegal	..	45	..	..	..	..	..	..	..	48	..	..	41	..	41	1989	45	99075	239000	-0.36	41	99075	239000	-0.36
Sierra Leone	..	..	..	..	..	..	..	..	..	..	..	..	32	..	32	NA	NA	43200	135000	..	32	43200	135000	..
Sudan	..	..	59	..	..	..	..	..	42	..	..	..	46	..	46	1990	59	313417	687500	-1.37	46	313417	687500	-1.37
Tanzania	..	65	..	..	..	..	..	..	..	54	..	60	..	..	60	1989	65	456695	774000	-0.50	60	456695	774000	-0.48
Togo	..	..	41	..	..	..	..	53	..	..	..	63	..	..	63	1990	41	74740	119500	2.41	63	74740	119500	2.41
Uganda	..	..	49	..	..	..	..	50	..	..	..	..	65	..	65	1990	49	382298	585000	1.64	65	382298	585000	1.64
Zambia	91	..	..	..	..	..	..	83	..	..	73	..	..	..	73	1988	91	189069	228500	-1.84	73	189069	228500	-1.84
Zimbabwe	..	..	97	..	..	..	..	..	..	113	..	..	..	..	113	1990	97	322583	284500	2.29	113	322583	284500	2.29
Cambodia	71	..	..	..	..	..	..	..	..	39	..	..	60	70	60	1988	71	175244	292000	-0.95	70	206862	295500	-0.11
Indonesia	..	..	92	..	..	..	..	..	91	..	..	..	91	..	91	1990	92	3704881	4088000	-0.10	91	3704881	4088000	-0.10
Lao PDR	..	44	..	..	..	..	..	56	..	65	..	..	69	..	69	1989	44	93263	136000	2.22	69	93263	136000	2.22
Mongolia	..	..	..	..	..	..	..	..	75	..	82	..	..	..	82	1996	75	56041	68000	3.71	82	56041	68000	3.71
Solomon Islands	..	..	65	..	..	..	66	..	..	..	..	..	..	..	66	1990	65	6561	10000	0.19	66	6561	10000	0.19
Vanuatu	..	90	..	..	86	..	..	..	..	..	..	..	..	..	86	1989	90	3450	4000	-1.09	86	3450	4000	-1.09
Vietnam	..	..	..	..	..	..	..	..	..	..	..	..	..	101	NA	NA	NA	NA	NA	..	101	1889274	1870500	..
Albania	..	..	101	..	..	..	..	91	..	..	..	..	..	..	91	1990	101	63841	70000	-2.05	91	63841	70000	-2.05
Armenia	..	..	..	..	..	..	..	..	82	..	..	..	..	..	82	NA	NA	64303	78000	..	82	64303	78000	..
Azerbaijan	..	..	..	..	47	..	..	..	110	..	100	..	..	..	100	1992	47	167848	167500	8.84	100	167848	167500	8.84
Bosnia and Herzegovina	..	..	..	..	..	..	..	..	..	..	..	88	..	..	88	NA	NA	35254	40000	..	88	35254	40000	..
Georgia	..	..	..	..	..	..	..	..	83	..	82	..	90	..	90	1996	83	76347	84500	1.84	90	76347	84500	1.84
Kyrgyz Republic	..	..	..	..	..	..	..	105	..	..	100	..	..	..	100	1995	105	113437	114000	-1.83	100	113437	114000	-1.83
Moldova	..	..	..	67	..	..	..	..	95	..	..	79	..	..	79	1991	67	63048	80000	1.51	79	63048	80000	1.51
Tajikistan	..	..	..	..	..	..	..	..	77	..	95	..	..	..	95	1996	77	165651	174000	9.10	95	165651	174000	9.10
Uzbekistan	..	..	..	..	..	..	97	..	..	..	..	..	100	..	100	1994	97	637096	638500	0.46	100	637096	638500	0.46
Yugoslavia, FR (Serbia/	..	..	72	..	..	..	..	..	70	..	..	..	96	..	96	1990	72	151857	158000	2.40	96	151857	158000	2.40
Bolivia	..	..	55	..	..	..	..	..	..	..	..	..	72	..	72	1990	55	136063	189000	1.70	72	136063	189000	1.70
Guyana	..	..	92	..	..	..	..	..	79	..	..	86	89	..	89	1990	92	15167	17000	-0.24	89	15167	17000	-0.24
Haiti	..	..	28	..	..	..	..	..	..	40	70	..	..	..	70	1990	28	148207	212000	5.27	70	148207	212000	5.27
Honduras	..	..	..	66	..	..	70	..	..	..	..	..	67	..	67	1991	66	108600	161000	0.21	67	108600	161000	0.21
Nicaragua	45	..	..	..	..	..	..	..	..	58	..	..	65	..	65	1988	45	80721	123500	1.69	65	80721	123500	1.69
St. Lucia	..	..	112	..	..	..	..	..	108	..	..	..	..	106	108	1990	112	4325	4000	-0.57	106	4240	4000	-0.51
St. Vincent and the Gren	..	..	..	..	..	140	..	..	..	..	..	..	..	84	140	1993	140	2799	2000	..	84	1680	2000	-7.00
Djibouti	..	..	32	..	..	..	..	..	28	..	..	30	..	..	30	1990	32	4784	16000	-0.26	30	4784	16000	-0.26
Yemen, Rep.	..	..	..	..	..	..	..	..	..	..	..	..	58	..	58	NA	NA	305074	523000	..	58	305074	523000	..
Afghanistan	..	22	..	..	..	26	..	..	..	..	..	8	..	..	8	1989	22	43588	540500	-1.39	8	43588	540500	-1.39
Bangladesh	..	50	..	..	..	..	..	..	..	..	..	..	70	..	70	1989	50	2449686	3504000	1.78	70	2449686	3504000	1.78
Bhutan	7	..	..	..	..	..	23	..	..	..	..	..	..	59	23	1988	7	3699	16000	2.75	59	9392	15833	4.05
India	..	..	70	..	78	..	73	..	..	..	..	76	..	..	76	1990	70	16786123	22073500	0.72	76	16786123	22073500	0.72
Nepal	49	..	..	..	51	..	..	..	..	..	57	..	65	..	65	1988	49	408984	633000	1.33	65	408984	633000	1.33
Pakistan	..	44	..	..	..	..	..	..	..	..	..	..	59	..	59	1989	44	2244360	3804000	1.39	59	2244360	3804000	1.39
Sri Lanka	..	..	100	..	..	..	..	..	100	..	..	..	..	111	100	1990	100	367443	367500	-0.07	111	355511	320000	0.97
Source: *WDI* database												Total						36027524.67	53410500			37940974	55236833	

MEASLES IMMUNIZATION COVERAGE RATES

					Measles (MCV) coverage			(new data all years)				
Country Name	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**
Albania	88	80	87	76	90	91	92	95	89	85	95	95
Bhutan	93	89	86	84	81	85	85	84	71	76	76	78
Cape Verde	79	76	82	88	83	66	66	82	66	61	80	72
Grenada	85	99	73	99	93	88	85	92	97	94	92	96
India	56	43	51	59	67	72	66	55	51	50	56	56
Macedonia, FYR				98	86	97	91	98	96	98	97	92
Maldives	96	97	98	86	97	96	95	96	98	97	99	99
Mauritania	38	32	43	49	53	67	66	64	62	56	62	58
Senegal	51	54	57	58	59	80	70	65	62	60	48	48
Sri Lanka	80	79	82	86	84	87	89	94	94	95	99	99
St. Lucia	83	87	72	94	94	94	95	95	90	95	95	89
St. Vincent and the Grenadines	96	99	99	99	99	99	99	99	99	87	96	98
Tanzania	80	79	81	77	79	78	78	73	78	72	78	83
Uganda	52	54	56	57	59	57	55	54	53	57	56	61
Armenia			93	95	95	96	89	92	94	92	92	93
Benin	79	60	70	67	78	65	60	66	66	75	68	65
Bosnia and Herzegovina			52	48	57	53	70	86	84	83	80	92
Burkina Faso	79	69	60	50	45	43	40	41	46	46	46	46
Dominica	91	98	99	99	92	96	99	99	98	99	99	99
Ghana	61	63	64	66	68	70	71	73	73	73	84	81
Honduras	90	86	89	94	93	89	91	99	98	98	98	95
Lesotho	80	80	80	81	81	83	82	80	78	77	77	77
Madagascar	47	54	54	54	63	55	46	46	46	55	55	55
Malawi	81	85	91	87	83	90	90	87	90	83	83	82
Nepal	57	57	58	58	58	56	65	73	72	72	71	71
Pakistan	50	51	52	52	53	53	54	54	54	54	54	54
Rwanda	83	89	82	74	25	84	76	66	78	78	74	78
Vietnam	85	88	90	93	96	96	96	96	96	93	97	97
Zambia	90	80	85	91	96	86	86	86	85	85	85	85
Azerbaijan			66	28	91	97	99	97	98	98	99	99
Bangladesh	65	68	69	74	78	79	69	72	72	76	76	76
Bolivia	53	54	57	57	64	58	61	51	50	79	79	79
Eritrea			18	34	51	58	66	73	81	88	88	88
Ethiopia	38	17	12	22	54	38	54	49	46	27	52	52
Gambia, The	86	87	83	87	89	91	94	92	92	88	85	90
Georgia	99	81	16	61	63	61	65	69	73	73	73	73
Guyana	77	81	73	80	83	84	91	82	93	87	86	92
Indonesia	58	59	61	62	62	63	71	71	71	71	56	59
Kenya	78	81	84	84	84	83	81	79	78	76	76	76
Kyrgyz Republic		94	94	93	88	97	98	98	98	99	98	99
Moldova	94	93	92	92	95	99	98	99	99	99	87	81
Mozambique	59	55	56	62	65	71	67	70	87	90	97	92
Nicaragua	82	54	73	83	73	81	90	94	99	99	99	99
Yugoslavia, Fed. Rep.	83	76	82	85	81	86	90	92	88	84	89	90
Cambodia	34	38	33	37	50	62	56	50	52	55	65	59
Cameroon	56	48	41	40	43	46	49	52	57	62	62	62
Chad	32	28	25	19	24	26	22	30	30	30	42	36
Congo, Rep.	75	64	60	55	47	38	42	18	21	23	34	35
Cote d'Ivoire	56	57	54	52	55	57	65	68	66	62	73	61
Djibouti	85	53	41	41	42	41	41	31	21	23	50	49
Guinea	35	42	52	55	58	61	61	56	52	52	52	52
Mali	43	42	40	51	51	54	55	57	54	52	49	37
Mongolia	92	82	84	84	80	85	88	91	93	93	94	95
Niger	25	28	21	19	19	40	38	35	35	36	34	51
Nigeria	54	57	43	40	41	44	38	69	40	40	40	40
Yemen, Rep.	69	53	46	51	31	46	47	46	66	74	71	79
Angola	38	39	39	47	44	46	62	78	65	46	46	72
Burundi	74	78	70	62	43	80	79	77	76	75	75	75
Central African Republic	83	62	31	41	51	46	46	46	39	39	34	29
Comoros	87	40	51	56	59	69	43	49	67	69	70	70
Congo, Dem. Rep.	38	17	25	33	39	27	21	20	20	15	46	46
Guinea-Bissau	53	52	60	68	68	45	49	51	61	70	59	48
Haiti	31	35	39	44	48	49	50	52	53	54	54	53
Lao PDR	32	47	46	46	73	68	73	67	71	71	42	50
Sao Tome and Principe	71	77	52	57	65	74	57	60	59	64	69	69
Sierra Leone										62	37	37
Sudan	57	57	52	49	48	51	59	58	49	53	47	67
Tajikistan		77	84	92	90	88	86	83	81	79	87	86
Togo	73	69	64	60	57	53	48	43	50	57	58	58
Uzbekistan	85	84	84	82	71	91	95	88	96	96	99	99
Zimbabwe	87	87	86	86	87	87	88	84	79	79	70	68
Overall Population-Weighted Coverage Rate (N=70)*										**55.8**	**59.3**	**60.1**

PRIVATE SECTOR DEVELOPMENT BASELINE

Country	Days to Register a Business \1	Cost to Register a Business (% of GNI per capita) \1
Albania	62	62%
Armenia	79	12%
Azerbaijan	104	21%
Bangladesh	30	78%
Benin	63	168%
Bolivia	104	151%
Bosnia and Herzegovina	74	56%
Burkina Faso	39	328%
Cameroon	56	196%
Côte d'Ivoire	91	136%
Ethiopia	44	429%
Georgia	62	38%
Ghana	126	98%
Honduras	146	67%
India	89	52%
Indonesia	168	15%
Kenya	68	44%
Kyrgyz Republic	26	13%
Madagascar	68	58%
Malawi	56	94%
Mali	61	230%
Moldova	41	31%
Mongolia	31	14%
Mozambique	214	74%
Nepal	25	189%
Nicaragua	69	309%
Niger	27	389%
Nigeria	50	92%
Pakistan	53	44%
Senegal	58	116%
Sri Lanka	73	16%
Tanzania	37	229%
Uganda	35	114%
Uzbekistan	33	17%
Vietnam	68	36%
Yemen, Rep.	95	316%
Yugoslavia, FR (Serb./Mont.)	71	20%
Zambia	40	43%
Zimbabwe	122	27%
Population-Weighted Average	**86**	**73%**

\1 Data as of end-2001. Compilation of end-2002 data will be completed by March 2003.

IDA MONITORING INDICATORS AND TARGETS

1. This annex describes the sources and availability indicators and options for setting aggregate performance targets for IDA countries. The discussion focuses on the 12 indicators of poverty, education, health, and water and sanitation, which have been adopted from the first seven Millennium Development Goals. They have also been included in the core sets of monitoring indicators proposed by the European Commission and other donors. Table B-1 lists the indicators proposed in common by the European Commission, the United States' Millennium Challenge Account, and included by the UK Department for International Development in their Public Service Agreement. These or similar indicators appear in many PRSPs. In addition GDP per capita has been included as an indicator of economic capacity, along with two indicators of private sector development-the time and cost of starting a business, which were also part of the IDA13 interim monitoring set.

Table B1. IDA Monitoring Indicators and Other Monitoring Initiatives

Indicator	*EC list*	*US MCA list*	*DFID PSA list*
1. Proportion of population below national poverty line	Yes	No	No
2. Proportion of population below $1/day poverty line	No	No	Yes
3. Under-5 child mortality	Yes	No	Yes
4. Prevalence of underweight children under five years of age	Yes	No	No
5. Proportion of 1 year old children immunized against measles	Yes	Yes	No
6. Proportion of births attended by skilled health personnel	Yes	No	Yes
7. HIV prevalence rate of pregnant women 15-24	Yes	No	Yes
8. Net enrolment ratio in primary education	Yes	No	Yes
9. Primary school completion rate	Yes	Yes	No
10. Ratio of girls to boys in primary and secondary education	Yes	No	Yes
11. Proportion of population with sustainable access to an improved water source	Yes	No	No
12. Proportion of population with access to improved sanitation	No	No	No
13. GDP per capita	No	No	No
14. Formal cost required for business start up	No	Yes	No
15. Time required for business start up	No	Yes	No

2. Not all of these indicators are recommended for targeted monitoring. National poverty lines are not comparable across countries and therefore are not suitable for forming aggregate measures. And some lack adequate data for measuring trends over time, such as HIV prevalence or access to sanitation. So while they remain important for monitoring future progress, they are not suitable for setting targets at this time.

A. Data Availability

3. Although most of the selected indicators are included in the Millennium Development Goals and many have been included in PRSPs, data are lacking for many countries or are available only at infrequent intervals. Table B-2 shows the extent of coverage of the proposed indicators in PRSPs and in the Bank's World Development Indicator (WDI) database for IDA countries.

Table B2. Availability of proposed IDA monitoring indicators

	PRSPs that include indicator[a] %	PRSPs covering subject %	Availability in WDI database[b] %	Typical frequency of reporting	Agency responsible for data compilation[c]
1. Proportion of population below national poverty line	83	91	52	3-5 years	World Bank
2. Proportion of population below $1/day poverty line	14	52	44	Every 3-5 years	World Bank
3. Under-5 child mortality	65	96	96	3 years	UNICEF, WHO
4. Prevalence of underweight children under five years of age	35	60	80	3 years	UNICEF, WHO
5. Proportion of 1 year old children immunized against measles	9	70	80	Annual	UNICEF, WHO
6. Proportion of births attended by skilled health personnel	48	100	77	3-5 years	UNICEF, WHO
7. HIV prevalence rate of pregnant women 15-24	0	52	60	Only available for 1999	UNAIDS, UNICEF
8. Net enrolment ratio in primary education	48	91	75	Annual	UNESCO
9. Primary school completion rate	22	35	92	Annual	UNESCO
10. Ratio of girls to boys in primary, secondary and tertiary education	61	61	87	Annual	UNESCO
11. Proportion of population with sustainable access to an improved water source	74	74	89	3 years	UNICEF, WHO
12. Proportion of population with access to improved sanitation	60	65	82	3 years	UNICEF, WHO
13. GDP per capita	39	100	98	Annual	World Bank
14. Formal cost required for business start up	n/a	n/a	49	Every year	World Bank
15. Time required for business start up	n/a	n/a	49	Every year	World Bank

Notes
a Number of countries with full PRSPs was 23 at the end of December 2002
b As a percentage of countries eligible for IDA borrowing
c Data used for indicators 1-12 is based on national government data collection and reporting; see Table B-3 for further details.

4. Country coverage is relatively limited for poverty rates (both national and dollar-a-day poverty), private sector development, and HIV/AIDS, but there are gaps in virtually all data series. Many countries lack sufficient data to calculate trends for poverty, birth attendance, HIV/AIDS prevalence, and access to water and sanitation. Furthermore, there are often lags in availability. For some indicators, in particular, poverty, education, and some health indicators, the most recent source data are several years old. Key exceptions are GDP per capita, primary completion rates (for which special estimates were recently produced by the World Bank), and measles immunization. Additional lags are introduced when national data are compiled in

international databases. Most of the data available now in the WDI database are for 2000 or 2001. In 2004 data will become available for 2001 or 2002. Progress made towards targets set for 2004 will be measurable in 2006 or 2007. Improvements in data availability and timeliness are possible and must be addressed by the agencies responsible for compiling international data sets working with countries to improve data collection practices.

B. Improving data reliability

5. A significant effort has already been made to improve estimates of child mortality rates, which are often available from a number of sources such as household surveys, population censuses, and, less commonly, vital registration systems. These different sources may give different estimates for the same year or for different years, and trends are often difficult to assess. In addition, in many countries, particularly those with weaker statistical systems where vital registration systems are not in place, estimates may be sporadic and based on household surveys conducted every three to five years. To overcome this problem and produce harmonized estimates that reliably measure child mortality, UNICEF and the World Bank have adopted a common methodology for estimating trends. This is a smoothing procedure based on fitting a regression line to available data, using weighted least squares. In this model all available data, form both survey vital registration sources, are used with weights are assigned representing the relative reliability of different observations. (For example, estimates derived from events reported retrospectively are given less weight as the length of time between the survey and the events being reported increases.). This estimated trend can then be used to make a single estimate for any year, interpolate missing values, and or make estimates for recent years based on extrapolation.

6. This example shows that estimation procedures may be used to fill gaps in international databases and to harmonize different estimates of the same indicator—but it should be recognized that the results are a set of modeled estimates used to supplement more direct observations obtained from surveys and administrative sources. Work to improve other indicators, both at country and international level, is also taking place. Table B-3 briefly discusses the main collection and methodological issues for each of the fifteen indicators.

Table B3. Indicator collection methodology and main issues

Indicator	*Key methodological issues*
1. Proportion of population below $1 day poverty line	The proportion below $ a day is calculated by the World Bank from household income/expenditure survey data, using purchasing power parities constructed from international price surveys. Regional and global estimates are calculated annually by the Bank and normally published in Global Economic Prospects; national estimates are calculated much more infrequently. The $ a day threshold is not equally relevant in all regions.
2. Proportion of population below national poverty line	This is the most common measure of poverty used to monitor PRSPs, and is based on the national poverty line determined either by an official threshold, or by an estimate of the cost of food and/or basic needs. Data requirements include a good quality household income or expenditure survey, and a consumer price index. It is difficult to aggregate numbers in poverty based on national poverty lines because of differences in living standards.
3. Under-5 child mortality	Represents the probability of a child born in a specified year dying before reaching the age of five; measures the survival of children, but also reflects the overall conditions in which children live. Relatively slow changing: difficult to measure changes on a annual basis at national level. Reported by UNICEF annually, based on WHO estimates and UNICEF sources (including vital registration information, though this is rare), DHS and MICS surveys. WHO is the international

Table B3. Indicator collection methodology and main issues	
Indicator	***Key methodological issues***
	compiler but the World Bank also makes estimates based on country reports and demographic models.
4. Prevalence of underweight children under five years of age	Based on children whose weight is determined to be low for their age, by reference to a "standard" well nourished population. Generally collected through national nutrition surveys, or household surveys.
5. Proportion of 1 year old children immunized against measles	Data screened and standardized by WHO/UNICEF based on country reports; may come from administrative data or household surveys.
6. Proportion of births attended by skilled health personnel	Measures potential to provide access to health care to women during health care, although it is a measure of service use. Collected/reported by WHO/UNICEF based on administrative records, or from surveys (e.g. DHS, MICS).
7. HIV prevalence rate of pregnant women 15-24	Data derived from sentinel sites collected by WHO/UNAIDS; model based adjustments needed to estimate overall prevalence rates.
8. Net enrolment ratio in primary education	Measures participation of the official school-age population in primary education. Requires enrollment numbers by single years of age, and the population of the official primary age group. Possible sources are school registers, school surveys, or censuses (and household surveys, though these data are not collected by UNESCO) for number of new entrants; census or projections/estimates for number of children of official school age. UNESCO collects underlying data directly from countries annually.
9. Primary school completion rate	Measures internal efficiency of the school system; higher rates indicate higher levels of retention. Requires agreed estimate of population cohort; countries differ in definition of primary stage. Collected from administrative records annually. PCR estimates currently calculated by World Bank with UNESCO retaining primary institutional responsibility for compiling education statistics.
10. Ratio of girls to boys in primary, secondary and tertiary education	Equality of educational opportunity is a measure of both fairness and efficiency of education, which is one of the most important determinants of development for girls. Data is usually obtained from administrative sources, such as school records, although household surveys may also measure the numbers of girls and boys in school. UNESCO data collection is based on the ISCED classification, which allows comparisons over time and between countries.
11. Proportion of population with sustainable access to an improved water source	Collected through household surveys (preferred) and by official reports; WHO and UNICEF principal compilers; many doubts about quality of data, especially for earlier years. Potential problems with definition differences e.g. access.
12. Proportion of population with access to improved sanitation	Collection process similar to access to water; similar reservations. WHO, UNICEF, and others (including World Bank) working on improving collection process. Potential problems with definition differences e.g. access.
13. GDP per capita	Data are estimated by World Bank staff based on national accounts data collected by Bank staff during economic missions or reported by national statistical offices to other international organizations such as the Organization for Economic Co-operation and Development.
14. Formal cost required for business start up	An indicator of barriers to entry based on surveys of local experts conducted as part of the World Bank's Investment Climate Assessments.
15. Time required for business start up	As indicator 14.

C. Aggregation methods

7. Aggregation is needed to reduce many country observations to a single observation representative of IDA as a whole. The appropriate aggregation method is determined, in part, by the nature of the indicator and by the use to which the indicator will be put. All of the proposed indicators are ratios representing country level results. The aggregate measure should be, therefore, an average or representative value of the ratio. It is common practice to calculate averages of ratios using as the normalizing (or denominator) variable as a weight. This results in an aggregate ratio that corresponds to the ratio of the aggregates. For example the population weighted average of GDP per capita is equivalent to the ratio of total GDP divided by total population. Another approach is to select a weighting variable that reflects the relative importance of an observation. Population or GDP weights are commonly used, but the number of poor people or the volume of IDA borrowing could be also used as weights. A simple average is a special case that gives equal weight to each observation in an aggregate. The median value is a useful alternative to the average, especially in cases where the distribution of observations is irregular. Both weighted and unweighted medians can be constructed.

8. In the interim IDA monitoring system, the aggregate measure of measles immunization rates was based on a weighted average using the number of births as weights. The primary completion rate was weighted by the total number in the relevant age group. And the number of days needed to start a business was aggregated using the total population. Targets for these indicator were set both in terms of changes in the averages and the number of countries showing improvement.

9. There are two concerns with the use of weighted aggregate measures. The first is that, by design, they are most representative of the largest countries. In the case of IDA members, India accounts for 42 percent of the population and 44 percent of GDP. An aggregate that includes India may have different characteristics than one for which data from India (such as births attended by skilled health personnel) are not available. Another concern is that changes in an aggregate measure will reflect both changes in the country-level indicator and in the weighting variable. This can result in anomalous behavior of the aggregate; for example, the aggregate ratio can fall even when the country-level ratios are all rising. Instead of using variable weights, the weights could be calculated for the opening period and held fixed in the later period. But this introduces conceptual difficulties in interpreting future values of the aggregate indicator. An unweighted aggregate will avoid the problem of large country dominance, but may yield an aggregate that is unrepresentative of the experience of a large number of people.

10. For these reasons, weights based on current values of the denominator are recommended. In the discussion of target setting which follows, aggregate calculations have been based on population weights. Although these do not precisely duplicate the use of denominator weights, they should provide a good approximation. In the final version of the monitoring system, aggregate indicators and their targets would be computed using denominator weights.

D. Treatment of missing observations

11. ne other problem in constructing aggregates is the treatment of missing observations. For an aggregate to be truly representative of IDA, it should include data for all IDA countries. As

Table B-2 suggests, this is not feasible. When datasets are incomplete, possible responses to enable aggregation include the estimation of missing data; the use of a cohort sample of those countries with reliable data; the use of "proxy" indicators, for which data might be more readily available; and the estimation of indicators that are reliable in aggregate form only. The practice in the World Development Indicators has been to use estimates based on the sample of countries with available data, provided that the number of available observations exceeds an agreed threshold, or to estimate the aggregate based on the relationship of the available observations to the missing observations in some base period for which data are complete.

12. Because the IDA monitoring system is intended to measure change over time, it is particularly important that aggregates be estimated over a consistent set of countries. The addition or loss of an influential country could significantly affect the measured change in the aggregate. However, because of intermittent reporting, the number of contemporaneous observations for a given indicator is typically less than shown in Table B-2. The solution adopted below involves two steps:

(a) Only countries with two observations in the historical period were included in the baseline data set. For each country the earliest observation in the period 1990-1995 was compared to latest observation in the period 1996-2001 to estimate a historical rate of change for each indicator.

(b) The most recent year for which a substantial amount of data are available was selected as the common year for aggregation. Where a historical rate of change was available from the first step, but data were missing for the selected common year, the nearest data point was extrapolated forward or backward to the common year. This resulted in a set of estimated data points for 1990 and the most recent year for all countries which had at least two observations in the historical period.

13. A similar process could be employed in future years, provided all of the included countries continue to report data at an acceptable frequency. If a country included in the baseline estimates ceases to report, it would have to be dropped and the baseline data recalculated. Similarly, if data become available for a country not included in the historical baseline, it will have to be factored into the baseline estimates to ensure comparability with future aggregate measures.

E. Past performance

14. Table B-4 summarizes the past performance of IDA countries on seven MDG indicators. The table compares historical average rates of change computed by three methods: the rate of change in the aggregate average value, the weighted average of the individual rates of change, and the simple (unweighted) average of the rates of change. The differences between the first two methods suggest that there are some compositional effects: the rate of change of the averages differs from the average rate of change for five of the seven indicators, and in four of the five cases the rate of change in the averages is lower. The difference between the weighted and unweighted average rates of change is also pronounced for some indicators (such as the proportion of births attended by skilled health personnel), because of rates of change in large

countries that are different to the simple average, and in some cases the absence of data from countries with large populations.

Table B4. Historical performance between 1990 and most recent year for which data is available

	No. of obs. used	Most recent year (MRY)	Annual rates of change[a] between 1990 and most recent year			Average values			
			Median	Simple average	Pop. weighted average	Pop. weighted, 1990	Pop. weighted, MRY	Annual rate of change between 1990 and MRY	No. of additional countries achieving 1990 median by MRY
Child mortality rate	80	2001	-1.8%	-1.8%	-2.6%	12	10	-1.8%	8
Malnourished children %	35	2000	-1.2%	-0.8%	-2.6%			-2.9%	2
Measles immunizations %	72	2001	0.7	0.9	0.2			0.2	2
Births attended by skilled personnel %	42	2000	0.9	2.8	5.8			2.2	0
Primary completion rate %	46	2000	0.6	1.3	0.5			0.5	4
Gender balance in education	47	1998	0.3	0.8	1.4			1.3	3
Access to water %	35	2000	1.1	2.5	1.1			1.1	7

Note: [a] All rates of change are calculated between end points using the exponential growth method

F. Target setting

15. Against this background, there are several options for target setting. To begin, there are choices to be made in defining the nature of the targets to be used. For example, should they be based on a combined aggregate rate of change (e.g. an increase in primary completion rates by 2.2 percent annually), or the aggregate value of the indicator (e.g. increase primary completion to 79 percent by 2004)? Targets could also be set in terms of the number or proportion of countries achieving an improvement in an indicator or meeting the targets set for themselves in their PRSPs.

16. Should targets be set at specific, point values or in terms of a range? Because the estimates used to monitor outcomes are not exact, defining a target by a range of values may be more appropriate, especially where outcomes are the result of various factors, many of which are beyond government control-for example for poverty, HIV prevalence, and growth. Point targets may be more appropriate for indicators which measure more directly the delivery of services, over which governments can exert more direct control.1 Even when setting targets at a point value, the uncertainty of any estimate suggests that targets based on historical trends should be set conservatively. Another option, used by DFID in their Public Service Agreement, is to set targets based on the aggregate performance of a fixed set of "key countries." The performance of this group could then be used as a proxy measure of the performance of IDA as a whole.

17. In proposing the targets for discussions during the IDA14 replenishment, it will be important to take into account the reliability of the available indicators, the past performance of IDA countries as measured by the selected aggregate indicators, and the extent to which outcomes

measured by these indicators may be affected by events outside the control of countries and IDA.

ARCHITECTURE FOR MEASURING AND MONITORING IDA CONTRIBUTION TO COUNTRY OUTCOMES

1. The proposed enhanced IDA results measurement system is based on a two-tier system, the first tier aiming at assessing progress on country outcomes in a way that is linked to PRSPs, and the second tier focusing on the contribution of IDA programs to country outcomes, through the CAS and IDA portfolio. This annex describes this second component, in terms of IDA's contribution to development results at the country and project level. It focuses first on the potential for results measurement at the level of the Country Assistance Strategy (CAS), and then on existing systems for quality and results measurements at the project and portfolio level.

A. Results Measurement and the Country Assistance Strategy

2. The conceptual framework underpinning the Bank's broader results agenda recognizes the centrality of a country focus, reflecting the articulation of CDF principles, the consensus on country-led development and the introduction and strengthening of the PRSP process in IDA-eligible countries. In these countries, donors can align their assistance strategies to the national poverty reduction strategy, enhancing coordinated and collective action in pursuit of development results. In the PRSP context, the CAS serves as IDA's business plan[1], linking the vision articulated in the PRSP to activities for which IDA has a comparative advantage, taking into account partners actions.

1. Defining a Results-based CAS

3. As the importance of the CAS as a country business plan has increased, CASs have become more closely aligned to country and Bank priorities, with a stronger poverty focus and emphasis on key issues such as governance, private sector development and environmental protection.[2] While alignment has improved, the definition of desired results-and subsequent monitoring and progress reporting-can be significantly strengthened. Many CASs lack outcome-oriented objectives and measurable indicators of progress toward these outcomes. The link between country-level development results and the choice of IDA instruments is weak. At the same time, the CAS monitoring framework consists of a large number of indicators for which there is little prioritization and often scant baseline data. Thus, movement toward a results-based CAS has assumed a central position in overall efforts to enhance the results focus of the Bank.

4. The objective of a results-based CAS is to enhance the relevance and selectivity of IDA programming. It is based on an ex ante definition of a "results framework" that identifies: (a) core country outcomes (as articulated in the PRSP); (b) associated intermediate outcomes that IDA can contribute to directly; and, (c) the products and services mix that maximizes impact on these outcomes.[3] By working backwards from desired outcomes through products and services, the results framework is expected to enhance IDA's allocative efficiency within each country.

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[1] This is in keeping with the Country Business Model agreed upon by the Development Committee and as set out in *Supporting Country Development: World Bank Role and Instruments in Low-and Middle-Income Countries,* (DC/2000-19), September 8, 2000, http://wbln0018.worldbank.org/dcs/devcom.nsf/ that links vision and diagnosis to programming that contributes to development results

[2] See Third Country Assistance Strategy Retrospective, *Country Assistance Strategies : Retrospective and Future Directions*, OPCS, forthcoming.

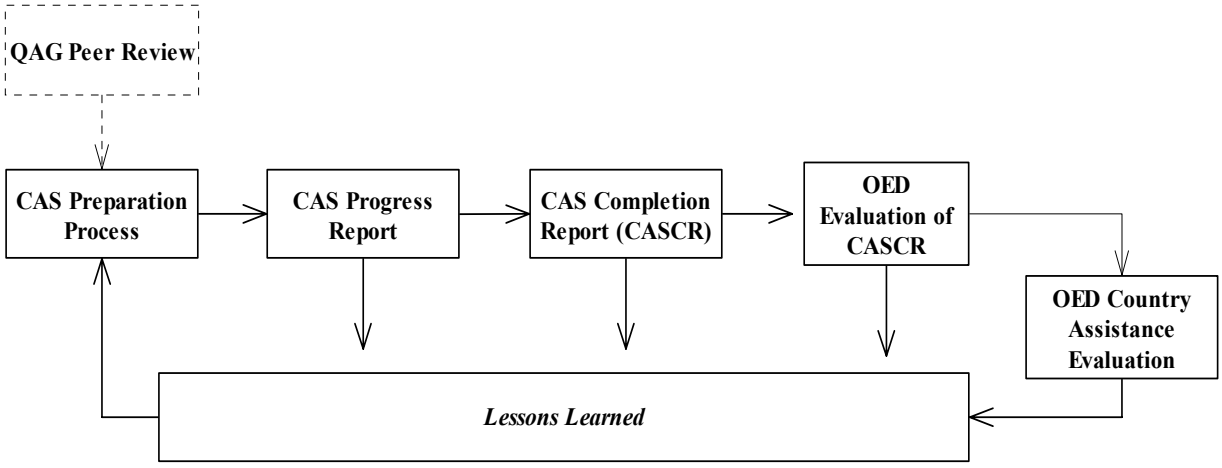
[3] The results framework is detailed in the Third Country Assistance Strategy Retrospective, *Country Assistance Strategies : Retrospective and Future Directions*, OPCS, forthcoming.

The results-based CAS is being piloted in five countries, among which several IDA-eligible countries. Mainstreaming is expected in FY04, following assessment of the pilots and revision of CAS guidelines.

2. CAS Monitoring and Evaluation

5. Clearly and transparently defined outcome objectives and measurable indicators of progress is the pre-requisite to enhancing the CAS monitoring and evaluation (M&E) architecture, which is an integral part of the movement to a results-based CAS. This enhanced architecture will be more akin to that for projects, with greater reliance on self-evaluation, as well as use of peer review and independent evaluation at various points in the CAS cycle. Figure C1 illustrates the tracking of CAS results through an enhanced M&E architecture. Most notable is the emphasis on self-evaluation by country teams-using the results framework-for mid-course correction and ex post learning and feedback. Teams will prepare a more formal CAS Completion Report (CASCR) at the end of the CAS cycle, which will also be evaluated by OED. A draft CASCR format is under preparation and piloting, with the aim to apply consistent concepts and ratings systems to allow review by OED and possible detailed follow-up in OED Country Assistance Evaluations. Evaluation findings will feed back into future CAS preparation, during which teams will have access to a peer review service managed by the Quality Assurance Group (QAG). Peer review would provide impartial yet expert input into the quality and results-focus of the draft CAS at an early stage.

Figure C1. Monitoring and Evaluation Architecture for the Tracking of CAS results



3. Measuring CAS Results

6. Given its medium-term timeframe, the results-based CAS can only be mainstreamed gradually, according to the normal CAS cycle, i.e. over 3 to 4 years. It will therefore take a full cycle to have the breadth of data necessary for a permanent results measurement system that links IDA programs to outcomes at the country level. Since IDA-eligible countries will begin adopting results-based CASs in FY03 and FY04, outcome ratings for a significant number of CASs will be available only in FY06 and beyond. In the meantime, however, it remains possible to monitor the adoption of results-based CASs in IDA-eligible countries as an indicator of future

availability of outcome ratings. This input indicator, for which a steady upward trend is expected during the IDA14 period, would in fact be the most effective way to ensure that data for establishing outcome ratings are eventually available, while providing an acceptable "proxy", in the first instance, of the expected improvements in the CAS process (see Figure C2).

Figure C2 : Proposed Indicators of IDA Contributions to Country Outcomes

IDA Results Indicator	*Sample Size (per annum)*	*Timeliness*
Adoption of results-based CASs (no. of countries)	Population (67 CASs)	Timely (new CASs)
CAS outcome ratings (percent satisfactory)	Population (15-20 CASs)	Lagged (exiting CASs)

B. Results Measurement and IDA Operations

7. The movement toward a results-based CAS is being accompanied by efforts to enhance the results-focus of products and services within the CAS program. This includes adapting the monitoring and evaluation framework for projects so that it is part of a comprehensive M&E architecture reaching from the CAS downward. These efforts at the product/project level are important for IDA, as they will enhance the value of existing systems and databases that historically have focused on results at the project level-and more recently on quality as a leading indicator of results. While establishing results measurement at the CAS level is a new undertaking, IDA has a strong track record in using peer review and independent evaluation to look at both results and quality at the project level.

1. Enhancing the Results-focus of IDA Operations

8. As for the CAS, monitoring during project implementation and evaluation at completion are most effective if desired results are clearly identified at the design phase, and accompanied by measurable indicators. As part of the Investment Lending Modernization Program, the Bank is revising processes and documents to make the statement of development objectives more explicit, clear and outcome-oriented. Often operations have fallen short in this, by stating objectives that are either (a) too overarching to link directly to project outputs and activities (e.g., improve the health of the population); or (b) too output-focused (e.g., rehabilitate rural clinics). Likewise, with respect to policy-based lending, operational guidelines are being revised to strengthen the articulation of outcome-oriented objectives, the link between these objectives and policy reforms and the monitoring of outcomes. To ensure that these changes lead to more results-focused operations, QAG is redesigning questionnaires for peer reviewers engaged in project quality-at-entry (QEA) and quality of supervision (QSA) assessments. QAG peer review panels will look more intensively at articulation of desired results and their definition, and the monitoring of measurable progress indicators.

2. Adapting Project Monitoring and Evaluation

10. As the Bank increasingly underpins its country focus with a results-based CAS, it is putting in place a "joined-up" monitoring and evaluation architecture that extends logically from the CAS down through the products and services that are aligned with the CAS. This architecture is designed to help close the gap that has often existed between, for example, project

outputs (e.g., trained midwives) and higher-order country outcomes (e.g., reduction in maternal mortality). Monitoring will be geared to the appropriate level. Individual operations will make the link between outputs and expected outcomes directly influenced by project activities, while the CAS will establish causal links between the intermediate project outcomes and higher-order country outcomes. This will shift some of the monitoring and evaluation responsibility for outcomes upward from the project level to the CAS level, allowing for streamlining at the project level. Focusing project monitoring more directly on outcomes at that level will strengthen existing systems for assessing portfolio quality and results.

3. Measuring Quality and Results of the IDA Portfolio

11. A range of Bank performance and quality indicators now exists and are reported regularly to management as well as the Board. All are in part influenced by country performance and specific situational factors (including external shocks), but they try to focus on those elements that are more closely within the Bank's managerial control. OED has indicators relating to project outcomes based on their reviews of self-assessed Implementation Completion Reports (ICRs); this measures outcomes of projects exiting the portfolio, typically 5-6 years old. A second important dataset is the QAG quality data from its real-time panel assessments of random samples of projects (at-entry, under supervision) and ESW. QAG has just completed these assessments for FY02. The synthesis which analyze these assessments are routinely shared with the Bank Board and then placed in the public domain. QAG data draw from across the Bank's portfolio of projects and ESW; they are coded by region/country, network, sector and theme.[4] For FY02, this portfolio comprised some 1542 projects representing net commitments of US $102 billion, with an average age of 3.5 years. IDA credits are roughly half this total by numbers, one third by net commitments. Looking at new approvals only, there were some 133 new IDA projects in FY02. The typical IDA country portfolio is around 15-20 projects, with 2-3 new approvals in any one fiscal year. The key project quality indicator directly assessed by QAG is at-entry (QEA). In FY02, the sample size for quality at entry assessments was some 50 projects, of which 27 were IDA.[5]

12. As an immediate component of IDA results measurement-and as a complement to future CAS-based country results reporting-IDA can draw on existing OED and QAG systems for assessing results and quality of the portfolio. These systems are based on independent or peer evaluation, and each offers different advantages and disadvantages, with trade-offs between timeliness and coverage of reporting (see Figure C3). The rest of this section reviews outcome ratings by OED and quality ratings by QAG (projects and ESW).

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[4] The target for issuing a revised Operational Guideline on Policy-based Lending is mid-2003.

[5] The last two are new categories, partially retrofitted for historical series.

FigureC3. Proposed Portfolio Indicators of IDA's Contribution to Country Outcomes

IDA Results Indicator	*Sample Size (per annum)*	*Timeliness*
Project outcome ratings (percent satisfactory)	Population (120-130 projects)	Lagged (exiting projects)
Quality at entry indicator (percent satisfactory)[a]	Sample (27 projects)	Timely (new projects)
Quality of economic & sector work (percent satisfactory)[b]	Sample (35 reports)	Timely (new reports)

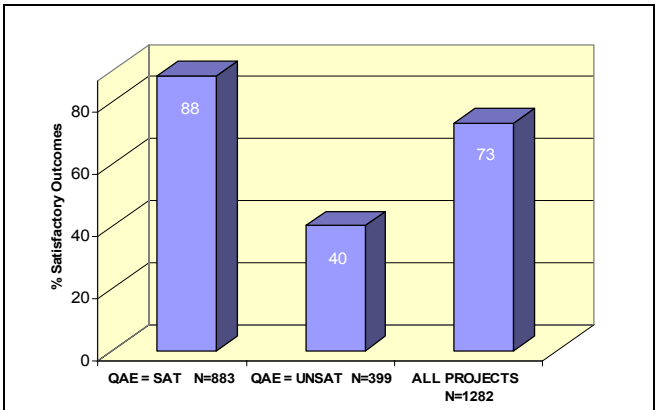
[a] IDA Project sample includes Special Funds projects. FY01 figure refers to an 18-month period in FY00-01.

[b] IDA ESW Sample includes blend countries. Africa and Central.

13. Project outcome ratings. OED validates ratings for project outcomes by reviewing all Implementation Completion Reports. The database on outcomes stretches back 10 years and provides universal coverage of projects exiting from the IDA portfolio. Approximately 100-130 IDA operations exit each year. As with CAS results, the diversity of project outcomes requires ordinal ranking for aggregation. Figure C3 shows the percent of satisfactory outcomes in the exiting IDA portfolio.[6] Based on independent ex post evaluation, these data are the most reliable measure of results available across the IDA portfolio. The data are lagged by definition, and cannot impact on project implementation as it occurs-serving, instead, to provide lessons for future projects. Any target of project outcome ratings would be lagged-as would the response to targeting.

14. Quality at entry assessments Quality at entry are correlated with satisfactory project outcomes, although the correlation is higher for quality at entry (see Figure C5). Thus, it entry can serve as an early, leading indicator of project results. QAG examines quality at annually entry through peer assessments of a random sample of IDA projects as well as IBRD projects. The time series for quality at entry of the IDA portfolio is shown in Figure C6. Because of the small sample size, any subset (PSD projects, for example) would contain too few data points to be statistically valid. Quality at entry has the advantage of providing information that is useful in short-term management for results. It can have immediate impact on project implementation, including redesign and mid-course correction.

Figure C5. Quality At Entry and Project Outcomes, FY96-01



Source: QAG

15. Quality of Economic and Sector Work (ESW). Reliance on peer review enhances the credibility of the quality at entry assessment while fostering learning on both sides of the table. This is equally true for the quality of Economic and Sector Work. Like quality at entry assessments, peer review of ESW is based on a random sample of new reports each year. It provides timely information to managers on the quality of analytical products and the need for

[6] This includes Special Fund projects.

further analytic work to address priority issues. As with other indicators, aggregation is through ordinal ratings (see Figure C7).

Figure C6. IDA Project Quality at Entry Results (Satisfactory or Better)

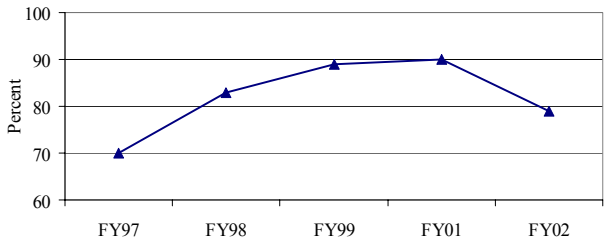
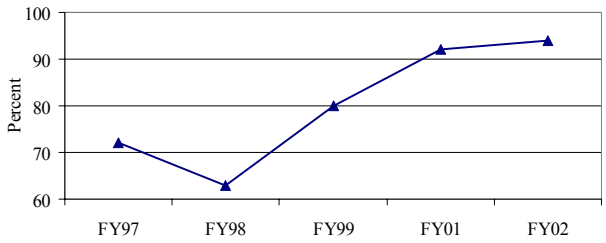


Figure C7. Quality of ESW in IDA Countries ***(Percent Satisfactory or Better)***



4. Considerations on potential targets for quality and results of the IDA Portfolio.

16. To be meaningful, IDA performance targets to provide a measure of relatively recent performance and a reasonable predictor of likely outcomes within the three year IDA cycle. Given the recent ARPP conclusions on "peaking" in most quality indicators and the dangers of creating perverse incentives that will discourage calculated risk-taking and innovation, an appropriate performance goal would indicate that the IDA portfolio has modestly improved upon recent quality ratings, which are already rather high. Time-series trends suggest there has been a steady improvement over the last 3-4 years for most indicators. This is even more true over the longer-term to the extent that comparable7 data exists. The considered view is that most quality indicators are now stabilizing at roughly FY00 levels: The IDA portfolio, as rated in quality-at-entry for FY02, shows a decline (whilst the comparable IBRD data remained strong). While the IDA QEA ratings are judged to have suffered a real decline, it is not clear whether this is a trend or an outlier rating; QAG ratings are normally considered to be subject to a +/-5 percent confidence range. Supervision which measures the quality of ongoing Bank implementation as well as ESW ratings show a more consistent positive trend. For these, IDA ratings have tracked those for IBRD but lag by a small percentage. ESW ratings are much improved overall and have now caught up with projects in terms of absolute quality ratings. For IDA countries, ESW quality is now nominally stronger than that for IBRD.8

17. Taking into account these constraints and reflecting the variability and timeliness of the different indicators, possible targets would need to represent a realistic stretch on recent performance, while being aligned with Board-endorsed medium-term performance targets.

- Setting of targets for the project outcome indicator would need to take into account the lagged nature of this indicator, and build on recent trends, which have seen the share of satisfactory project outcomes rise toward 80 percent.

- Quality at entry and quality of ESW provide real-time information that can lead to reorientation of activities at an early stage. With relatively small samples, however, greater yearly variability would increase the need to think in terms of target intervals.

- The Bank has an established target of 90 percent satisfactory quality at entry for the combined IBRD/IDA portfolio, which should be taken into account in considering targets for IDA.

- Quality of ESW has the same Bankwide target of 90 percent; quality in IDA countries has risen markedly in recent years, and this should be factored into future discussions of IDA targets.

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7 The main QAG indicators date back to FY97 at earliest.

8 But well within the +/-5 percent confidence limit.