



DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
On the
Transfer of Real Resources to Developing Countries)



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September 7, 2000

COMPREHENSIVE DEVELOPMENT FRAMEWORK
Progress Report

Attached for the September 25, 2000 Development Committee meeting is a progress report prepared by World Bank staff on the Comprehensive Development Framework. This report is a shorter version of the full report that was considered by World Bank Executive Directors on August 31, 2000. A brief summary of that discussion is included on the title page. Ministers may wish to comment on this subject (agenda item 2.A.) in their prepared statements.

Comprehensive Development Framework:

Country Experience March 1999 – July 2000

**Progress Report for the Development Committee
Prague, September 25, 2000**

The World Bank Executive Board, meeting as the Committee of the Whole, considered the full report entitled “Comprehensive Development Framework – Report on Country Experience, March 1999-July 2000”, on August 31, 2000. The Board expressed strong support for the consensus on a comprehensive approach to development reflected in the CDF, and agreed that the report adequately reflects the CDF experience to date. The Board especially welcomed the report’s candid assessment both of the progress being made, and the challenges remaining. The Board also recognized that a wider application of the CDF is already taking place in the context of Poverty Reduction Strategy Papers (PRSPs) which should be based on CDF principles. It was acknowledged that implementation of the CDF in the pilot countries is still at an early stage and the Bank, the development community generally and the countries themselves, will continue to learn from the experience. The Board requested that it be kept informed of progress. This Progress Report is a short version of the full report.

September 7, 2000

Preface

At the 1997 Annual Meetings of the Board of Governors of the World Bank and International Monetary Fund, I raised the need for inclusion, since too many in the developing world were not being helped sufficiently by the development process, and we were in danger of losing the war against poverty. At the Annual Meetings in 1998, I took this idea further by raising the need to explicitly balance our concern for sound macro-economic policy and growth with an equal concern for effective poverty reduction, and an increased attention to institutions. In January 1999, I proposed a Comprehensive Development Framework (CDF) to take into account in an integrated manner the concerns I had previously highlighted. At that time, I promised that I would report back to you in 12 to 18 months on the experience gained with a dozen or so countries which I hoped would volunteer to apply this approach. This report does that.

In March 1999, we began to track implementation of the CDF and to draw lessons from the emerging experience. We recognized that some countries were already heading in the direction advocated by the CDF, and that many of our partners also had expressed similar views in their policy documents. Since launching the CDF proposal, we have held regular meetings within our own institution, and with all our partners, to discuss progress and exchange views and experience. Today, I can report that the countries applying the CDF have made progress, and while some have had to contend with severe external and internal shocks that have slowed the process of change, others have been able to make steady progress. This report shows that countries have been most successful in laying the groundwork for developing a comprehensive development strategy, in enhancing inclusion through national consultations to build consensus on priorities, and in forging more strategic partnership among all actors. But, the report also shows that we are only at the beginning of the process and that there is much more to do to deepen and widen the implementation of the CDF.

As we look ahead, it is our intention to continue to support countries that are interested in implementing the CDF. Since Poverty Reduction Strategy Papers, which the Governors endorsed at the last Annual Meetings, should be based on the CDF principles, we shall cast the net wider to learn from the broader experience from this larger group of countries. We also intend to learn from the growing number of other countries that are implementing principles compatible with the CDF, and from sub-national experiences of applying the CDF principles, such as City Development Strategies and Community-driven Development.

The recent G-7 Statement at Okinawa, as well as the Ministerial Meeting of the Development Assistance Committee of the Organization for Economic Co-operation and Development in May, expressed a commitment to the CDF—and the PRSP—as the way forward to enhance country ownership and the achievement of international development goals. We intend to continue to direct the energy of our institution to make this a reality.

James D. Wolfensohn

Introduction

1. The proposal for a Comprehensive Development Framework (CDF) was introduced by World Bank President Wolfensohn in January, 1999. Building on the lessons of development experience, the CDF is a holistic approach to development that balances macroeconomic with structural, human, and physical development needs. The framework is anchored in four key interrelated principles and objectives to be pursued at the country level:

- a long-term vision and strategy—a prerequisite for sustainable development;
- enhanced country ownership of development goals and actions;
- more strategic partnership among stakeholders; and
- accountability for development results.

2. Since March 1999, implementation of the CDF has been tracked in the West Bank and Gaza and in the following eleven countries: Bolivia, Côte d'Ivoire, the Dominican Republic, Eritrea, Ethiopia, Ghana, Kyrgyz Republic, Morocco, Romania, Uganda, and Vietnam. A growing number of other countries have also embraced the CDF approach.

3. The Bank has put in place various mechanisms to facilitate information exchange and learning as the CDF is implemented: regular meetings of a learning group of CDF pilot-country directors, chaired by Mr. Wolfensohn; meetings with the Bank's Executive Board, and meetings with networks of CDF bilateral, UN, and multilateral focal points. A questionnaire updated quarterly by the Bank's CDF pilot teams has proved useful for structured tracking of progress.

Scope of this report

4. The CDF proposal stated that results from implementing the CDF in countries that embraced the idea would be assessed in 12-18 months time. Accordingly, this report examines the experience since the first pilots began to be monitored, and draws out salient implications for the Bank and other actors in the development community.

5. The piloting of the CDF has not been approached as an experiment with a clearly defined protocol to be tested. Fundamentally, the CDF is about societal transformation. Over the long term, the criterion for judging the success of the CDF is better achievement of development goals. At this stage, given the long-term nature of the changes sought by the CDF approach, its comprehensiveness, and the short time span since the pilots began to be tracked, it would be difficult to link specific development results directly to CDF activities.

6. As the CDF itself recognizes, however, the key to better development results lies in the processes that are put in place, so an early assessment of progress with the CDF must be vitally concerned with changes in processes. This report therefore seeks to judge

whether the actions that have been taken are consistent with CDF principles, and to weigh the quality of the processes set in motion, and, therefore, the extent to which the CDF may be making a difference.

7. A planned three-year research evaluation of the CDF by the Bank’s Operations Evaluation Department, jointly with the Development Economics Department, is expected to shed more conclusive light on the impact of the new approach. The OED evaluation is expected to consider the costs and benefits of implementing the CDF.¹

Lessons from the Pilot Experience

8. Experience since the pilots began to be tracked is examined below under each of the four key objectives of the CDF, and in relation to balancing better macroeconomic and structural and social needs, with an identification of what has worked well, and where key challenges remain.

Box 1: Holistic and Balanced Approaches	
A holistic, balanced approach will ensure adequate attention to both the macroeconomic essentials and structural and social issues, strike a balance between long-term and short-term priorities, and examine key inter-linkages.	
Bolivia	Approach is holistic and balanced, and seeks to capture dynamic linkages between sectors. Implementation designed to support cross-sectoral working.
Côte d'Ivoire	Vision emphasizes economic growth and does not consider adequately how social and structural issues interact with growth, but PRSP process should help. Implementation remains highly compartmentalized.
Dominican Republic	Balance of priorities in vision, but no discussion of the linkages among them.
Eritrea	Strategic approach aims to be holistic and implementation seeks to reflect that. However, more work is needed on structural issues and inter-linkages.
Ethiopia	Strategic approach holistic, but structural coverage is incomplete, and how this approach translates into implementation is unclear.
Ghana	Strategic approach is holistic and implementation seeks to reflect that.
Kyrgyz Republic	Current planning framework still under development. Some elements of holistic approach emerging.
Morocco	New medium-term strategy includes both sectoral and cross-sectoral components. Not yet under implementation.
Romania	Plans focus on EU accession—without identifying hard challenges ahead. Implementation is compartmentalized. However, Government recognizes need to use CDF process to become more holistic.
Uganda	Strategic approach aims to be holistic, but does not yet provide full coverage.
Vietnam	Thinking becoming quite holistic, as reflected in strategy documents. Macro, financial and structural issues assessed in light of their social consequences.
West Bank & Gaza	Articulation of holistic view being supported through CDF.

¹ The working assumption within the Bank is that CDF implementation is budget neutral Bank-wide, although internal reallocations of resources have taken place. Experience from the Country Directors shows that so far some expect to save resources while others have needed more. Ultimately, this depends on country-specific requirements and the support they need from the Bank.

Overall Progress

9. Overall, all the pilot countries are making progress, with more than half of them taking action or having largely developed a majority of the CDF elements. Individual country performance has varied from Bolivia and Ghana which have made the most overall progress, to Ethiopia, Morocco, West Bank and Gaza, and Kyrgyz Republic which have made the least. The area of greatest progress is on the long-term vision and strategy, where nine of the twelve countries have action well in hand. Least progress has been made in putting in place open and transparent development management information systems; only two of the twelve countries (Bolivia and Ghana) have action well in hand. Bolivia, the Dominican Republic, Eritrea, and Ghana (and within Government, Vietnam) stand out in giving meaning to the concept of country ownership. Bolivia, Ghana, and to a lesser extent Eritrea, Uganda, and Vietnam have made meaningful progress in putting mechanisms in place to enhance partnership. Looking at countries' progress in relation to when tracking started—rather than absolute progress—Bolivia, Ghana and Romania have gone furthest in about the last 16 months. The Dominican Republic, the Kyrgyz Republic, Uganda and Vietnam have all also been making progress, albeit from very different starting points.

Define long-term vision and strategy—a prerequisite for sustainable development

10. The CDF goal of achieving faster, sustainable development for poverty reduction recognizes that poverty has multiple facets: income, physical security, environmental sustainability, and the ability of poor people to confront their future with confidence. Given the breadth of the development challenge, for a country to achieve sustainable development it needs to implement *all* the CDF principles, perhaps over a 20-year time frame, though progress will not necessarily be at the same speed on all fronts. These actions need to be built on a sound macroeconomic framework and institutions—good government, an effective legal system, a well-organized and supervised financial system, social safety nets and social programs. An overall conceptual framework, or shared vision, that captures the country's development aspirations, is needed to provide direction, consistency, and focus. The vision needs to be complemented by a strategy that sets out how the country will make progress. Such a holistic framework allows for more strategic thinking and better sequencing of policies, programs, and projects as well as better pacing of reforms.

What has worked well

- Some concrete steps have been taken to formulate long-term national development frameworks, drawing on broad-based participation and generally complemented by medium-term strategies with clearly defined priorities and monitorable development goals. Some existing visions that predate the CDF are being reviewed. Most of the countries have well-articulated medium-term strategies linked to the visions.
- Countries are now giving greater attention to balancing macroeconomic with structural, human, and physical requirements. Correspondingly, they are making more efforts to identify the tradeoffs entailed in balancing priorities.

- All countries piloting the CDF have, to varying degrees, begun a process of national consultations for formulating development strategies or medium-term action plans, though mechanisms and progress vary considerably across countries.

Remaining challenges

- Institutionalizing national consultation processes is proving to be politically sensitive; clearly, the pace cannot be faster than the capacity of existing democratic institutions permits.

Box 2: Long-term Vision	
A strong long-term vision will look forward at least ten years, and include a focus on key poverty reduction aims, including the role of gender, and propose results-measures by which to assess progress.	
Bolivia	"Bolivia towards the 21 st Century" vision launched as part of national dialogue. Focuses on results; poverty reduction through higher, sustainable growth is main aim, with gender as a cross-cutting issue.
Côte d'Ivoire	"Vision 2025" promotes growth as means to reduce poverty. Some discussion of results, but treatment of gender limited. It now needs to be reviewed.
Dominican Republic	Ten-year vision, with partial focus on poverty reduction. Little discussion of results. Some recognition of gender issues.
Eritrea	Twenty-year National Economic Policy Framework and Program (NEPFP), strongly focused on poverty reduction, and specific section on gender. Results not covered in detail. Being reviewed in light of conflict with Ethiopia.
Ethiopia	Agricultural development-led industrialization (ADLI) vision not time bound. Evolves over time, based on pro-poor growth. Gender is integrated in government policy. Some treatment of results. Needs review in light of conflict with Eritrea.
Ghana	"Vision 2020" with strong focus on poverty reduction through economic growth. Gender is integrated, as are indicators of progress on results.
Kyrgyz Republic	"Vision 2010" now under development through national and provincial workshops. Three areas of focus: Poverty Reduction and Social Protection; Sustainable Economic Growth; and Good Governance, Legal and Judicial Reform. Due by end 2000.
Morocco	No clearly articulated long-term vision.
Romania	UNDP-sponsored National Strategy for Sustainable Development 2000-2020 consistent with EU accession. Poverty issues addressed by some aspects; gender partly covered. Results not yet spelt out.
Uganda	Current work on "Economic Vision 2025", to build on Poverty Eradication Action Plan (PEAP), which focuses on reducing poverty. Gender-integral. PEAP goals not yet translated into result measures.
Vietnam	Twenty-year vision and ten-year strategy being prepared. Poverty reduction, equity and vulnerability as central themes, as will be shift to market based economy. Gender is recognized as major issue. Results not yet covered in detail.
West Bank & Gaza	No clearly articulated long-term vision.

- Focusing on the long term can be very difficult where a country faces a crisis. Four pilot countries either do not yet have a long-term vision or have only recently begun work towards one. Three countries do not yet have medium-term strategies.
- Implementing all the four key CDF principles simultaneously—which is an important lesson emerging from the country experience—remains a challenge particularly for some countries.

Box 3: Medium-term Strategies and Expenditure Frameworks	
Any long-term vision needs to be supported by a medium-term strategy and other implementation plans; such strategies may also exist even where no vision is in place.	
Bolivia	National Action Plan (NAP) 1997-2002, with detailed results indicators linked to Government spending plans and international goals. Not yet linked to new vision. Being updated as part of PRSP process.
Côte d'Ivoire	Two strategies, both linked to Vision 2025. Growth-oriented "Elephant of Africa" and separate poverty reduction strategy, endorsed by 1998 Consultative Group, with focus on results. To be reviewed as part of PRSP process.
Dominican Republic	Not adequate at present. A key challenge for newly-elected government.
Eritrea	Current priorities distorted by conflict with Ethiopia. However, five-year plan deriving from National Economic Policy Framework and Program is in preparation.
Ethiopia	Current priorities distorted by conflict with Eritrea, but some work in hand, building on sector strategies.
Ghana	Vision 2020 includes five-year "steps". First covered 1996-2000. Separate medium-term expenditure framework, linked to planning framework, and well presented. Second step being prepared for 2001-2005.
Kyrgyz Republic	A national Poverty Reduction Strategy is developing a three year expenditure plan for 2001 to 2003.
Morocco	Five-year development plan before Parliament. Because of political transition, not clear how this will translate into activities.
Romania	New Medium Term Development Strategy for 2001-2004 (not poverty focused) and accompanying Action Plan (modest treatment of poverty, mainly monitoring) part of EU accession.
Uganda	Medium-term Expenditure Framework provides robust, concrete, strategic basis for taking forward Poverty Eradication Action Plan. Needs linking to Economic Vision 2025.
Vietnam	Five-year plan under development, due for approval early 2001, which will be related to proposed longer-term strategies.
West Bank & Gaza	Elements exist, with little poverty focus, but work is in hand to build on them.

Enhance country ownership—putting the country in the driver’s seat

11. Managing development is the responsibility not of development assistance agencies but of countries—their governments and their people. Hence the need to have the country (government at all levels, parliament, civil society, the private sector and other domestic stakeholders) firmly in the driver’s seat.

Box 4: Homegrown Strategies	
Homegrown strategies are developed and owned by the country, drawing on external advice where appropriate.	
Bolivia	Government clearly leads strategy development, with change agents to take it forward. Challenge is to broaden beyond change agents.
Côte d'Ivoire	Previous government initiated work with partners and had some change agents in place. While some of that structure still available, future government role depends on outcome of current transition.
Dominican Republic	Current vision results from broad national engagement, by all major political figures, including incoming government. Priority now to put in place change agents to carry it through.
Eritrea	Strategy developed, and strongly endorsed, by the Eritrean Government, including key change agents.
Ethiopia	Government has clearly led strategy development, and is committed to its implementation.
Ghana	Government led strategy development, and is publicly committed to the key goals. Key senior officials are active change agents.
Kyrgyz Republic	The authorities have worked hard to push CDF, but partner technical inputs remain key.
Morocco	Government prepared the plan that is now before Parliament. Bank assisting with follow-on sector analysis.
Romania	Government intermittently active proponent of CDF. Key change agents face competing pressures from other key aims, only partially reconciled.
Uganda	Government leadership has been strong, with donor support.
Vietnam	Government has a long tradition of strong leadership and independent mindedness.
West Bank & Gaza	CDF process initially led by partners, but Palestinian Authority now developing planning capacity to lead. Key change agents face many competing pressures.

What has worked well

Governments are starting to assert ownership by taking the lead in aid coordination, including chairing in-country meetings with donors on a regular basis.

- Experience shows that holding the main consultative group (CG) meeting in the country’s own capital is a valuable way to nurture and broaden country ownership, and does not adversely affect the debate or the level of participation from donor capitals—as some donors had feared. Many CDF pilot countries and some that are not formal pilots have recently had successful in-country CG meetings.

- Where civil society and the private sector have become actively involved in the policy debate, this can help deepen and widen country ownership of the development agenda and the sustainability of the CDF approach. The inclusive approach, now reinforced by the Poverty Reduction Strategy Process (PRSP) where applicable, should further strengthen the involvement of domestic stakeholders in the policy debate.

Remaining challenges

- The Bank and development partners generally need to show more confidence in country ownership, by allowing the time and space needed for ownership to be expressed, and being prepared to let go.
- The attainment of full country ownership will require more strategic support for capacity building and changes in the policies, practices, and procedures of the wider development community to nurture what is often a delicate process.

Box 5: Government Capacity	
Adequate government capacity to own and manage their development agenda.	
Bolivia	Capacity is concentrated in well-placed change agents in the executive branch; Institutional Reform Project recognizes capacity as a strategic priority, but it will take time.
Côte d'Ivoire	Capacity for implementation of medium-term programs fair, but weaker for long-term strategy. Partners supporting strategic capacity development.
Dominican Republic	Capacity weak, but political commitment has been strong, and Government plans public sector reform to strengthen capacity.
Eritrea	Strategy capacity exists but sparse; implementation capacity weak. Capacity development a strategic priority.
Ethiopia	Strategic capacity strong; implementation capacity varies by ministry. Strategy for capacity development being put in place.
Ghana	Government capacity relatively strong for region. Further capacity development a strategic priority.
Kyrgyz Republic	Very limited—and overextended—capacity. Now recognized as key constraint.
Morocco	Strategic capacity fair, but needs further strengthening.
Romania	Strategic and implementation capacity both weak.
Uganda	Government capacity relatively strong for region, but inadequate to the tasks at hand. Further capacity development a strategic priority.
Vietnam	Capacity for central planning strong, but weak in developing more integrative CDF-style strategy.
West Bank & Gaza	Capacity weak.

- Countries, in collaboration with their external partners, should consider defining additional concrete steps for making progress in supporting government leadership, e.g. through stronger country involvement in upstream joint analytical work—before policies and programs are formulated.
- Governments generally prefer domestic stakeholders to be engaged in the policy dialogue through established or strengthened democratic institutions, including parliaments, rather than through ad hoc consultation mechanisms. Some governments still question the need to involve domestic stakeholders in policy discussions, since, from their point of view, it is unclear to whom these stakeholders are accountable and since these governments are the elected representatives of the people.

Box 6: Consultation and Inclusion of Stakeholders

An effective consultative process will fully engage with a broad range of organizations from both civil society and the private sector, and will be institutionalized, i.e. made a regular and continuing feature of government administration.

Bolivia	Broad involvement across stakeholders, although some felt ill-prepared. Process being renewed in course of preparing the second dialogue as a basis for the Poverty Reduction Strategy.
Côte d'Ivoire	Highly centralized tradition of government, so patterns of dialogue new, but current Government making efforts at broad consultation.
Dominican Republic	Extensive consultation over several months, to articulate national vision and associated strategy. Inclusion of diverse national stakeholders now a continuous process.
Eritrea	Wide domestic consultation is part of informal tradition. Consistently inclusive process, but not yet formally institutionalized.
Ethiopia	Extensive grassroots consultations were held, but with limited involvement of NGOs and private sector. Unclear whether national consultations will be repeated.
Ghana	Vision was discussed at forum of national stakeholders, after it was written. Current consultations for Second Step more extensive, and continuing. But they may lack credibility without adequate follow-through.
Kyrgyz Republic	Multiple consultations on currently emerging vision, and robust dialogue has begun. However, efforts to include all national stakeholders have been uneven. Elements for institutionalization emerging, but some risk it could be a one-off experience.
Morocco	Involvement of national stakeholders, through sector working parties. A specific consultation on a broad issue is unusual, but consultations on narrower topics are common, and public think tanks are being established to support these processes.
Romania	National consultations held to initiate CDF effort, but dialogue needs to be sustained. Consultations not yet formally institutionalized.
Uganda	Broad engagement with civil society and private sector, and in a continuing manner. Scope for further development and institutionalization.
Vietnam	Government has supported broad and unprecedented consultation effort. Consensus-based decision processes are integral to the national system, but the inclusion of small private sector and civil society organizations has been new.
West Bank & Gaza	Consultations fairly narrow and sector-oriented, although broader consultations are planned. It remains to be seen whether Palestinian Authority-civil society consultations become routine.

Enhance strategic partnership among stakeholders

12. Development experience shows that there is too little coordination of effort, too much suspicion among the various actors, too little transparency and consultation, and not enough focus on accountability for performance. For greater poverty reduction, there are clear benefits to be had from stronger partnership and better coordination among assistance agencies, and greater selectivity of effort, based on agencies' comparative advantage.

Box 7: Effective Partner Coordination	
Effective partner coordination requires suitable in-country arrangements to ensure good exchange of information and building of rapport, together with clear government leadership and direction.	
Bolivia	Government leads and chaired last CG, but coordination capacity limited. They hold bi-monthly meetings with partners. Subgroups, chaired by Government and partner co-leaders, meet regularly.
Côte d'Ivoire	Partner coordination led by World Bank/UNDP/France. Government chairs working group with partners twice yearly. Other meetings irregular. Coordination in education sector good, but spasmodic elsewhere.
Dominican Republic	Quarterly partner meetings, chaired by Government. But coordination is otherwise fragmented and Government coordination capacity needs to be strengthened.
Eritrea	Government leads and actively manages all partners, including choosing whom to engage with. No regular coordination meetings in past; Government hosted meetings when it judged them desirable. Now committed to more regular cycle.
Ethiopia	World Bank coordinates partners locally. No regular high-level meetings with Government, outside CG. Four active sectoral partner-government groups.
Ghana	CG now held in-country and now chaired by Government. They have also established quarterly meetings of a mini-CG, and regular sectoral groups. Partners have divided up lead support roles for each of these groups.
Kyrgyz Republic	Bank chairs CG, and UNDP chairs information meetings among locally-based partners. Government holds bilateral meetings, but its capacity is very limited.
Morocco	Government holds ad hoc, informal bilateral meetings. No other coordination mechanism.
Romania	Last CG held in Brussels in 1997 – World Bank/EU chair. Regular meetings among partners for some sectors, some of which the Government chairs, but capacity limited.
Uganda	CG held in-country, organized by Government, but World Bank chairs. There are monthly meetings between Government and partners, with Bank chairing.
Vietnam	In principle Government leads. CG meets in-country twice a year, with Bank chairing. UNDP hosts monthly partner lunch, sometimes with Government. 20 Government-donor partnership groups now seeking to place donor programs within policy and institutional frameworks and will lay out strategies to next CG meeting.
West Bank & Gaza	In principle Government leads, but Bank chairs CG, Norway chairs Ad-Hoc Liaison Committee, and both held outside region. Regular monthly meetings of Government and partners, plus sector working groups, some of which Government leads.

What has worked well

- Stronger partnership is emerging in varying degrees in all pilot countries, both among assistance agencies and between these agencies and the countries.
- Sector and thematic groups comprising both government and donor representatives are now operational in several countries and meet regularly to exchange information and facilitate learning.
- In several pilot countries, donor assistance strategies are increasingly better aligned to the national medium-term development strategy.
- Donors are gradually becoming more selective in their interventions, following their comparative advantage.

Box 8: Alignment with the Country Strategy, and Selectivity, of Partners' Assistance	
Bolivia	Increasing partner alignment focused on National Action Plan 1997-2002 and matrix. Some selectivity among partners in evidence, but room for further development.
Côte d'Ivoire	Real partner alignment yet to emerge. Some selectivity emerged naturally among limited partner group that was active from early 1980s through the mid-1990s.
Dominican Republic	Fragmentation of agencies dealing with partners and lack of clear coordination are obstacles to alignment. However, CDF provides opportunity for dialogue. Selectivity beginning to emerge in some sectors as a result.
Eritrea	Closer alignment, based on Government leadership and partner support for overall strategy, emerging following development partners' meeting. Some sectoral selectivity among partners driven by Government.
Ethiopia	Relatively good alignment, being strengthened through sector programs, although bilaterals' strategies are more variable than multilaterals. Little strategic selectivity, but partners are few.
Ghana	Fairly close and growing alignment, given partner support for overall strategy, and effective local coordination. Best in sectors with strong local leadership. Selectivity and reduced duplication emerging from sector programs, within context of CDF.
Kyrgyz Republic	Partners' diagnoses similar, although some of their detailed prescriptions vary. No country strategy as yet to align with. Selectivity limited so far, but now a live issue.
Morocco	Partners broadly agree with National Plan currently before Parliament. Natural selectivity-based on respective priorities-has emerged among partners.
Romania	Degree of alignment unclear. Some, natural selectivity among partners beginning to emerge, particularly in context of EU accession priorities.
Uganda	Alignment with partner-supported PEAP improving, but some way to go. Selectivity explicitly addressed in context of CG with some success, but now need to develop it.
Vietnam	Bank CAS and UNDAF built around Government's plans. Many bilaterals increasingly aligning assistance at sector level. Partners committed to improve selectivity. Pilot schemes underway in several sectors, but more work needed.
West Bank & Gaza	Degree of alignment unclear, since no clearly articulated national strategy. Selectivity among partners, by sector, is beginning to emerge.

- There is a much greater sense of urgency for harmonizing donor policies and procedures to reduce the burden on clients and make the aid delivery process more effective.

Remaining challenges

- Concrete progress in harmonizing donor practices and procedures remains limited both at the institutional level and at the country level, reflecting long-standing ways of doing business as well as constraints in donor capitals.
- The need for donors to demonstrate their individual contributions reduces aid effectiveness in almost all pilot countries. Where it dominates, it preempts more effective government leadership.
- Achieving greater selectivity and reducing duplication of effort and wasteful competition will require much better upstream coordination of analytical work among partners.

Box 9: Harmonization among Development Partners	
Harmonization of procedures and practices is likely to make the development process more effective.	
Bolivia	Some joint appraisal, negotiation, monitoring and evaluation. Government would like to extend this to other practices and procedures.
Côte d'Ivoire	Some harmonization of appraisal, monitoring and evaluation. None on procurement yet, although work underway with AfDB on a regional approach to procurement.
Dominican Republic	No harmonization.
Eritrea	Some <i>ad hoc</i> harmonization.
Ethiopia	Some harmonization of appraisal, monitoring, and evaluation policies being developed through sector programs, but none on procurement or financial management.
Ghana	Now an active topic. Progress varies by sector, but includes analysis, appraisal, procurement and monitoring, particularly where sector programs in place.
Kyrgyz Republic	Coordination on analytical work considerably improved, with case by case collaboration on activities but to date procedures and practices not harmonized.
Morocco	Virtually no harmonization, although some cooperation on procurement legislation has been evolving.
Romania	Some limited harmonization of appraisal, monitoring and evaluation approaches.
Uganda	Sector programs facilitating some harmonization of appraisal, monitoring, and evaluation. Use of basket funding may enable progress on procurement.
Vietnam	No harmonization in past, but issue given prominence at CG meetings. Three largest donors (World Bank, AsDB, and Japanese Government) have just completed joint portfolio review , and working actively with government on harmonization.
West Bank & Gaza	Virtually no harmonization.

- Development of institutional capacity in partner countries needs strategic—not project by project—attention to allow for more effective partnership.

- As can be seen from the reactions at the WTO meeting in Seattle, and the April 2000 World Bank/IMF meetings in Washington, and as foreshadowed for the World Bank/IMF Annual Meetings 2000 in Prague, much suspicion still exists on the part of certain well-organized members of civil society. This must be overcome.

Increase focus on accountability for development results

13. To be accountable for development results, development managers need to make their goals clear, monitor the progress of programs and projects, and share the information that becomes available. Indicators of progress should focus on development results, rather than inputs, and given that most countries have very limited statistical and monitoring capacity, it is better to choose a few intermediate indicators that can be assessed regularly than to have results indicators that can only be assessed irregularly. Transparency and open sharing of information on development goals and progress by a country and its partners helps to make development more effective and greater poverty reduction possible.

Box 10: Government Mechanisms to Track Development Results	
Tracking development results requires clear indicators of success, and mechanisms to track changes in them.	
Bolivia	Government and partners have agreed on intermediate indicators, and on further benchmarks and targets, incorporated with objectives for Bolivia's budget cycle. These are presented at annual CG.
Côte d'Ivoire	Yet to be discussed, beyond existing strategy framework.
Dominican Republic	Principles of tracking agreed, means of implementation yet to be determined.
Eritrea	CDF matrix will be used for tracking.
Ethiopia	Yet to be addressed.
Ghana	Sector groups have identified relevant indicators, available for both CG and CDF purposes, and being further developed in context of Poverty Reduction Strategy.
Kyrgyz Republic	Too early in the process. Some results being identified in context of matrix.
Morocco	Too early in the process.
Romania	Process at early stage, but some elements being identified through matrix, and support from UNDP.
Uganda	Not a priority at present, but will emerge with time.
Vietnam	Too early in the process.
West Bank & Gaza	Too early in the process.

Achieving this objective, for example through a CDF-type matrix, would allow greater attention to development gaps, sequencing of interrelated development activities across sectors, and identification of comparative advantages. Ultimately it would allow much greater focus on results and accountability than has been the case so far.

Box 11: Development Information on Partner Contributions to Results

Government and their partners need to understand what their collective contributions are, and how these help achieve the results in the overall vision. The CDF matrix is one tool to help achieve this.

Bolivia	No formal information system in place, although partner coordination intended to help fill gap. Efforts underway to develop baseline information for health sector. The Government has its own CDF-style matrix, including indicators, in place.
Côte d'Ivoire	System in use needs improvement, an effort the Bank is supporting. CDF matrix, developed in 1999, is seen as a long-term commitment and contract between Government and its partners—with progress to be assessed in three years.
Dominican Republic	Inadequate information on partner activity. Early indications that new Government intends to make use of indicative matrix prepared by Bank (in context of CAS).
Eritrea	No system in place, but Government exerts strong control on who does what. Government and partners have agreed to use CDF matrix for feedback.
Ethiopia	No systematic means for sharing information on partner activities and results. Education sector system was constructed, but is not in use.
Ghana	Available system inadequate, but construction of lending database under discussion within context of CDF. Matrix may emerge from process, but sector annexes are primary source of information for all partners.
Kyrgyz Republic	As part of CDF process, partners working with Government to develop a system. Partial draft CDF matrix available on national website.
Morocco	Government system in place. CDF sectoral working groups may lead to matrix.
Romania	Debt management system being installed should assist Government. Joint indicators will be developed for joint evaluations—using the matrix as a broad framework
Uganda	Government does not have a system, although UNDP constructed a tracking system. Matrix has proven of limited use. Government intends to use Medium-term Economic Framework and Public Expenditure Review to assign accountabilities.
Vietnam	The government has systems at sector level (e.g. Agriculture and Rural Development). UNDP is transferring its Development Cooperation Database to government. A joint donor-government web site is to be prepared over the coming months.
West Bank & Gaza	Computerized database of partner activity exists, but may not be optimally used. Matrix is in use by the Palestinian Authority, but it is unclear to what extent partners will make the necessary commitment.

What has worked well

- Governments increasingly recognize the need to take a more strategic approach to the gathering and dissemination of information regarding the CDF and a number of country-specific web-sites are already operational.
- Progress is being made in some pilot countries to develop a CDF matrix, or one like it, setting out details of individual stakeholders' activity sector by sector.

Remaining challenges

- Progress in developing the CDF matrix has been slower than originally anticipated. There are still barriers to the disclosure of information.
- While country-specific indicators of performance are available for a few pilots, most have not yet completed their preparation.
- Much work is still to be done on monitoring and evaluation capacity in-country.

Going Forward

14. The CDF has implications for how the Bank works and for the larger development community. Beyond the pilots, a number of other countries have already embraced the CDF approach. In adopting the PRSP process in September 1999, ministers decided that it should be based on CDF principles. And with the significant increase in the number of PRSPs expected, application of the CDF principles well beyond the current pilots is gaining momentum. At the sub-national level, this is happening in both low- and middle-income countries, for example through the City Development Strategy initiative, which applies CDF principles and objectives at the city level.

15. As the CDF process evolves, the Bank needs to pursue a number of actions as set out below. External partners and the countries themselves may wish also to draw out the implications from their own perspectives. This report presents some measures they may wish to consider.

Actions by the Bank

16. The Bank's six Regions are already considering the region-specific implications of a wider application of the CDF approach, including actions required at the country level, the relationship with the country's key external partners, and internal change in support of the CDF approach.

17. Experience suggests that in order to implement CDF more broadly, the Bank should more systematically align its instruments, processes and way of working with the CDF approach. In particular, it should:

- *Better align the CAS and CPIA (country policy and institutional assessments), as proposed in the recent CAS Retrospective and in accordance with the proposal by the IDA deputies at their recent Lisbon meeting. As envisaged in the CAS Retrospective, the CAS can be used in non-pilot countries to introduce or deepen the CDF approach, as has been done in some countries such as Zambia. The recent CAS for the Philippines also reflects an approach that embodies CDF principles. In this context, the Social and Structural Reviews (SSRs) should also be better aligned with the CAS and the CPIA.*
- *Approach economic and sector work, identifying the constraints to development and poverty reduction and the priorities for action, with a three-pronged purpose of:*
 - 1) enhancing partnership by facilitating dialogue on analytical standards and policy options;
 - 2) enabling the pursuit of broad-based consensus; and
 - 3) knowledge transfer.

This framework can provide a basis for the Bank's support for country leadership and for its professional judgement on the adequacy of country policies and processes for Bank programs.

- *Work towards greater selectivity in country assistance strategies, building on the Bank's comparative advantage, and closer collaboration with partners in formulating support and its timing in individual countries.*
- *Move towards a greater focus on programmatic lending, to provide for a medium-term approach that is adaptable to country circumstances, consistent with a results-based approach. In this context, experience in the CDF pilot countries suggests that a greater use of programmatic lending instruments such as adaptable program loans (APLs), sector investment and maintenance loans (SIMs), and programmatic structural adjustment loans and credits (PSALs/PSACs) facilitates strengthened country ownership.*
- *Promote concrete action on harmonization of operational policies and practices at the institutional and country levels. This will help to reduce the transaction costs for partner countries and institutions, and facilitate more programmatic approaches to the delivery of development assistance.*
- *Consider aligning its support more closely to the country's own budget process. This would ensure greater predictability of future resource flows.*
- *In the PRSP process, continue to ensure that CDF principles are fully incorporated in the way staff support these countries. Also, any outstanding CDF-related issues need to be addressed in the joint Bank/Fund assessments, as has been done in an exemplary manner in the Ghana case.*
- *Encourage the introduction and dissemination of CDF principles. Use various mechanisms to introduce the CDF in the dialogue with countries, including at the sub-national level, for example, through the City Development Strategy.*
- *Play a stronger role in bringing international experience to bear in designing and promoting alternative modes for more effective private-sector engagement in the CDF context.*
- *Explore the introduction of multi-year administrative budgets at the country department level, and continue work to see how the Bank can increase the development impact of its safeguard and fiduciary policies, especially in the context of sector-wide approaches to lending.*
- *Create among Bank staff a better enabling environment for the CDF. This requires further improvements in: 1) leadership behavior at all levels of staff; 2) the organizational environment—making the matrix approach excel; and 3) the approach to learning and training. Specifically, the Bank should further develop action learning, together with clients and partners, as used in some of the pilots; promote skills that support working in a partnership mode; and create a community of CDF*

change agents who support one another in nurturing the CDF approach. These changes should be pursued in a phased and tailored manner, concentrating on those cases where both the country and the Bank are ready to adopt this way of working, building on the accumulated experience.

- *More closely align recruitment practices and the incentive structure for assessing performance and promotion to support CDF implementation, by lending more weight for example to partnership-related competencies.* Greater progress in linking incentives to working in this new way will send more consistent signals to encourage staff to “walk the talk”. The Bank’s Regions plan to set up an internal CDF focal points group, together with the CDF Secretariat, to enhance collaboration on CDF implementation.
- *Explore the implications for Board practices.* For example, the presentation of Ghana’s development strategy to the Bank’s Board by the Government was an explicit expression of efforts to strengthen country ownership. Although it is still early, a wider application of this initiative needs to be considered.

Implications for partner organizations

18. The key consideration for all external partners is the need for greater harmonization of policies, practices, and procedures. Experience shows clearly that this cannot be achieved solely on the basis of action at the country level. Indeed all actors, including the Bank, see this as an area that requires action at the institutional level. OECD/DAC has been encouraged by bilateral development ministers to proceed with identifying the constraints on progress. This work should have the full support of the Bank and other multilateral development banks. More specifically:

- *The business plans of all partners should be derived from the country’s strategy, or poverty reduction strategy in low-income countries.* This has implications for individual donor visibility.
- *The sector-wide approach is a promising instrument to establish effective coordination at the country level as well as reduce transactions costs.* External partners, including the Bank, must ensure that they do not superimpose their own requirements and thus defeat the partnership.
- *Steps need to be taken to help countries improve their capacity to monitor development results.* Here it is important to ensure coherence among various donor initiatives including with ongoing work by OECD/DAC on statistical capacity and on international development indicators, and in improving country monitoring and evaluation capacity.

Implications for partner countries

19. These include:

- *The holistic approach presents challenges for all countries but is essential for focusing on greater poverty reduction.* In this context, formulating an appropriate development vision, complemented by a medium-term strategy with well defined goals, is a fundamental need. Pilot experience shows that many countries are faced with multiple possible strategies. Countries should be supported in rationalizing the content of donors' strategies to ensure coherence of effort. Similarly, countries that have successfully devised short-term strategies, partly in response to crises, but have made less progress on a long-term vision, must be supported in taking the long-term view. This is particularly relevant in PRSP countries, which have a relatively strong incentive to focus on the short term.
- *Seeking maximum synergy among programs designed to improve country capacity—such as the Partnership for African Capacity Building initiative.* Institutional capacity is central to implementing all the CDF principles of building ownership, forging more strategic partnership, formulating and implementing policies, and enhancing accountability for development results.
- *Moving forward with the wider and faster application of in-country consultative group meetings.* The World Bank should collaborate and encourage its partners, such as UNDP and the regional development banks, to work in this direction.
- *Countries will continue to be encouraged to open up the dialogue further to include all representative domestic stakeholders.* To the extent feasible this dialogue should be conducted through existing democratic institutions, rather than setting up parallel ad hoc consultation mechanisms that can undermine fragile existing institutions by implicitly questioning their legitimacy.
- *While all the efforts to put in place CDF or CDF-type matrices are incipient, they should be further supported—whether through the Development Gateway Initiative or other efforts.* This work contributes to transparency and accountability, as well as helping to create a better-informed development management environment.
- *Governments should widely disseminate their strategies so as to ensure full understanding by all stakeholders, and increase Government accountability.* Where this is not done, the commitment of stakeholders—even those within Government—is weakened.
- Lastly, pilot experience shows that all the CDF principles and objectives should be pursued simultaneously, because progress in one depends on progress in the others.

