



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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**GLOBAL MONITORING OF POLICIES AND ACTIONS FOR ACHIEVING  
THE MDGs AND RELATED OUTCOMES  
Implementation Report**

Attached for the September 22, 2003, Development Committee meeting is a paper entitled "Global Monitoring of Policies and Actions for Achieving the MDGs and Related Outcomes – Implementation Report" prepared by the staff of the World Bank. This item will be considered under Item IV(a) of the Provisional Agenda. Ministers are requested to comment on this subject in their prepared statements.

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**IMPLEMENTATION REPORT**

**SEPTEMBER 12, 2003**



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**Abbreviations and Acronyms**

CAS	Country Assistance Strategy	OECD	Organization for Economic Cooperation and Development
CPIA	Country Policy and Institutional Assessment	PARIS21	Partnership for Statistics in Development in the 21 <sup>st</sup> Century
DAC	Development Assistance Committee of the OECD	PRGF	Poverty Reduction and Growth Facility
FSAP	Financial Sector Assessment Program	PRSP	Poverty Reduction Strategy Paper
HIPC	Heavily Indebted Poor Country	ROSC	Report on Standards and Codes
IDA	International Development Association	UN	United Nations
IMF	International Monetary Fund	UNCTAD	UN Conference on Trade and Development
JSA	Joint Staff Assessment	UNDP	UN Development Programme
MDB	Multilateral Development Bank	UN ECA	UN Economic Commission for Africa
MDG	Millennium Development Goal	WTO	World Trade Organization
NEPAD	New Economic Partnership for Africa's Development		



# GLOBAL MONITORING OF POLICIES AND ACTIONS FOR ACHIEVING THE MDGs AND RELATED DEVELOPMENT OUTCOMES

## I. INTRODUCTION

1. At its April 2003 meeting, the Development Committee reaffirmed its commitment to regular monitoring of the policies and actions of developing and developed countries and development agencies for achieving the Millennium Development Goals (MDGs) and related outcomes. It did so on the basis of the paper on “Achieving the MDGs and Related Outcomes: A Framework for Monitoring Policies and Actions.”<sup>1</sup> In turn, that paper had responded to an earlier Development Committee request for the Bank and the Fund to provide proposals for monitoring the policies and actions of developing and developed countries for achieving the MDGs, while recognizing the role of the United Nations (UN) in MDG monitoring. Going forward, the plan is for an annual global monitoring report—to be available in time for the Spring Development Committee meeting—supplemented by interim reports on selected issues. This paper summarizes progress to date and staff plans for the implementation of the monitoring framework, including the substantive agenda related to the measurement and assessment of relevant policies and actions and collaboration with partner agencies.<sup>2</sup>

## II. BACKGROUND ON DEVELOPMENT COMMITTEE DISCUSSION

2. The April 2003 Development Committee paper was prepared jointly by Bank and Fund staff, in cooperation with the staff of other agencies. It summarized the emerging consensus on global prospects for achieving the MDGs and set out a conceptual framework for the monitoring of the implementation of the policies and actions for achieving them. The approach set out in the paper was grounded in the concept of institutional comparative advantage, with the individual international agencies—including the UN, the international financial institutions, the World Trade Organization (WTO), and the OECD Development Assistance Committee (DAC)—leading the monitoring work in the specific areas of their respective mandates and expertise and supporting and complementing the monitoring work of partner agencies. Positioned as an initial response to the Development Committee’s request, the paper sketched out an agenda for further work on measuring and monitoring. In its Communiqué, the Development Committee welcomed the progress to date on developing the global monitoring framework, which it said would allow the Committee to regularly assess progress and to reinforce accountabilities among developing and developed countries, as

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<sup>1</sup> See *Achieving the MDGs and Related Development Outcomes: A Framework for Monitoring Policies and Actions*, (DC2003-0003), March 26, 2003, and the related *Background Paper* (DC2003-0003/Add. 1).

<sup>2</sup> This paper was prepared by Bank staff, with support and inputs from IMF staff. The cooperation and support from staff of the African Development Bank, Asian Development Bank, Development Assistance Committee of the OECD, European Bank for Reconstruction and Development, European Commission, Inter-American Development Bank, United Nations, and World Trade Organization are gratefully acknowledged.

well as institutional partners, for the policies and actions for achieving the MDGs and related outcomes.<sup>3</sup>

### III. INTER-AGENCY MONITORING ARCHITECTURE AND ACTIVITIES

3. Collaboration with partner agencies is central to the global monitoring effort, both in terms of building on respective agency strengths and comparative advantages and in terms of ensuring that the approach is coherent across agencies. As indicated below, the work program builds on ongoing discussions and activities with staff in partner agencies. It reflects the broader architecture for global monitoring and reporting that is emerging in the context of the Millennium Declaration and the Monterrey Consensus. That architecture in turn is predicated on an inter-agency process that promotes the pooling of information and data across agencies, allowing agencies' primary analytic and data work to remain specialized in their core mandates, and that also reflects the growing involvement of civil society in global monitoring, especially on the development impact and coherence of developed country policies.

4. ***UN-Led Activities.*** Within the UN system, a number of monitoring activities are under way to follow up on the Millennium Declaration and Monterrey. First, the United Nations Development Programme (UNDP) is playing a lead role in the UN-wide effort to work with developing countries to meet the MDGs, building on its work to help countries prepare MDG Reports and on the recently issued Human Development Report, which this year focused on the MDGs.<sup>4</sup> Second, the UN's Department of Economic and Social Affairs is leading the work on the Secretary General's report to the General Assembly's High-Level Dialogue on the implementation of the agreements reached at the International Conference on Financing for Development. The implementation of the Monterrey Consensus was also the main agenda item at the April High-Level meeting of the Economic and Social Council with the Bretton Woods Institutions and the WTO. Third, the Secretary General has recently issued his annual report to the General Assembly on the implementation of the Millennium Declaration.<sup>5</sup> Fourth, the various task forces under the UN's Millennium Project, whose membership includes Bank and Fund staff, are beginning to submit the findings of their research; the latter is to be consolidated into an overall MDG strategy document.

5. ***Conference on Improving Development Statistics.*** Pursuant to the call for a time-bound and fully costed action plan in the April 2003 Development Committee paper, senior practitioners in the statistical community met in Washington on June 4-5 under the sponsorship of Eurostat, PARIS21, the World Bank, and UNDP. Participants considered the work of the UN-chaired Interagency Technical Group on the MDG

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<sup>3</sup> See Development Committee Communiqué, Washington, D.C., April 13, 2003. See also Statement by Trevor Manuel, Chairman of the Development Committee, Minister of Finance, South Africa (DC/S/2003-0035), April 13, 2003.

<sup>4</sup> See *Human Development Report - Millennium Development Goals: A Compact among Nations to End Human Poverty*, 2003. See also <http://www.undp.org/hdr2003/>.

<sup>5</sup> See *Implementation of the United Nations Millennium Declaration: Report of the Secretary General*, UN, September 2, 2003.

Indicators in reviewing the statistics needed for international monitoring, coordinating their compilation, and improving standards and collection methods. Central to the conference discussions was the work of the Task Team charged by PARIS21 with identifying gaps and inconsistencies between national and international statistical processes and possible solutions geared to strengthening the underlying statistical systems. At the closing session, participants agreed on the need for a set of priority options for improving development statistics and strengthening country statistical capacities, as a basis for high-level discussion of resource needs and availabilities, priorities for coordinated action, and possible tradeoffs. The time-bound and costed action plan that is under preparation will be discussed at the next Roundtable on Results (tentatively planned for February 2004) and reflected in the Spring 2004 global monitoring report; a Technical Briefing on the progress to date will be provided to the Bank's Executive Directors in November 2003.

6. ***Inter-Agency Workshop on Global Monitoring.*** The Bank and the Fund cosponsored a workshop on global monitoring on June 19 to discuss the ongoing measuring and monitoring agenda and inter-agency collaboration in pursuing it. Invitations were extended to all agency observers to the Development Committee, *inter alia*. With respect to the monitoring of developing country policies and actions, a key priority identified by the Workshop was the need to increase coherence—both across agencies by harmonizing and coordinating approaches as far as possible among the multilateral development banks and with developing countries to ensure ownership. With respect to developed country policies, the workshop concluded that the monitoring work was in a catch-up phase, with much to do to build on the key vehicles for mandated assessments—IMF Article IV consultations, DAC peer reviews, and WTO trade policy reviews. With respect to agency performance, key priorities now were to put the concepts into practice more widely and to harmonize monitoring approaches and metrics across bilateral and multilateral agencies.

7. ***OECD-Sponsored Activities.*** A major focus of relevant work at the OECD is the development of a framework for better measuring and monitoring the quality and effectiveness of aid, which has been given fresh impetus by the Rome Declaration on Harmonization and is being carried out under the auspices of the newly formed DAC Working Party on Aid Effectiveness and Donor Practices. In addition to this aid-related work, OECD staff are looking at policy coherence for development more broadly, with a progress report to be issued in Spring 2004. Meanwhile, the OECD Development Center is initiating, together with partner research institutions, a program of research on the implications for developing countries of a broad range of developed country policies—trade, migration, foreign investment, intellectual property, environment, and security.

8. ***Civil Society.*** A number of monitoring activities by civil society are also under way. One such example is the research work of the Center for Global Development that aims to assess the policies and practices of developed countries, developing countries, and multilateral agencies in terms of their development impact. Another is the World Economic Forum's Global Governance Initiative, designed to monitor progress toward the MDGs and other goals set out in the Millennium Declaration and assess the efforts and cooperation of governments, the private sector, civil society, and international



organizations. Also relevant is the work by Social Watch, and international NGO watchdog network, that produces scorecards and reports on the MDGs and poverty indicators.

#### **IV. GLOBAL MONITORING WORK PROGRAM**

9. The Spring 2004 global monitoring report will present a summary assessment of the policies and actions in key areas and, based on that assessment, identify priority issues for Development Committee discussion. To this end, and in line with the agreed framework, the work program set out below covers the policies and actions of the developing countries, developed countries, and international financial institutions. In carrying it out, staff will be guided by three broad principles—effective collaboration with partner agencies, building on agencies’ respective mandates and strengths; full adherence to Bank and Fund and, as relevant, other agencies’ operational policies, including with respect to the disclosure of information; and strategic prioritization, staying focused on the objectives of the exercise in facilitating the Development Committee’s monitoring of the implementation of the agreed strategies and actions and reinforcing the accountabilities of the key actors.

##### **A. Developing Countries**

10. Three major sets of tasks are under way with respect to developing country policies: improving the robustness of country policy assessments; developing better metrics and data for key specific policy areas; and carrying out research to clarify the links between policies and outcomes.

11. ***Country Policy Assessments.*** In part reflecting the concerns raised during the April 2003 Development Committee meeting and in subsequent discussions with World Bank Executive Directors, work is under way within the Bank to upgrade the Country Policy and Institutional Assessment (CPIA) methodology and to increase the transparency of its application. The work program includes improving the documentation of the evidence and indicators on which the assessments are based, strengthening the role of the Networks in the assessment process, and ensuring that the assessment work is adequately resourced. These measures also will help prepare the system for the increase in public disclosure that is under discussion for IDA-eligible countries and that is scheduled for consideration by Executive Directors on October 28. Meanwhile, following up on earlier discussions by the multilateral development bank (MDB) presidents in Rome, staff are now pursuing the use in global monitoring of the corresponding assessments of the other MDBs, including comparative analysis of the actual ratings and consideration of the implications of differences in approaches and disclosure rules. The global monitoring work will also reflect available findings from country peer reviews conducted under the NEPAD initiative, adding a valuable self- and peer-assessment dimension, and the joint UN ECA and DAC work on development effectiveness in Africa. Finally, reflecting the need for a coherent global/country interface, work is under way to include in the JSAs of PRSPs and their annual progress reports a more explicit assessment of progress in implementing growth strategies, managing public expenditures, and meeting country MDG and other targets.

12. **Metrics and Data in Key Specific Policy Areas.** Complementing these efforts is the work program on metrics and supporting data in the three areas highlighted in the Spring 2003 Development Committee paper—private sector development, public sector governance, and human development. With respect to private sector development, work is under way on the investment climate, infrastructure, macroeconomic policies, and the financial sector and corporate governance. Information generated by two ongoing Bank projects—the Doing Business Project on indicators of business environment and the diagnostic country Investment Climate Assessments—will be complemented by the new infrastructure indicators being launched under the Infrastructure Action Plan. The work program also includes systematic reviews of staff assessments of macroeconomic policies, based on IMF surveillance and financing instruments, and of the financial sector and corporate governance, based on the financial sector assessment program (FSAP) and reports on standards and codes (ROSCs). The work program on public sector governance includes a Bank-Fund effort to extend and deepen the HIPC expenditure-tracking exercise, augmented by new initiatives to develop more objective and transparent indicators, and to track progress in the context of Bank-supported operations. On human development, the work program follows up on the April 2003 Development Committee discussion of scaling-up,<sup>6</sup> covering issues relating to the adequacy and quality of expenditure programs and needed policies and institutions and international support for effective service delivery in education, health, and water and sanitation.

13. **Research.** These efforts to develop more robust metrics and data are being supported by research to deepen the analytical underpinnings of the monitoring framework. Relevant Bank and Fund research includes: (1) the key drivers of growth and the impact of growth on poverty reduction and related development goals, including the role of macroeconomic policies, investment climate, infrastructure, and governance; (2) the policies and institutions for improving the delivery of human development and related services to poor people (building on the 2004 World Development Report); and (3) the multisectoral determinants of the MDGs (including, for example, the importance of infrastructure to the human development goals) and the relative importance of and tradeoffs among individual determinants. These are important areas of collaboration with the UN in the context of the Millennium Project.

## **B. Developed Countries**

14. The work program on developed countries emphasizes three policy areas: macroeconomic policies, trade, and aid. Monitoring of these policies will build on the work of the agencies with the core mandates—the IMF and its surveillance activities for macroeconomic policies, WTO and its country trade policy reviews, and OECD DAC and its country peer reviews for aid policies—supplemented by appropriate collaboration with other partners. The work program also covers developed countries' support for key global public goods/programs.

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<sup>6</sup> See *Progress Report and Critical Next Steps in Scaling Up: Education for All, Health, HIV/AIDS, Water and Sanitation—Synthesis Paper* (DC2003-0004), March 27, 2003.

15. **Macroeconomic Policies.** Macroeconomic policies and outcomes in developed countries exercise a major influence on developing countries' prospects for growth, and hence, poverty reduction and related development goals, working through their impact on trade and capital flows. Surveillance activities carried out by the IMF, including under Article IV consultations and the World Economic Outlook exercise, will be used to monitor these policies and their impact on developing countries. Progress on efforts to strengthen the international financial architecture to improve financial crisis prevention and resolution and mitigate capital flow volatility will also be monitored.

16. **Trade.** Effective monitoring of trade policies will require a coordinated inter-agency effort, drawing on WTO data and country trade policy reviews. To this end, the Bank, in collaboration with the WTO, is developing a comprehensive measure of trade protection by deriving tariff equivalents of a variety of trade restrictions (tariffs, non-tariff barriers—including “new” non-tariff barriers such as product standards—subsidies), while also taking into account special trade preferences to developing countries. Supplementary information will be drawn from the IMF's Trade Restrictiveness Index. In particular areas of importance, such as protection of cotton, sugar, and grains, additional work will allow deeper assessments, utilizing and complementing OECD analysis of agricultural support and WTO data on export subsidies. The analysis will also cover cross-border supply of services and temporary movement of workers, as well as developments relating to intellectual property rights and technology transfer.

17. **Aid.** The work program on aid contains two main elements, for the most part under the leadership of DAC. The first relates to the magnitude and adequacy of aid flows. DAC tracks aid volumes and composition closely, including realized levels relative to indications made in the context of Monterrey and subsequently. On the adequacy of aid, the interrelationship between the implementation of sound policies by developing countries and the availability of adequate and appropriate financing is on the agenda for Development Committee discussion;<sup>7</sup> the underlying analysis will be further developed and built on for the Spring 2004 global monitoring report. Second, on the quality of aid, DAC has launched a major program of work to develop norms and measures for better monitoring, covering selectivity, strategic alignment, results focus, predictability of aid flows, donor coordination, and harmonization of donor practices. Notwithstanding the inherent difficulty of developing indicators for some of these qualitative dimensions, progress in this area will greatly strengthen the monitoring effort. DAC also is planning a synthesis report on its 2001-3 peer reviews, focused on development policy coherence. Complementing this work, the Bank is launching quantitative research on the quality of aid, building on past work on aid effectiveness.

### **C. International Financial Institutions**

18. Much work is under way at the Bank and partner agencies to develop approaches and measures for better assessing agency performance in helping developing countries to

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<sup>7</sup> See *Supporting Sound Policies with Adequate and Appropriate Financing: Implementing the Monterrey Consensus at the Country Level*, forthcoming.

achieve the MDGs and related development outcomes. A particular challenge going forward will be for multilateral and bilateral agencies to develop/agree a framework for monitoring and reporting on agency performance that bridges agencies' shared as well as their unique mandates, and that will in due course provide a basis for assessing systemic performance and whether the overall effectiveness of multilateral and bilateral agencies is larger or smaller than the sum of individual agency contributions.

19. **World Bank.** Reporting on Bank performance in the context of global monitoring will increasingly be based on the framework developed for the results agenda and the related work on the IDA Results Measurement System. Key features of this framework include more systematic and explicit assessments of country level outcomes and Bank performance in the context of the Country Assistance Strategy (CAS) process—both in preparing the CAS ex ante and in preparing the CAS Completion Report ex post—and greater results-focus of reporting on portfolio monitoring and evaluation efforts. Other sources also will inform the assessment of Bank performance, including the periodic reports of the Quality Assurance Group and the Operations Evaluation Department.

20. **IMF.** The Fund also is strengthening the framework for assessing its contribution to supporting countries' progress toward the development goals through its impact on stability and growth. This framework consists of two main elements: periodic staff reviews of specific aspects of the Fund's operations and effectiveness, such as surveillance, conditionality, PRSP/PRGF, FSAP/ROSC, technical assistance, and transparency; and separate assessments by the Independent Evaluation Office. The latter has so far produced reports on the prolonged use of Fund resources, the role of the Fund in selected capital account crises, and fiscal adjustment in Fund-supported programs, and is currently working on a report on experience with the PRSP/PRGF.

21. **Other MDBs.** Other multilateral development banks are also engaged in enhancing the results-orientation of their operations and improving the measurement of their performance, and will be invited to include their own assessments of their performance in the global monitoring reports. An important aspect of the work on the results agenda is to develop a global partnership on managing for results that encourages harmonization of approaches across the development agencies. A more harmonized approach to assessing performance would facilitate the reflection of the contribution of the different agencies to the development goals within a unified framework of global monitoring and reporting. Discussion on these issues among the agencies will be taken forward as part of the preparatory process for the upcoming Roundtable on Results.

## V. CONCLUSIONS AND CHALLENGES AHEAD

22. As the work on global monitoring proceeds, attention will need to stay focused on the genesis and purpose of the initiative, which is to provide a basis for the Development Committee to regularly assess progress on key implementation issues and in turn to reinforce accountabilities. To this end, several issues warrant particularly careful management going forward. Internally, within the Bank, as the scope of the work cuts across sectors and regions, effective collaboration and coordination across units is essential, as is the need for institutional coherence between the global monitoring effort

and the country priorities that underpin it. Equally important is the management of the CPIA process, especially in light of the proposals to increase its transparency and disclosure for IDA-eligible countries, and the requisite investment in analytic work to ensure the robustness and consistency of its application. Externally, continuing attention will need to be paid to the partnership dimension of the global monitoring work, both in those areas where the lead mandate lies with other agencies, for example, on the macroeconomic and trade policies of developed countries, and in those areas involving joint work with others, such as the performance assessment framework for development agencies. Such collaborative efforts are essential for promoting broad ownership of and consensus on the global monitoring framework and its conclusions, and for ensuring its cost effectiveness and efficiency. Finally, strategic prioritization will be critical for keeping the exercise focused, practical, and action-oriented, and for preventing the pursuit of perfection in measuring and monitoring from delaying the drawing of seasoned judgments about priorities for action in implementing the agenda for achieving the MDGs and related development outcomes.