

2006 COMPAS

MULTILATERAL DEVELOPMENT BANKS COMMON PERFORMANCE ASSESSMENT SYSTEM

STEERING
FOR RESULTS...



ASIAN DEVELOPMENT BANK



European Bank
for Reconstruction and Development



INTER-AMERICAN DEVELOPMENT BANK



WORLD BANK

**THE 2006 MULTILATERAL DEVELOPMENT BANKS
COMMON PERFORMANCE ASSESSMENT SYSTEM**

2006 COMPAS

January 26, 2007

African Development Bank (AfDB)

Asian Development Bank (AsDB)

European Bank for Reconstruction and Development (EBRD)

Inter-American Development Bank (IADB)

World Bank (WB)

ACRONYMS AND ABBREVIATIONS

AFD	African Development Fund, Asian Development Fund
AfDB	African Development Bank
AsDB	Asian Development Bank
BMC	Borrowing Member Country
CAE	Country Assistance Evaluation
CAPE	Country Assistance Program Evaluation
CAS	Country Assistance Strategy
CASCR	CAS Completion Report
CFAA	Country Financial Accountability Assessment
COMPAS	Common Performance Assessment System
CPAR	Country Procurement Assessment Report
CPE	Country Program Evaluation
CPIA	Country Policy and Institutional Assessment
CSP	Country Strategy Paper
DMC	Developing Member Country
DPL	Development Policy Loan
EBRD	European Bank for Reconstruction and Development
EvD	EBRD's Evaluation Department
FSO	Fund for Special Operations
HIPC	Highly Indebted Poor Country
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion Report
IDA	International Development Association
IEG	WB's Independent Evaluation Group
IFAD	International Fund for Agricultural Development
IFF	Intermediate Financing Facility
IsDB	Islamic Development Bank
MDB	Multilateral Development Bank
MDGs	Millennium Development Goals
MfDR	Managing for Development Results
NEPAD	New Partnership for Africa's Development
ODA	Official Development Assistance
OECD/DAC	Organization for Economic Cooperation and Development/ Development Assistance Committee
OED	AsDB's Operations Evaluation Department
OVE	IADB's Office of Evaluation and Oversight
PEFA	Public Expenditure and Financial Accountability
PRSP	Poverty Reduction Strategy Paper
QAG	WB's Quality Assurance Group
Q@E	Quality-at-Entry
QEA	Quality-at-Entry Assessments
RMC	Regional Member Country
SWAps	Sector-wide approaches
TA	Technical Assistance
WB	World Bank

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PREFACE

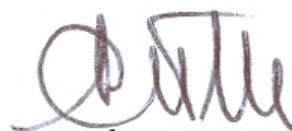
Consistent with their core focus on results, the African Development Bank (AfDB), the Asian Development Bank (AsDB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank (IADB) and the World Bank (WB) are carrying out two parallel sets of efforts. One, aimed at helping Borrowing Member Countries strengthen their capacity to manage for development results; and another one, aimed at improving the Multilateral Development Banks' (MDBs) own performance.

With respect to the latter, a Common Performance Assessment System (COMPAS) was established and a report was prepared last year, the 2005 COMPAS report, by the MDBs under the coordination of the AsDB, as a first attempt to report on what they are doing to strengthen their capacity to deliver results.

The 2006 COMPAS presented here benefited from the experience gained with last year's report. Changes have been made to improve the definition of performance indicators and increase the credibility and reliability of the information presented in the COMPAS. Although we expect that the quality of the indicators will continue to improve in subsequent reports, we are confident that the 2006 COMPAS constitutes an acceptable baseline for measuring future progress.

It is also important to note that the 2006 COMPAS is an input to the 2007 Global Monitoring Report –prepared by the WB and the IMF–, and will be presented at the Third International Roundtable on Managing for Development Results (Hanoi, February 5–8, 2007).

On behalf of the Inter-American Development Bank, I would like to extend our thanks to our MDB colleagues for their contributions to this report, and very especially for entrusting us with the coordination of this new edition of the COMPAS.



Martin Stabile

IADB representative

MDB Working Group on Managing for Development Results

The members of the 2006 COMPAS Task Force were:

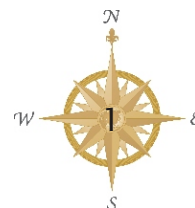
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I. BACKGROUND

A. Overview

1. The purpose of the Multilateral Development Bank (MDB) Common Performance Assessment System (COMPAS) is to provide a locus where the five members of the MDB Working Group on Managing for Development Results (MfDR)¹ may jointly report on their own performance. The impetus for this kind of reporting framework stems from the growing public demand for information about the performance of various actors in the international development community, in which the MDBs play a major role.

2. The essence of the COMPAS is found in the attached “2006 COMPAS Matrix of Categories and Indicators” (Chapter II), which provides detailed information on MDB performance with respect to 7 categories, including 18 sub-categories and 30 indicators:

1. Country Capacity to Manage for Development Results
2. Country Strategies
3. Allocation of Concessional Resources
4. Projects
5. Institutional Learning from Operational Experience
6. Results-focused Human Resources Management
7. Harmonization among Development Agencies

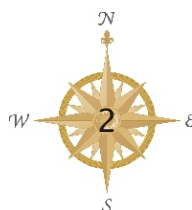
3. The preparation of the first COMPAS was coordinated by the AsDB in 2005. It was well received by the international development community, and useful feedback was obtained from bilateral donors.

4. The members of the Working Group agreed that the IADB would coordinate the preparation of the 2006 COMPAS. The members of the Working Group agreed to a number of changes in the structure of the matrix and the definition of indicators so as to take into account the feedback received on last year's COMPAS. Broadly speaking, the changes were made in order to give greater specificity to the indicators, reduce the room for discretion in the provision of answers, and therefore increase the objectivity and credibility of the COMPAS. As a result of these changes, few comparisons are possible between this and last year's COMPAS, but this year's COMPAS may provide the basis for tracking future progress.



The rest of this section briefly explains some of the most salient features reported in the matrix.

¹ The MDB Working Group on Managing for Development Results was established by the Heads of the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, and the World Bank.



5. It is important to note that the purpose of the COMPAS is to report on MDB performance, not on country-level results, which are a joint product of several actors, including the MDBs. The COMPAS does not intend to encourage comparisons among MDBs comparisons among them are exceedingly difficult in view of their significant differences (as indicated in the Annex “Profiles of Multilateral Development Banks”) but rather to provide baseline data against which each MDB may ascertain its own progress over time.

6. The 2006 COMPAS is intended to serve as an input to the 2007 Global Monitoring Report and will also be available in time for the Third International Roundtable on Managing for Development Results (Hanoi, February 2007) organized by the MDBs and the OECD/DAC.

B. Main Findings

Category 1: Country Capacity to Manage for Development Results

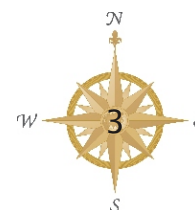
7. There is a growing demand on the part of Borrowing Member Countries (BMCs) for MDB assistance aimed at strengthening BMC capacity to manage for development results. The expectation is that increasingly strong country capacity would be used in the future for MDB-financed project implementation instead of parallel ad-hoc systems.

8. MDBs are keen to respond to this growing demand and steps are being taken towards developing structured tools or approaches to assess existing country capacity. The purpose of these assessments is to identify shortcomings that may be subsequently addressed through financial and/or non-financial assistance.

9. The specific modalities to conduct country capacity assessments vary among MDBs. In some cases, the assessments are an integral part of the process of country strategy formulation. In other cases, the assessments are carried out during the design of public sector management projects. In other cases, they are standalone exercises carried out under ad-hoc initiatives that have been funded with earmarked resources. And in other cases, these assessments are carried out jointly among MDBs and may have a specific focus on governance or fiduciary aspects such as procurement or financial management.

Category 2: Country Strategies

10. MDBs' guidelines for the preparation of Country Strategies call for a strong results focus, which in turn requires sound results frameworks, i.e., clearly defined monitoring indicators, with baseline data and targets to be reached at the end of the strategy implementation period. Some MDBs monitor compliance with these requirements, either through country strategy quality-at-entry (Q@E)



reviews carried out by Management (AsDB) and/or via country strategy evaluations carried out by the independent evaluation office (AfDB, IADB). Where compliance is monitored, the finding is that there is significant room for improvement in the design of Country Strategies.

11. Some MDBs also take steps to ascertain the actual results arising from the implementation of Country Strategies. These steps may consist of self-evaluation undertakings, such as CAS Completion Reports (CASCRs) prepared by Management and validated by the independent evaluation office (AfDB, WB). Or they may take place as independent evaluations (Country Assistance Evaluations at the AfDB, Country Assistance Program Evaluations at the AsDB, Country Program Evaluations at the IADB, and Country Assistance Evaluations at the WB), which are timed to serve as an input to the preparation of the next Country Strategy, and which in some cases includes a rating that sums up the extent to which the implementation of the Country Strategy was successful.



Category 3: Allocation of Concessional Resources

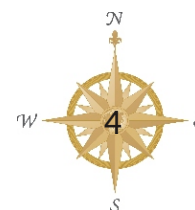
12. All MDBs (except for the EBRD, which does not provide concessional financing) allocate concessional resources on the basis of performance (as reflected in policies, institutions, and portfolio performance, among other things). It is worth noting that allocation criteria also typically include a “needs” factor (e.g., population, per capita income, governance and post-conflict considerations at the AfDB) in addition to the performance factor.

Category 4: Projects

Project Design

13. All MDBs conduct periodic reviews of project Q@E on an arms' length basis, i.e. reviews carried out within Management by a unit that is independent from the loan originating units. Sampling percentages for these reviews vary from 23% to 100%, depending on the definition and size of the universe of projects to be reviewed. Between 50% and 100% of the projects reviewed received overall Q@E ratings of satisfactory or better.

14. The AfDB's and AsDB's independent evaluation offices periodically review the quality of project design and monitoring frameworks, and the IADB's independent evaluation office does the same with regard to project evaluability. Their findings suggest there is significant room for improvement in this regard.



15. MDBs are taking steps to improve the “evaluability” of their operations, i.e., the design features that will make it possible to tell, after completion of implementation, the extent to which the expected results were reached. In order to monitor the evaluability of their operations, MDBs rely on, among other things, the findings of Q@E reviews concerning the soundness of baseline data, monitoring indicators, and the definition of expected outcomes.

16. Broadly speaking, all MDBs require that the operations they finance be economically feasible. AfDB and IADB use their Q@E reviews to verify compliance with the economic analysis requirement.

Project Supervision

17. MDBs are taking various approaches to improve the quality of project supervision. The WB has had quality-of-supervision assessments for about ten years, the AfDB started a similar exercise in 2006, and the IADB has started validating the accuracy of supervision reports.

18. Although all MDBs have taken steps to expedite disbursements, there remain significant differences among them. This is reflected in their disbursement ratios (amount disbursed during a year as a percentage of the undisbursed balance at the beginning of that year) and in their average implementation delays. At 55%, the disbursement ratio of the EBRD is significantly higher than the disbursement ratios of the other MDBs, which vary from about 20% to about 30%. The implementation delays for some of the MDBs vary between 34% and

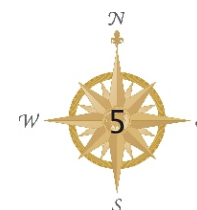
69% of the originally planned implementation period.

19. All MDBs keep track of portfolio performance. One important statistic is the percentage of projects under implementation that have suffered from unsatisfactory progress and/or whose development objectives are unlikely to be achieved – this statistic varies among MDBs from about 3% to about 25% and it is likely that differences in the rating system account for some of the difference. The IADB and the WB have developed procedures aimed at increasing the reliability of their statistics by complementing self-reported supervision ratings with other, more objective estimates – these procedures rely on statistically significant variables associated with the likelihood that projects might not reach their development objectives.

20. Another portfolio management statistic is the “proactivity index”, which is defined as the proportion of projects that, 12 months earlier, were suffering from unsatisfactory progress and/or whose development objectives were unlikely to be achieved, and which have been upgraded, restructured (includes reformulations), suspended, closed, partially or fully canceled during the last 12 months. The relevant percentage varies from 55% to 100%.

Project Completion and thereafter

21. All MDBs have procedures for reporting on the results of their operations as soon as possible after completion, so the experience may be used as a potential source of lessons learned. Existing procedures call for the preparation of completion



reports shortly after projects “close,” which puts a premium on timeliness. The share of completion reports that were actually prepared as a percentage of the number that was due in a given year varies from 57% to 100%, though not all MDBs keep track of actual compliance. The share of completion reports deemed satisfactory with regard to their use of outcome indicators varies from 51% to 94%, though not all MDBs keep track of it.

22. Since the real proof of project success can only be obtained when the project is truly operational, MDBs conduct independent ex-post evaluations several years after project completion. The nature and scope of those evaluations vary among MDBs. The sampling rate is about 25%–43% for the AfDB, AsDB, IADB and the WB; and 73% for the EBRD. Not all MDBs rate the extent of achievement of development objectives, but those that do, report success rates of 61% to 78%.

Category 5: Institutional Learning from Operational Experience

23. All MDBs endeavor to identify good practices and make use of the lessons learned from previous experience at the project and country levels via self- or independent evaluation mechanisms. Various formal devices are in place to identify and/or vet lessons and disseminate them to MDB staff members and BMCs. The actual degree of lesson utilization is difficult to ascertain.

24. All MDBs have independent evaluation offices, whose mission is to help promote lesson learning and accountability within MDBs. The scope of their work

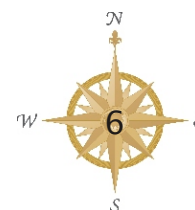
includes, among other things: evaluations (and evaluability assessments) of MDB interventions (individual operations, sectors, themes, and country strategies and programs); validations of Management's monitoring and self-evaluation tools; and assistance to BMCs interested in strengthening their own evaluation capacity.

25. On the whole, the recommendations arising from independent evaluations influence the way MDBs conduct their business, regardless of whether a formal mechanism exists to monitor the extent to which Management adopts them. The WB does have a formal mechanism to keep track of, and measure, Management's actual adoption of independent evaluation recommendations.

Category 6: Results-focused Human Resources Management

26. All MDBs aim to strengthen the results-related skills of their operational staff and, to do so, provide training on MfDR topics such as results-oriented planning, budgeting and monitoring, and evaluation.

27. The performance of MDB staff members is routinely assessed by comparing expected versus actual results. While specific approaches vary among MDBs, all of them have mechanisms in place to link salary increases to actual accomplishment of agreed-upon objectives.



Category 7: Harmonization among Development Agencies

28. In recent years, all MDBs have been taking steps to harmonize their activities with those of other development agencies in order to reduce the aid coordination burdens faced by BMCs. Harmonization is taking place in a number of areas, including: procurement, financial management, evaluation, country performance assessments, environmental issues, gender issues, HIPC and debt sustainability, governance and anti-corruption, trust funds and cofinancing efforts, the role of MDBs in middle-income countries, and investment climate.

29. Perhaps the most tangible indication of heightened harmonization among MDBs (and between these and other development agencies) is the increasing number of activities they carry out together, for instance: project/program cofinancing, including sector-wide approaches (SWAs); joint country portfolio reviews; joint country strategy formulation; joint macroeconomic and sector analytic work; joint thematic assessments, including Country Procurement Assessment Reports (CPARs), Country Financial Accountability Assessments (CFAAs), and Public Expenditure and Financial Accountability (PEFA) reviews; and joint evaluations.

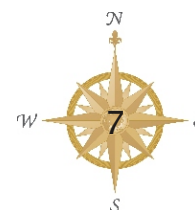
C. The Way Forward

30. The 2006 COMPAS report illustrates the MDBs' commitment to conducting self-assessments of their own performance. It is also an indication of the MDBs' willingness to disclose information about

the way they conduct business and about the way they organize themselves to meet their strategic development objectives. As indicated above, the expectation is that this COMPAS report will provide a baseline against which each MDB will assess its own progress over time.

31. The 2006 COMPAS provides a juncture to reflect on how to deal with a couple of emerging opportunities, which are mentioned here only as topics requiring further consideration. The first opportunity arises from the significant differences between, on the one hand, the 4 MDBs that deal with the public sector (AfDB, AsDB, IADB and WB), and the EBRD, on the other. These differences make it sometimes difficult to identify performance indicators that are relevant to all 5 MDBs. At the same time, the private sector windows of the 4 MDBs (e.g. the WB Group's IFC, the AfDB's Private Sector and Microfinance Department, and the IADB's Private Sector Department, among others) may have significant commonalities with the EBRD, which might militate in favor of their joining efforts under a more coherent performance assessment reporting format.

32. The second opportunity has to do with the discussions that took place among the members of the MDB Working Group on MfDR in 2006 about the possibility of welcoming the International Fund for Agricultural Development (IFAD) to the Working Group, and the possibility of including the Islamic Development Bank (IsDB) in the COMPAS.



II. 2006 COMPAS Matrix of Categories and Indicators

CATEGORY 1: COUNTRY CAPACITY TO MANAGE FOR DEVELOPMENT RESULTS (MFDR)

Subcategory
1a
ASSESSING
COUNTRY
CAPACITY TO
MfDR²

MDB	(i) Number (%) of countries whose capacity to MfDR has been assessed in the previous 2 years	(ii) Brief description of the tools used to assess capacity to MfDR
AsDB	10 results-based country strategies and programs out of the 38 countries or 26% have been prepared and endorsed by the AsDB from January 2005 to November 2006. 70% or 7 of the 10 included an assessment of the country's capacity to MfDR and is approximately 18% of the total number of borrowing countries.	Country capacity to MfDR is assessed in the context of the Country Partnership Strategy (CPS) process. A toolkit entitled " Capacity for Results Management A Guide for Conducting a Rapid Assessment of the Capacity of Developing Member Countries to Manage for Results " describes an approach for rapid assessment of a country's capacity for results management. It is constructed on 5 building blocks: (i) commitment, norms and values for results management; (ii) clarity of expected results, i.e. setting objectives; (iii) making results happen by linking objectives and planning; (iv) determining contributions to results through monitoring and evaluation; and (v) making results matter by providing feedback to decision making. In addition a " Sector Road Map/Sector Assessment " is carried out during CSP preparation to assess aspects including institutional aspects. It is based on detailed and systematic analyses of a sector, identification of key binding constraints to performance and development opportunities in the sector, including detailed assessment of the government's capacity to manage for results.
AfDB	Country Strategy Paper was prepared for 27 Regional Member Countries (RMC) in 2005 and 2006. This represents 61% of the RMCs for which a CSP could be prepared. CSPs always include an assessment of country capacity to MfDR.	Country capacity to MfDR is assessed during the preparation of the Country Strategy Paper. Also, all lending and non-lending operations that focus on strengthening country capacity to MfDR include an assessment of the country's capacity to MfDR. This assessment is carried out drawing from a variety of currently available tools such as: (i) the Country Governance Profile, prepared by the AfDB in collaboration with other development partners and, (ii) the Country Financial Accountability Assessment, and (iii) the Country Procurement Assessment Report. The WB leads the preparation of CFAAs and CPARs. The assessment included in the AfDB Country Governance profile is structured around the concepts of transparency, accountability, combating corruption, participation, and legal and judicial reforms.
EBRD	N.A.	N.A.
IADB	As of December 31, 2006, the "Program to Implement the External Pillar of the MTAP for Development Effectiveness at the IADB" (PRODEV) has carried out preliminary country capacity diagnostics in 18 out of 26 countries (69%). Most of these activities are focused on the capacity to manage for development results in the public sector at the national level.	The IADB's PRODEV uses and applies MfDR concepts and tools: (i) management as an institutional priority; (ii) clearly defined objectives and targets; (iii) flexibility and accountability in program management; and (iv) design and monitoring of real-time performance indicators and standards, and outcome indicators. PRODEV is carrying out its activities in partnership with other organizations: with the WB, it has launched an informal monitoring and evaluation network; with the OECD, it has conducted a survey on agencies responsible for the preparation of national budgets; and with the Latin American Center for Development Administration (CLAD), it is now completing a study on the methodological aspects of national MfDR systems.

²Country capacity to MfDR is related to at least 5 separate but closely linked functions: strategic planning and public policy; results-oriented budget; public financial management; programs and projects; and monitoring, evaluation and information systems. Some MDBs assess and help strengthen country capacity to MfDR during country strategy formulation and/or preparation of lending operations. Others have created a separate umbrella framework in this regard.

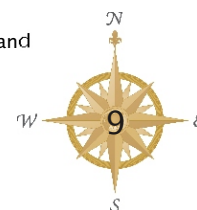


Subcategory
1b
STRENGTHENING
COUNTRY
CAPACITY TO
MfDR

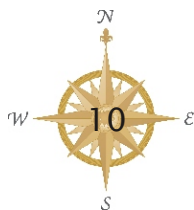
WB	<p>The WB does not currently have a specific instrument to carry out diagnostics of country capacity to manage for results. However, Results Based CASs are based on considerable diagnostic and analytic work, including reviews of public sector management, public expenditure reviews and country financial management assessments. In addition, IDA tracks an indicator of Statistical Capacity³ and encourages all Country Teams to monitor and invest in country capacity to manage for results, including statistical capacity wherever possible. In addition, the Marrakech Action Plan for statistics (MAPs) provides the basic framework for the WB's program for assessing and improving national statistical systems. Through the MAPs, the WB has completed diagnostics in 30 countries by supporting National Statistical Development Strategies. Another 26 are under preparation.</p>	<p>The WB uses a variety of tools to assess capacity to MfDR but there is not a specific diagnostic tool for MfDR. At the national level, WB has assessed the quality and impact of several country monitoring systems, supported the PRS process, and helped partner countries gather national and sub-national data for monitoring progress toward their Poverty Reduction Strategy (PRS) goals. Senior country officials are increasingly using data for planning, monitoring, and policymaking. Analytic work such as the public expenditure reviews assess a country's capacity on achieving operational efficiency, service delivery, and outcomes. The PEFA framework is used to assess the quality of public finance systems which are seen as key for getting results on the ground and for assuring that aid resources are being used prudently. The WB CPIA which examines country policies and institutions is also a diagnostic tool for assessing MfDR in economic management and public sector management and institutions (as discussed in a later section). Data on CPIA clusters is collected for all WB clients, IBRD and IDA on an annual basis. The WB sponsored Doing Business (DB) and Investment Climate Surveys and Assessments (ICS) are tools for assessing country capacity and willingness to support private sector development. ICS captures business perceptions on the biggest obstacles to enterprise growth, and DB indicators comprise detailed, objective measures of the time and cost of strict compliance with government regulations affecting private business across 10 topic areas. The WB works with the United Nations Development Group and other development partners on a new planning instrument, the transitional results matrix (TRM) which helps low-capacity countries going through a post-conflict or political transition to identify and monitor the key results they need to keep that transition on track.</p>
MDB	<p>(i) Number (%) of countries whose MfDR capacity was strengthened with T.A. and/or lending projects in the previous 2 years⁴</p>	<p>(ii) Brief description of T.A. and/or lending projects in (i)</p>
AsDB	<p>Approximately 15 (39%) out of the 38 development partner countries received TA to strengthen their capacity to MfDR. Among them were: the Kyrgyz Republic, Lao People's Democratic Republic, Nepal, People's Republic of China, the Philippines, and Viet Nam. There were also 3 Regional TA projects aimed at: mainstreaming MfDR in Support of Poverty Reduction in South Asia; preparation and pilot of the Community of Practice on MfDR; and results-focused project design and management.</p>	<p>The general objective of these TA operations approved is to develop and/or the monitoring and evaluation capacity of development partner countries.</p>

³ IDA has committed to play a leading role in coordinating efforts to strengthen the capacity to compile and use statistics in IDA countries. Working with international partners, the WB is compiling information on the statistical systems of IDA and other developing countries, including indicators of their statistical capacity. IDA is also working with development partners to monitor statistical capacity building activities undertaken in borrowing countries and to prepare an annual note describing and tracking the progress of efforts to improve statistical capacity. The first note "Statistical Capacity Improvement in IDA countries" was produced in May of 2006 ([Global Data Monitoring Information System](#))

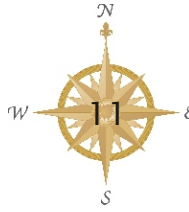
⁴ These efforts refer to the core set of capacities that countries need to put in place in order to have more effective systems and processes to manage for development results. The activities reported here are lending and technical assistance operations whose principal focus is on strengthening some or all of the above-mentioned 5 MfDR functions they do not include the capacity building components that are present in many operations for the purpose of helping implement the operation.



AfDB	<p>21 out of 27 countries (78%) received assistance. In addition, at a regional level, the AfDB helped strengthen the capacity of the Common Market for Eastern and Southern Africa (COMESA, an economic grouping, of 20 Regional Member Countries), to support procurement reform in its member countries.</p> <p>The AfDB is also leading the implementation of the International Comparison Project for Africa. The ICP Africa aims at providing assistance to RMCs (i) in the collection of socio-economic statistics for generating purchasing power parities necessary for cross-country economic comparison; (ii) in improving RMC's statistical capacity through training and technical assistance so as to meet the urgent demand for reliable and timely data to support monitoring of progress on the MDGs, PRSPs, the NEPAD Initiative and satisfying the Results-Based management and evaluation system for development effectiveness; and (iii) in the development of national accounts data.</p>	<p>TA and lending operations focused on strengthening country capacity to MfDR include the provision of training, advice on institutional development, and legal and judicial reforms in the various areas of MfDR.</p>
EBRD	<p>18 countries (out of 30) received TA for the Legal Transition Program.</p>	<p>The Legal Transition Program supports transition by developing legal rules and legal institutions.</p>
IADB	<p>In 2004 and 2005, the IADB financed many projects aimed at strengthening the Managing-for-Development-Results capacity of 22 out of 26 (85%) borrowing member countries. The relevant countries were: Argentina, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Paraguay, Peru, Suriname, Uruguay and Venezuela.</p>	<p>The relevant projects cover a wide range of activities aimed at strengthening the capacity and quality of: economic and public sector investment decision-making bodies, planning/programming/monitoring systems, public sector management systems, public expenditure quality improvement systems; fiscal management, results-based budgeting, tax collection mechanisms, public financial management systems; and information strategies and systems, and national statistics systems, including census.</p>



<p>WB</p>	<p>The WB supports country capacity to manage for results through investments in public sector governance, which includes the following themes: administrative and civil service reform, decentralization, public expenditure, financial management, and procurement, tax policy and administration, other accountability/anti-corruption, other public sector governance topics. Starting in 2006, an additional code for support to Managing for Development Results was included in our data systems. In FY06, the WB was supervising Public Sector Governance (PSG) operations in 110 countries with total commitments of US\$8.1 billion.</p>	<p>Support ranges from strengthening budgets (primarily through DPLs), to strengthening capacities in sector ministries for example, support to annual school census in education projects, support in sectoral projects to information management systems, and training and laboratory testing in Avian flu projects. Another example of the support to a sector and sub-national level is the development of toolkits for tracking key performance indicators in the water sector at sub-national level. Project-level support helps countries to use the toolkits and develop the requisite data. The WB has worked on this in the Africa, Europe/Central Asia, Asia, and Latin America regions.</p>
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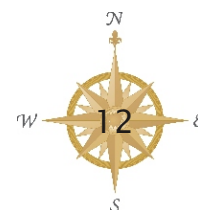
CATEGORY 2: COUNTRY STRATEGIES

Subcategory
2a
STRENGTHENING
THE RESULTS
FRAMEWORK OF
COUNTRY
STRATEGIES

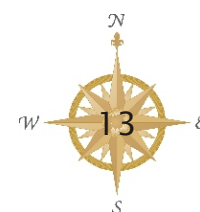
MDB	(i) Number (%) of MDB Country Strategies approved in the previous 2 years with explicit baseline data, monitoring indicators, and clearly defined outcomes to be reached
AsDB	No systematic assessment has been done. However, the enhanced process mandated that all CPS are results-based, selective and country-focused, including results frameworks with outcomes and indicators.
AfDB	The guidelines for the preparation of Results-Based Country strategy Papers, which were introduced in 2005, require that each CSP should clearly specify the expected outcomes to which the Bank's CSP will contribute, the indicators to monitor progress towards the outcomes and explicit data on baselines and targets for monitoring purposes. Independent or self-evaluation of these requirements have not yet been carried out to ascertain the level of compliance.
EBRD	100% (28 out of 28 countries)
IADB	The most recent report on the evaluability of country strategies was prepared by the independent evaluation office (OVE) in 2005. It focused on the 11 country strategies approved in the previous 2 years (Argentina, Bahamas, Belize, Bolivia, Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Paraguay, and Trinidad and Tobago). OVE found that indicators were specified for 55% of development objectives and 72% of strategy objectives, and that more than 50% of the indicators have a baseline value. OVE does not prepare a report with quantitative ratings every year even though it reviews the evaluability of all Country Strategies as they are prepared by Management.
WB	25 results-based CASs were prepared during FY05-06. A review by the Independent Evaluation Group of the CAS results frameworks found that only 9% of the CASs had baseline data for more than half of the CAS outcome indicators. And just under half of the CASs had set targets for more than half of the CAS outcomes.

Subcategory
2b
REPORTING AND
MONITORING ON
COUNTRY
STRATEGY
IMPLEMENTATION

MDB	(i) Number (%) of implemented MDB Country Strategies that have been subject to an independent evaluation in the previous 2 years.	(ii) Number (%) of implemented MDB Country Strategies in (i) which received "satisfactory or better" ratings.
AsDB	Normally, OED conducts Country Assistance Program Evaluations (CAPEs) about one year before the expected time of the next CSP. In 2004 OED prepared 2 CAPEs (or 40% of the 5 CSPs prepared in 2005). In 2005 OED prepared 2 CAPEs (or 33% of the 6 CSPs prepared in 2006). In 2006 OED prepared 2 CAPEs. In addition, in 2006 a task force reviewed the Q@E of 6 CSPs approved in 2004-2005.	Before the CAPE guidelines were approved in December 2005, rating of a CAPE was not mandatory. Of the 4 CAPEs done in 2004 and 2005, only 2 were rated, and one of them was rated successful overall. Of the 2 CAPEs done in 2006, one was rated successful overall and the other one was rated satisfactory based on criteria of relevance and efficacy. In other words, of the 4 CAPEs prepared from 2004 to 2006 (and rated), 3 out of 4 (or 75%) were rated satisfactory or better. The review of the Q@E of 6 CSPs approved in 2004-2005 concluded that 2 of them were satisfactory while the other 4 were marginally satisfactory. In other words, 33% of the 6 CSPs received satisfactory or better ratings.



AfDB	<p>6 out of 36 (17%).</p> <p>The guidelines for the preparation of results-based country strategies now require that a country strategy progress report and a country strategy completion report should be prepared for all country strategies. These self-evaluation instruments will substantially strengthen the country strategy evaluation process in the AfDB. These guidelines have just been introduced, in 2005, with the new generation of Results-Based Country Strategy Paper. Implementation is on course.</p>	4 out of 6 (67%)
EBRD	<p>3 recently implemented strategies (or 11%) of the 28 strategies prepared over the past two years were subject to an evaluation by EvD.</p>	<p>A pilot exercise was conducted for 3 countries (2 years ago). In 2005 EBRD's Board decided not to continue with formal Country Strategy Evaluation. EvD continues providing lessons learned material for the preparation of new country strategies through retrospective analyses for each new strategy but does not evaluate the country strategies.</p>
IADB	<p>OVE's mandate indicates that "all Country Strategies are subject to independent evaluation." During 2005 six Country Program Evaluations were carried out (Dominican Republic, El Salvador, Guatemala, Jamaica, Panama, and Uruguay). During 2006 seven Country Program Evaluations were carried out (Barbados, Chile, Costa Rica, Guyana, Honduras, Peru, and Suriname). These numbers represent 100% of the Country Strategies to be evaluated.</p>	<p>The current Protocol for the Conduct of Country Program Evaluations does not have a rating system for Country Program Evaluations to classify Country Strategies according to the level of satisfaction. OVE is conducting a review of its Protocol, in which a rating system may be considered.</p>
WB	<p>All country assistance strategies (CASs) are followed by a CAS Progress Report at mid-term and a CAS completion report at completion (CASCR). The WB prepares about 25 Results-Based CASs per year, and about 25 CAS Completion Reports per year. IEG conducts independent Country Assistance Evaluations (CAEs), evaluations of CASs for selected countries (about 5 countries a year). 38 CASCRs have been completed since the instrument was introduced in FY04, all of which have been validated by IEG.</p>	<p>Of the 38 CASCRs validated by IEG, 34 included ratings. Of the 34, 20 (55%) were rated moderately satisfactory or better (6 were rated fully satisfactory and 13 were rated moderately satisfactory).</p>



CATEGORY 3: ALLOCATION OF CONCESSIONAL RESOURCES

Subcategory
3a
ALLOCATING
CONCESSIONAL
RESOURCES ON
THE BASIS OF
PERFORMANCE

MDB	(i) Amount (%) of total concessional resources allocated on the basis of performance	(ii) Brief description of the formula or parameters used to measure performance
AsDB	All concessional resources, which are provided under the Asian Development Fund (ADF), are allocated on the basis of performance. The only exceptions to this rule are a few set-asides agreed by the ADF donors: (i) post-conflict countries; (ii) countries on the watch list for graduation e.g., Indonesia; and (iii) 5% of ADF-IX funds, which are allocated to sub-regional cooperation projects.	The formula for the Composite Country Performance Rating (CCPR) is $CCPR = PIR^{0.7} \times GR^{1.0} \times PR^{0.3}$, Where: <ul style="list-style-type: none"> • PIR is the Policy and Institutional Rating, which is the average of the Economic Management cluster average score, the Structural Policies cluster average score, and the Social Inclusion/Equity average score • GR is the Governance Rating • PR is the Portfolio Rating
AfDB	The amount of concessional resources available for allocation under African Development Fund (ADF)-X is UA 2.93 billion. 100% of this amount is allocated on the basis of performance.	The Performance-Based-Allocation System provides a transparent method for allocating resources to eligible RMCs based on (i) performance and (ii) need with a higher premium on performance. The allocation to an eligible RMC will be higher if the country: has a large population; has a high poverty rate; has a high Country Policy and Institutional Assessment score (good policy and institutional performance); has a high Country Portfolio Performance score (low percentage of projects at risks); has a high governance factor; and is a recognized post-conflict country.
EBRD	The EBRD does not have any concessional resources.	N.A.
IADB	The IADB has a two sources of concessional financing: (i) the Fund for Special Operations (FSO) that lends on average \$400 million a year; and (ii) the Intermediate Financing Facility (IFF) that provides subsidies to \$250 million of ordinary capital lending a year. 100% of countries eligible to receive concessional assistance receive it on the basis of performance under two different concessional aid windows: 5 countries are eligible under FSO and other 5 under IFF. The countries eligible for FSO are Bolivia, Guyana, Haiti, Honduras, and Nicaragua; and for IFF, Ecuador, El Salvador, Guatemala, Paraguay, and Suriname.	For the purpose of allocating concessional resources (FSO and IFF), the IADB uses a formula that consists of 2 major components: Needs – 40% – (Population and Income per capita) and Performance – 60% – (Portfolio, and Country & Institutional Policy Evaluation).
WB	100% of concessional resources (IDA) are allocated according to a Performance Based Allocation (PBA) system.	The IDA PBA uses three variables: (i) the quality of a country's present policy and institutional framework (Country Institutional and Policy Assessment or CPIA); (ii) population; and (iii) per capita income. The quality of the CPIA refers to how conducive the framework is to fostering poverty reduction, sustainable growth, and the effective use of development assistance. The 16 CPIA criteria are grouped into 4 clusters: economic management, structural policies, policies for social inclusion and equity, and public sector management and institutions.

CATEGORY 4: PROJECTS

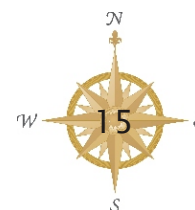
Subcategory
4a
IMPROVING THE
OVERALL
QUALITY OF
PROJECT DESIGN

MDB	(i) Number (%) of projects approved in the previous 2 years whose design quality was reviewed on an arms' length basis⁵ (e.g., quality-at-entry –Q@E– reviews)	(ii) Number (%) of projects in (i) which received “satisfactory or better” ratings
AsDB	<p>The Q@E of a randomly selected sample⁶ of 31 projects (30%) from 103 approved in 2004 and 2005 was assessed (154 loans were approved but the quality review excluded private sector loans, TA loans, emergency loans and a credit line).</p> <p>OED has also conducted an independent assessment of the quality of Design and Monitoring Frameworks (DMFs, which focus on the overall quality of a project's or program's design). OED rated the DMFs from a total of 163 loans, 284 advisory TAs, and 142 regional TAs approved over a period of 4 years (2000, 2002, 2004, and 2005).</p>	<p>Of the 31 projects, 25 (81%) received an overall Q@E rating of satisfactory or better.</p> <p>71% and 83% of the loans in 2004 and 2005, respectively, had DMFs that were rated as at least satisfactory overall. In terms of advisory TAs, 35% and 64% were assessed as satisfactory or better in 2004 and 2005, respectively, while for regional TAs, the relevant figures were 44% and 56%, respectively.</p>
AfDB	<p>The AfDB initiated the Quality at-Entry Assessment (QEA) review in 2005 to enhance the Bank Group's quality assurance procedures and to complement the existing review and policy compliance measures. The 2005 QEA exercise entailed a review of a sample of 27 (35%) projects /programs approved by the Board of Directors during fiscal year 2004.</p>	<p>All 27 projects reviewed obtained a 'satisfactory' overall rating. However, a post review found that only 67% of projects were satisfactory.</p>
EBRD	<p>100% . By policy, all projects are scrutinized by, among others, the Credit Department with regard to sound banking and the Office of the Chief Economist with regard to transition impact. EBRD has a continuous compliance and control mechanism.</p>	<p>100% . EBRD's policy requires 100% compliance and the control systems do not allow diverting from this policy. EBRD has a continuous compliance and control mechanism.</p>
IADB	<p>In 2005 and 2006, the following projects were subject to Q@E reviews: 27 out of the 37 (73% of) Investment Projects approved in 2004; and 6 (100% of) Policy-Based Loans (PBLs) approved in 2005.</p> <p>OVE has conducted 2 reviews of project evaluability, one in 2002 and another one in 2006 (still under preparation).</p>	<p>Share of projects mentioned in the left column that had an overall rating of satisfactory or better: 23 out of 27 (85% of) of Investment Projects approved in 2004; and 4 out of 6 (67% of) PBLs approved in 2005.</p>
WB	<p>23% (150 of 571) of projects approved in FY04-05 were randomly selected for the seventh Q@E review (QEA VII).</p>	<p>92 % of projects in the QEA VII sample received a moderately satisfactory or better rating and 64 % received satisfactory or better or rating. (10 projects were rated Highly Satisfactory, 70 were rated Satisfactory, and 39 of the total sample of 130 were rated as moderately satisfactory. 119 of 130 = 92% of the reviewed projects were rated satisfactory or better.)</p>
MDB	(i) Number (%) of projects approved in the previous 2 years that have explicit baseline data, monitoring indicators, and clearly defined outcomes to be reached	(ii) Number (%) of investment projects approved in the previous year that have economic analysis (either ERR or cost-effectiveness analysis)

Subcategory
4b
STRENGTHENING
THE RESULTS
FRAMEWORK OF

⁵This implies a review carried out within Management by a Unit that is independent from the loan originating department.

⁶The projects were first stratified or classified by region before random selection.



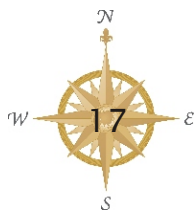
PROJECTS AT THE
TIME OF
APPROVAL

AsDB	An independent assessment carried out by OED for the 2005 portfolio showed that 83% of loans, 64% of Regional Technical Assistance operations, and 56% of Advisory Technical Assistance operations have explicit baseline data, monitoring indicators and clearly defined outcomes to be reached.	100% of projects have an Economic Internal Rate of Return (EIRR). The economic analysis of a project is incorporated as an appendix in the report and recommendation of the President. The Economic Analysis and Operations Support Division of the Economics and Research Department provides advisory services throughout the process and is responsible for reviewing the economic analysis at appropriate stages of project processing and for providing guidance on it.
AfDB	The guidelines for the project preparation and appraisal require that each project should include a logical framework, which clearly indicates the expected outcomes to which the project will contribute, the indicators to monitor progress towards achievement of outcomes, and the baseline data and targets. In 2005, the AfDB strengthened this requirement by introducing Results-Based Logical framework for all new projects. The 2005 QEA found that out of the 27 operations reviewed, 82% received satisfactory or better rating in terms of appropriateness of means and methodologies for monitoring outcome and evaluating project impact e.g., baseline surveys, outcome indicators.	The guidelines for project preparation and appraisal require that economic analysis, including the calculation of the economic rate of return, should be carried out for each project. The 2005 QEA found that out of the 27 operations reviewed, 75% received satisfactory or better rating in terms of quality and coherence of economic rationale and analysis underpinning the project.
EBRD	100% . By policy, all projects have monitoring indicators including on transition impact and clearly defined outcomes to be reached. EBRD has a continuous compliance and control mechanism.	100% (of Board approved public sector projects with one exception in 2006). EIRR or cost effectiveness analysis is advised but not mandatory for all public sector projects.
IADB	The Q@E review of 27 investment projects approved in 2004 shows that 19 (70%) of them had explicit baseline data, monitoring indicators, and clearly defined outcomes. The Q@E review of 6 Policy-Based Loans approved in 2005 shows that 3 (50%) of them had explicit baseline data, monitoring indicators, and clearly defined outcomes.	The Q@E review of 27 investment projects approved in 2004 shows that 17 (63%) of them have an adequate economic analysis.
WB	Relevant information at the WB is only available for IDA operations. All first Implementation Status and Results reports (ISRs) of IDA operations were reviewed in the context of the IDA-14 Results Measurement System. About 50% of IDA operations approved in FY05 and about 75% of IDA operations approved in FY06 included adequate baseline data (the definition of adequate baseline data is currently being revised based on the lessons learned during the review). QAG's seventh Q@E assessment showed that availability/quality of baseline surveys for evaluating impact and measuring outcomes could be strengthened in 40-50% of sampled operations (which includes both IDA and IBRD operations). About a third of operations could improve realism/clarity of development objectives.	The WB Group's IBRD and IDA do not keep a record of the percent of approved projects that have economic analysis, as the standard is that all lending operations include an economic analysis that integrates financial, institutional, technical, sociological, and environmental considerations. Private sector lending is managed through the International Finance Corporation (IFC) which approved 284 projects in FY06, and 100% of these included an economic analysis. This figure comes from self- and independent evaluation.
MDB	(i) Main steps or initiatives being taken to improve quality of supervision	(ii) Number (%) of projects in execution whose monitoring or supervision reports explicitly report on intermediate outcomes achieved

Subcategory
4c
IMPROVING THE
QUALITY OF

PROJECT
SUPERVISION

AsDB	No major initiatives or steps are underway at the moment.	100% of all loans and TAs under implementation are monitored through the Project Performance Report (PPR) and the TA Performance Report (TPR). Indicators monitored include updated status of intermediate outcome achievement. Quarterly meetings are held in each regional department to discuss the status of projects and related issues.
AfDB	<p>In 2006, the AfDB introduced a new supervision report format to be used by operational complex while supervising projects. The new format aims at orienting the project supervision process towards monitoring the achievement of intended results. The AfDB also launched in 2006 the Quality of Supervision Assessment (QSA), whose objective is to carry out an in-depth review of the project supervision process so as to ensure that it is focused on monitoring expected outcomes and effectively resolves all the issues that may arise during project implementation.</p> <p>The QSA measures the quality of project supervision on the basis of the following criteria: (i) focus on development goals and development effectiveness; (ii) aspects of project management and execution performance, (technical, financial, administrative, etc); (iii) relevance of inputs and supervision processes; and (iv) realism and accuracy of project performance reports.</p>	The project supervision report format requires staff to analyze the progress made towards achieving intermediate outcomes. Data on actual compliance will be provided by the on-going QSA exercise.
EBRD	A comprehensive system is in place, which guarantees high quality of supervision. It does not require improvements. EBRD has a continuous compliance and control mechanism.	100%. EBRD policy requires annual or bi-annual review of projects by means of monitoring reports that report on intermediate outcomes. EBRD has a continuous compliance and control mechanism.
IADB	At present, the IADB does not carry out formal reviews of supervision quality such formal reviews will be considered upon approval of the risk management systems currently being designed. Meanwhile, the IADB is taking initial steps to validate the accuracy and reliability of the monitoring systems it uses for project supervision (Project Performance Monitoring Reports and Project Completion Reports). A pilot performance rating validation exercise was carried out in 2006 and will be scaled up next year.	At the end of 2005, the IADB reviewed the Project Performance Monitoring Reports of 15% of the 494 projects under implementation. It was found that 70% of them satisfactorily explained progress towards achieving Development Objectives.

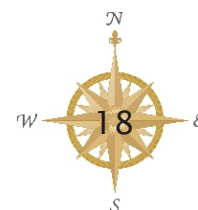


Subcategory
4d
ENSURING TIMELY
IMPLEMENTATION
OF PROJECTS

WB	<p>The Quality Assurance Group (QAG) has conducted periodic quality-of-supervision assessments for about 10 years. Recommendations arising from these assessments are used to improve supervision quality. In 2006 the main steps taken to improve supervision quality were: (i) the Africa Region of the WB declared amnesty (i.e., no penalty vis-à-vis scoring of problem project status) and an escrow fund of \$1.1 million was established to provide additional funding for supervision of problem projects on a demand basis; (ii) the Infrastructure network identified lessons aimed at improving development impact, showing how 'self evaluation' can complement IEG's independent evaluations; and (iii) revised (and simplified) procedures for project restructuring were approved in July 2006, which are designed to ease administrative constraints to project restructuring and therefore encourage candor in reporting as well as project performance.</p>	<p>According to the QAG's 2006 quality-of-supervision assessment, 91% of projects under implementation were rated moderately satisfactory or better (and 58% of projects were satisfactory or better) in focusing on outcomes or development effectiveness during supervision. Revised restructuring procedures will allow use of project restructuring as a proactive supervision tool to help increase the rate of satisfactory project outcomes by addressing problems through corrective actions before they become compounded. The new procedures provide a more flexible range of project restructuring options. Board approval will be required when significant project changes involve modifications of project development objectives and/or associated outcome targets. But regional vice-presidents will be able to approve restructurings that do not involve change in development objectives or associated outcome targets. Also covered in the procedures are better recognition and incentives for teams that conduct restructuring, measures to shorten their processing, etc.</p>
MDB	(i) "Disbursement Ratio"⁷	(ii) Actual vs. planned execution period (between loan approval and closing date) of projects completed during previous year (months and %)⁸
AsDB	<p>The disbursement ratio was 20.7% in 2005, and 11.3% as of September 30, 2006. 2005: \$4.545 billion / \$ 21.996 billion 2006: \$ 2.274 billion / \$ 20.081 billion</p>	<p>In 2005 the average actual implementation period was 86.8 months, compared to the average planned original of 64.7 months (34% delay). In Sep 2006 the average actual implementation period was 95.7 months compared to the average planned original of 68.2 months (40% delay).</p>
AfDB	<p>In 2005 the disbursement ratio was 27.3%. (UA 1.237 billion / UA 4.536 billion)</p>	<p>Average actual implementation period was 63.6 months, compared to average planned original of 41.6 months (53% delay).</p>
EBRD	<p>In 2006 the disbursement ratio was 55%. Raw data: Euro 3.7 billion / Euro 6.7 billion</p>	<p>10% of projects have delays superior to 6 months (an estimated delay of about 3 months or 10% for each project on average)</p>
IADB	<p>As of December 31, 2006, the disbursement ratio was 31.7% excluding policy-based loans and emergency loans. [Note: US\$ 5,257.3 million / US\$ 16,585.7 million.]</p>	<p>As of December 31, 2006, average actual execution period (of projects exiting the portfolio during 2006) was 75.3 months compared to the average planned period of 47.6 months (58% delay).</p>

⁷Amount disbursed during a previous 12-month period as % of amount available for disbursement at the beginning of that 12-month period.

⁸Excludes policy-based loans and emergency loans.



Subcategory
4e
PORTFOLIO RISK
MANAGEMENT

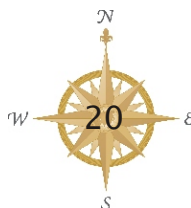
WB	<p>In FY2006, the disbursement ratio was 22.6%. It is calculated as the ratio of IBRD/IDA disbursements in fiscal year over opening undisbursed amount at beginning of the fiscal year and is restricted to investment projects.</p> <p>The undisbursed balance at the beginning of the fiscal year was \$54.568 billion and disbursements during the year were \$12.278 billion.</p>	<p>N.A. The average project age for both investment loans and DPLs in FY05 and FY06 was 5.5 years. An investment project is considered to be overage if it has been active for more than 8 years; the relevant figure for a DPL is 4 years. The QAG has reported that in FY04 and FY05, 74 investment lending projects were overage.</p>
MDB	<p>(i) Number (%) of projects in execution as of June 30, 2006 with unsatisfactory implementation progress and/or with development objectives not likely to be achieved</p>	<p>(ii) "Proactivity Index"⁹ as of June 30, 2006</p>
AsDB	<p>In 2005, 16 (3.1%) of the 512 loans under implementation were rated unsatisfactory in either implementation progress or impact and outcome.</p> <p>As of September 2006, 16 (3.2%) of the 494 loans under implementation were rated unsatisfactory in either implementation progress or impact and outcome.</p> <p>These figures are based on self-assessments and are a part of regular portfolio reviews.</p>	<p>Proactivity index in 2005 is 75.4% (52 loans) compared to 55.4% (31 loans) as of September 2006.</p> <p>2005: 52 loans out of 69 (75.4%) 2006: 31 loans out of 56 (55.4%) as of September 30</p>
AfDB	<p>In 2005, 42 out of 368 supervised operations (11.4%) showed unsatisfactory implementation progress or development objectives unlikely to be achieved. These figures are based on ratings reported by staff responsible for project supervision.</p>	<p>Actions are taken on all projects with unsatisfactory implementation progress and/or with development objectives not likely to be achieved. The AfDB periodically prepares, for each Regional Member Country, a Country Portfolio Performance Review (CPPR), which reviews the performance of all on-going operations in the country. The CPPR includes a section on 'proactive management of the portfolio', which highlights the potential future problems and solutions, and the lessons learned for future country strategy and portfolio management. It also includes a matrix of measures to address all the implementation issues identified. Country Portfolio Improvement Program (CPIP), which analyses the trend in portfolio performance and a program for remedying both the generic problems and the operations specific problems identified, are also prepared. CPIP tools include mid-term reviews, restructuring, closure, cancellation, special supervision, bank-Government workshops, and training programs. At the Bank level, the Annual Portfolio Performance Review report identifies generic issues affecting the AfDB portfolio, and measures are taken to address these issues. The AfDB does not calculate this percentage although, as indicated, action is taken on any projects showing either unsatisfactory implementation progress or development objectives not likely to be achieved.</p>

⁹Proportion of projects mentioned in (i) 12 months earlier (t-1) on which actions related to risk management have been taken such as: upgraded, restructured (includes reformulations), suspended, closed, partially or fully canceled during the last 12 months.

Subcategory
4f
PROJECT
COMPLETION
REPORTING¹⁰

EBRD	On the one hand, 6% of projects (39 out of 622) are unlikely to meet their development objectives (i.e., they are rated 6, 7 or 8 on a scale from 1 to 8). On the other hand, 0.31% of the loan operating assets are impaired. Both figures are given by arms' length reviewers (Office of the Chief Economist and Risk Management Department).	100%. EBRD policy requires that risk-management actions be taken with regard to all projects with impaired credit risk.
IADB	As of December 31, 2006, 18.1% (92 out of 509) of projects in execution had unsatisfactory implementation progress and/or development objectives not likely to be achieved.	During the 12 months ending December 31, 2006, proactive measures were taken for 67.9% (53 out of 78) projects that, as of December 31, 2005, had been considered to have unsatisfactory implementation and/or development objectives not likely to be achieved.
WB	As of June 30, 2006, 14% of projects were at risk of not meeting their development objectives. This figure includes two types of projects: actual problem projects, as identified by the latest supervision ratings; and potential problem projects which are identified by the presence of at least 3 of 12 leading indicators of future problems (each of the 12 indicators is a "flag" pointing toward final outcomes).	As of June 30, 2006, 81% of projects rated as actual problem projects 12 months earlier had been upgraded, restructured, suspended, closed, partially or fully cancelled).
MDB	(i) Number (%) of projects for which a "Project Completion Report" (PCR) was scheduled to be completed in the previous year, and for which a PCR was actually finalized in the previous year	(ii) Quality of PCRs: Number (%) of PCRs evaluated during the previous year with "satisfactory or better" quality in terms of the appropriate use of outcome indicators
AsDB	In 2005, 61 of PCRs were circulated out of the 71 planned (85.9%). As of 30 Sep 2006, 29 PCRs circulated out of the 64 planned (45.3%).	In 2005, 47 out of 60 PCRs (78.4%) were rated "successful or highly successful" in terms of the appropriate use of indicators.
AfDB	55 out of 86 (64%) in 2005. In 2006, 46 out of 96 (48%).	In 2005, 18 out of 21 (86%). In 2006, 7 out of 8 (86%).
EBRD	100% (622/622), where 622 is the total number of projects under implementation and therefore under monitoring in 2006. Outcome indicators are measured bi-annually or annually during the life of every project/loan as they are not necessarily linked to the physical completion of the project. All projects approved by the Board since 1999 are monitored for transition/development outcome indicators.	94% (see 4.e: 6% have unsatisfactory implementation for development/transition objectives)
IADB	During the 12 months ending December 31, 2006, 54 PCRs were approved out of 76 expected to be approved (67.5%).	In 2005, 18 out of the 35 PCRs that were reviewed (51.4%) were rated "satisfactory or better" in terms of the appropriate use of outcome indicators.
WB	330 Implementation Completion Reports (ICRs) in FY05, and 266 during FY06. The WB's policy is that ICRs should be completed within 6 months of the closing date of the project, and 'validated' by IEG, within a month of their submission to the Board and IEG. 100% of lending operations in both IDA and IBRD are validated by IEG. Compliance with these procedures is not monitored.	The WB does not rate separately this aspect of ICRs. Only the overall quality is rated.

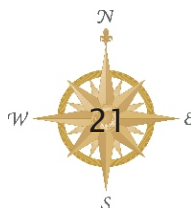
¹⁰Project completion reports are typically prepared shortly after the end of project implementation, and provide an account of, among other things, the extent to which outputs and outcomes were achieved, and of the likelihood of attaining the development objectives.



Subcategory
4g
PROJECT EX-POST
EVALUATION

MDB	(i) Number of projects independently reviewed ex-post¹¹ during the previous year, as a % of the average number of projects completed annually during the last 5 years	(ii) Number (%) of projects in (i) which received “satisfactory or better” ratings with respect to achievement of development objectives
AsDB	OED evaluated a total of 19 projects/programs (one of which was for a private sector project) last year. This accounted for around 32% of the annual average number of completed projects with PCRs during the last five years.	Of the 18 public sector projects evaluated by OED, 11 (or 61%) were assessed as at least effective in achieving their purpose/outcome.
AfDB	In 2006, 9 out of 30 (30%). The review was carried out by the AfDB's Operations Evaluation Department (independent review).	7 out of 9 (78%). The review was carried out by the AfDB's Operations Evaluation Department (independent review).
EBRD	On average, EvD evaluated 53 projects per year which amounts to 73% of 73 projects ready for evaluation.	76% or 40 projects of a total of 53 evaluated projects received a satisfactory or better rating on transition impact.
IADB	The IADB's ex-post evaluation policy (GN-2254) calls for carrying out, on a sample basis, in-depth ex-post evaluations of the results (impact and/or outcome) of IADB-financed operations, two or more years after completion. In 2005 the independent evaluation office OVE carried out 33 ex-post evaluations, or 43% of the average number of projects completed annually during the past 5 years, which is 77.	The independent ex-post project evaluations do not include a specific rating with respect to the achievement of development objectives.
WB	IEG conducts Project performance assessments reports, which includes a field visit, for 25% of projects usually 6 months to several years after project completion.	IEG evaluated (as of Dec13, 2006) the following number of ICRs by fiscal year: FY02 (270), FY03 (286), FY04 (303), FY05 (291) and FY06 (114). The number of operations that were satisfactory of better as of this date was: FY02 (77%), FY03 (74%), FY04 (78%), FY05 (82%) and FY06 (81%). Ratings for development outcomes reported in IEG's Evaluation Summaries (ESs) are mostly based on data included in the ICRs. Additionally, IEG prepares more in-depth Project Performance Assessment Reports (PPARs) for about a quarter of completed projects, typically 3-4 years later. For the years FY01-FY05, 75% of the PPARs were found satisfactory by IEG.

¹¹The ex-post evaluation is focused on the achievement of development objectives several years after project completion.



CATEGORY 5: INSTITUTIONAL LEARNING FROM OPERATIONAL EXPERIENCE

Subcategory
5a
IDENTIFICATION
AND USE OF
GOOD PRACTICES
AND LEARNING
LESSONS FROM
OPERATIONAL
EXPERIENCE

MDB	(I) Brief description of existing internal requirements concerning the identification and utilization of good practices and learning lessons arising from implementation experience (at the country, sector and project level)
AsDB	AsDB maintains a database of lessons extracted from completion and evaluation reports, which is accessible to all AsDB staff. AsDB documents such as the country partnership strategy, report and recommendation of the President, technical assistance paper, project and technical assistance completion reports have sections on lessons identified from implementation experience. OED also produces an annual report on loan and technical assistance portfolio performance. In addition, OED has a system for tracking actions taken on recommendations contained in its evaluation reports.
AfDB	<p>The evaluation findings, lessons and recommendations of the Operations Evaluation Department (OPEV) are disseminated within the Bank and RMCs through the circulation of Project Performance Evaluation Reports and other evaluation reports. These are supplemented, at times, by evaluation report summaries. Occasionally, OPEV also organizes, in evaluation workshops and seminars organized for Bank operational staff, presentations on major evaluation products. Steps are taken to enhance the dissemination and accessibility of OPEV products through its website and electronically. These steps included the posting of evaluation products in the Bank's Document and Record Management System (DARMS), and on the Department's internal and external websites. Thus, some 400 documents have been posted on the websites as of October 2006. In addition, more than 1000 CDs with relevant information about the department and many of its evaluations were distributed.</p> <p>In addition, the guidelines for the preparation of Country Strategy Papers require that lessons from previous strategy should be well documented in the CSP report and taken into account in elaborating the new CSP drawing from available country assistance evaluation, project completion reports and the experience of other development partners where relevant.</p> <p>At the sector and project level, the guidelines also require a systematic analysis of the Bank's past experience in the sector and how this experience has been taken into account in designing the new operation.</p>
EBRD	Lessons learned from all projects and all country strategies are independently reviewed by Credit, Legal, Economists, Environment, Procurement and Evaluation departments. A system is in place to check the use of lessons learned in new operations before Board approval.
IADB	<p>Current guidelines require that lessons learned from past strategic and operational efforts be taken into account during the preparation of Country Strategies. The Country Strategies assess the IADB's experience in the implementation of its strategy in the preceding programming cycle, and summarize the principal portfolio management problems encountered, lessons learned –especially regarding institutional bottlenecks– applicable to new projects to be considered, as well as actions taken and pending.</p> <p>Q@E standards for investment projects and PBLs call for the identification and utilization of lessons learned from previous experience.</p> <p>PCRs routinely include information on lessons learned from project implementation. In addition, the annual quality review of the PCR determines how effectively PCRs identify relevant lessons.</p>



Subcategory
5B
EVALUATION OF
OPERATIONAL
EXPERIENCE

WB	<p>Country Assistance Strategy (CAS) guidelines require that previously learned lessons and good practices be taken into account. A CAS Completion Report (CASCR) is prepared at the end of the CAS implementation period in order to evaluate CAS program performance and WB performance. The CASCR is used as an input to the design of the new CAS and is attached as an annex to the new CAS. IEG provides a validation of the CASCR to the Board. The new CAS briefly summarizes the main findings of the CASCR, and discusses how lessons learned have been taken into account in the design of the new CAS and the implications for the WB's program going forward.</p> <p>The lessons learned section of Implementation Completion Reports (ICRs) presents the most significant positive and negative lessons learned from the operations' experience, drawing on the description and analysis of the operation's design, implementation, and outcome, and on the assessments of WB, borrower, and stakeholder performances. The ICR indicates how these lessons are reflected in the arrangements for post-completion operation of the investments financed, follow-up operations, and/or any other next steps. The ICR also suggests which of the lessons have general applicability for similar operations in the sector/subsector, the country, or other countries. In case of Development Policy Loans (adjustment operations), the ICR summarizes key factors that contributed to successful implementation of the operation, or a series of operations in case of programmatic DPL, or led to problems (and how the problems were resolved) including adequacy of government commitment, soundness of the background analysis in supporting the operation, assessment of the operation's design, and relevance of the risks identified. The latter are aimed to foster utilization of good practices and learning lessons arising from implementation experience.</p> <p>Finally, QEAs and quality-of-supervision assessments conducted by QAG, and IEG evaluations assess the extent to which lessons learned informed the design and implementation of operations.</p>	
MDB	(i) Brief description of the activities of the independent evaluation unit (including scope and budget)	(ii) Management uptake of evaluation recommendations as reported to Executive Boards
AsDB	<p>In 2006 OED commenced with a three-year rolling work program. Detailed annual work programs are normally prepared during the last quarter of the previous year. They include: performance evaluation reports (project, program, technical assistance) selected by OED independently; country assistance program evaluations (CAPEs) selected in conjunction with operations departments bearing in mind the timetable for preparing new country partnership strategies; and sector assistance program evaluations, impact, and special evaluation studies selected on the basis of suggestions from operational and other departments, and the Board's Development Effectiveness Committee (DEC). OED's annual average budget is \$7.0 million.</p>	<p>OED's evaluations have had some influence on Board proposals in 2005 and early 2006. OED's influence at a strategic level was evident in (i) Management's Action Plan to improve portfolio performance, which resulted from the DEC's discussion of OED's annual report on portfolio performance; and (ii) the use of OED findings to identify sectors in the Medium-Term Strategy II.</p> <p>Of a more regular and systemic nature was the significant progress achieved from 2004 to 2006 in strengthening and mainstreaming the influence and feedback process between CAPEs and subsequent country strategy and programs (CSPs). This is a positive finding, because CSPs have become the key strategic instruments to set priorities for ADB operations in a country. Thus, among OED products, CAPEs currently have the clearest, most direct, and most systematic influence on ADB operations.</p>



AfDB	<p>The independent Operations Evaluation Department (OPEV) is responsible for the comprehensive and objective assessment of development effectiveness of the AfDB's assistance strategies, policies, operations, processes, and procedures. It assesses the adequacy of the operational evaluation system and ensures that the lessons of experience are used to improve the quality and effectiveness of the AfDB's activities. OPEV carries out various kinds of evaluations: Project Performance Evaluations, Country Assistance Evaluations, Sector Policy/Thematic Reviews, Impact Evaluations, Review of Operational Processes and Procedures, Corporate Evaluations including the Annual Reports on Development Effectiveness.</p> <p>In consultation with the operational departments and the Office of the Chief Economist, OPEV provides assistance to Regional Member Countries in their efforts to develop their own monitoring and evaluation capacity.</p> <p>OPEV's total budget in 2006 was US\$ 3.5 million.</p>	<p>There is currently no institutionalized follow-up mechanism to review Management's uptake of evaluation recommendations, although it used to be done in previous years. This will be reinstated in the near future.</p>
EBRD	<p>EvD's work program is approved by the EBRD Board and includes:</p> <ul style="list-style-type: none"> • Ex-post evaluations with field visits of about 25% projects ready for evaluation; of 35% on the basis of self-evaluation reports including validation of self-evaluation ratings; and 40% based on a review of quality and completeness of self-evaluation reports. • Evaluations of operational sector policies. • Thematic and impact studies when requested by the Board, Management or on its own initiative. <p>EvD's budget (EUR 3.54 m) is 1.32% of total administrative expenses including depreciation</p>	<p>System in place whereby Audit Committee of the Board reviews the recommendations and once a year EvD, utilizing a self-assessment by management of the degree of follow-up, reviews implementation of evaluation recommendations and the working of the system in general.</p>
IADB	<p>The Board of Directors has mandated that OVE's work be focused on institutional learning, development effectiveness and results. OVE's activities are grouped in five thematic areas:</p> <ul style="list-style-type: none"> * oversight (e.g., assessing the evaluability of projects and programs, validating the findings of the project reporting system and examining country portfolio reviews); * country program evaluation (i.e., country program evaluations that are intended as input for the consideration by the Board of the next IADB country strategy); * sector, thematic and ex-post evaluation (i.e., ex-post evaluations of completed projects, which are grouped into thematic clusters, thereby also providing broader evaluations of results across sectors or themes); * policy and instrument evaluation (e.g., evaluation of IADB policy in a given sector, and evaluation of economic and sector work); and * evaluation capacity development (e.g., limited contributions to the IADB's activities aimed at strengthening borrowing countries' own systems to manage for results). <p>OVE's annual budget is about \$6.9 million, or 1.6% of the IADB's total budget of \$420 million.</p>	<p>OVE reports containing evaluation recommendations are approved annually by the Board of Executive Directors. The Board has recently discussed the establishment of a formal mechanism to monitor Management's compliance with OVE's recommendations.</p>

<p>WB</p>	<p>The Independent Evaluation Group (IEG) is an independent unit within the WB; it reports directly to the WB's Board of Executive Directors. The IEG has separate arms for the WB (IEG/W) whose annual budget in FY06 was US\$ 23.6 million; for the IFC (IEG/IFC) whose FY06 budget was approximately US\$3.8 million; and for MIGA (IEG/MIGA) whose FY06 budget was approximately US\$1.2 million.</p> <p>IEG assesses what works, and what does not; how a borrower plans to run and maintain a project; and the lasting contribution of the WB to a country's overall development. The goals of evaluation are to learn from experience, to provide an objective basis for assessing the results of the WB's work, and to provide accountability in the achievement of its objectives. It also improves WB work by identifying and disseminating the lessons learned from experience and by framing recommendations drawn from evaluation findings. IEG 's evaluation tools used in promoting accountability and learning are Project Reviews, Country Assistance Evaluations, Sector and Thematic Reviews and Process Reviews.</p>	<p>The Management Action Record (MAR) allows IEG to track its recommendations from sector, thematic, and corporate evaluations and to monitor the degree to which they have been adopted by management. The MAR tracks two indicators: the level of adoption and the status of individual recommendations. The MAR presents management's rating's on these two indicators and IEG's rated 66% of its recommendations as having been adopted by Management at high or substantial levels.</p>
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CATEGORY 6: RESULTS-FOCUSED HUMAN RESOURCES MANAGEMENT

Subcategory
6a
STRENGTHENING
RESULTS-
RELATED SKILLS
AMONG
OPERATIONAL
STAFF

MDB	(i) Number (%) of staff who participated in MfDR training during the previous year. Briefly describe type and scope of training.¹²
AsDB	Approximately 200–250 staff members participated in MfDR training in 2006. Details are below: 1) AsDB conducted the following trainings and workshops: project performance monitoring system, total of 115 staff participated in the training; sector road map preparation, 29 staff; Results-Based Country Strategy and planning, 26 staff; and RB-country portfolio review, 28 staff. 2) NGO related trainings: Working with NGO, 13 staff; and ADB/Government-NGO/Civil Society Organization Cooperation: Strengthening Tripartite Partnership of Development Results held in IRM where 1 local staff from the resident mission participated. 3) The Results Management Unit also conducted special sessions with the MfDR focal points scheduled on a quarterly basis. Number of focal points attending the session ranged from 18 to 25, including representatives from resident missions. 4) Executive trainings have also been conducted by the Results Management Unit in coordination with the L&D. These include (i) Managing for Development Results for Directors, 12 staff participated.; (ii) Colloquium on MfDR with the Vice Presidents; (iii) Presentation on EBRD's transition impact methodology and balanced scorecard.
AfDB	472 out of 583 (81%) professional staff participated in MfDR trainings in 2006. These trainings covered diverse topics such as results-based country strategy programming, Results-based project logical framework, Economics of poverty, Toolkits for the quality of education projects, gender, and governance.
EBRD	100% of Banking Professional Staff (425) attended in the last 2 years Transition Workshops organized by Chief Economist. Workshops focus on designing transition impact as part of all projects.
IABD	During the second half of 2005, the Learning Fund financed the training of 317 staff members (48% of operational staff) in MfDR-related topics (results-oriented planning, budgeting and monitoring and evaluation). During the first half of 2006, the relevant figure was 209 staff members (32% of operational staff).
WB	Building WB staff capacity on results was one of the key elements of the WB's FY06 Knowledge and Learning Plan. In FY06, a total of about 1,800 WB staff (out of approximately 6,000 whose work is primarily in operations) received training through courses that integrate the results agenda into the curriculum. An additional 1,600 staff participated in results related workshops and seminars, yielding an approximate 27% of operational staff trained in various dimensions of the results agenda in FY2006. A corporate-wide Results Learning program is currently under development.

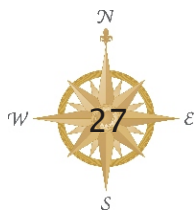
Subcategory
6b
EMPHASIZING
RESULTS-
RELATED
EFFORTS AND/OR
ACHIEVEMENTS
WHILE
ASSESSING
OPERATIONAL
STAFF
PERFORMANCE

MDB	(i) Describe the manner in which staff compensation reflects results-related achievements
AsDB	Staff assessments are reflected in the Annual Performance and Development Plan (PDP). Four ratings are used: Exceptional, Fully Satisfactory, Generally Satisfactory and Unsatisfactory. At the beginning of the year, a detailed work plan is prepared by all staff including tasks, outputs and indicators. The outputs and indicators are then included in the Results Assessment section of the PDP form. The Behavioral Assessment section of the PDP form details the Core Competencies, which include "Achieving Results." In addition managers are evaluated against three managerial competencies including "Leadership and Strategic Thinking," which contains results-focused elements. Competencies are also included in the results-focused job descriptions that are used for recruitment, selection and promotion.
AfDB	Staff compensation at the AfDB takes into account the results that a staff made. The annual salary increases are based on the level of achievement by a staff against the objectives set at the beginning of the year. The salary increases are therefore tied to the results achieved. It is also important to note that in addition to day-to-day work supervision by Managers, the Staff and the Manager are required to meet in the Mid-Year Performance Review to ensure that the Staff are working towards the achievements set out and if there are any problems this is a time to reflect and chart out ways and means of improving on the performance. The results are assessed on a 5-point scale: Outstanding (Scale 5); Superior (Scale 4); Fully Satisfactory (Scale 3); Acceptable (Scale 2) and Unsatisfactory Scale 1. The salary increments are higher in percentage as one move to higher scales. No salary increment is given where the results or performance is Unsatisfactory (Scale 1). Therefore, the AfDB compensation (salary increases) is based on results.

¹²MfDR training includes, among other things, results-oriented planning, budgeting and monitoring, and evaluation.



EBRD	Results and transition achievements are the main factor for operational staff compensation, directly affecting remuneration package.
IABD	The Individual Performance and Planning Review (IPPR) is used as a tool to establish work program and to review individual performance (achievement of individual results). The reward for performance (salary increases through merit pay) is based on the individual's performance relative to that of his/her peers (relative value of contribution to team achievements). Staff is then assessed for merit pay purposes within one of four different merit categories, namely: Less than Satisfactory, Fully Satisfactory, Excellent and Outstanding. The extent to which rewards reflect the relative value of contributions is a function of a) availability of adequate metrics, and b) the consistent application of such metrics. The focus on these elements represents an ongoing effort to internalize a "results culture" at the IADB.
WB	Each member of the WB staff prepares an annual Results Agreement that articulates his/her operational commitments, and is monitored by managers on a semi-annual basis. In addition, Overall Performance Evaluations (OPEs) are conducted for all sector, country managers and directors, to review their contributions to portfolio management and performance.

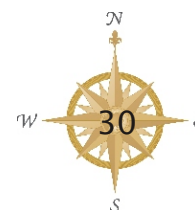


CATEGORY 7: HARMONIZATION AMONG DEVELOPMENT AGENCIES

Subcategory 7a: STEPS TAKEN BY MDBS TO ADOPT SIMILAR APPROACHES AND PROCEDURES		
Thematic Area of cooperation	Objectives	Status
1. Operational Policy Roundtable (OPR)	Promote and oversee harmonization efforts	<p>Completed: 12th and 13th Roundtables</p> <p>Current Focus and Further Steps:</p> <ul style="list-style-type: none"> • Address continuation of the Financial Management and Disbursement Group • Increasing action by MDB Heads, supported by OPR and senior liaison group, to articulate and publish joint positions on most major global development challenges • Decide how to handle issue of Corruption • Prepare a concept note on the issue of Global Programs.
2. Procurement	Joint analysis of procurement issues	<p>Completed: Harmonized Master Procurement Documentation (via the heads of Procurement Working Group process)</p> <p>Current Focus and Further Steps:</p> <ul style="list-style-type: none"> • Joint country procurement assessments • Ongoing efforts of the Joint Venture on Procurement in support of public procurement reform and capacity development in borrowing countries
3. Public Financial Management	Work on joint diagnostics, sharing of information and joint learning	<p>Completed: MDB matrix of disbursement policies/procedures</p> <p>Current Focus and Further Steps:</p> <ul style="list-style-type: none"> • How to reflect anticorruption measures in harmonized financial management methodologies • Project milestone dates and other terminology • Fiduciary remedies/Fiduciary control framework • Common withdrawal application form • Imprest/Special accounts and advances • MDB disbursement website
4. Managing for Development Results	<ul style="list-style-type: none"> • Systematically share information • Form a standing body to provide a forum for the exchange of experiences, views and comments on MfDR at each of the MDBs. • Pursue initiatives to accelerate the results agenda • Provide a focal point to enable MDBs to interact and collaborate with other stakeholders 	<p>Completed:</p> <ul style="list-style-type: none"> • Ongoing inter-MDB dialogue and sharing of experience in the context of the MDB Working Group on Managing for Development Results (created by the Heads of MDBs) • Ongoing participation of MDBs in the MDB/OECD-DAC Joint Venture on MfDR • Developed 2005 MDB Common Performance Assessment Framework (COMPAS) • Community of Practice in MfDR established <p>Current Focus and Further Steps:</p> <ul style="list-style-type: none"> • Design and preparation of the 3rd International Roundtable on Managing for Development Results • Preparation of revised 2006 MDB COMPAS
5. Evaluation Cooperation Group	Contribute to better evaluation standards and harmonization across MDBs	<p>Completed:</p> <ul style="list-style-type: none"> • Good Practice Standard Papers / Good Practice Standard Addendum for evaluating policy-based lending operations • Second Benchmarking exercise for private sector operations evaluation <p>Current Focus and Further Steps:</p> <ul style="list-style-type: none"> • Good Practice standards for country assistance program evaluation. • Working group on evaluation of technical assistance operations. • System of evaluating multilateral organizations under OECD/DAC

<p>6. Performance based and Country Performance Assessment</p>	<ul style="list-style-type: none"> • The MDBs and other multilateral institutions share a common interest in improved methods for the allocation of scarce concessional resources. • The meeting which was held in 2005 responded to requests by donor shareholders to consider opportunities for closer alignment on PBA. 	<p>Completed:</p> <ul style="list-style-type: none"> • AsDB adopted WB's CPIA questionnaire; staff participation in WB CPIA benchmarking meeting in Nov 2005 • Joint training workshops on PBA organized • The 2nd MDB technical meeting on PBA Methods was organized by AfDB in Tunis, March 2006 <p>Current Focus and Further Steps:</p> <ul style="list-style-type: none"> • Disclosure of CPIA (or equivalent) process and ratings • Portfolio ratings • Managing country allocations and utilization
<p>7. Environment</p>	<p>Formulate harmonization and coordination approaches which will simplify and facilitate donor coordination, promote consistent communication with borrowers, encourage collaborative capacity building, reduce transaction costs for borrowers, and increase development effectiveness.</p>	<p>Completed:</p> <ul style="list-style-type: none"> • 2 meetings in 2005, discussed harmonization and coordination of approaches to environmental and social issues • Issued the Common Framework for Environmental Assessment. <p>Current Focus and Further Steps:</p> <ul style="list-style-type: none"> • Updated Version of the Pollution Prevention and Abatement Sourcebook • Indigenous Peoples Policy Handbook Guidebook • New joint training work program for environmental and social review of Intermediate Credit Operations • Environmental Guidelines for Small and Medium Scale Infrastructure for MFIs and Bilateral Donors • Joint work program for Use of Country Systems • Revise the Pelosi Amendment together with representatives of US Treasury • Country environment analysis and strategic environment assessment • Carbon finance and energy futures • Millennium ecosystem assessment and payment for ecosystem services • Safeguard policy updates among the MFIs
<p>8. Gender</p>	<ul style="list-style-type: none"> • Report on women's representation in member organizations • Share good practices in the areas of recruitment and career development • Continue to focus on mainstreaming gender issues into the Poverty Reduction Strategy 	<p>Completed:</p> <ul style="list-style-type: none"> • Issued a joint statement instrumental in organizing several joint country gender assessment (CGAs) • Indonesia /Viet Nam/ PRC / Mongolia CGAs completed <p>Current Focus and Further Steps:</p> <ul style="list-style-type: none"> • Annual meeting of the ORIGIN and the OECD-DAC GENDERNET Group
<p>9. HIPC and Debt Sustainability</p>	<p>Coordinate with other international finance institutions on debt relief and debt management issues.</p>	<p>Completed:</p> <ul style="list-style-type: none"> • 2 major meetings in 2005 with focus on debt sustainability and debt management issues, grant allocation mechanisms for IDA, AfDB under a Debt Sustainability Framework (DSF) • Annual MDB meeting on HIPC implementation in Washington DC in June 2006 <p>Current Focus and Further Steps:</p> <ul style="list-style-type: none"> • Focus has moved to Multilateral Debt Relief Initiative (MDRI) and considerations about modalities, compensation and other key issues. • Specific discussions on debt relief underway at the IADB for FSO countries • Joint AfDF/IDA/IMF missions on forward-looking debt sustainability analysis in selected African countries, beginning with CAR and Liberia in November 2006
<p>10. Capacity Development, Governance and Anticorruption</p>	<p>Exchange ideas, approaches, tools and efforts to harmonize policies, guidelines and operational procedures.</p>	<p>Completed:</p> <ul style="list-style-type: none"> • Synthesis paper for the High Level Forum in Paris <p>Current Focus and Further Steps:</p> <ul style="list-style-type: none"> • New Task force established with a focus on MDB operations • Draft a new governance and anti-corruption paper • Agree on a common framework for fighting fraud and corruption in the activities and operations funded by the MDBs

11. Trust Funds and Cofinancing	Discuss alignment of trust fund policies and mobilization efforts	<p>Completed:</p> <ul style="list-style-type: none"> • Discussion on use of trust funds to respond to special crises • How to work with the EC • Cofinancing definitions in an era of post-project operations • IT infrastructure and e-trust funds • In September 2006 AfDB decided to reform its Technical Cooperation Fund (TCF) so as to align relevant programs with those of other MDBs. Implementation of reforms will take place over 3 years. • MDB Forum hosted by EIB on new approaches/concepts on cofinancing
12. MDB role in middle income countries	Discuss common suggestions for a stronger MDB response to a new challenges	<p>Completed:</p> <ul style="list-style-type: none"> • Joint regional consultations <p>Current Status and Further Steps:</p> <ul style="list-style-type: none"> • Joint policy paper on blending • AsDB finalizing a paper on “Enhancing ADB Support to MIC and OCR Borrowers”
13. Investment climate and BEEPs program	Cooperate on investment climate surveys and ensure that similar studies in other regions will be global MDB activities	<p>Completed:</p> <ul style="list-style-type: none"> • 1st round surveys completed <p>Current Focus and Further Steps:</p> <ul style="list-style-type: none"> • Planning of the surveys for the remaining regions



Subcategory
7b
CARRYING OUT
JOINT
ACTIVITIES

MDB	(i) Brief description of joint country-level activities carried out with other MDBs and bilateral agencies on MfDR
AsDB	All 10 Country Strategy Papers approved from 2005 until November 2006 were prepared in consultation with other donors. In 2006, 7 Country Portfolio Reviews (Afghanistan, Kyrgyz Republic, Tajikistan, Uzbekistan, Bangladesh, Nepal, and Lao PDR) were jointly prepared with other donors.
AfDB	The AfDB carries out a range of activities with other MDBs and bilateral agencies at the country level, including: 1. Joint programming: Joint assistance strategies in Tanzania, Uganda and Zambia, and joint interim strategy with the WB for the Central African Republic. 2. Projects and programs: Cofinancing operations, including in sector-wide approaches, and budget support operations. 3. Joint analytic work with other donors, including country procurement assessments, country financial accountability assessments, country governance profiles, and public expenditure and financial accountability reports. 4. Post-Evaluation: discussions are underway to conduct joint evaluation of Agriculture Sector Development with IFAD; the AfDB might also be involved in multi-donor assessment of total ODA in one selected African country; and participation in a ECG-led study of environmental sustainability and infrastructure. The AfDB is a member of the Leading Edge group of "Closing the Evaluation Gap," which may lead to future joint initiatives.
EBRD	In the last 2 years, EBRD has co-financed investment projects with other MDBs in 13 countries
IADB	Country Financial Accountability Assessments (CFAAs): Since June 2004, the IADB has been actively involved in 13 CFAAs prepared with the WB: Argentina, Bolivia, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Jamaica, Nicaragua, Panama, and Uruguay. Country Procurement Assessment Reports (CPARs): Since June 2004, the IADB has carried out 11 CPARs jointly with the WB: Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Panama, Peru, and Uruguay. In 2006, one joint CPAR was finalized (Panama), one CPAR is being prepared (Paraguay), and one CPAR update is scheduled before the end of the year (Nicaragua). Since June 2004, the IADB has participated in 3 SWAPs in El Salvador, Brazil, and Ecuador with the WB. In 2006 the IADB has been involved with the WB in: "Report on Observance of Standards and Codes" (ROSC) in Argentina, Honduras and Paraguay; PEFA indicators in Paraguay; and ongoing work on Mexico Fiduciary Analysis. The IADB has increased the efforts to harmonize the Country Strategies with other donors, and it has co-financed operations with the WB and bilateral donors in its Borrowing Member Countries.
WB	The WB has completed 4 collaborative assistance strategies, is planning or working on collaborative assistance strategies with 7 other countries, and has initiated discussions in 11 more countries. In FY06, 43% of all WB disbursements (IDA and IBRD) were for operations using program-based approaches called for in the Paris Declaration, and 20% of analytic work in IDA countries was prepared jointly with others. The WB has also taken the lead in putting in place an internal policy and procedural environment for implementing its harmonization and alignment commitments. For example, it has changed its operational policies with respect to aligning CASs to Poverty Reduction Strategy Papers and has updated its policies and guidance concerning development policy operations, auditing requirements, pooling of funds in multi-donor projects, harmonization of procurement and financial management arrangements, and joint analytic work. Further work is going on in a range of areas, including financial management, procurement, legal issues, environment, and governance and anticorruption, as well as in health, education, agriculture, and other sectors.

Annex:

Profiles of Multilateral Development Banks

In 2006 the five Multilateral Development Banks (MDBs) disbursed about US\$30.8 billion – \$1.9 billion by the African Development Bank (AfDB), US\$5.4 billion by the Asian Development Bank (AsDB) for project and program loans, US\$4.9 billion by the European Bank for Reconstruction and Development (EBRD), US\$6.3 billion by the Inter-American Development Bank (IADB), and US\$12.3 billion by the WB. Broadly speaking, the core functions and collective dedication to development effectiveness of these MDBs are similar enough to permit a common system to help assess readiness to manage for development results (MfDR). On the other hand, the MDBs exhibit specific characteristics that influence how they respond to the challenge of helping BMCs achieve the MDGs.¹³

Mandate. The AfDB, AsDB, IADB, and WB are each dedicated to the promotion of social and economic development and the reduction of poverty in their developing country members. EBRD promotes transition of its developing country members from centrally planned to market economies, by working mainly with the private sector. EBRD, AfDB, AsDB, and IADB also focus on regional and sub regional development.

Ownership and Management. The MDBs differ in terms of the ownership profile, particularly the percentage of shares of each MDB owned by BMCs. The relevant figures for each MDB are as follows: WB's IDA, 41.4%; EBRD, 12%; AfDB, 60.10%; IADB, 50.01%;¹⁴ AsDB 32.94%. In addition, donor countries (typically non borrowers) influence certain of the MDBs through concessional windows¹⁵ which are heavily supported by those donor countries. In the AfDB concessional lending the African Development Fund – accounts for 62% of total lending; in the WB, IDA accounts for 40% of total lending; and in the AsDB, the Asian Development Fund accounts for 17%¹⁶ of total lending. The IADB has a concessional Fund for Special Operations (FSO) and an Intermediate Financing Facility (IFF) that on average account for 11% of total lending.¹⁷

The heads of the MDBs, the Presidents or chief executive officers, are not identified or appointed on the basis of an executive search process. The President of AsDB has always been from Japan, the President of the EBRD has always been from a European country, and the President of the WB has always been from the U.S. The Presidents of the IADB and the AfDB have always been from a BMC.

¹³In COMPAS, the expressions “developing country member,” “developing member country,” “partner country,” and “borrowing country” are usually used interchangeably.

¹⁴DR-612-11.

¹⁵EBRD does not have a concessional window.

¹⁶This refers to the share of ADF in total AsDB approvals for the year 2006 (the relevant figures are US\$1,279 m and US\$7,396).

¹⁷The IADB has two sources of concessional financing: (i) the Fund for Special Operations (FSO) that lends on average US\$400 million a year; and (ii) the Intermediate Financing Facility (IFF) that provides subsidies to US\$250 million of ordinary capital lending a year. On average, the annual volume of loans and guarantees is US\$6 billion (for period 2001–2005).



Headquarters and Field Offices. The MDBs differ in terms of their presence throughout the world. The headquarters of the EBRD, IADB, and WB, are in G-7 countries, while the AfDB and the AsDB have their headquarters in a BMC.

Each of the MDBs has a strong physical presence in BMCs through a network of field offices. In particular, the MDBs maintain the following field offices: the WB has more than 100 field offices worldwide; the IADB has 26, i.e., one in each BMC; the AfDB has 25 field offices; the EBRD, 33; and the AsDB, 19 resident missions in Asia, 3 subregional offices in the Pacific, representative offices in Frankfurt, Tokyo and Washington, DC and a Special Liaison Office in Timor Leste. Most of these field offices focus on project administration as the key task and, increasingly, on strategy formulation and program design.

Borrowing Member Country Coverage. Most developing countries throughout the world are eligible to borrow from two of the MDBs: namely, the WB and the relevant regional MDB. However, there are exceptions. Some developing countries in the Pacific are members only of the AsDB (Cook Islands, Nauru, Tuvalu); some developing countries are members only of the WB (Antigua and Barbuda, Dominica, Grenada, Iran, Iraq, Jordan, Lebanon, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Syria, Turkey, Yemen); and some developing countries in Central Asia are members of three MDBs, namely AsDB, EBRD, and WB (Azerbaijan, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, Turkmenistan, Uzbekistan).

differences in the profiles of the MDBs' BMCs translate into very different client bases, and have a dramatic impact on the financing mix and degree of influence exerted by each MDB. Three dimensions illustrate this point: per capita income; the proportion of official development assistance (ODA) to total capital inflows; and size (by population).

As to *per capita income levels*, the largest share of BMCs at AfDB are low-income countries, while the largest share of BMCs at the EBRD and IADB are middle-income countries. The AsDB and the WB have BMCs across a broad range of income levels.

The *proportion of ODA to total capital inflows* in each BMC is important for all MDBs. The relative importance of different funding sources varies for the different categories of clients. For investment grade and other emerging market economies, private financing may provide up to 95% of inflows. For the others the private share is much lower, and hence the importance of ODA is greater. These variations translate into differences across countries in the importance of the MDBs' financing role relative to their policy and catalytic role.

The *population size* in BMCs varies considerably particularly between large states (more than 100 million people) and small states (less than 1.5 million people). There are nine large BMCs, with one in the AfDB (Nigeria), five in the AsDB (Bangladesh, China, India, Indonesia, Pakistan), one in the EBRD (Russia), and two in the IADB (Brazil, Mexico). Small states also cut across the MDBs, accounting for 20–30 percent of developing country members in



the AfDB, IADB, and WB and more than 35 percent in the AsDB, but less than 5% in the EBRD.

In addition to these basic dimensions, the BMCs covered by each of the MDBs vary considerably in terms of their economic indicators, progress on implementation of the Paris Declaration and progress towards achievement of the MDGs. These factors will also influence policy, country programs, project mix and financing decisions.

