

From Diagnostics to Decision-Making

Strengthening the Link Between Governance Analysis and IDA Strategy

ISE Institute for
State Effectiveness



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The Institute for State Effectiveness

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Acronyms

ASA	Advisory Services and Analytics	LPI	Logistics Performance Index
BTI	Bertelsmann Transformation Index	MDTF	multi-donor trust fund
CEN	Country Engagement Note	MIGA	Multilateral Investment Guarantee Agency
CLR	Completion and Learning Review	ML/TF	Anti-Money Laundering and Countering Terrorism Financing
CPF	Country Partnership Framework	MPI	Multidimensional Poverty Index
CPI	Corruption Perception Index	OBS/OBI	Open Budget Survey and Open Budget Index
CPIA	Country Policy and Institutional Assessment	ODB	Open Data Barometer
CPR	Country Performance Rating	OGI	Open Government Index
D4P	Data for Policy	PBA	Performance-based Allocation
DeMPA	Debt Management Performance Assessment	PEFA	Public Expenditure and Financial Accountability
DLI	Disbursement-Linked Indicator	PER	Public Expenditure Review
DPC	Development Policy Credit	PFM	Public Financial Management
DPF	Development Policy Financing	PforR	Program-for-Results
DSA	Debt Sustainability Analysis	PIMA	Public Investment Management Assessment
FAO-SCA	FAO Statistical Capacity Assessment	PLR	Performance and Learning Review
FCS	fragile and conflict-affected states	PPR	Portfolio Performance Rating
FCV	fragility, conflict and violence	RMS	Results Measurement System
GP	Global Practice	ROLI	Rule of Law Index
HCI	Human Capital Index	RPF	Results-based Financing
HDI	Human Development Index	RRA	Risk and Resilience Indicators
ICR	Implementation Completion Report	SCD	Systematic Country Diagnostic
IDA	International Development Association	SCI	Statistical Capacity Index
IDI	Global ICT Development Index	SDI	Service Delivery Indicators
IEG	Independent Evaluation Group	SORT	Systematic Operations Risk-Taking
IFC	International Finance Corporation	TADAT	Tax Administration Diagnostic Assessment Tool
IPF	Investment Policy Financing	TTL	Task Team Leader
ISE	Institute for State Effectiveness	WBG	World Bank Group
ISR	Implementation Status Report	WGI	Worldwide Governance Indicators

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Executive Summary

Weaknesses in core government functioning remain a critical impediment to long-term development and reinforce cycles of fragility and poverty. While development portfolios have continued to grow in scope and ambition, the centrality of good governance and the need for functioning institutions remain. The ongoing global COVID-19 pandemic and reverberating secondary impacts have only reaffirmed the importance of core government functions. The ability of governments to provide services, build trust and demonstrate outcomes to citizens remains the most important measure by which to determine state effectiveness. It is in understanding how best to support these functions and systems that development practitioners can create improved outcomes for states and the citizens they serve.

The World Bank's International Development Association (IDA) remains one of the most important and influential development institutions in the world. The resourcing, expertise and convening power that IDA brings is unparalleled. Throughout its history, it has sought to tackle the world's most difficult challenges by providing the resources and insight necessary to support core government functions in fragile contexts. IDA's continued self-reflection and commitment to improvement are evident in the evolution of its priorities, windows and special themes. In IDA19 (July 1, 2020 – June 30, 2023) the Governance and Institutions Special Theme focused on four strategic pillars to support core government functioning: (1) Sustainable Financing Practices, (2) Improved Public Service Delivery, (3) Confidence in Institutions and (4) Better Data and Analytics.

In response to the effects of the COVID-19 crisis, the IDA20 replenishment process has indicated a shift in IDA's view of governance and its support to building state capability. IDA20, which will begin early in June 2022 due to the COVID-19 pandemic and be active until June 2025, will drop the Governance and Institutions Special Theme, with the goal of instead mainstreaming governance throughout IDA's portfolio as a cross-cutting issue. While the framing of governance as a cross-cutting issue presents an opportunity to consider the impact of core government functions across the entirety of IDA's global portfolio, the shift will affect IDA's support for building state effectiveness. The reframing of the special theme is not a central element of this report, but it is important to note that it is unknown how the change will impact IDA's approach to supporting core government functions.

In this context, IDA's continued effectiveness necessitates the ability to diagnose what works and what does not – not only in the broader context of the development paradigm but also as it affects each country's institutions, resources, outcomes and programs. IDA's

commitment to core government systems is deeply rooted in the evidence that building effective governance addresses the typical shortcomings of foreign aid: the risk of corruption and misuse, unsustainable projects and parallel systems. To pursue its agenda effectively in the IDA20 replenishment cycle, IDA will continue to rely on diagnostic capacity and knowledge to navigate the complexities of country contexts and promote targeted approaches that maximize impact.

This report aims to understand the process and approaches used to diagnose state capacity and improve the direct link between diagnostic findings on core government functions and actionable insight for improved development outcomes. More specifically, it attempts to answer the following:

1. **How does IDA support core state functions and how are decisions currently made?**
2. **What is the landscape of assessments and evaluations of core functions? What is missing? What is overly relied on?**
3. **How do these assessments factor into the IDA approach, and can they be better integrated into decision-making?**

In response to these questions, this report combines research, data analysis, literature reviews and expert interviews. The report endeavors to understand how decisions along the IDA process are determined and where improvements can be made through a methodological approach that includes: research into the World Bank's Independent Evaluation Group (IEG) reports and Bank documents on IDA processes and constraints; data analysis of the IDA allocation system; qualitative mapping of current IDA assessments; interviews and case studies on the use of IDA assessments; data analysis of the relationship between IEG project ratings and IDA assessments; and interviews and literature reviews on best practices for IDA strategy.

Our analysis shows that the current diagnostic methods provide a useful yet incomplete view of state capacity. For example, while the Country Policy and Institutional Assessment (CPIA) is regarded as a primary tool to measure state capacity (and determine IDA allocations), analysis and interviews indicate that the measurement fails to capture the nuances and changes to an environment that are important in the formulation of the strategy and the design and implementation of operations. While there are several other diagnostics and assessments produced by the development community, many are used infrequently by IDA, and a number of gaps exist. Assessments are typically data- or expert-focused and fail to capture the reality of the citizen experience. In addition, some thematic areas such as Public Financial Management (PFM) and Fragility, Conflict and Violence (FCV) are measured with comprehensive assessments while other areas are relatively unassessed. The disparity in scope, method and focus can create

unintentional biases and limited perspectives of both opportunities and risks in IDA country institutions.

Strengthening the link between strategy and operations requires diagnostics that offer a more comprehensive view of state capacity and provide useful insights for improved development outcomes and aid effectiveness. Currently, diagnostics are primarily used to describe a country's context in the narrative of IDA strategic documents. When viewed holistically, these assessments can provide more tangible and actionable insights for decision-makers. The findings of existing evaluations and assessments can better inform IDA's approach through a variety of strategic levers, including project complexity, delivery mechanisms, financing instruments, implementing agencies, institutional partners and timelines. A recent report by the Center for Global Development concluded that "even in fragile states there can be islands of good governance with strong service delivery."¹ This report aims to build consensus around the need for a new diagnostic framework that can identify those islands to amplify their success through IDA funding and build upon core functions in government while also identifying the risks that should be mitigated, avoided or reduced.

This report provides several recommendations to maximize IDA's strategic approach for institutional and citizen-facing outcomes.

- 1. The current field of diagnostics needs to be better mapped and consolidated to improve decision-making for IDA managers and Task Team Leaders.** The landscape of assessments shows a number of duplicative efforts that can be better coordinated to cover a wider range of topics institutional features. Creating a simplified framework for drawing actionable insights from diagnostics will improve strategic and operational decision-making while lessening the burden for IDA staff.
- 2. IDA's continued commitment to supporting core government functions needs more robust methods by which to assess capacity.** The inability to identify key moments of change and opportunity for state capacity can make it difficult for IDA managers and Task Team Leaders to translate the findings of traditional assessments such as the CPIA into actionable insight for improved operations.
- 3. Diagnostic capacity can be improved by more comprehensively measuring government not only in form but in a wider range of functions as well.** Coordinating assessments around a comprehensive framework focused on measuring core government functions – and their capabilities, resourcing and outcomes – would maximize the impact of IDA operations and country policy.
- 4. Using assessments to identify and flag both the risks and assets associated with the performance of a country's core government functions can provide insights into the constraints and opportunities that affect development**

outcomes. Flagging both risks and assets in a new diagnostic framework can allow IDA managers and Task Team Leaders to target key focus areas and entry points for reform.

- 5. Assessments are typically used for conceptual understanding in setting the country landscape for strategic documents in IDA countries; however, more actionable insight can be drawn from these findings.** While existing assessments are often used to provide IDA stakeholders with a technical understanding of country context, linkages can be made between more robust diagnostic findings and the various levers IDA stakeholders can use to prepare more appropriate strategies and operations.

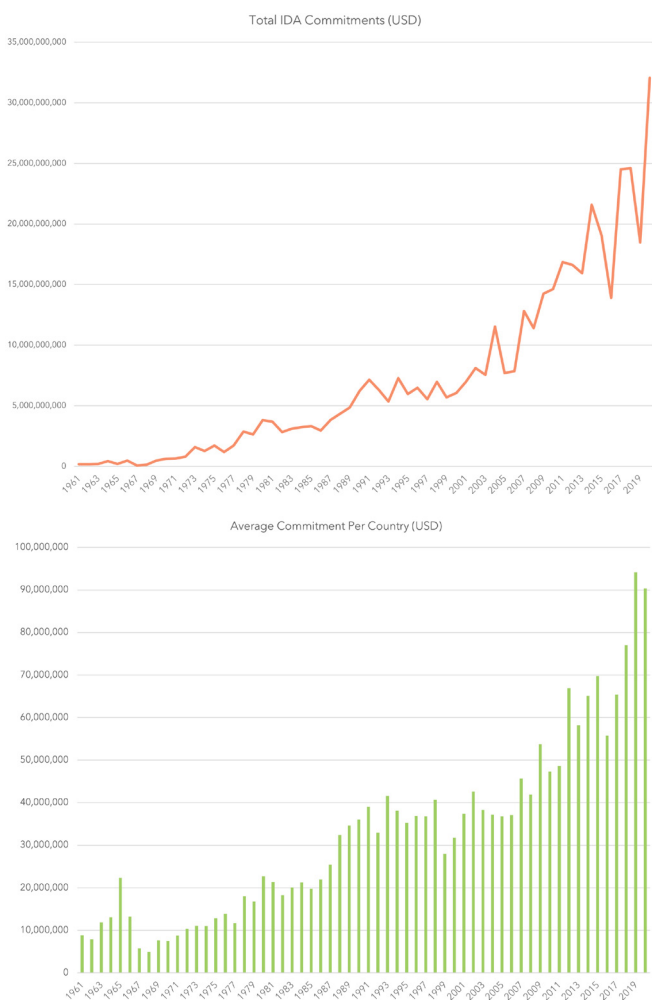
Improved diagnostic capacity and the ability to translate findings into actionable insight have universal importance as governments of all types struggle to effectively respond to the increased demands on core government functions. Due to the impacts of the COVID-19 pandemic, people and citizens of every country have relied on their government a great deal in the past year. The ability to effectively diagnose and flag the binding constraints and key opportunities of government institutions and organizations is a universally needed tool. With IDA20, there is an important opportunity to better understand and utilize diagnostics not only to deliver narratives about context but provide actionable insight for improved aid and state effectiveness.

1. Rose, Sarah. 2019. [Focusing on Fragility: The Future of US Assistance to Fragile States](#). Center for Global Development, pg. 4.

Historical Context: IDA's Approach to Governance

Launched nearly 60 years ago, the International Development Association (IDA) was established to help provide impoverished countries with loans and grants “that boost economic growth, reduce inequalities, and improve people’s living conditions.”² Today, the resilience of IDA’s aims has seen an evolution of its commitment. While IDA began with an initial fund of \$912.7 million for four countries, IDA commitments in FY2019-2020 totaled \$30.5 billion for 74 eligible countries.³ It remains one of the most consequential development institutions in the world and plays a vital role in providing both financial and knowledge resources to the world’s poorest countries.

Figure 1. Total Average IDA Commitments by Year



Since its inception, the role of IDA has grown to encompass a wide range of priorities under the banner of reduced poverty and shared prosperity. In 1960, four key sectors were expected to form the majority of IDA activities: Agriculture, Transportation, Public Utilities and Industry.⁴ These fields represented what were predominantly considered at the time as the keys to economic development and social progress. Today, the portfolio of operations is more diverse and reflective of a broader perspective of state effectiveness. IDA has branded itself as a “multi-issue institution” supporting a range of development activities, from primary education and basic health services to clean water and sanitation, business climate improvements and institutional reforms.⁵

IDA’s support to strengthening public administration and institutional capacity has increased steadily over the past five decades, underpinning a growing consensus that core government capacity is critical to achieving long-term development outcomes. Previously, efforts to improve institutional capacity were largely centered around the themes of governance, public administration, the civil service, transparency and accountability. Today, there is also increasing attention focused on domestic resource mobilization, public expenditure and financial management and service delivery.

No matter the construct, the centrality of institutions remains core to IDA’s efforts: so much so that the IDA18 replenishment saw the introduction of the Governance and Institutions Special Theme, cementing its central role in achieving the twin goals of reduced poverty and shared prosperity.

IDA’s work is particularly important in fragile and conflict-affected states (FCS), as it provides a substantial and stable source of funding to support long-term development priorities. In contrast, most other aid targeted at fragility, conflict and violence (FCV) can be volatile, uneven and largely dependent on media attention to a crisis. While most of the world is focused on funding the acute needs of crisis situations, IDA can provide states an opportunity to focus on broader development and economic growth. The replenishments of IDA19 and IDA20 as well as the continued prominence of an FCS special theme reinforce these aims.

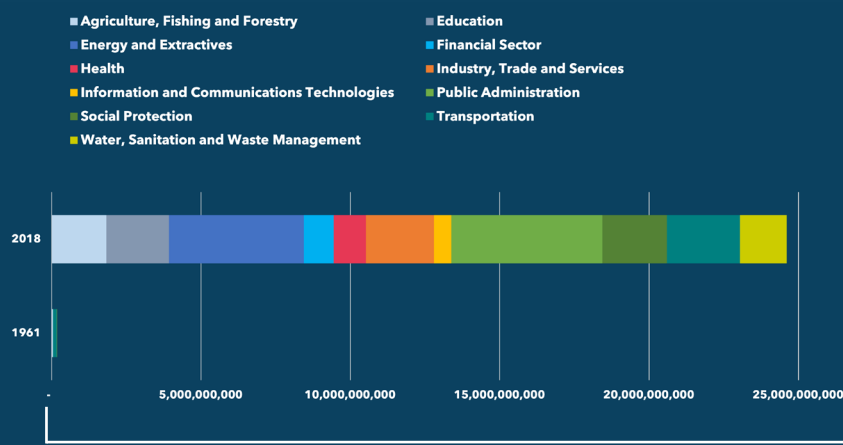
2. International Development Association (IDA). [What is IDA?](#) The World Bank. Accessed on 5 November 2020.

3. Ibid.

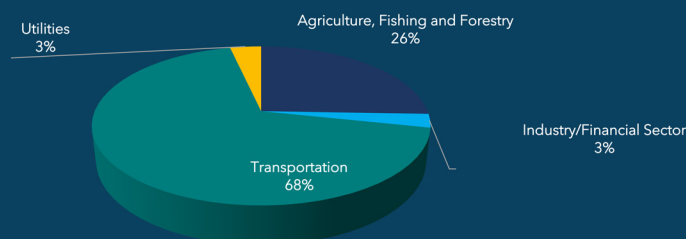
4. IDA. [Memorandum Estimating Initial IDA Staff Requirements.](#) The World Bank. Accessed on 13 January 2021.

5. Ibid.

Figure 2. IDA Commitment Amount by Sector and Year



Sector Breakdown of 1961 IDA Contributions



Current Context: Modern Perspectives in Capacity Strengthening

The IDA19 replenishment aptly recognized the importance of governance and core government functions, particularly in FCS and low-capacity environments.⁶ Within the Governance and Institutions Special Theme, IDA has endeavored to support the core functions of government in the following areas:⁷

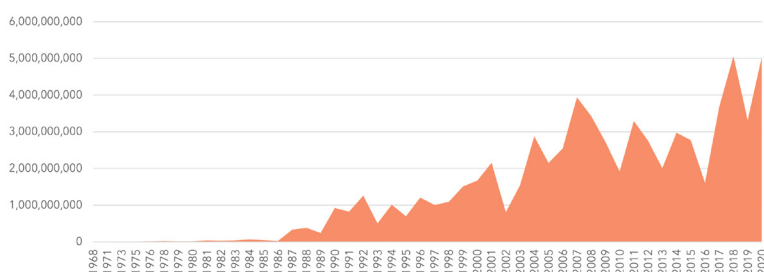
- Establishing basic structures and systems for public revenue and expenditure management, such as reviewing organizational structures and legal and regulatory frameworks, creating or strengthening public finance authorities and revenue agencies and establishing or restoring supreme audit institutions.
- Supporting decentralization and service delivery by strengthening sub-national administration and enabling resource distribution at the local level, as well as strengthening the engagement of communities in decision-making processes.
- Strengthening public employment and administration frameworks with a focus on fiscal sustainability and long-term effectiveness.

Yet, the reframing of the Governance and Institutions Special Theme as a Cross-Cutting Issue in the early replenishment process for IDA20 indicates shifting IDA priorities around its support to core government functions. The early replenishment in 2022 intends to respond to the COVID-19 pandemic, and IDA remarks that making governance a cross-cutting issue – and replacing it with a Human Capital Special Theme – “reflects the foundational and cross-cutting nature of the issue and allows for stronger interlinkages with the other Cross-Cutting Issues, across the Special Themes and across the broader IDA portfolio.”⁸ IDA20 intends to respond to emerging lessons from the pandemic about the role of core government functions.

While developing new approaches in some areas – including the reframing of governance as a cross-cutting issue – the IDA20 replenishment contains many familiar promises from the past. Aims around sustainable development, institutionalized approaches and multi-stakeholder engagement are found in IDA strategies and reporting time and time again. The repetition of these goals underlies fundamental problems in how IDA is structured and how results are measured. While the absence of good governance may seem easy to identify, its resolution is difficult to achieve. Good governance – particularly in fragile and low-capacity states – is a fluid concept and development institutions typically fall into the trap of measuring the wrong indicators. Identifying the right inputs (policy, legal, human capital, financial investments) to produce desired outcomes (economic growth, improved health and education levels, etc.) is difficult. The gap between intention and outcome undermines our ability to design effective interventions in a sequenced manner.

Even in low-capacity environments where governance is hardest to diagnose and build, core government functions are critical

Figure 3. Total IDA Commitments to Public Administration (USD)



6. Development Finance Corporate IDA and IBRD (DFCII). 2019a. [IDA 19: An Overview—Ten Years to 2030: Growth, People, Resilience](#). The World Bank, pg. 16.

7. DFCII. 2019b. [IDA19 Special Theme: Governance and Institutions](#). The World Bank, pg. 27.

8. IDA. 2021. [Cross-Cutting Issues in IDA20](#). The World Bank, pg. 11.

to building long-term development and shared prosperity. Development assistance in FCS and low-capacity environments focuses largely on economic growth and poverty eradication, not governance.⁹ Meanwhile, the Bank's Governance portfolio in these contexts has historically focused on civil service training. While seemingly counterintuitive, this was driven by the simple principle that the Bank lent to and worked through governments. If there was a weak government in place, how could the Bank properly disburse aid or technical assistance? Greater recognition of the importance of governance has taken the teeth out of this argument. Both the 2017 World Development Report on Governance and the designation of governance as an IDA special theme underlie the importance of governance in development and in fragile, conflict-affected and low-capacity states. Governance must be considered and supported, even in the most challenging of contexts.

Supporting core functions of government – particularly in IDA countries confronting fragility and capacity constraints – requires better diagnostics of the context and mechanisms to link diagnostic results to specific IDA approaches and financing instruments. A specific policy commitment of IDA19 has included “supporting 95 percent of IDA FCSs in the establishment and/or strengthening of core government functions through project financing.”¹⁰ IDA states that it is on target to meet this commitment by FY2022,¹¹ but to truly achieve this aim, better diagnostics of what a country needs and what it is capable of performing are necessary. This includes acquiring an appropriate baseline and better targeting the most effective strategic levers within a state. Current diagnostics, by even the World Bank's admission, do not adequately do so.¹² A more appropriate diagnostic framework requires a shift in scope – looking not only to measure relative fragility, but rather the risks, assets and durability of core government functions to identify the key mechanisms through which the effectiveness of resources can be maximized.

ISE's Diagnostic Approach to Governance

For years, ISE has developed a body of work to diagnose and respond to gaps in governance – specific to a country's needs, aims and assets. Through this work, ISE has developed methods to:

- Determine the capability of a country's core systems and how to best apply resources to help local actors develop them
- Determine if there is a multi-stakeholder agreement on a vision and set of policies for the country

- Measure civil service capacity
- Identify assets and bottlenecks in service delivery platforms
- Assess regional frameworks for cooperation
- Determine if human capital and market building strategies are effectively in place

These methodologies are individually developed yet interrelated. Each intervention is sequenced to build off the relative strengths of the country and the development activities that came before it.

The trajectory of fragile states is long and rarely linear. It requires a level of adaptability and resourcefulness that aid strategies typically are unable to provide. ISE's diagnostic method uses a comprehensive approach to review a state's capacity, identifying delivery enablers in the government machinery and targeted interventions that can bolster core government functions.

A New Imperative for Improving Core Governance Functions

While the field continues to build new perspectives around the state and development, core government functions remain critically important. The ability of a government to provide safety, security and basic services continues to be the primary measure of a state's effectiveness. Core government functioning also provides the basis by which external actors like the World Bank can operate effectively within a country. Absent sufficient budget systems or delivery mechanisms, the ability of partners to deploy or disburse aid can be compromised by overly complex bureaucracy, corruption or low institutional capacity.

In a crisis, the conditions in which a state must perform its functions are compromised, but the necessity of it to do so is usually more acute. As such, supporting core government functions in challenging environments has been a priority for development institutions and their partners. The IDA19 replenishment of the special theme on Governance and Institutions specifically committed to supporting 95 percent of IDA FCSs' core government functions via project financing. However, reporting for the early IDA20 replenishment includes a similar but more limited commitment to “support 30 percent of IDA countries in FCS (with active portfolios) to establish and/or strengthen core government functions that facilitate effective, inclusive, and responsive public services, enhance transparency and accountability, and/or promote resilience.”¹³

The COVID-19 pandemic has underscored the importance of

9. IEG (Independent Evaluation Group). 2014. [World Bank Group Assistance to Low-Income Fragile and Conflicted-Affected States: An Independent Evaluation](#). The World Bank.

10. DFCII 2019b, pg. 27.

11. DFCII. 2021. [IDA19: Implementation of Policy Commitments and Results Update](#). The World Bank.

12. IEG 2014, pg. 98

13. IDA. 2021. [IDA20 Special Theme: Fragility, Conflict & Violence](#). The World Bank, pg. 20.

core government functions for all countries. The demand for core government functions has increased globally, as citizens and residents looked to their governments to provide the policy, guidance and services to sustain their health and livelihoods. In addition, significant weaknesses in government mechanisms have been identified in countries of all kinds - those considered fragile in development discourse and those that are not. This highlights the universality of governance and the need for global institutions to support – not replace or undermine – core government capacity.

Supporting core functions of government – particularly in IDA countries confronting FCV and capacity constraints – requires better diagnostics of the situation as it stands and mechanisms to link diagnostic results to specific IDA approaches and financing instruments. A recent report by the Center for Global Development concluded that “even in fragile states there can be islands of good governance with strong service delivery.”¹⁴ This report aims to build consensus around the need for a new diagnostic framework that can identify those islands in order to amplify their success through IDA funding and build upon core functions in government while also identifying the risks that should be mitigated, avoided or reduced.

The remainder of this report is organized as follows: Section II identifies and discusses the core functions of government as identified by IDA and the theory behind diagnosing their performance; Section III addresses the need for a new core government diagnostic framework by exploring the missing link between current assessments of governance and IDA decision-making; and Section IV concludes the report by considering the impact of findings on the IDA20 replenishment, particularly in the wake of the COVID-19 pandemic and growing fragility in low-income countries.

“The ability of a government to provide safety, security and basic services continues to be the primary measure of a state’s effectiveness.”

14. Rose 2019, pg. 4.

Supporting Core Functions of Government in IDA Countries

The strategic approach of the IDA19 Governance and Institutions Special Theme is structured around four pillars of core government functions: (i) promoting sustainable financing practices, (ii) maximizing the impact of public service delivery, (iii) building confidence in institutions and (iv) building better data and analytics. By targeting its financing through these pillars, IDA hopes to “address governance breakdowns in institutional quality that have a negative impact on economic and social development, including slower growth, weak delivery of government services and limited mechanisms for citizens to hold government to account.”¹⁵ These key pillars form the basis for identifying the core functions of government in this report.¹⁶

Many of IDA’s core government functions within the Special Theme correspond to those included in the Institute for State Effectiveness (ISE)’s framework of ten core governance functions that states should provide:

- Governance
- Security
- Rule of law
- Accountability systems for public finance
- Asset management
- Market engagement
- Infrastructure
- Human capital
- Social policy and citizen engagement
- Disaster readiness and response

ISE’s approach to core government functions presents a more holistic and systems-level view of state capability and effectiveness, in contrast to some of the weaknesses in IDA’s policy and strategic approaches to supporting governance – in particular, that IDA does not take a systems view of government activity and favors some

functions (e.g., public financial management, rule of law, human capital, etc.) over the full range of state functions. Yet, while the core functions identified in the special theme do not constitute as detailed a list as those identified by ISE, they demonstrate a crucial set of functions accepted by IDA stakeholders that are relatively straightforward to measure and can be used as a basis for strategic decision-making.

For this report, the following are identified as the pillars of core government functions in IDA countries, as defined within the IDA19 Governance and Institutions Special Theme:

- 1. Sustainable Financing Practices.** This pillar focuses on governance frameworks for building fiscal space, increasing spending efficiency and containing debt vulnerabilities. From the development of national budgets to strengthening infrastructure investment, the pillar centers on making public expenditure more accountable, effective and efficient in the short and long term.
- 2. Impactful Public Service Delivery.** Spurred by IDA’s increasing investments in the development of human capital in low-income countries, this pillar supports investments in people that promote equity and growth, equitable access to existing public services and strengthened pandemic preparedness in the wake of the COVID-19 crisis.
- 3. Confidence in Institutions.** As noted in the special theme, “building trust in institutions is an essential component of determining a state’s legitimacy and stability.”¹⁷ To build trust, this pillar includes transparent government procedures, an inclusive legal environment for citizens and enterprises, citizen engagement and anti-corruption measures to reduce illicit financial flows – and is especially crucial in FCS.
- 4. Better Data and Analytics.** This pillar serves as a mechanism for evidence when developing other core government functions, as “accurate, timely, granular, and accessible data is an important foundation for policymaking, efficient resource allocation and effective service delivery.”¹⁸ Elements of the pillar include household and enterprise surveys as well as administrative data for service delivery.

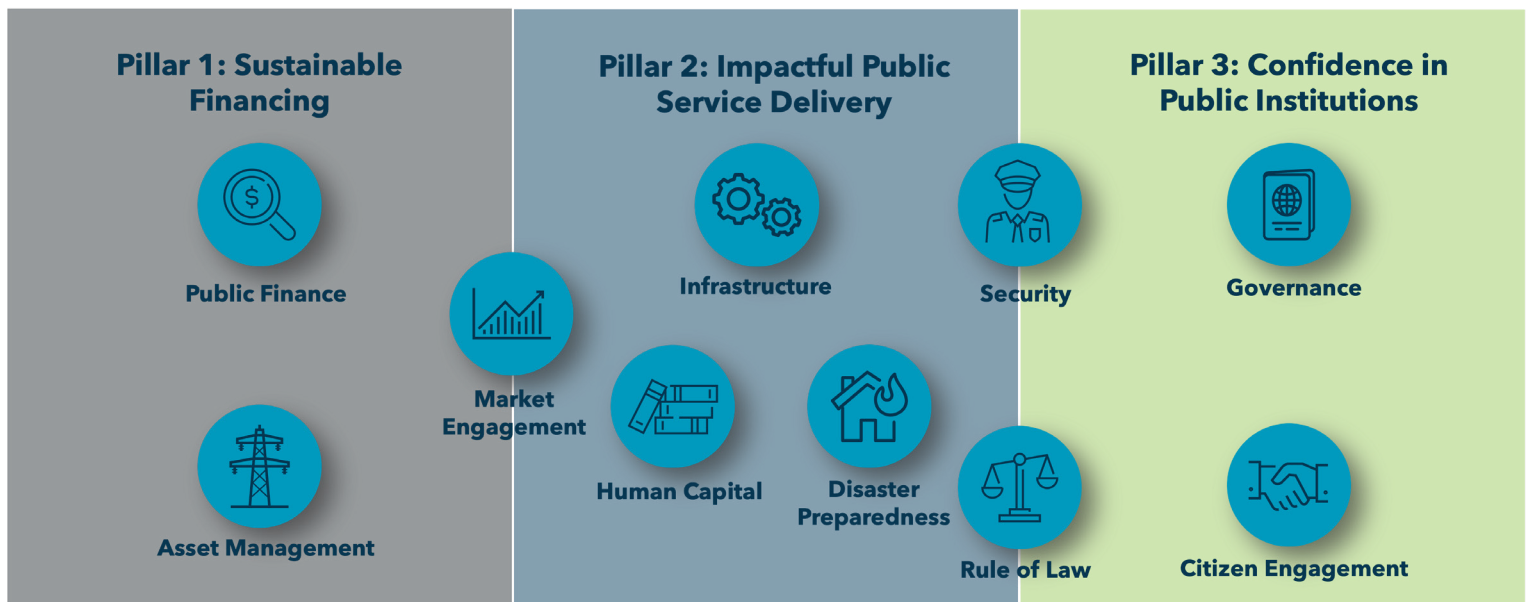
15. DFCII 2019b, pg. i.

16. The special theme report (DFCII 2019b) outlines a different set of core government functions in the definition of its eleventh policy commitment on support to FCS. These core government functions include (i) public revenue and expenditure management; (ii) decentralization and service delivery (iii) government employment and public administration; and (iv) the rule of law. For the purposes of this report, we argue that the core government functions identified within the four pillars of the special theme are more relevant and all-encompassing of the role of the state in FCS and non-FCS.

17. Ibid, pg. 21.

18. Ibid, pg. 27.

Figure 4. IDA Core Government Pillars and ISE's Functions of the State



Assessing Core Government Functions and IDA Decision-Making

This report unpacks IDA's commitments to supporting the performance of the four pillars of core government functions, how it assesses their performance and how assessments of their performance can better inform selective approaches to the strategic deployment of IDA resources. IDA19 proposed twelve policy commitments within the Governance and Institutions Special Theme, which range from supporting debt transparency and management to improving GovTech solutions, strengthening pandemic preparedness plans and reducing gaps in the availability of core data for evidence-based policymaking. IDA20 has more recently proposed eight policy commitments within the Governance and Institutions Cross-Cutting Issue. A full list of policy commitments in the IDA19 special theme and IDA20 cross-cutting issue can be found in Annex 1.

Policy commitments within the special theme and cross-cutting issues illustrate how IDA intends to support partner countries to develop core government functions, but they do not provide the diagnosis of core government functions necessary to design better strategic instruments and promote the tangible delivery of results. Furthermore, as mentioned in the mid-term review of IDA18, policy commitments have tended to focus on IDA inputs rather than outcomes and overall impact.¹⁹ Improving the assessment of policy commitments – in addition to the diagnoses of core government functions' performance and outcomes – is critical to maximizing the impact of IDA approaches and achieving better

outcomes for citizens.

A report by the World Bank's Independent Evaluation Group (IEG) found that "a focus on political economy and more explicit discussion of capacity constraints and plans to build to institutional capacity with country-specific governance challenges would help ensure enhanced project outcomes" in IDA engagements.²⁰ In response to the IEG report, some policy commitments within the special theme and cross-cutting issue explicitly use diagnostics and other analytical tools to measure policy commitments. Furthermore, the IDA19 Results Measurement System (RMS) included some other potentially relevant diagnostics for results measurement. Other indicators in the RMS are simply counting WBG support without relevant assessments: publication of debt reports, receiving WBG support for implementing surveys and data in FCS. Despite strides in improving IDA results systems, several commitments still lack underpinning evaluations or are limited in their scope. Finally, interviews with World Bank staff have highlighted that useful evaluations of country capacity must prioritize function over form. As many countries have adopted processes and systems of more advanced counterparts, isomorphic mimicry can disguise a state's capacity, causing partners to be ill-prepared to face the governance challenges of the context.²¹

Because IDA's results reporting against policy commitments in the RMS tend to only assess the performance of IDA's global strategy, a more robust array of diagnostics and analytical tools at the country level is needed to understand the conditions and performance of core governance functions on the ground.

19. IDA. 2018. [IDA18 Mid-Term Review: Implementation and Results Progress Report](#). The World Bank, pg. 27.

20. IEG. 2019. [Learning from IDA Experience: Lessons from IEG Evaluations, with a Focus on IDA Special Themes and Development Effectiveness](#). The World Bank.

21. Andrews, Matt, Lant Pritchett and Michael Woolcock. 2017. Looking like a state: The seduction of isomorphic mimicry. In *Building State Capability: Evidence, Analysis, Action*. Oxford Scholarship Online.

As noted by IDA, the IDA19 special theme “[builds] off important diagnostic work that has been underway over the past several years to identify key governance bottlenecks hindering effective service delivery at the country level, as well as the shift of the World Bank’s governance portfolio towards a more results-driven approach to governance reform.”²² Beyond the global performance of policy commitments, IDA has committed to using diagnostic work and analytical tools to better identify constraints to stronger core government functions.

Furthermore, IDA – and the World Bank Group more generally – has linked its commitment to diagnosing core government functions on the ground to the design of country-level financing decisions and approaches to implementation. The new World Bank Group strategy developed in 2013 set out to “strengthen the focus of its country programs by developing a more evidence-based and selective country engagement model in the context of country ownership and national priorities, and in coordination with other development partners.”²³ The IDA19 replenishment in 2019 echoed the linkage of country-level analysis and decision-making to “allow for a nuanced approach to implementation based on country-specific circumstance”, ensuring that decisions on how to engage would “follow a selective approach by building on the findings of diagnostic work developed under IDA18 that has helped identify bottlenecks.”²⁴

Section III further explores how the theoretical links between the diagnosis of core government functions and IDA decision-making play out in practice.

22. DFCII 2019b, pg. 4.

23. IEG. 2017a. [World Bank Group Country Engagement: An Early-Stage Assessment of the Systematic Country Diagnostic and Country Partnership Framework Process and Implementation](#). The World Bank, pg. 66.

24. DFCII 2019b, pg. 3.

Section III: Assessments of Core Government Functions and IDA Decision-Making

Overview of the IDA Process

The World Bank Group strategy developed in 2013 and the revised strategy for country engagement set out in IDA19 seek to base financing allocation, disbursement and decision-making on the evidence of diagnostics and the priorities of client countries. By increasing the selectivity and specification of country-level programming on national priorities and past evidence, the strategies tie Bank resourcing decisions to evidence-building assessments of partner country needs, realities and expectations. For IDA, the process of resourcing decision-making occurs in three distinct tracks: the Allocation, Strategy and Operations.²⁵

The Allocation Track constructs the envelope of available resources to partner countries during the fiscal year. The process begins with general IDA replenishment; sets a framework for funneling allocations to countries through core funding, relevant policies (i.e., IDA19's Sustainable Development Finance Policy) and special envelopes and windows; and allocates financing to countries based on assessments within the Performance-Based Allocation (PBA) system and eligibility criteria for special envelopes and windows. These mechanisms are explored further in the sub-section on the Allocation Track below.

The Strategy Track attempts to link a country's resourcing envelope to development strategies and Bank engagement priorities, "ensuring that the twin goals are at the center of the engagements, while also concentrating efforts and resources in areas that are key for the country development strategy."²⁶ The Strategy Track includes a cycle of analytics (through Systematic Country Diagnostics, SCDs); strategy development (Country Partnership Frameworks, CPFs²⁷); and learning reviews (Performance and Learning Reviews, PLRs, and Completion and Learning Reviews, CLRs). These mechanisms are explored further in the sub-section on the Strategy Track below.

The Operations Track translates allocation and strategy decisions into tangible country engagements, financing instruments and program activities. From the SCD and the CPF, project priorities are determined and guide the design and approval of activities within the Implementation and Operations Track. While this report will focus primarily on strategy at the country portfolio level rather than on projects and activities, it is important to recognize that operations are the primary vehicle by which priorities in the Allocation and Strategy Tracks are implemented. IDA project operations include lending instruments, knowledge transfer or services and convening of relevant stakeholders and private sector guarantees, among other activities.

The Role of Assessments in the Current IDA Process

In theory, the assessments and analytical tools used throughout the IDA process are meant to reward country performance, optimize the impact of IDA resources, identify and mitigate risks and tie resource deployment decisions to national priorities. However, the effectiveness of these assessments in specifying IDA's approach to programming is unclear. The Independent Evaluation Group (IEG) has identified several gaps in the links between IDA analytical tools and decision-making. A 2016 IEG report noted IDA's inadequate tailoring of approaches to fragility, conflict and violence (FCV) drivers and contexts and its persistent overreliance on Country Policy and Institutional Assessment (CPIA) scores.²⁸ While concerns around IDA's FCV approach may have been resolved through the introduction of several FCV assessments in IDA18, a 2019 IEG report identified continued weaknesses in IDA's ability to understand political economy factors and institutional capacity in partner countries.²⁹ This weakness was echoed in the 2017 IEG report on the performance of SCDs.³⁰ Reflecting on the questions posed in this report, the IEG has expressed concern with IDA's ability to adapt programming to the performance of core government functions, particularly in FCS contexts.

25. The process of IDA resourcing decision-making discussed in this report reflects the allocation and strategic processes laid out in various IDA documents. The approach to IDA replenishment and country allocations are sourced from the [IDA19 replenishment report](#) as well as [a background note on IDA19 financing scenarios and resourcing strategy](#). Mechanisms within the Strategy and Operations Tracks are sourced from the [World Bank's Country Engagement site](#) and the 2017 IEG report on World Bank Group Country Engagement (IEG 2017a).

26. IEG 2017a, pg. 66.

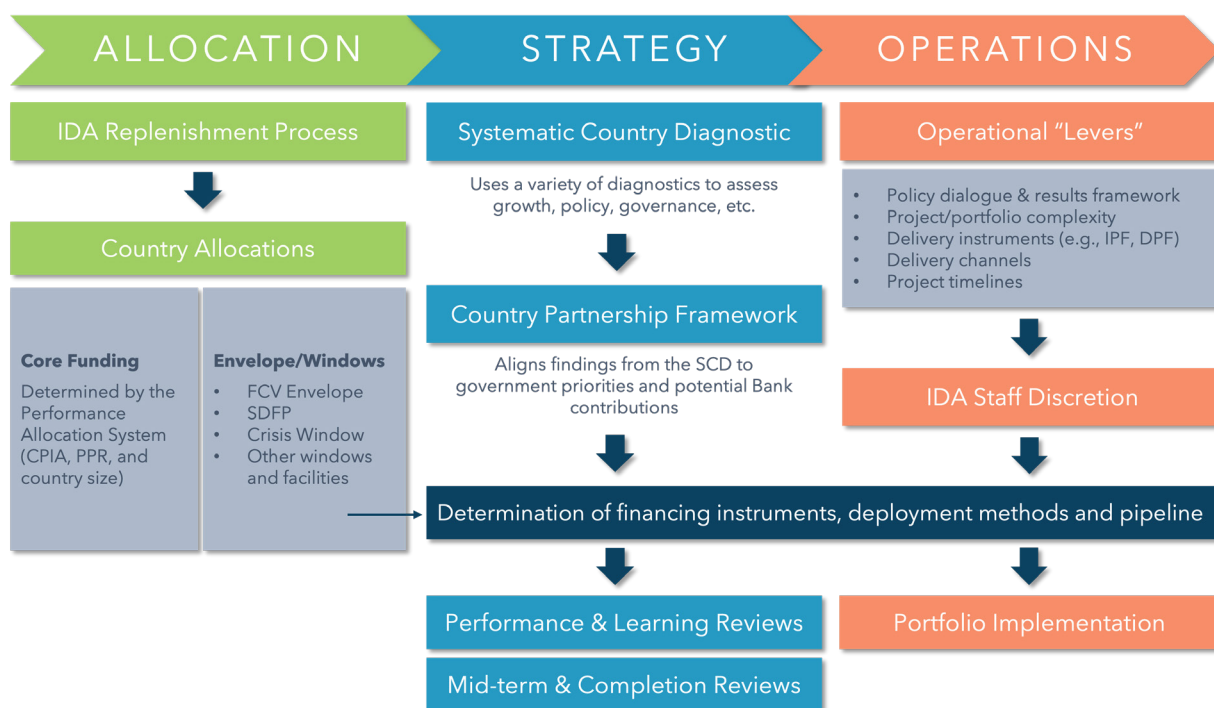
27. The Country Partnership Frameworks (CPF) is the most commonly used and current strategy document used by IDA, though it has developed Country Partnership Strategies (CPSs) and Country Engagement Notes (CENs) in some contexts. For brevity, CPFs are used to encompass these various strategy documents.

28. IEG. 2016a. [Learning from IDA Experience: Lessons from IEG Evaluations](#). The World Bank.

29. IEG. 2019, pg. 29.

30. IEG 2017a, pg. xx.

Figure 5. IDA Decision-Making Processes



In practice, assessments disproportionately focus on downside risk without a thorough focus on the institutional capacities and assets that inform IDA strategy and country policy. A variety of assessments and analytical tools are used throughout the Allocation and Strategy Tracks to guide IDA resource allocation and deployment, but the most relevant functions of these assessments may be the identification and management of risks to WBG operations. The risk section within CPFs – built around the Systematic Operations Risk-Taking Tool (SORT)³¹ – uses SCD findings to take a systematic approach to relevant program risks. World Bank Group country teams are expected to use CPFs to “identify risks and propose measures to manage or mitigate them,” linking assessment outcomes to programming and deployment decisions through a focus on risk mitigation.³² This approach fails to take deliberate stock of a country’s institutional assets and effective core government functions. Recognizing both risks and assets as tools to navigate progress instead of static demonstrations of value can catalyze durable change and have a far-reaching impact for achieving state effectiveness.

Recently developed to diagnose conditions and priorities in FCS, the World Bank’s Risk and Resilience Assessment (RRA) provides a more holistic view by identifying both risks and opportunities; however, it has been applied infrequently and can be greatly improved. The RRA diagnoses the root causes of FCV risk factors as well as institutional assets and sources of resilience – and has been well-received by IDA staff working in FCS. The RRA supports the

notion that more comprehensive approaches to diagnosing core government functions and considering the impact on operations and implementation (through its integration into country-level strategy documents) will catalyze development outcomes. However, IDA stakeholders interviewed for this report noted that the RRA still faces limitations in its ability to inform IDA strategy effectively and consistently and has not been systematically taken up by the Bank as a core diagnostic framework, although a recent methodological review of the assessment may indicate an opportunity and willingness to improve both its use and usefulness going forward.

This report builds on concerns identified by the IEG and the promise of diagnostics like a potentially improved RRA, arguing that it is unclear how the various assessment mechanisms outlined in the PBA system, SCD and CPF tie allocation and strategy decisions to specific financing instruments and disbursement methods in IDA countries. This argument is explored in the following analysis through two overarching questions:

1. Do existing diagnostics, assessments and analytical tools effectively link the performance of a country’s core government functions to IDA allocation and strategic decisions – and where are there gaps?
2. If existing assessments do effectively link core government performance to IDA allocation and strategic decisions in theory, are these assessments used in practice?

These questions frame the analyses in the following sections on the performance of the various decision-making tracks.

31. The SORT was introduced in 2014 to provide a more structured method of rating risks across nine categories: political and governance, macroeconomic, sector strategies and policies, technical design of the program, institutional capacity for implementation and sustainability, fiduciary, environment and social, stakeholders, and other.

32. IEG 2017a, pg. 68.

Analyzing How Assessments Inform IDA Decisions

Allocation Decision-Making

The Allocation Track constructs the envelope of resources available to partner countries during a given fiscal year. The process begins with general IDA replenishment; sets a framework for funneling allocations to countries through core funding, relevant policies (i.e., IDA19's Sustainable Development Finance Policy) and special envelopes and windows; and allocates financing to countries based on assessments within the Performance-Based Allocation (PBA) system and eligibility criteria for special envelopes and windows.

This analysis investigates how assessments currently impact allocation decisions through the IDA replenishment process, PBA system for core allocations and eligibility criteria for IDA special financing envelopes and windows. By compiling a robust list of assessments, diagnostics and analytical tools noted in IDA replenishment documents, SCDs and learning reviews, a qualitative analysis is carried out on the assessments that are said to feed into the SCDs, CPFs and financing deployment decisions. Specifically, the analysis attempts to answer the following:

1. Do existing diagnostics, assessments and analytical tools effectively link the performance of a country's core government functions to IDA allocation decisions – and where are there gaps?
2. If existing assessments do effectively link core government performance to IDA allocation in theory, are these assessments used in practice?

This report does not contest the current allocation process but rather argues that it can be supplemented. The processes outlined as part of the Allocation Track – IDA replenishment, performance-based core allocations and special funding windows and envelopes – represent longstanding IDA values as well as a willingness to adapt financing to new realities and partner needs. Thus, this report does not offer a substantive critique of these processes. Instead, the analysis considers how the Allocation Track and major tools like the CPIA can more effectively diagnosis the capability and performance of core government functions and impact IDA decision-making.

IDA Replenishment Processes

Allocation decision-making begins with the overall funding of IDA during regular replenishment processes that guide IDA's priorities. Historically, IDA has been funded by contributions from member countries, who meet every three years to replenish IDA resources and review its policy and financing frameworks.³³ While the replenishment process does not specifically guide strategic decision-making for any country, it does outline IDA's priorities for the replenishment period through the setting of its policy frameworks – including the development of special themes and cross-cutting issues – as well as policy commitments and indicators in the Results Measurement System (RMS). These frameworks and commitments indicate IDA's priorities for the financing cycle, and the replenishment process serves as a key lever for IDA decision-making.

Thus, the reframing of the Governance and Institutions Special Theme as a Cross-Cutting Issue in the early replenishment process for IDA20 indicates shifting IDA priorities around its support to core government functions. The early replenishment in 2021 intends to respond to the COVID-19 pandemic, and IDA remarks that making governance a cross-cutting issue – and replacing it with a Human Capital Special Theme – “reflects the foundational and cross-cutting nature of the issue and allows for stronger interlinkages with the other Cross-Cutting Issues, across the Special Themes and the broader IDA portfolio.”³⁴ While this reframing is not a central element of this report – as it does not directly impact country-level strategic decision-making and is guided by larger Bank priorities and portfolio review, not the results of specific assessments – it is important to note how fundamentally the change impacts IDA's approach to supporting core government functions.

Decision-Making for Core Allocations, Special Windows and Other Envelopes

Core IDA funding allocations, which provide unearmarked country envelopes aligned with CPFs, are guided by a performance-based allocations system and are “fundamental to IDA's value proposition.”³⁵ One key assessment of core government functions – the CPIA – features heavily in decision-making on the allocation of IDA resources to eligible countries. As outlined in the financing scenarios background note for IDA19, country allocations are based on IDA's longstanding Performance Based Allocation (PBA) mechanism, which allocates IDA resources by incentivizing strong

33. IDA. [How Does IDA Work?](#) Accessed on 12 July 2021.

34. IDA 2021, pg. 11.

35. DFCII 2019b, pg. 30.

policies and performance, while recognizing country needs. The PBA mechanism determines IDA resourcing allocations to countries based on the following function:

$$PBA = f(\text{Country Performance Rating}^3, \text{Population}, \text{GNI per capita}^{0.125})$$

The most influential component of the PBA function is the Country Performance Rating (CPR), which itself is a function of a country's CPIA scores and IDA Portfolio Performance Rating (PPR). As illustrated by the CPR formula below, CPIA scores – particularly, CPIA scores on public sector management and institutions (cluster D) – are important components of the IDA resource allocation process.³⁶

$$CPR = (0.24 * CPIA_{A-C} + 0.68 * CPIA_D + 0.08 * PPR)$$

Outside of the core IDA funding allocations determined by the PBA mechanism, countries are eligible for additional funding through the new FCV Envelope (eligibility for which is often determined in part by CPIA scores) as well as through other concessional, non-concessional and private sector windows. These non-core IDA allocations – and their link to the diagnosis of core government functions – are discussed further below.

However, the PBA system and its reliance on CPIA scores do not effectively link the performance of countries' core government functions to IDA allocation decisions. While the Bank has consistently defended the validity and usefulness of CPIA ratings,³⁷ a review of the literature and interviews with key stakeholders indicate that the CPIA does not effectively capture nuance in the performance of core government functions. Critics have indicated that the CPIA – and thus the PBA system – is not a good predictor for growth and policy effectiveness,³⁸ assigns a one-size-fits-all approach to government function,³⁹ limits countries' policy autonomy through *a priori definitions of good governance*⁴⁰ and presents “no more than windows into a partial and clouded picture” of development and governance.⁴¹ Furthermore, the CPIA's methodology is intentionally constructed in such a way that changes

to the score require significant reforms and outcomes. As such, scores change infrequently across time (at around a rate of 0.055 points year-over-year).⁴² While this resistance to change is important for maintaining consistent allocations over time, the inability to identify key moments of change and opportunity can make it difficult for IDA managers and Task Team Leaders to translate the findings of the CPIA into actionable insight for improved operations in diverse governance and policy contexts.

Despite the ineffectiveness of the PBA system in considering core government functions as a part of IDA allocation decisions, the following analysis tests whether the PBA formula is used in practice by unpacking the relationship between the explanatory variables in the PBA mechanism and total core IDA allocations.

A cross-section of 81 countries that received IDA funding at some point between 2012 and 2019 was analyzed. This cross-sectional analysis attempts to unpack the relationship between the CPR and IDA allocations by comparing each country-year observation.

When viewed as a cross-section of IDA countries, the CPR – and thus the CPIA – has a significant relationship with the makeup of IDA allocations, indicating that the PBA system operates as intended. As illustrated in Table 1, a one-point increase in the CPR (which would occur on average about once every 18 years) corresponds with a 92 million SDR (\$130 million)⁴³ increase in core IDA allocation and a significant decrease in grants as a share of that allocation. Countries appear to be rewarded for improvements to the CPR and PPR with higher allocations. If the CPR included a more robust assessment of performance beyond the CPIA, the PBA system would more effectively link core government functions to allocation decision-making.

36. The CPR consists of differently weighted averages of various CPIA clusters and PPR. The CPIA clusters are: (A) Economic Management, (B) Structural Policies, (C) Policies for Social Inclusion, and (D) Public Sector Management and Institutions. The PPR intends to capture the quality of management of IDA's operations.

37. See, for example: (a) Knack, Stephen. 2013. [It's Only Words: Validating the CPIA Governance Assessments](#). Policy Research Working Paper: No. 6526. The World Bank; and (b) IEG. 2010. [The World Bank's Country Policy and Institutional Assessment: An IEG Evaluation](#). The World Bank.

38. Cagé, Julia. 2013. [Measuring Policy Performance: Can we do better than the World Bank?](#) Working paper prepared for JICA/IPD Africa Task Force Meeting, pg. 1.

39. Alexander, Nancy. 2016. The World Bank's Scorecard for Rating Performance of its Recipient Governments. G-24 Policy Brief No. 34. Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development, pg. 2.

40. High Level Panel for the African Development Bank. 2007. [Investing in Africa's Future: The ADB in the 21st century](#). Report of the High Level Panel, pg. 30.

41. Bretton Woods Project. 2006. [Analysis casts doubt on Bank scorecard: CPIA numbers made public for first time](#). Accessed on 12 July 2021.

42. Steets, Julia. 2008. [Adaptation and Refinement of the World Bank's "Country Policy and Institutional Assessment" \(CPIA\)](#). Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), pg. 17.

43. Conversion rate from special drawing rights (SDR) – which serve as the unit of account for some international organizations – to US dollars obtained from the [IMF's SDR Valuation](#) on 16 October 2020.

Table 1: Relationship Between CPRs and IDA Allocations

Variables	Total IDA allocation	Grants as share of IDA allocation
Country Performance Rating (CPR)	92.2458** (45.6175)	-1.7268*** (0.2981)
Total population	1.7570*** (0.1942)	-0.0314*** (0.0064)
GNI per capita	-0.0322*** (0.0113)	-0.0004*** (0.0001)
Observations	578	565
R-squared	0.577	

Note: The second regression on grants as a share of IDA allocation is a logistic model, which limits the analysis to outcomes between 0 and 1 (or, 0-100%). Coefficients of logistic regressions are difficult to interpret, so here we only consider the direction and significance of the relationship. Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

In addition to core allocation determined using the PBA system, IDA allocates additional financing to countries through several special windows and envelopes with specific sets of eligibility criteria and allocation caps. The largest of these special allocation mechanisms is the FCV Envelope, which includes the Prevention and Resilience Allocation (PRA), Remaining Engaged in Conflict Allocation (RECA) and Turn Around Allocation (TAA). These allocations are intended to support PBA financing in FCS through fragility-prioritized programming and flexible allocation and disbursement opportunities.⁴⁴ Other special windows include the Window for Host Communities and Refugees (WHCR) to support refugee-hosting countries; the Regional Window to finance operations for regional integration; the Crisis Response Window (CRW) to respond to severe and slow-onset economic natural, public health and food insecurity crises; and the non-concessional Private Sector Window (PSW) and Scale Up Window (SUW). The eligibility criteria and allocation caps for each of these special allocation mechanisms are illustrated in Table 2.

Yet, while IDA's FCV Envelope and other special windows offer crucial sources of additional financing in targeted contexts, they do not correct for the PBA system's ineffective link between the performance of countries' core government functions to IDA allocation decisions. As with the PBA system, mechanisms within the FCV Envelope (i.e., the PRA, RECA and TAA) are overly reliant on the CPIA for determining fragility and moments of opportunity for reform, although the use of conflict data and assessments of government reform planning are more helpful included measures. Most other special windows – excluding the Scale Up Window, which uses Debt Sustainability Analyses (DSA) – do not use standardized and objective assessments or indicators to determine eligibility, relying instead on Bank staff and board discretion. While the assessment

of core government functions may factor into operational decision-making later in the IDA process (e.g., that the Regional Window is noted for drawing heavily from sector-level analytical support and Risk and Resilience Assessments – RRAs), there is a missing link between an understanding of core government functions and decision-making around eligibility for special allocations.

Allocation Track Discussion

The results of these analyses leave questions about the linkages between the assessments of core government functions and mechanisms for IDA decision-making in the Allocation Track. The Bank's formula for core allocation decision-making – driven by CPIA scores and portfolio performance – does influence a country's total allocation, and other special financing mechanisms present crucial sources of additional financing in targeted contexts. However, given that the variables used to determine allocation decision-making – particularly the CPIA – vary only slightly over time and are not clearly linked to proper assessments of core government functions, it is important to consider the shortcomings of the current system to properly allocate and strategically operationalize IDA resources. These questions are explored further in the analysis of the Strategy Track.

44. DFCII 2019a, pg. 117.

Table 2: Eligibility Criteria and Allocation Caps for IDA Special Envelope and Windows⁴⁵

Allocation Mechanism	Allocation Caps in IDA19	Eligibility Criteria
FCV Envelope: Prevention and Resilience Allocation	Top up of PBA by 75 percent – up to a cap of \$700 million per country	<ol style="list-style-type: none"> 1. Indicator that identifies country at risk of conflict/violence (ACLED)* 2. Government plan for reducing risk of conflict or violence
FCV Envelope: Remaining Engaged in Conflict Allocation	Top up of PBA up to a cap of \$300 million per country	<ol style="list-style-type: none"> 1. Indicator that identifies country at risk of conflict/violence (ACLED)* 2. CPIA at or below 2.5* 3. Proposed programming that is consistent with RECA objectives
FCV Envelope: Turn Around Allocation	Top up of PBA by up to 125 percent – up to a cap of \$1.25 billion per country	<ol style="list-style-type: none"> 1. CPIA at or below 3.0* 2. Government plan for accelerating its transition out of fragility 3. CPF that makes a strong case for IDA support to the reform agenda
Window for Host Communities and Refugees	\$2 billion for total window – up to a cap of \$500 million per country	<ol style="list-style-type: none"> 1. Number of refugees is at least 25,000 or 0.1 percent of population* 2. Country adheres to adequate framework to protect refugees 3. Government plan for long-term solutions that benefit host communities and refugees
Regional Window	\$7.4 billion for total window (with 75 percent of window for Africa region)	<ol style="list-style-type: none"> 1. Operation involves three or more countries (with exceptions) 2. Programming has benefits that spill over country boundaries 3. Country and regional ownership 4. Platform for high level of policy harmonization between countries
Crisis Response Window	Dependent on crisis impact	<i>Access to financing window depends on various “triggers” around the magnitude of crisis impact and country access to other financing</i>
Private Sector Window	\$2.5 billion for total window	<ol style="list-style-type: none"> 1. Alignment of financing objectives to IDA and Bank priorities 2. Alignment with principles for using concessional finance in private sector operations 3. Assessment of risk to the PSW
Scale Up Window	Top up by as much as one-third of total PBA allocation	<ol style="list-style-type: none"> 1. Alignment with recommendations of debt assessments (i.e., DSA) and Bank debt financing policies* 2. Potential for transformational impact 3. Alignment with IDA priorities

* Eligibility criteria is based on the results of standardized and objective assessments or indicators.

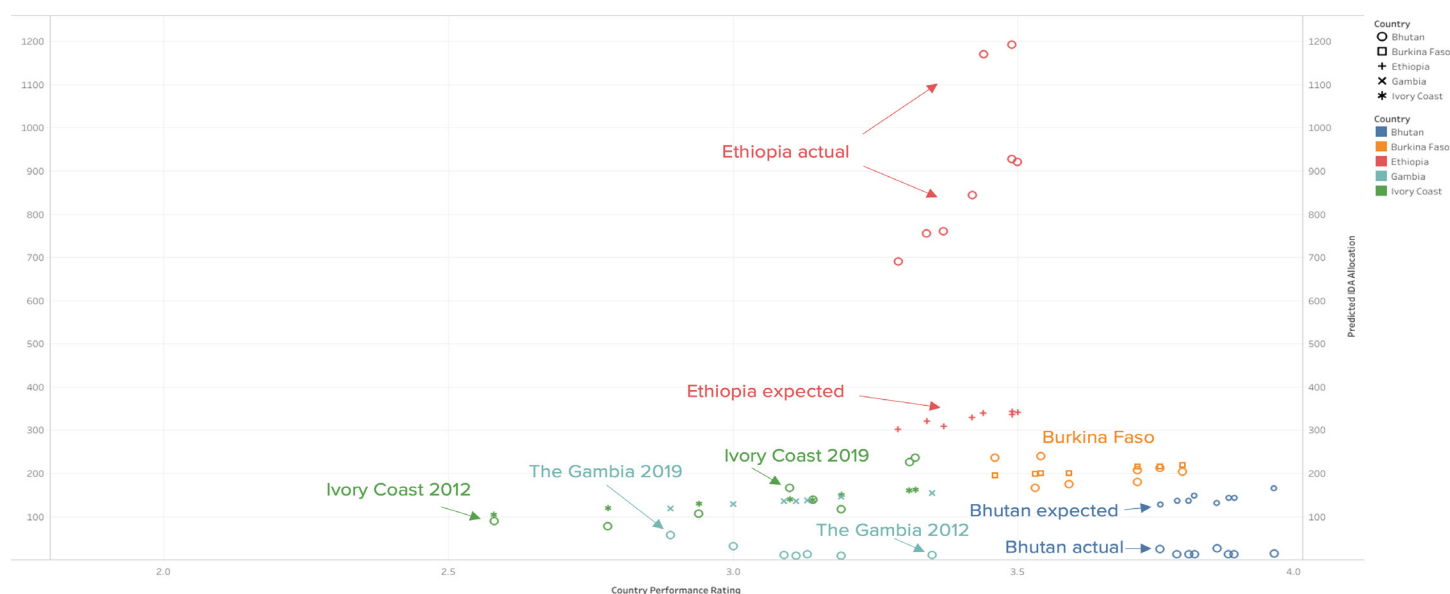
45. DFCII 2019a, pg. 118-139.

Box 1: Case Study Countries

Throughout this report, case study countries are used to illustrate the findings of analyses on the IDA process as well as to provide context for the report's outputs and recommendations. These case study countries were selected based on their performance in the analysis of the Allocation Track. They include:

- **Ethiopia:** An outlier, with the highest total IDA allocation above its predicted total based on the Performance-Based Allocation (PBA) system
- **Bhutan:** An outlier, with the lowest total IDA allocation below its predicted total based on the PBA system
- **Burkina Faso:** The closest to its predicted allocation total in the PBA system
- **Côte d'Ivoire (Ivory Coast):** Which experienced the largest total increase in Country Performance Rating between 2012 and 2019
- **The Gambia:** Which experienced the largest percentage increase in total IDA allocations between 2012 and 2019

The figure below illustrates the variation between each of the case countries' expected allocation based on the PBA system (marked as +, X, o or *) and its actual allocation (marked as O).



Explore more [CPI and IDA allocation data](#), including country cases not included in this report.

Strategy Decision-Making

The **Strategy Track** attempts to tie a country's resourcing envelope to development strategies and country engagement priorities "ensuring that the twin goals are at the center of the engagements, while also concentrating efforts and resources in areas that are key for the country development strategy."⁴⁶

Four mechanisms underpin this strategic approach to resource disbursement.⁴⁷

- 1. Systematic Country Diagnostic (SCD):** SCDs are comprised of desk reviews and assessments, built on an analysis of data and existing studies by the WBG and partners. They aim to identify the most critical constraints to, and opportunities for, achieving the twin goals, while "considering the voices of the poor and the private sector."⁴⁸
- 2. Country Partnership Framework (CPF):** CPFs lay out the main country development goals that the WBG aims to help the country achieve, proposing a selective program of indicative interventions and instruments. Objectives and interventions within a CPF are selected to reflect partner government priorities, results of assessments within the SCD and the WBG's comparative advantage.⁴⁹
- 3. Performance and Learning Review (PLR):** PLRs capture lessons and determine midcourse corrections in CPF objectives and programs of interventions. They also contribute to the WBG's knowledge base and inform future SCDs and CPFs.
- 4. Completion and Learning Review (CLR):** CLRs capture end-of-cycle learning to contribute to the WBG's knowledge base and inform the development of future SCDs and CPFs.

The cycle of these four mechanisms intends to tie IDA resource allocations to partner country priorities and needs through evidence-based analytics and learning procedures.

Unlike in the analysis of the Allocation Track – which investigated how assessments impact allocation decisions – this analysis explores the diversity, use and effectiveness of the various assessments discussed by IDA in documents within the Strategy Track. By compiling a robust list of assessments, diagnostics and analytical tools noted in IDA replenishment documents, SCDs and learning reviews, a qualitative analysis is carried out on the assessments that are said to feed into the SCDs, CPFs and financing deployment decisions.

Specifically, the analysis attempts to answer the following:

1. Do existing diagnostics, assessments and analytical tools effectively link the performance of a country's core government functions to IDA strategic decisions – and where are there gaps?
2. If existing assessments do effectively link core government performance to IDA strategic decisions in theory, are these assessments used in practice?

Assessment Diversity and Gap Analysis

Over 35 assessments and evaluations were analyzed to understand the usefulness and diversity of the various assessments mentioned in IDA documents, indicating potential gaps in assessments used for IDA's strategic decision-making. An analysis of the spread of their objectives, intended audience, methodologies and respondent and institutional focus is conducted. Analyses of the spread of these variables are conducted across all assessments as well as for assessments targeted at each of the core government functions. A full list of the assessments reviewed can be found in Annex 2.

Primary Data Collection	# of Assessments	% of Total
Interview	9	32%
Desk review	15	54%
Expert groups	7	25%
Data/Indicators	14	50%
Survey	6	21%

As illustrated in the above table and following figures, the reviewed assessments tend to narrowly focus on the procedural and legal elements of government without consideration of citizens' perspectives or capacity, although they are intended for diverse audiences and measure a wide range of indicators. Twenty-nine assessments were intended for World Bank decision-makers and country teams as well as clients, though fewer (32%) were primarily targeted at research. Data used in the assessments tends to come from desk reviews (54%) and data analysis (50%); a limited number are informed by interviews (32%) and surveys (21%). These assessments, though, do evenly attempt to measure a variety of elements – from conditions in the country to inputs, outputs and outcomes of the assessed function.

46. IEG 2017a, pg. 66.

47. Mechanisms within the Strategy Track are sourced from the [World Bank's Country Engagement site](#).

48. IEG 2017a, pg. 66.

49. When determining objectives and interventions with CPFs, the IEG suggests that "selectivity can be enhanced by paying careful attention to client country capacities, grounding all operations in solid analytical work, taking a long-term view and sequencing interventions accordingly, properly factoring in design and implementation risks to results delivery, and taking account of the World Bank's comparative advantage." (IEG. 2014. [Selectivity in Country Strategies: The Evidence](#). The World Bank, pg. 14.)



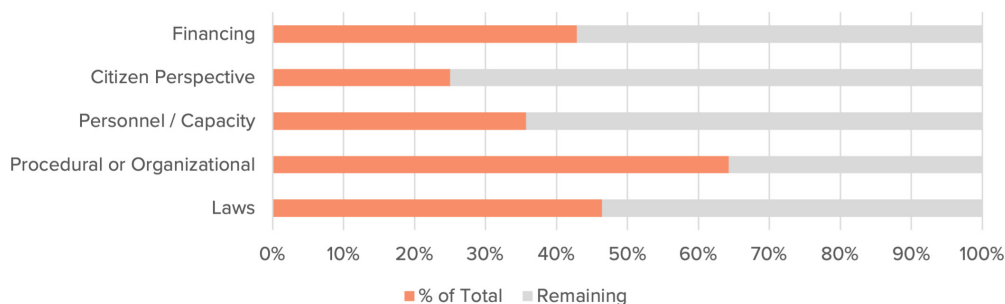
■ % of Total ■ Remaining

Citizen-Focused Assessments



■ % of Total ■ Remaining

Institutional Focus of Assessments



The Assessments tend to focus on government perspectives and systems rather than the perception of citizens. Since these assessments aim to understand the contextual factors of a political and institutional environment, it is not entirely surprising that governments are the primary respondents or focus of these assessments. However, the limited use of citizen-focused evaluations across all core government functions misses the opportunity for a greater range of perspectives on government performance. Citizens are the primary beneficiaries of effective institutions, and as such, the realities felt by citizens should be held in higher consideration.

Finally, assessments are largely focused on procedural (68%) and legal (50%) elements of the assessed function – rather than financing, capacity, outcomes and impact, including through the perspective of citizens.⁵⁰ As affirmed by interviews with World Bank staff, existing evaluations and assessments are unable to discern when a government's capacity is measured in form but not function. Certain countries fare well on established assessments but are unable to deliver the results that are expected.

An analysis of the same assessments viewed through their most relevant core government function further demonstrates a reliance on desk reviews and data analysis targeted at the legal and procedural elements of government performance:

- **Sustainable Financing Practices:** Assessments of the sustainable financing pillar accounted for 32% of those reviewed. As discussed in interviews, the large share of assessments that focus on sustainable financing is in part driven by IDA18 and IDA19 commitments to increase domestic resource mobilization to spur sustainable finance.

These assessments tend to rely on desk reviews and data analysis and focus entirely on government. In addition, assessments around sustainable financing practices focus heavily on laws and procedural or organizational factors. Citizen perspectives and government capacity are infrequently measured (33%).

- **Impactful Public Service Delivery:** Assessments of the service delivery pillar accounted for 29% of those reviewed. These assessments rely on data analysis and desk reviews along with some citizen surveys (38%). They are focused on both government and the impact on citizens, though they tend to focus less on government capacity around service delivery.
- **Confidence in Institutions:** Assessments of the citizen trust and confidence pillar accounted for only 11% of those reviewed. These assessments are intended for research and use by World Bank country teams and are built on data analysis and citizen surveys. Reasonably, they are primarily citizen-facing and focus on the procedures and opinions of trust without focusing on the financing of relevant government institutions.
- **Better Data and Analytics:** Very few assessments noted in IDA documents measure the performance of data institutions and evidence-based policymaking. While data and analytics are a new field compared to the other pillars, assessments in this space are still critical – and at this time, severely lacking – although the 2021 introduction of the World Bank's revamped Statistical Performance Indicators is a step in the right direction.

Other assessments reviewed from IDA documents are used solely for portfolio analysis (11%) – such as Country and Portfolio Performance Ratings – or to assess FCV status (14%) – such as Risk and Resilience Assessments (RRAs).⁵¹

50. This report considers the institutional focus areas of various assessments, including focuses on financing; citizen perspectives; personnel and capacity; procedures and organizational structure; and legal structures. Assessments may contain various focus areas. Financing-focused assessments (e.g., PERs) center on resourcing availability and the use of finances. Assessments focused on laws (e.g., Doing Business) considers how de jure legal frameworks guide institutions. Procedural and organizational assessments (e.g., DMPAs, CPIA, PEFA) consider the de facto performance and capability of organizations and their processes. Assessments of personnel (e.g., the Statistical Capacity Index) consider the staffing capacity within organizations. Other assessments (e.g., Transparency International's CPI) focus on citizen perspectives of institutions and organizations.

51. While coded in this analysis as an FCV-focused assessment, RRAs provide a clear picture of how assessments can more thoroughly diagnose institutional and social risks, institutional assets and priority policy actions in fragile, conflict-affected and low-capacity states.

Assessment Diversity and Gap Analysis

TRUST & CONFIDENCE				
Primary Data Collection	Respondent Focus		Institutional Focus	
Interview	0%	Government	33%	Laws 67%
Desk Review	0%	Citizens	67%	Procedural or Organizational 100%
Expert Groups	0%			Personnel/Capacity 67%
Data/Indicators	67%			Citizen Perspective 100%
Survey	33%			Financing 33%

SUSTAINABLE FINANCING PRACTICES				
Primary Data Collection	Respondent Focus		Institutional Focus	
Interview	44%	Government	89%	Laws 67%
Desk Review	89%	Citizens	0%	Procedural or Organizational 78%
Expert Groups	22%			Personnel/Capacity 33%
Data/Indicators	44%			Citizen Perspective 0%
Survey	11%			Financing 56%

IMPROVING PUBLIC SERVICES				
Primary Data Collection	Respondent Focus		Institutional Focus	
Interview	25%	Government	88%	Laws 50%
Desk Review	50%	Citizens	63%	Procedural or Organizational 63%
Expert Groups	13%			Personnel/Capacity 38%
Data/Indicators	75%			Citizen Perspective 38%
Survey	38%			Financing 50%

DATA & ANALYTICS				
Primary Data Collection	Respondent Focus		Institutional Focus	
Interview	0%	Government	100%	Laws 0%
Desk Review	0%	Citizens	0%	Procedural or Organizational 50%
Expert Groups	0%			Personnel/Capacity 50%
Data/Indicators	100%			Citizen Perspective 0%
Survey	0%			Financing 0%

While this analysis has noted the importance of assessing core government function with considerations of citizen perspectives and a variety of data collection methods, data – especially from citizens – is often lacking in FCS countries and in countries with limited statistical capabilities. Assessments and evaluations can provide critically needed data to country managers and task team leaders. While several assessments exist across the Bank, data on FCS is often lacking and leads to knowledge gaps. Absent an evidenced-based analysis of context and government capabilities, it can be difficult for teams to effectively diagnose the root problems in a country and identify opportunities for solutions. This is particularly apparent in FCS, where data is limited and the ability to conduct assessments can be constrained. Remote polling, social media sentiment analyses and digital town halls – among other innovative remote techniques – can supplement existing assessments to support the collection of data in difficult contexts.

Assessments Use Analysis

In addition to the practical diversity of IDA assessments, the analysis attempts to understand the use of assessments in practice. Interviews with IDA and other World Bank Group stakeholders illustrated the common knowledge and importance of assessments within IDA, while case study reviews of five countries' SCDs, CPFs and project documents from FY2019-20 demonstrated the use of assessments in IDA documents. Case study countries were selected based on their performance in the analysis of the Allocation Track. As illustrated previously in Box 1 on country case study selection, these countries include Bhutan, Burkina Faso, Côte d'Ivoire, Ethiopia and the Gambia. A full list of the case country documents reviewed can be found in Annex 3.

A review of the SCDs, CPFs and project documents for the five case countries above found that seven of the 28 assessments were mentioned frequently – more than eight times across the set of documents. As illustrated in Figure 6, these most-used assessments included Public Expenditure and Financial Accountability diagnostics (14 mentions); Ease of Doing Business scores (13); Debt Sustainability Analyses (12); the Systematic Operations Risk-rating Tool and Public

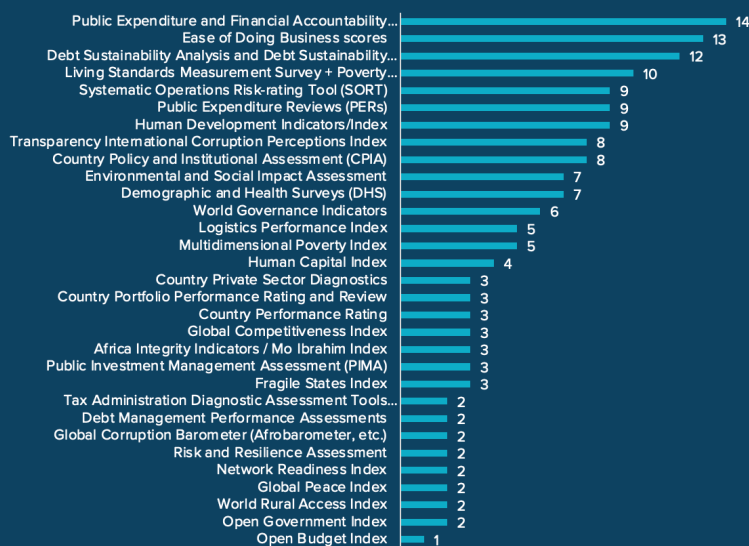
Expenditure Reviews (9 each); and Transparency International's Corruption Perceptions Index and CPIA ratings (8 each). Other analytical tools not initially considered in the report – including the United Nation's Human Development Indicators (9) and household surveys like the Living Standards Measurement Survey (10) – were also mentioned frequently.

Other assessments named throughout the IDA19 special report and IDA19 Governance and Institutions Special Theme report were not frequently used in country and project documents – and they are likely not used in determining IDA strategy and decision-making. These include: Country Private Sector Diagnostics; Damage, Loss and Needs Assessment; Post-Disaster Needs Assessment; Debt Management Performance Assessments; Human Capital Index; Recovery and Peacebuilding Assessments; National Risk Assessments; Service Delivery Indicators; and Tax Administration Diagnostic Assessment Tools. Other assessments that are crucial for the measurement of FCV, such as the Risk and Resilience Assessment (RRA), were predictably used only in documents related to FCS – only the Gambia in this analysis.

Assessment Usefulness Analysis

In addition to analyses on assessment diversity and use, further analysis is undertaken to understand the usefulness of the most common assessments in terms of (i) their effectiveness of diagnosing core government functions and (ii) their correlation to IDA programming performance. Based on the findings of the use analysis, Country Policy and Institutional Assessments (CPIA), Public Expenditure and Financial Accountability (PEFA) assessments and Public Expenditure Reviews (PERs) the Corruption Perception Index (CPI), Doing Business scores and the Human Development Index (HDI) are the most frequently used assessments for determining IDA strategic decisions. (The Statistical Capacity Index – SCI – was also included to allow assessment of the Data & Analysis core government function.)

Figure 6. Case Country Assessment Use Analysis



Some commonly used assessments – such as PEFA diagnostics and PERs – are effective measurements of core government functions, but most focus on understanding broad country context without actionable insight. The effectiveness of the most-used assessments in diagnosing core government functions and supporting IDA's strategic decision-making is considered below.

- **CPIA does not effectively diagnose the capability of core government functions.** As discussed elsewhere in this report, this analysis aligns with statements made during staff interviews. While the CPIA is a well-established methodology at the World Bank, score changes are infrequent and minimal. The snapshot measurement of a country's capacity can make it particularly difficult to capture the nuance of country context – including key strides or new challenges in governance. As such, while the CPIA can provide a static measurement by which to provide a contextual baseline, its applicability to a medium-term strategy or to the management of operations is minimal.
- **Similar to CPIA, the HDI assesses country context but does not provide insight into core government functions.** The HDI – a composite of indicators related to life expectancy, educational attainment and living standards – provides an outcomes-focused view of country context but does not indicate the performance and capability of government functions.
- **PEFA and PERs provide a thorough diagnosis of public financial management (PFM) and, to some extent, service delivery.** Among the most-used assessments, PEFA (as an overview of PFM systems) and PERs (as deep dives into specific expenditure and delivery areas) are the most

effective at diagnosing core government functions and providing actionable insights about reform opportunities around the use of public finance. While these assessments – particularly PEFA – may concerningly focus on form over function and on processes over capability,⁵² they are well-suited to diagnose core government functions when used in conjunction with other assessments (political economy analyses, organizational assessments, etc.). Furthermore, as discussed by IDA stakeholders during interviews, robust assessments like PEFA are often funded through trust funds and are not always utilized when making strategic and operational decisions.

- **Doing Business scores and the CPI presented targeted views of core government function performance but may be methodologically flawed and should be supplemented by more holistic diagnostics.** Doing Business scores capture the nature of basic laws and regulations that set the environment for private sector activity and are among the most effective tools at stimulating reform of market-related service delivery systems. The CPI – along with the World Governance Indicator, Control of Corruption – provides a clear picture of expert and private-sector perspectives on public-sector corruption. However, both assessments are frequently criticized for their ideological biases and methodological approaches,⁵³ and, more importantly for this report, diagnose only limited elements of core government functions and are best-suited when used in conjunction with other assessments.
- **The SCI, while not frequently mentioned in key IDA strategic documents, can effectively diagnose the performance of governments' data and analytic functions.** Replaced in March 2021 by a more robust Statistical Performance Index (SPI) – which measures data uses, services, products, sources and infrastructure⁵⁴ – and supplemented by the Data for Policy (D4P) Index, the Bank's SCI and data diagnostics clearly and effectively measure core functions related to data capabilities and performance. Improving the use of the SPI and D4P Index moving forward is a key opportunity for IDA's understanding of core government functions.

Although some common assessments are more effective at diagnosing core government functions than others, most correlate weakly with the overall performance of IDA programming between 2012 and 2020, as determined by the Independent Evaluation Group (IEG). Table 3 provides the results of a cross-sectional regression between country scores on the various assessments and average IEG project performance ratings between 2012 and 2020. Each regression uses country-level controls (i.e., population and GNI per capita) as well as project-level controls (i.e., average project length

52. Hadley, Sierd and Mark Miller. 2016. [PEFA: What is it good for? The role of PEFA assessments in public financial management reform](#). Overseas Development Institute Discussion Paper.

53. The [Doing Business report](#) was paused in 2020 because of concerns over data irregularities and a perception that countries were able to game the diagnostic and [critics of the CPI](#) have argued that indexing corruption perception and expert surveys instead of conducting broad citizen surveys (e.g., the Global Corruption Barometer) distorts the measurement of corruption.

54. Fu, Haishan, et al. 2021. [The Statistical Performance Indicators: A new tool to measure the performance of national statistical systems](#). Data Blog. The World Bank.

and cost). As indicated below, CPIA, CPI and SCI are not correlated with IEG project performance ratings. PEFA assessments are slightly more predictive of project performance, but the small sample size of PEFA assessments (14) limits this finding. Doing Business scores and the HDI appear to better predict project performance, but the former may exhibit an endogenous relationship between the assessment and performance of private sector-focused projects.

While the most frequently used assessments have a varying degree of correlation with project performance, together they only provide a minor explanation of the variance between good and bad projects: only around 6 percent, as shown in the r-squared of the final panel in Table 3. This finding illustrates that other factors beyond the execution and recording of assessments explain the variation in IDA project performance.

Strategy Track Discussion

The results of these analyses leave several questions about the usefulness of currently used assessments and gaps that exist in understanding core government functions. While there are numerous assessments created or used by the World Bank, many focus areas overlap, and significant gaps exist in understanding the citizen experience, institutional nuance and other important factors that can greatly impact the success of IDA's operations in-country. The modest use of several assessments underscores the limited value they can add to a particular country's operations. However, in practice, interviews with Bank staff showed that managers and

task team leaders greatly need more contextual analysis of an environment and capacity.

Efforts to deliver a broader and more results-based perspective have been done in an ad-hoc manner. For example, governance filters have been largely successful in understanding both the technical and political context, but they are not mandatory to conduct and have been implemented only four or five times. In addition, indicators and assessments that were once squarely within the purview of the World Bank have been outsourced to other research or academic institutions. While the Risk and Resilience Assessment has also seen success, it is currently applied in a limited number of countries considered FCS.

Improving the use and usefulness of assessments that diagnose core government functions matters for improving the effectiveness of IDA strategic decision-making. Reducing the use of duplicative assessments and jointly leveraging existing and effective assessments that produce actionable insights can improve the quality of SCDs and other cross-sector diagnostics, which then impact and improve upon partnership frameworks that consider thorough perspectives on government capability. The next step is ensuring that the recommendations and priorities from this evidence-based strategic decision-making are transformed into effective resource deployment and implementation. This question is explored further in the analysis of the Operations Track.

Table 3: Relationship Between Key Assessments and IEG Project Performance Rating (PPR)

VARIABLES	DEPENDENT VARIABLE: Total IEG Project Performance Rating						
CPIA (clusters A-C)	-0.048						-0.151
	(0.082)						(0.099)
CPIA (cluster D)	0.066						0.109
	(0.085)						(0.145)
PEFA		1.084*					
		(0.557)					
CPI		-0.002					-0.007
		(0.003)					(0.005)
Doing Business				0.007**			0.009**
				(0.003)			(0.004)
HDI					0.732**		0.392
					(0.314)		(0.421)
SCI						-0.001	-0.000
						(0.002)	(0.003)
Observations	328	14	306	275	322	280	252
R-squared	0.013	0.403	0.016	0.028	0.027	0.014	0.061

Note: This cross-section regression uses both country- and project-level controls. Country-level controls include population and GNI per capita. Project-level controls include average project length and project cost for a given country each year. Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Operational Decision-Making

The Operations Track translates allocation and strategy decisions into tangible country engagements, financing instruments and program activities. From assessments and the conclusion of the SCD and CPF, project priorities are determined and guide the design and approval of activities. While this report has focused primarily on strategy at the country portfolio level rather than on specific projects and activities, it is important to recognize that operations are the primary vehicle by which priorities in the Allocation and Strategy Tracks are implemented.

The following analysis considers the different levers that IDA staff have at their disposal to translate allocation and strategy decisions into engagements as well as if these decisions tend to influence actual implementation. Unlike in the analysis of the Allocations and Strategy Tracks, this analysis does not consider gaps in assessments but rather how assessments from the other two tracks are used (or not used) to influence finance deployment and activity implementation. Thus, it responds to one of the report's overarching questions: If existing assessments do effectively link core government performance to IDA strategic decisions in theory, are these assessments used in practice?

Levers: Translating Assessments and Strategic Decisions to Operations

Based on the needs and challenges of a context, IDA has, in theory, several levers by which to augment operations through the strategy. These include, but are not limited to, the following.

- Priorities and Desired Results:** The SCD and CPF identify the key constraints and opportunities in a country to provide a roadmap of shared priorities for the coming years. Through this contextual analysis, Country Directors and Task Team Leaders design operations that directly address the identified priorities and goals. In practice, how the portfolio of operations looks in a certain context, which sectors and Global Practices (GPs) are primarily involved and the development objectives and focus of project activities should be aligned with the priorities identified in the Systematic Country Diagnostic and Country Partnership Framework.
- Financial Products:** IDA and the World Bank Treasury offer a number of financial products for IDA-eligible countries, including Financing (IDA credits/loans, IDA guarantees and IDA scale-up financing), Contingent & Crisis Financing (development policy loans, crisis response window, immediate response mechanism and pandemic emergency financing facility) and Disaster Risk Transfer Intermediation (catastrophe bonds, derivatives, insurance and reinsurance).⁵⁵
- Instruments:** How priorities are funded, and operations are implemented are largely determined by the portfolio of instruments that IDA utilizes in-country. IDA has several tools by which to promote capacity – investment lending, development policy financing, trust funds, knowledge transfer, capacity building, etc. A snapshot of the instruments available, as defined by the World Bank, is provided in Box 2.
- Delivery Mechanism:** Financing from the World Bank can be delivered via traditional, off-budget and project-based aid or a mixture of project-based aid, general budget support and budget support earmarked for particular sectors or activities. Increasing the share of finance delivered as budget support intends to strengthen domestic planning and budgeting of medium-term aid commitments, provide a framework for aid harmonization and strengthen institutional public financial management (PFM) frameworks.⁵⁶ Still, the effective delivery of budget support requires clients with sufficient performance of core accountability functions and is best considered as one element of a larger aid package that includes policy dialogues, technical assistance and other financial transfers.⁵⁷
- Timeline:** The timeline refers to the number of years in which operations are expected to be conducted. For a project, this may refer to the length of time in which a project is considered active or lending is to be distributed. For broader country operations, the timeline can also refer to the strategic outlook, whether that be three, five or ten years into the future.
- Results Framework:** The desired results of a country's strategy and operations are a multi-tier system by which to identify and track key performance indicators. Typically oriented in an outcome > output > input structure, results frameworks can guide the activities of projects and further strengthen the commitment to broader development objectives. Broader development objectives are outlined in the SCD and CPF while more intermediary results indicators can be found in operational or project documents.
- Results Trajectory:** While the results framework outlines the key goals of country engagement and the overall timeline sets the expected number of years to complete operations, the results trajectory speaks to the timeline and sequence by which visible results are expected. Certain country contexts allow for longer results timelines, while others require a greater proportion of quick, demonstrable wins to foster the necessary momentum for longer-term development.

55. The World Bank Treasury. [IDA Financial Products](#). Accessed on 15 January 2021.

56. Kuman, Anjali. 2010. [World Bank Budget Support to IDA Countries](#). Presentation to the Overseas Development Institute.

57. The World Bank and the African Development Bank. 2011. [Providing Budget Aid in Situations of Fragility: A World Bank-AfDB Common Approach Paper](#).

Box 2: Definition of World Bank Instruments¹

- *Investment Project Financing* provides IDA credit/grant and guarantees financing to governments for activities that create a physical/social infrastructure necessary to reduce poverty and create sustainable development.
- *Development Policy Financing* provides IDA/credit grants and guarantees budget support to governments for a program of policy and institutional actions to help achieve sustainable, shared growth and poverty reduction.
- *Program-for-Results Financing* links the disbursement of funds directly to the delivery of defined results, helping countries improve the design and implementation of their own development programs.
- *Trust funds and grants* allow the scaling up activities, notably in fragile and conflict-affected situations, provide immediate assistance in response to natural disasters and emergencies and pilot innovations that are later mainstreamed into World Bank operations.
- *Private sector options* for financing, direct investment and guarantees are provided by MIGA and IFC. Guarantees can also be provided through the World Bank for private sector projects.
- *Advisory Services and Analytics (ASA)* are non-lending activities that support the design or implementation of better policies, strengthen institutions, build capacity, inform development strategies or operations and contribute to the global development agenda. ASA outputs can include analytical reports, policy notes, hands-on advice, knowledge-sharing workshops and training programs.

1. The World Bank. [Products and Services](#). Accessed on 15 January 2021.

- **Institutional Partners:** IDA supports countries not only by providing financing and knowledge services but also by convening important partners around common goals. IDA engages with a number of different partners, including other World Bank Group institutions like the IFC or MIGA, as well as external partners such as other multilaterals, governments and development agencies.
- **Implementing Agency:** The implementing agency refers to the government or in-country body, whether that be a ministry, department or agency considered as primary beneficiary and partner of the World Bank for the project. Managers may choose to engage with sectoral ministries dependent on the nature of the project, while some work closely with cross-cutting institutions such as a planning board or a Ministry of Finance.
- **Project/Portfolio Complexity:** Project and portfolio complexity refer to the number and range of activities intended within countries, the complexity of project timelines within a portfolio and – relatedly – the commitment volume per project within a portfolio. IDA staff interviewed for this analysis frequently mentioned that capacity-building projects are highly susceptible to more complex projects in which a multitude of different activities and sectors are engaged. “Christmas tree” projects, as they are commonly referred to, can be efficient ways to address a number of different priorities, but can overcomplicate or fragment operations by diminishing the focus on key activities.

In addition to these operational levers, there remains a human dimension to both strategic and operational decision-making. While several different formulas, assessments and evaluations can provide objective insights on country context, the decision-making process is still dependent on some human factors. These can include the predispositions of management, the interest of donors and the

experience of Task Team Leaders.⁵⁸ The impact of this human judgment element in operations is difficult to evaluate and separate from broader institutional leanings. Certain themes can dominate donor interest one year and therefore present opportunities for further resources. Similarly, the experience and past successes of Task Team Leaders in one country can color what they believe should be done in another. These human elements currently have varying degrees of impact depending on the context, but they can represent real drivers of country strategies and operations. These approaches reflect a reality that the capacity for change or the probability of success is intrinsically tied to the people who are part of the process. While these biases can seem counterproductive to the overall aims of the SCD and CPF, it is important to consider how the capacity and relative strengths of Bank staff should factor into operations. While out of the scope of this report, more work needs to be done to measure and evaluate how human drivers can and should play a role in overall IDA decision-making.

Strategy-to-operations Analysis

Whether or not they use assessments that effectively assess the performance of core state functions, SCDs and CPFs provide the contextual analysis to identify a country’s constraints and opportunities, as well as the priorities of future World Bank projects. This report has argued that support to core government functions requires the use of more comprehensive diagnostics and that the evidence-based strategic decisions outlined in SCDs and CPFs should be channeled into IDA operations. The intended link between the SCD and CPF is clear in World Bank operations: these tools identify key country priorities and provide a framework

58. See, for example, the findings of: Denizer, Cevdet, Daniel Kaufmann, and Aart Kraay. 2013. [Good Countries or Good Projects? Macro and Micro Correlates of World Bank Project Performance](#). Journal of Development Economics, 105 (November 2013), pg. 29.

for monitoring results. Augmenting the various levers that IDA staff have at their disposal to the findings of the SCD, CPF and other strategic assessments has the potential to improve support to core government functions or – at the very least – respond to the contextual needs of a country and its citizens.

The narrative connection between SCDs, CPFs and project operations was analyzed in five IDA countries to determine if the findings from these key evaluations did, in fact, inform and impact project operations. Key findings from this analysis can be found in Box 3, while the full snapshot of Allocation to Strategy to Operations for each of these countries can be found in Annex 4.

Based on an analysis of five IDA countries, project objectives have been closely tied to the findings and recommendations of the SCD and CPF. The priorities identified in the strategic documents are carried through to project documents, whether through the development objectives, project activities or results frameworks. Countries in which education or private sector development were seen as important drivers to success saw a number of projects focused on improving educational outcomes and private investment. Similarly, both the SCD and CPF were mentioned in project documents as part of the rationale when designing projects.

The choice of institutional partners and results framework were also informed by the SCD and CPF but to a lesser extent than project objectives and activities. SCDs and CPFs frequently mentioned the importance of collaboration across World Bank institutions. For countries where private sector investment was identified as a priority, the role of the IFC and MIGA was recognized as important components of the country's strategy moving forward. Project Development Objective result indicators in the Results Framework were well-aligned with the key goals identified in the SCD and CPF, but intermediary indicators had varying degrees of applicability.

The SCD and CPF were less helpful in providing guidance on how to utilize other levers in IDA delivery, such as portfolio complexity and timeline. In practice, managers and Task Team Leaders look to other documents to help design the other more practical features of a project or country portfolio. Beyond reading the CPF and SCD, Task Team Leaders also rely heavily on the Implementation Completion Reports (ICRs) and Implementation Status Reports (ISRs) of past country projects. These documents can provide useful insight on distinct operational challenges and opportunities. However, this finding indicates that the choice of practical levers – from the complexity of programming to average project timelines – may not be influenced by the diagnosis and understanding of core government function capabilities and performance in a given country.

Operations Track Discussion

IDA has different levers by which to augment operational strategy, and staff are guided by strategic assessments in their choice of some – but not all – levers in a country's portfolio of projects. Operations can be augmented through the choice of project objectives and results frameworks, financing channels and instruments, mechanisms for delivery, project and portfolio timelines, partnerships and complexity, among others. In addition to these formal levers, human drivers such as the decisions and biases of individual IDA managers and Task Team Leaders – as well as inertia from past programming – steer operational decision-making. Strategic diagnostics, theoretically consolidated in the SCD and CPF, guide the choice of portfolio and project objectives and results frameworks; however, other levers (e.g., portfolio complexity, delivery mechanisms and instrument choice) seem to be driven by operational inertia, Bank policy and other human drivers.

Linking operational decision-making more thoroughly to effective and comprehensive assessments of core government functions matters for the achievement of development outcomes. While assessments can be used to provide IDA stakeholders with a technical understanding of the situation on the ground and inform portfolio priorities, linkages can be made between diagnostic findings – on institutional quality, capacity, resourcing needs, bottlenecks and key risks and assets – and the various levers IDA stakeholders can use to augment operations through the strategy. Linking the diagnosis of government partner priorities, needs and capabilities to operational decision-making around portfolio complexity, project timelines and instrument choice will improve IDA's support to the development of core government functions and, ultimately, development outcomes for citizens, states and markets.

Takeaways: How Assessments Inform IDA Decision-Making

- In theory, the assessments used in IDA's allocation, strategy and operation decision-making processes are meant to reward country performance, optimize the impact of resources, mitigate risks and tie resource deployment decisions to national priorities. However, in practice, assessments disproportionately focus on downside risk without a thorough focus on the institutional capacities and assets that inform IDA strategy and country policy.
- Assessments used in IDA allocation decision-making are overly reliant on CPIA and are not linked to robust assessments of core government functions central to maximizing the impact of allocations.
- Strategy decision-making focuses too heavily on general country context and country team knowledge (past-looking, not forward-looking) and thus is not able to adequately assess core government functions.
- Operationally, IDA has several levers to augment its strategy, and many choices of levers are well-aligned to country strategy, though some others were not well-aligned (e.g., complexity, timeline, results timeline). Improving evidence-based decision-making on the choice of levers through more robust diagnosis of core government functions is crucial to improving development outcomes.



Bhutan	Bhutan's 2015-2019 CPS was based on the government's five-year plan and recommended organizing activities under three key results areas. It also provided targeted recommendations on various levers of IDA delivery including promoting the continued use of Development Policy Credits (DPCs) and greater coordination and partnership with other donors and World Bank institutions. The CPS also advocated for greater selectivity in choosing project activities due to the limited IDA resource allocation. An analysis of project documents shows that only four projects were approved between 2015-2019, all of which were DPCs. Project ICRs rated World Bank involvement as well-aligned with the priorities identified in the CPS and implementation was informed by the capacity constraints identified earlier in the strategy and design process. However, the performance of line agencies was inconsistent and there was a lack of government ownership within the implementing agency.
Burkina Faso	There is very strong alignment from the assessments to strategy to projects in Burkina Faso – with the caveat that the World Bank pushed the government to prioritize areas that they felt were important (and are central to IDA objectives), even when faced with political pushback. This is clear for both IPFs and DPFs. This applied to focuses on Governance and Private-Sector Development that were not central priorities within government planning or the SCD. When developing and implementing the strategy, the country team relied on SCD findings, government priorities, IDA18 priorities and the “World Bank Group comparative advantage.”
Côte d'Ivoire	Projects in recent years do not result directly from the strategy and assessment documents. Priorities and focus areas in the CPF correspond to constraints identified in the SCD (agricultural production, non-agricultural business development, human capital, land access and governance frameworks) but these priorities do not always map to projects. The sole DPF from the past two years maps well to the strategy via local institutions for agriculture, energy and domestic revenues. The IPFs (on conservation, data science training, COVID and urban resilience) do not map to CPF-SCD findings.
Ethiopia	The narrative around the constraints and opportunities identified in the SCD and CPF were well-aligned with the priorities of projects. Both strategic documents recognized the following focus areas as critical to Ethiopia's long-term development: improved agricultural productivity, private sector development, building resilience and inclusiveness through services and increased institutional accountability and anti-corruption. Despite the strong consistency of strategic priorities across documents, recommendations around various levers were not as well-reflected. For example, the CPF highlighted the effectiveness of the Program-for-Results (PforR) model in the country and recommended that “DPOs are not an instrument of choice in Ethiopia” due to a lack of consensus around policy reforms and the complex authorizing environment. Despite this clear recommendation, three DPOs were approved between 2018 and 2020.
The Gambia	All but one of the projects in the Gambia are well linked to the 2018-2021 Country engagement Note (CEN). Two directly focus on tackling the drivers of economic instability. The energy IPF is disconnected from the existing strategy, though it relates to the failings of the energy-sector SOE that is a part of the other, more interconnected projects. Given the country's transitioning and FCV status, the focus for IDA strategy has been to build up institutions and support reforms of poorly performing SOEs in the hopes of reaching greater economic stability. In an FCS context like the Gambia, most projects have been well-linked to strategy documents, with a focus on alleviating some of the major constraints to stability – via DPFs and IPFs with disbursement-linked indicators.

Section IV: Tools to Strengthen the Link Between Diagnostics and IDA Approaches

Improving core government capacity is a difficult task that requires a greater understanding of context and improved actionable insight. A 2019 IEG report found that IDA project outcome ratings were poorest for Governance projects. Between FY12 and FY14, only 52 percent of projects were rated moderately satisfactory and above. Similarly, an analysis of IEG ratings under IDA special themes found Governance to have one of the lowest efficacy ratings, with only 24 percent of all evaluated projects considered to have achieved or mostly achieved their objectives.⁵⁹ The report notes that country engagement would have benefited from improved analysis and improvements of institutional capacity directly tied to the challenges identified in analytical documents.

Supporting core functions of government – particularly in IDA countries confronting FCV and capacity constraints – requires better diagnostics of the situation as it stands and mechanisms to link diagnostic results to specific IDA approaches and financing instruments. The analysis within this report has found that IDA allocation, strategy and operational decision-making processes are often overly reliant on country team knowledge and a few assessments that do not adequately assess core government functions or approach financing deployment decisions effectively.

The policy commitments and strategic pillars within the IDA19 Governance and Institutions Special Theme illustrate how IDA intends to support partner countries to develop core government functions but do not provide the diagnosis of core government functions necessary to design better implementation instruments and promote the tangible delivery of results. The IDA19 Governance and Institutions Special Theme (now a cross-cutting issue in IDA20) strategic approach is structured around four pillars of core government functions: (i) promoting sustainable financing practices, (ii) maximizing the impact of public service delivery, (iii) building confidence in institutions and (iv) building better data and analytics. Effective diagnosis requires a more comprehensive approach that allows decision-makers to not only consider priorities and constraints at the macro-level but also how IDA can use selective levers in response to the performance of the various elements of government functions.

Interviews with IDA stakeholders further illustrated constraints decision-makers and country teams face when turning insights from existing assessments into well-informed and selective approaches to financing and operations. While country teams have increasingly utilized consolidated diagnostics to understand elements of core

government functions (e.g., Country Economic Memos, Public Expenditure Reviews and Financial Sector Assessment Programs), they do not have access to full, cross-sectoral institutional assessments. Furthermore, many of the diagnostics in use by strategic decision-makers and IDA country staff do not produce actionable findings nor provide the knowledge needed to propose specific approaches to IDA engagement with specific implementing agencies and partners.

In interviews, stakeholders noted that the current structure of IDA's strategic diagnosis and learning process – via SCDs, CLRs, project-level ICRs and other reviews – provides a basis to overcome the constraints identified above but contains little guidance on how to make these processes more effective. Stakeholders indicated the need for both qualitative and quantitative evaluations and descriptive analyses that can form a robust understanding of core government functions and needs while also providing opportunities for the standardization of findings across countries and over time. A more robust diagnostic program would be able to test the capacity of institutions to implement strategies, plans and programs while also supporting IDA managers to determine the most effective and efficient entry points for financing and advisory services.

The findings from effective and comprehensive diagnostics must be better linked to strategic decision-making and implementation.

Core government functioning is critical to the long-term development of partner countries, which IDA aims to support. As such, the findings of assessments should inform strategic operations in a way that is valuable to decision-making. Currently, the strategic documents provide insight on contextual factors such as the enabling environment, capacity constraints, long-term development challenges and institutional barriers. These findings typically inform a country or contextual overview; however, greater attention should be paid to identifying actionable recommendations. Several diagnostics provide a level of detail that allows for more nuanced and actionable recommendations but are typically overlooked.

This report argues for the development of a more comprehensive framework that can link diagnostic findings on core government functions to actionable measures that IDA leadership, country managers and task team leaders can take to improve the effectiveness of country policy and portfolios. No omnibus assessment exists to diagnose the narrative and quantitative performance of core government functions in IDA countries – with many assessments aiming to assess levels of risk or simply setting

59. IEG 2019.

a contextual landscape of institutional needs in the country. In interviews, staff frequently remarked that to successfully deliver on country strategies and development outcomes, IDA must incorporate both quantitative and qualitative perspectives to understand the risks and opportunities to programming and policy. The United Nations Development Programme (UNDP) report on Rebuilding Core Government Functions in Fragile and Conflict Affected Settings suggests that decision-making must be better informed by empirical evidence.⁶⁰ A diagnostic framework that comprehensively assesses core government functions and links findings to actionable decision points is similarly needed to improve IDA approaches and country policy.

“Core government functioning is critical to the long-term development of partner countries, which IDA aims to support. As such, the findings of assessments should inform strategic operations in a way that is valuable to decision-making.”

60. United Nations and World Bank Group, 2017. [\(Re\)Building Core Government Functions in Fragile and Conflict Affected Settings](#), the United Nations, pg.8

Recommendations

Maximizing IDA's Strategic Approach

In addition to the findings and recommendations illustrated in Sections III and IV, this report provides several recommendations to maximize IDA's strategic approach for institutional and citizen-facing outcomes.

- 1. The current field of diagnostics should be better mapped and consolidated to improve decision-making for busy IDA managers and Task Team Leaders.** The landscape of assessments shows several duplicative efforts that can be better coordinated to cover a wider range of topics, scope and institutional features. While some diagnostics are used more often and are more effective at measuring the capability of core government functions (i.e., PEFA and PERs), creating a strong a simplified framework for drawing actionable insights from diagnostics will improve strategic and operational decision-making while lessening the burden for IDA staff.
- 2. In addition to the mapping of current diagnostics, IDA's continued commitment to supporting core government functions requires more robust methods by which to assess capacity beyond the CPIA.** The CPIA is largely considered the primary tool to assess country context for IDA. While this established methodology has its strengths, analysis and interviews have confirmed that the CPIA does not effectively capture nuance or open moments to an effective degree, does not respond to unique governance contexts and is too prescriptive in its policy orientation. The inability to identify key moments of change and opportunity in the context of different policy and political environments can make it difficult for IDA managers and Task Team Leaders to translate the findings of the CPIA into actionable insight for improved operations. New financing windows – such as the FCV Envelope, Scale-Up Window and Crisis Response Window – may mitigate concerns about IDA's overreliance on the CPIA, but the use of more effective and comprehensive diagnostics of core government functions is equally important.
- 3. Diagnostic capacity can be improved by more comprehensively measuring government not only in form but in a wider range of functions as well.** While several assessments do exist within the World Bank and other partner institutions, they are applied inconsistently and independently from other assessments, rely heavily on expert groups and desk reviews and focus on certain thematic areas of core government functions – particularly the legal and organizational elements of public finance and service delivery. While important features to consider when designing strategy and operations, these assessments can provide a limited view of where challenges exist. Coordinating assessments around a comprehensive framework focused on measuring core government

functions – and their capabilities, resourcing and outcomes – would maximize the impact of IDA's operations and country policy.

- 4. Using assessments to identify and flag both the risks and assets associated with the performance of a country's core government functions can provide insights into the constraints and opportunities that impact the achievement of development outcomes.** Even though the current landscape of assessments provides the data necessary to identify functional government assets, most tend to focus on downside risks. Flagging both risks and assets in a new framework for comprehensive diagnosis of core government functions can allow IDA managers and Task Team Leaders to target focus areas and entry points for reform.
- 5. Assessments are typically used for conceptual understanding in setting the country landscape for strategic documents in IDA countries; however, more actionable insight can be drawn from these findings.** While assessments can be used to provide IDA stakeholders with a technical understanding of the situation on the ground, linkages can be made between diagnostical findings – on institutional quality, capacity, resourcing needs, bottlenecks and key risks and assets – and the various levers IDA stakeholders can use to augment operations through the strategy. This report argues for the development of a more comprehensive framework that can link diagnostic findings on core government functions to actionable measures that IDA leadership, country managers and task team leaders can take to improve the effectiveness of country policy and portfolios

Building on This Report

The framework for diagnosing core government functions developed in this report respond to an analysis of how to better inform IDA strategic decision-making with evidence from the vast array of assessments already in use by the World Bank and its partners. Outlined in the following recommendations, the next step in this work should include building out this diagnostic framework to make it more effective in supporting IDA's goal of supporting the world's poorest and most vulnerable countries to implement country-driven solutions that generate growth, are people-centered and strengthen resilience.

- 1. Because improving evidence-based decision-making requires assessments that look beyond context, a broader suite of core diagnostics and descriptive analyses should be developed to supplement the strategic linkages between SCDs and CPFs.** As discussed by IDA stakeholders in interviews, the commonly used quantitative diagnostic approach analyzed in this report is only part of a larger analytical whole. Descriptive analyses of political economy realities, citizen needs and the drivers of risk and assets – such as the Bank's Risk and Resilience

Assessment (RRA) – should supplement the quantitative identification of risks and assets to inform a holistic approach to IDA policy and decision-making. Guided by a suite of context-driven SCDs, data-driven assessments and narrative-driven analyses, IDA managers and TTLs will be better prepared to support policymakers make decisions that improve governance and citizen outcomes.

2. **Further mapping, exploration of and consensus around IDA's core assessments and strategic approaches are needed to improve the usefulness of the diagnostic framework discussed in this report.** IDA stakeholders and other actors in the development field should be engaged to ensure that a new diagnostic framework uses the best available methods and assessments and considers the most useful set of IDA levers to be guided by diagnostic findings. In addition, a core government diagnostic would benefit from a broader scope of diagnostics. In particular, the citizen perspective was significantly underrepresented within the current assessment landscape and could be improved through the increased use of citizen surveys on governance outcomes and existing work by the Global Corruption Barometer and Open Budget Survey, among others.
3. **The analysis in this report outlines findings that could be used to spark future analytical work.** The case studies used throughout the report could be expanded to reaffirm findings or to test findings for specific groups (e.g., FCS) or regions. Understanding and linking the technical and human elements of IDA decision-making could be investigated in the context of the SCD-CPF strategic cycle, as Denizer, Kaufmann and Kraay have done in the context of project performance.

IDA20 Implications and Meeting This Moment

Understanding why and how to best leverage core government functions has never been more critically important as it is today.

The COVID-19 pandemic and the reverberating second-order impacts of the global crisis have underscored the centrality of core government functions and the universal need to support effective institutions and systems. In the context of this crisis, IDA will once again be seen as a leader in international development and set an important tone for the principles and approaches to support the development of core functions of governance.

Improved diagnostic capacity and the ability to translate findings into actionable insight have universal importance as governments of all types struggle to respond effectively to the increased demands on core government functions. People have relied more heavily on their governments in the past year than ever before. Governments are asked to bolster their core functions of providing health, security, safety and economic opportunity. The ability to effectively diagnose the binding constraints and key opportunities within core government functions is a universally and urgently needed tool.

With the early replenishment of IDA20 in response to the COVID-19 crisis and the reframing of the Governance and Institutions Special Theme into a cross-cutting issue, there is an important opportunity to develop a new and more effective diagnostic framework that links state capability to IDA decision-making. If IDA is to effectively support states as they respond to the COVID-19 pandemic and second-order impacts, it must be able to use its understanding of core government functions to design country portfolios and activities. The reframing of the special theme into a cross-cutting issue presents an opportunity to develop and mainstream an institutional framework of diagnostics that links the measurement of core government functions to actionable decision points across the entirety of IDA's global portfolio. Armed with this framework, IDA will be able to better understand and utilize governance diagnostics to not only deliver narratives about context but also provide actionable insight for improved aid and state effectiveness.

Annexes

Annex 1: IDA Governance and Institutions Policy Commitments

IDA19: Governance and Institutions Special Theme

Pillar 1. Promoting Sustainable Financing Practices

Promote debt transparency and debt management	1. Implement an integrated and programmatic approach to enhance debt transparency through increased coverage of public debt in Debt Sustainability Analysis (DSAs) and/or supporting debt transparency reforms in 15 IDA countries.
	2. Bolster fiscal risk assessments and debt management capacity in 20 IDA countries through a scale-up of fiscal risks monitoring and/or implementation of debt management strategies.
Strengthen domestic resource mobilization	3. Support 25 IDA countries that remain persistently below the 15 percent tax-to-Gross Domestic Product (GDP) threshold through interventions (including lending and technical assistance) targeted at country-specific binding constraints to tax policy and/or administration, including supporting efforts to broaden the tax base such as reducing exemptions and addressing Base Erosion and Profit Shifting (BEPS).
Strengthen infrastructure governance	4. Support 10 IDA countries in the identification of key governance constraints to the development, financing and delivery of quality infrastructure investments to inform the adoption of policies and/or regulations for enhanced infrastructure governance in a majority of these countries (5).

Pillar 2. Maximizing Impact of Public Service Delivery

Support investments in people that promote efficiency, growth and equity	5. Support 10 IDA countries among the 30 countries with the lowest Human Capital Index to strengthen human capital financing through improving the efficiency of public expenditures and more effectively aligning expenditures with domestic financing and external resources in a sustainable manner.
Enable universal access to public services through GovTech	6. Support 10 IDA countries to adopt universally accessible GovTech solutions.
Strengthen pandemic preparedness	7. Support at least 25 IDA countries to strengthen the implementation of pandemic preparedness plans through interventions (including technical assistance, lending and investment).

Pillar 3. Building Confidence in Institutions

Tackle corruption and tax evasion to reduce illicit financial flows	8. Increase the provision of, access to and awareness of beneficial ownership information in 10 IDA countries.
	9. Support 6 IDA countries in the adoption of Automatic Exchange of Information (AEOI) to reduce tax evasion.
Support multi-stakeholder approaches to policy making and implementation	10. Support 20 IDA countries to establish and strengthen platforms for multi-stakeholder engagement in policymaking and implementation to enhance public participation, accountability and responsiveness.
Enhance the core functions of government in IDA FCS countries	11. Support 95 percent of IDA FCSs in the establishment and/or strengthening of core government functions through project financing.

Pillar 4. Building Better Data and Analytics

Improve data for more evidenced-based policymaking	12. Support institutions and build capacity in 10 IDA countries to reduce gaps in the availability of core data for evidence-based policymaking, including disaggregation by sex and disability where appropriate.
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IDA20: Governance and Institutions Cross-Cutting Issue

Governance and Institutions Cross-Cutting Issue

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| Increasing debt transparency | 1. Support 50 IDA countries in publishing more comprehensive public and publicly-guaranteed debt reports or fiscal risk statements. |
| Improving domestic resource mobilization | 2. Support 15 IDA countries to bolster their domestic resource mobilization capacity through equitable revenue policies and/or innovative compliance measures towards achieving a tax-GDP ratio of at least 15 percent in the medium term. |
| Enabling digital government services | 3. Support at least 15-20 IDA countries to adopt universally accessible GovTech policies, regulations or solutions to enable digital government services. |
| Combatting illicit financial flows | 4. Support 5 countries to conduct comprehensive IFF assessments and prepare action plans. Also support 20 IDA countries to take IFF-related policy actions, such as increasing access to and awareness of beneficial ownership information and/or adopting automatic exchange of information to reduce tax evasion. |

Gender and Development Special Theme

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| Implementing fiscal policy and budget systems to close gender gaps | 5. Support at least 10 IDA countries to make their fiscal policy and budget systems more inclusive and gender responsive by, for example, budget reforms, removing discriminatory provisions from tax legislation and/or monitoring the effectiveness of public spending for equality policies. |
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Fragility, Conflict and Violence Special Theme

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| Strengthening core governance institutions | 6. Support 30 percent of IDA countries in Fragile and Conflict-affected Situations (with active portfolios) to establish and/or strengthen core government functions that facilitate effective, inclusive, and responsive public services, enhance transparency and accountability and/or promote resilience. |
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Jobs and Economic Transformation Special Theme

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| Delivering quality infrastructure investments in fragile countries | 7. Support at least 20 countries - of which 10 have a score of 3.0 or less on CPIA Dimension 16 covering transparency, accountability and corruption - to identify the governance constraints to the development, financing, and delivery of quality infrastructure investments, with particular attention to resilience, climate and environment, social considerations, and regulatory practices and transparency and integrity to inform the adoption of policies and/or regulations for enhanced infrastructure governance in a majority of these. These will be undertaken through Infrastructure Sector Assessments Programs and standalone governance assessments that support improved competitiveness. |
| Boosting institutional capacity to improve data for policy decision-making | 8. Support 34 IDA countries including those with ongoing statistical operations (i) to strengthen institutions and build capacity to reduce gaps in the availability of core data for evidence-based policymaking, including disaggregation by sex and disability where appropriate; and (ii) to increase the resilience of statistical systems, including through investments in digital technology and high-frequency monitoring capabilities. |

Annex 2: Assessments Reviewed in this Report

The analysis in this report reviewed an array of assessments identified within IDA19 strategic documents. A full list of the assessments reviewed – and the IDA documents from where they were sourced – are provided below.

Assessment	Source
ACLED/UCDP Conflict Data	IDA19 FCV Special Theme
Africa Integrity Indicators	Sample SCDs
Country Performance Rating (CPR)	IDA19 Special Report
Country Policy and Institutional Assessment (CPIA)	Sample SCDs
Country Portfolio Performance Rating (PPR)	IDA19 Special Report
Country Private Sector Diagnostics (CPSD)	IDA19 Special Report
Damage, Loss and Needs Assessment (DaLA)	IDA19 Special Report
Data for Policy (D4P) Index	Case Study SCDs
Debt Management Performance Assessments (DeMPA)	IDA19 Special Report
Debt Sustainability Analysis (DSA)	IDA19 Special Report
Ease of Doing Business scores	Sample SCDs
Global Competitiveness Index	Sample SCDs
Global Corruption Barometer	Sample SCDs
Human Capital Index (HCI)	IDA19 Special Report
Anti-Money Laundering and Countering Terrorism Financing (ML/TF) Risk Assessments	IDA19 Governance and Institutions Special Theme
NRGI Resource Governance Index	Sample SCDs
Open Budget Survey/Index (OBS/OBI)	Sample PLRs
Post-Conflict Performance Indicators (PCPI)	IDA19 FCV Special Theme
Post-Disaster Needs Assessment (PDNA)	IDA19 Special Report
Public Expenditure and Financial Accountability (PEFA)	Sample SCDs
Public Expenditure Reviews (PERs)	IDA19 FCV Special Theme Report
Recovery and Peacebuilding Assessments (RPBA)	IDA19 Special Report
Risk and Resilience Assessment (RRA)	IEG 2019 IDA Report
Service Delivery Indicators (SDI)	IDA19 Governance and Institutions Special Theme
Statistical Capacity Index (SCI)	Case Study SCDs
Systematic Operations Risk-rating Tool (SORT)	Sample CPFs
Tax Administration Diagnostic Assessment Tools (TADAT)	IDA19 Governance and Institutions Special Theme
Corruption Perceptions Index (CPI)	Sample SCDs
World Governance Indicators (WGI)	Sample SCDs

Annex 3: Case Country Documents Reviewed in This Report

To understand and contextualize the narrative between Systematic Country Diagnostics (SCDs), Country Partnership Frameworks (CPFs) and operational documents, strategic and operational World Bank documents from five case countries were analyzed. The documents analyzed are displayed below.

Bhutan	<p>(2020) Bhutan Systematic Country Diagnostic: Taking Bhutan's Development Success to the Next Level</p> <p>(2014) IDA and IFC Country Partnership Strategy for the Kingdom of Bhutan for the Period FY2015-19</p> <p>(2017) IDA, IFC and MIGA Performance Learning Review of the Country Partnership Strategy for the Kingdom of Bhutan for the Period FY2015-2019</p> <p>Operational documents:</p> <ul style="list-style-type: none"> • (2020) IDA Program Document for a Proposed Development Policy Credit in the Amount of SDR 29.2 Million to the Kingdom of Bhutan for the Third Programmatic Strengthening Fiscal Management and Private Sector Employment Opportunities Development Policy Credit • (2020) IDA Program Document for a Proposed Credit in the Amount of SDR 10.9 Million to the Kingdom of Bhutan for the Development Policy Financing with CAT DDO • (2020) IDA PAD on a Proposed Credit in the Amount of SDR 3.7 Million to the Kingdom of Bhutan for a COVID-19 Emergency Response and Health Systems Preparedness Project
Burkina Faso	<p>(2017) Burkina Faso Systematic Country Diagnostic: Priorities for Poverty Reduction and Shared Prosperity</p> <p>(2018) IDA, IFC and MIGA Country Partnership Framework for Burkina Faso for the Period FY18-FY23</p> <p>Operational documents:</p> <ul style="list-style-type: none"> • (2019) IDA PAD on a Proposed IDA Credit in the Amount of EUR 44.0 Million and a Proposed IDA Scale Up Facility Credit in the Amount of EUR 131.8 Million to Burkina Faso for the Agriculture Resilience and Competitiveness Project • (2020) IDA Program Document for a Proposed Development Policy Grant in the Amount of SDR 54.30 Million and a Proposed Development Policy Credit in the Amount of EUR 67.60 Million to Burkina Faso for the Second Fiscal Management, Sustainable Growth and Health Service Delivery Development Policy Financing • (2020) IDA PAD on a Proposed IDA Credit in the Amount of EUR 9.70 Million and a Proposed IDA Grant in the Amount of 7.80 Million in Crisis Response Window Resources to Burkina Faso for the Burkina Faso COVID-19 Preparedness and Response Project
Côte d'Ivoire	<p>(2015) Côte d'Ivoire Systematic Country Diagnostic: From Crisis to Sustained Growth – Priorities for Ending Poverty and Boosting Shared Prosperity</p> <p>(2015) IDA, IFC and MIGA Country Partnership Framework for the Republic of Côte d'Ivoire for the Period FY16-FY19</p> <p>(2015) Côte d'Ivoire Completion Learning Review (FY10-FY14)</p> <p>Operational documents:</p> <ul style="list-style-type: none"> • (2016) PID: Dedicated Grant Mechanism for Côte d'Ivoire (P163004) • (2019) PID: Support to the Data Science Institute at the Institut National Polytechnique Houphouët Boigny (P170130) • (2020) IDA Program Document for a Proposed IDA Scale-Up Facility Credit in the Amount of Euro 126.9 Million and a Proposed IDA Credit in the Amount of Euro 54.5 Million to the Republic of Côte d'Ivoire for the First Sustainable and Inclusive Growth Development Policy Financing • (2020) IDA PAD on a Proposed IDA Credit in the Amount of EUR 32 Million in Crisis Response Window Resources to the Republic of Côte d'Ivoire for the Côte d'Ivoire COVID-19 Preparedness and Response Project • (2020) IDA PAD on a Proposed IDA Scale-Up Facility Credit in the Amount of EUR 287.7 Million to the Republic of Côte d'Ivoire for an Urban Resilience and Solid Waste Management Project

Ethiopia	<p>(2017) Ethiopia Systematic Country Diagnostic: Priorities for Ending Extreme Poverty and Promoting Shared Prosperity</p> <p>(2017) World Bank Group Country Partnership Framework for the Democratic Republic of Ethiopia 2018-2022</p> <p>(2017) Ethiopia Completion Learning Review (FY13-FY16)</p> <p>Operational documents:</p> <ul style="list-style-type: none"> • (2020) Combined PID/ISDS: Ethiopia Resilient Landscapes and Livelihoods Project Additional Financing (P172462) • (2020) IDA Program Document for a Proposed Development Policy Credit in the Amount of SDR 136.4 Million and a Proposed Development Policy Grant in the Amount of SDR 226.8 Million to the Federal Democratic Republic of Ethiopia for the Second Ethiopia Growth and Competitiveness Programmatic Development Policy Financing • (2020) IDA PAD on a Proposed IDA Credit in the Amount of SDR 30.30 Million and a Proposed IDA Grant in the Amount of SDR 30.30 Million in Crisis Response Window Resources to the Federal Democratic Republic of Ethiopia for Ethiopia COVID-19 Emergency Response
The Gambia	<p>(2020) Republic of the Gambia Systematic Country Diagnostic: Overcoming a No-Growth Legacy</p> <p>(2018) IDA, IFC and MIGA Country Engagement Note for the Republic of the Gambia for FY18-FY21</p> <p>(2018) The Gambia Completion Learning Review (FY13-FY16)</p> <p>Operational documents:</p> <ul style="list-style-type: none"> • (2020) IDA PAD on a Proposed Grant in the Amount of SDR 25.7 Million to the Republic of the Gambia for a Gambia Fiscal Management Development Project • (2020) IDA Program Document for a Proposed Development Policy Grant in the Amount of SDR 21.9 Million to the Republic of the Gambia for a First Fiscal Management, Energy and Telecom Reform Development Policy Financing • (2020) Combined PID/ISDS: Gambia Electricity Restoration and Modernization Project – Additional Financing (P173161) • (2020) IDA PAD on a Proposed IDA Grant in the Amount of SDR 3.65 Million and a Proposed IDA Grant in the Amount of SDR 3.65 Million from the Crisis Response Window Resources to the Republic of the Gambia for the Gambia COVID-19 Preparedness and Response Project

BHUTAN

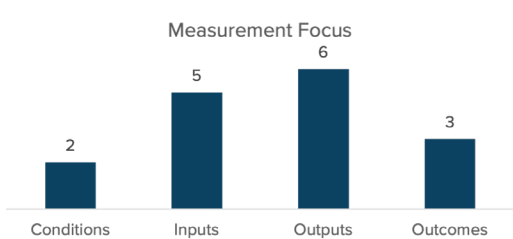
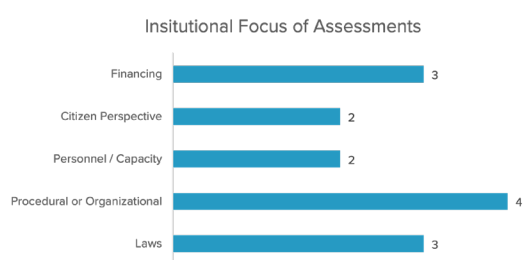
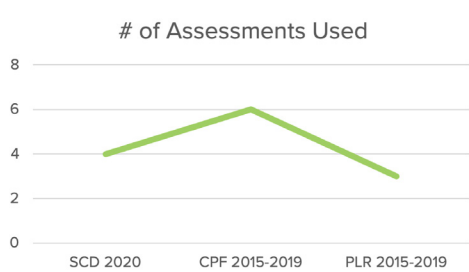
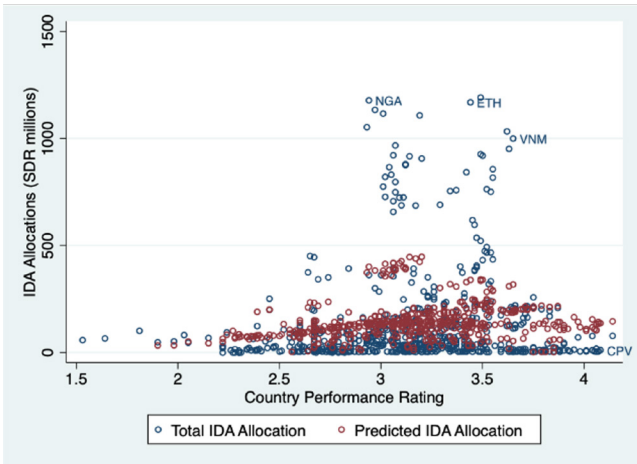
Country Snapshot

ALLOCATION

Bhutan’s allocation envelope is considered an outlier, with the lowest total IDA allocation below its predicted total based on the PBA system.

STRATEGY

For Bhutan operations, 3-6 assessments have been used throughout IDA delivery with the Country Partnership Framework utilizing the most. The assessments largely relied on data and expert groups and predominantly focused on the procedural and organizational components of institutions



OPERATIONS

Bhutan’s 2015-2019 CPS was based on the government’s five-year plan and recommended organizing activities under three key results areas. Project ICRs rated World Bank involvement as well-aligned with the priorities identified in the CPS and implementation was informed by the capacity constraints identified earlier in the strategy and design process. However, the performance of line agencies was inconsistent and there was a lack of government ownership within the implementing agency.

BURKINA FASO

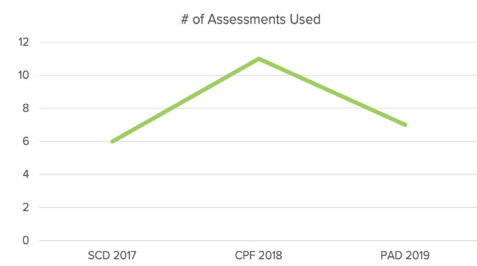
Country Snapshot

ALLOCATION

Of all five case countries, Burkina Faso was the closest to its predicted allocation total in the PBA system.

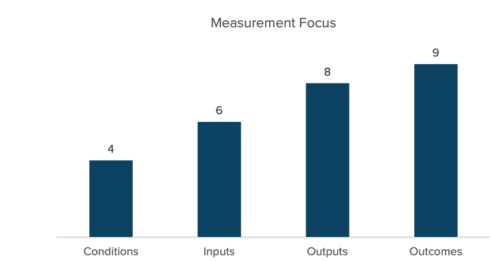
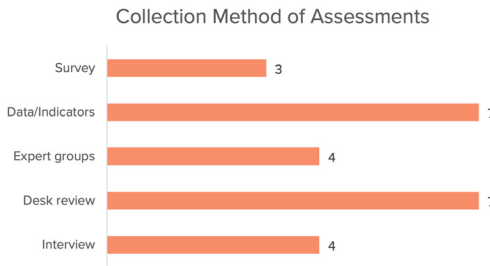
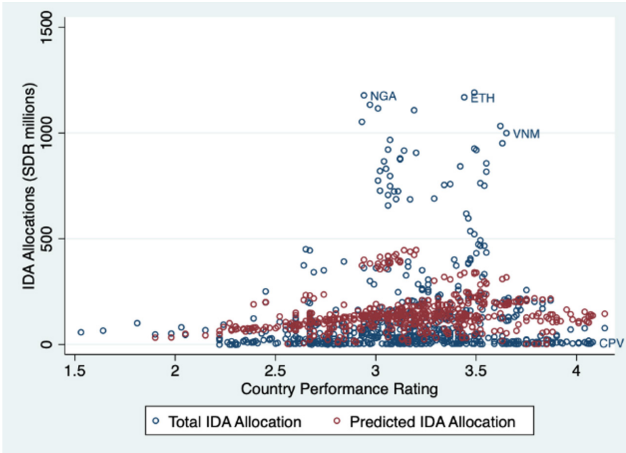
STRATEGY

For Burkina Faso operations, 5-11 assessments have been used throughout IDA delivery with the Country Partnership Framework of 2018 utilizing the most. The assessments largely relied on data and expert groups and predominantly focused on the procedural and organizational components of institutions.



OPERATIONS

There is very strong alignment from the assessments to strategy to projects in Burkina Faso. This applied to focuses on governance and private-sector development that were not central priorities within government planning or the SCD. When developing and implementing the strategy, the country team relied on SCD findings, government priorities, IDA18 priorities and the “World Bank Group comparative advantage.”



CÔTE D'IVOIRE

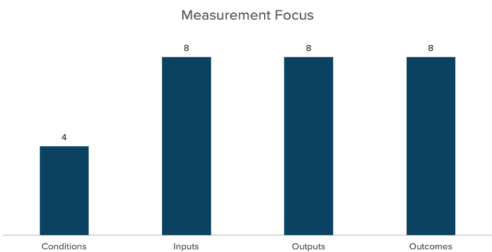
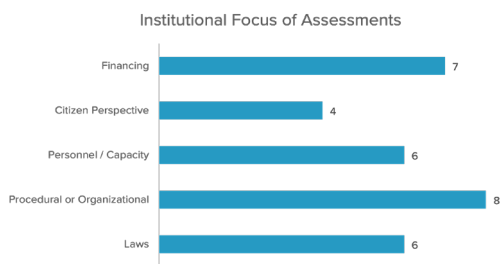
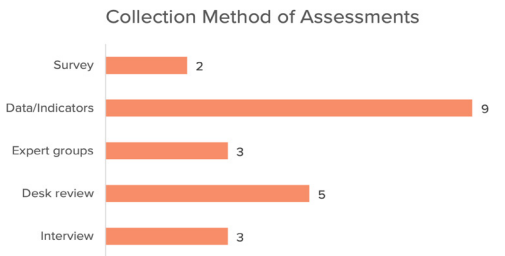
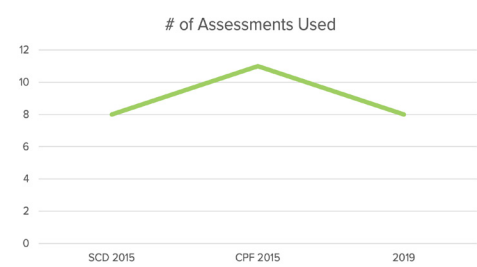
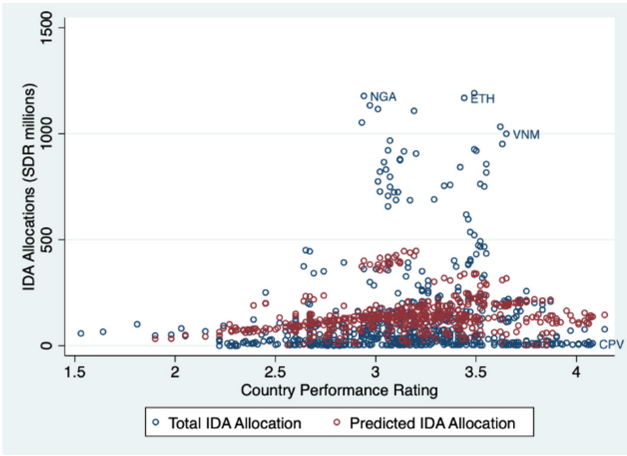
Country Snapshot

ALLOCATION

Côte d'Ivoire experienced the largest total increase in Country Performance Rating between 2012 and 2019.

STRATEGY

For Cote D'Ivoire operations, 8-11 assessments have been used throughout IDA delivery with the Country Partnership Framework of 2015 utilizing the most. The assessments largely relied on data/ indicators and focused predominantly on the procedural and organizational components of institutions.



OPERATIONS

Priorities and focus areas in the CPF correspond to constraints identified in the SCD (agricultural production, non-agricultural business development, human capital, land access and governance frameworks) – but these priorities do not always map to projects. The sole DPF from the past two years maps well to the strategy via local institutions for agriculture, energy and domestic revenues. The IPFs (on conservation, data science training, COVID and urban resilience) do not map to CPF-SCD findings.

ETHIOPIA

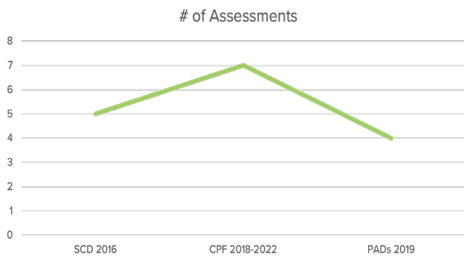
Country Snapshot

ALLOCATION

Ethiopia is an outlier, with the highest total IDA allocation above its predicted total based on the PBA system.

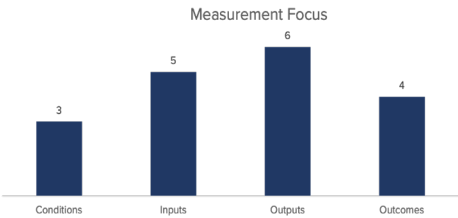
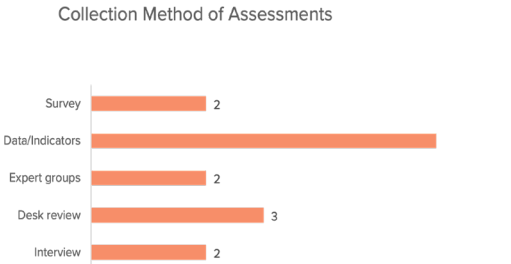
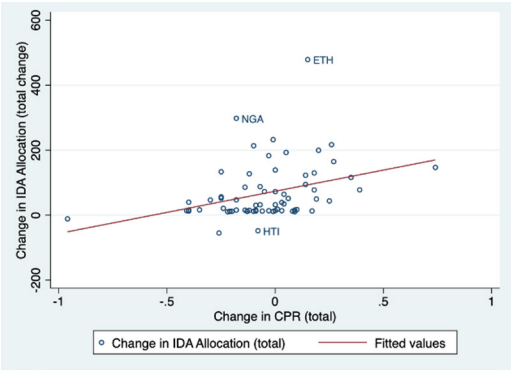
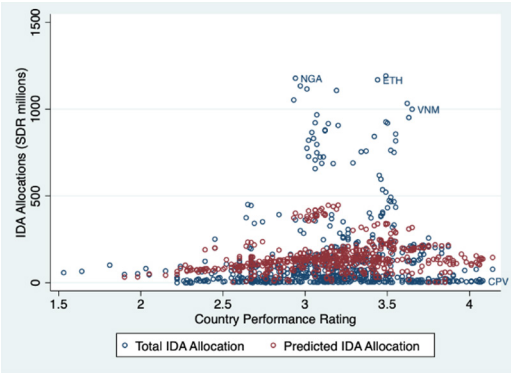
STRATEGY

For Ethiopia operations, 5-7 assessments have been used throughout IDA delivery with the Country Partnership Framework of 2018-2022 utilizing the most. The assessments largely relied on data/indicators and predominantly focused on the financing components of institutions.



OPERATIONS

The narrative around the constraints and opportunities identified in the SCD and CPF were well-aligned with the priorities of projects. The CPF highlighted the effectiveness of the Program-for-Results (PforR) model in the country and recommended that DPOs are not an instrument of choice in Ethiopia due to a lack of consensus around policy reforms and the complex authorizing environment. Despite this clear recommendation, 3 DPOs were approved between 2018 and 2020.



THE GAMBIA

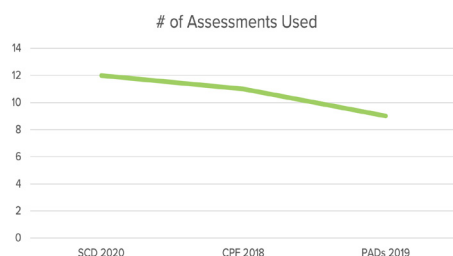
Country Snapshot

ALLOCATION

The Gambia experienced the largest percent increase in total IDA allocations between 2012 and 2019

STRATEGY

For the Gambia operations, 9-12 assessments have been used throughout IDA delivery with the Systematic Country Diagnostic of 2020 utilizing the most. The assessments largely relied on data/indicators and focused on the procedural and organizational components of institutions.



OPERATIONS

All but one of the projects in the Gambia are well linked to the 2018-2021 CEN. Given the country's transitioning and FCV status, the focus for IDA strategy has been to build up institutions and support reforms of poorly performing SOEs in the hopes of reaching greater economic stability. In an FCS context like the Gambia, most projects have been well-linked to strategy documents, with a focus on alleviating some of the major constraints to stability – via DPFs and IPFs with disbursement-linked indicators.

