Program-For-Results System Assessment Criteria:

Key Areas Requiring Clarification and Disclosure Prior to World Bank Board Consideration

Bank Information Center
Phase II Consultation Comment
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A new "Program for Results" lending instrument is being launched by the World Bank that claims to provide blanket investment lending to established, low to moderate risk government programs, but ties disbursements to delivery of results rather than expenditures, and is exempt from compliance with prescribed Bank safeguards. The World Bank states that P4R will overcome the limitations of investment lending in support of country capacity. The Bank says that current investment lending forces clients to "carve out" some part of a country program that is able to comply with the Bank's safeguard policies and "ring fence" that component from the other non-fully compliant program components. The Bank argues that this approach to most investment lending limits the Bank's overall reach and impact on the overall program quality.

Program for Results (P4R) is based on the opposite hypothesis that by relaxing safeguard prescriptions, the Bank can finance program support that adds value to the entire program. The Bank suggests that while the Bank may finance only $200 million of a $2 billion sector program, the opportunity to leverage quality improvements beyond the P4R program slice more than offsets the risk of not resting on Bank safeguard policies.[1]

P4R is motivated by country demand for a transition from reliance on the Bank's safeguard, procurement, and transparency and accountability standards to greater dependence on rules and practices embedded in sovereign country systems. Such a shift is desirable in theory and is proceeding steadily in some countries. BIC welcomes the efforts by the Bank to exercise its leadership as the leading multilateral development institution to pursue the goals of outlined in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.

However, the agreed upon destination of this transition to a "mutual accountability" for effective development outcomes has been frustrated by the failed effort by the World Bank to pilot the "use of country systems" to strengthen and certify a borrower's own institutions and procedures for risk management and accountability for results – among other responsibilities. The World Bank country systems pilot has underscored the pitfalls to achieving the end objective of certified borrower systems in fiduciary services, financial management, social & environmental assessment and monitoring and evaluation.[2]

[1] Safeguard policies refer to ten existing operational policies, which are integrated with 17 separate social, environmental, procurement, fiduciary, appraisal, supervision and other policies that have long governed investment lending quality, outlined in OP 9.0 page 1.
[2] See IEG evaluation, Safeguards and Sustainability Policies in a Changing World (2010) World Bank IEG.

If the World Bank departs too quickly from its current reliance on some of the world's highest development safeguard policies and standards as P4R proposes to do, the chain effect of watering down development standards across the Bank and in other development institutions, including governments and private sector lenders could follow rapidly and with a devastating effect.

Unless this move toward reliance on borrowing country systems is managed with firm process guarantees and measurable benchmarks of substantial and acceptable equivalence between international and national or sub-national standards and systems, the effect of P4R could be counterproductive. Currently, those guarantees and benchmarks that are indispensible for any robust program effectiveness are either absent or not adequately specified in the draft Operational Policy OP/BP 9.0. Excessive discretion in guidance on assessing program systems will undermine the ability to target gaps and provide assistance through P4R. *For these reasons that are elaborated further below, we believe that the World Bank should not now pursue a Program for Results approach that abandons the current safeguard policies that currently go farther than most other institutional commitments to ensure development value for investment lending*.

This brief identifies key areas where the current OP/BP 9.0 lacks clarity and requires substantial revision before final consideration by the Board.

1. Explain in detail why, despite evidence to the contrary, the Bank maintains that P4R goals can't be reached through existing Bank instruments?

Any strengthened focus on results is a minimal expectation for all Bank instruments, not a necessarily a self-standing rationale for creating a new one. The Bank already has several widely used project instruments, including Sector Wide Approach Project (SWAPs), Adaptable Program Loans (APLs), and Output Based Aid (OBA) that disburse against results, allow for pooled funding, and enable flexible, long-term engagement with a government program and its systems. These instruments seem perfectly compatible with the stated objectives of P4R without abandoning safeguard policies. Yet that Bank argues that these existing instruments fall short of achieving what clients demand and the Program for Results is designed to do without explaining or demonstrating why.[3]

The World Bank defines a Sector wide approach project (SWAP) as "…an approach to a locally-owned program for a coherent sector in a comprehensive and coordinated manner, moving toward the use of country systems. SWAPs are used widely by the Bank to pool resources around common country defined sector objectives and strategies, but do so without abandoning the Bank's safeguard policies. Each SWAP loan supports programs by identifying within an Integrated Safeguards Data Sheet the possible risks, triggered policies and key issues to be addressed. An Environmental and Social Management Framework, among other framework diagnostic proposals are produced to assess and suggest gap filling, capacity strengthening measures to ensure appropriate risk measures will be taken to meet program outcomes.

The Bank reports that 111 IBRD/IDA SWAPs for $16.5 billion were approved since 2000, but observes that the absence of clear policies and guidance on SWAPs has led to confusion and inconsistent approaches. A recent evaluation of health sector SWAPs by IEG reported mixed

[3] World Bank OPCS, "A New Instrument to Advance Development Effectiveness: Program-For-Results Financing," (July 18, 2011) Report No. CODE 2011-0045, ¶ 10 & 12, pg 5, and Annex B.

results, but effectiveness hinged not only on linking resources to results but the rigor and candor of the monitoring and evaluation assessment of the country program.

- The IEG evaluation found that better results depended mostly on client capacity to use SWAP funds effectively.
- The inflexibility or cost of applying Bank investment lending policies were not found to determine outcomes. [4] Within the IDB as well, the use of SWAPs was limited by failing to specify how countries could be assessed with respect to capacity to implement."[5]
- IEG recommends greater attention to the political economy of sector reform as key factor in strengthening results through SWAPs, echoing shareholder concerns regarding fiduciary and financial management system capacity to prevent corruption.

Adaptable Program Loans (APLs) were introduced by the Bank in 1997 to provide phased support for long-term development programs. They involve a series of loans that build on the lessons learned from the previous ones in the series. APLs are used when sustained changes in institutions, organizations, or behavior are key factors for the success of a particular development program. Often used to support Community Driven Development programs (CDD), APLs provide for greater flexibility and experimentation to suit changing local requirements. CDD loans also provide for a wide range of accountability mechanisms that tie support to verification of results.

Here as well, IEG's evaluation of CDD lending finds fault not in the limitations imposed by the instrument, but rather in the poor assessments of client M&E capacity, inadequate program eligibility criteria and poverty targeting, and the challenges of promoting sustainability of finance beyond the project due in large part to borrower ambivalence to community empowerment.[6] CDD projects have higher up front implementation costs, but are found to lower the cost of delivering services, such as basic infrastructure, in the medium term. However, an inadequate focus on cost benefit analysis of CDD projects limits comparison with other Bank approaches.

- The IEG evaluation finds that participatory approaches have not been adopted more widely across country programs, but does not attribute this finding to the limitations of the instrument but more so to some of the factors noted above. The effectiveness of CDD projects are not constrained by safeguard policy application.
- Instead, IEG suggests that safeguard and fiduciary policy warrant "much greater attention" to ensure the full implementation of such policies, particularly in the context of the possible cumulative impact assessments of subprojects.[7]

Output Based Aid (OBA) represents another instrument used by the Bank to tie both concessional lending and pooled subsidized finance to pre-determined results. The OBA pilot, in which the Bank

[4] Denise Vaillancourt, "Do Health Sector-Wide Approaches Achieve Results? Emerging Evidence and Lessons from Six Countries: Bangladesh, Ghana, Kyrgyz Republic, Malawi, Nepal, Tanzania," IEG Working Paper 2009/4, World Bank.

[5] IDB Office of Evaluation and Supervision (OVE) "The Evaluation of the New Lending Framework, 2005-2008, (2008), ¶3.87, pg 74

[6] World Bank IEG (2005) "The Effectiveness of World Bank Support for Community-Based and -Driven Development: An OED Evaluation," pp. 41-48.

[7] See Annex A, which summarizes the results of a special thematic study that was conducted specifically to assess CDD program safeguard compliance and found many of the challenges in safeguard application (underfunding, supervision weakness, results framework, etc.) that were reported in more detail in IEG (2010) evaluation, Safeguards and Sustainability Policies in a Changing World.

has participated, has generally been viewed in a recent Bank publication as a success.[8] One of the key benefits to OBA, typically associated with service delivery projects, is the inclusion of mechanisms that pay providers only after verifiable delivery of the service. There exist a variety of accountability mechanisms that achieve this same empowerment goal that are perfectly compatible with investment lending. However, the frequency of Bank funding of such accountability mechanisms is dependent on the interest of the government.

The World Bank summarizes the experience of the Inter-American Development Bank with a Performance Driven Loans (PDL) program as an emblematic example of the inherent tension between expenditure verification and a results focus. IDB management's critique of PDLs, which is extracted and included in the World Bank P4R document, is largely supported by the IDB's Office of Evaluation and Supervision. However, the World Bank neglects to add the OVE's reservations about IDB management's recommendation to eliminate expenditure verification (and with it any meaningful device for tracking project level safeguards) as a requisite for disbursement.[9] OVE argues that absent any standardized and validated system for verifying the existence of a strong, well-functioning financial management, accounting and internal control system, such departure from the process guarantees that come with expenditure verification should be reconsidered with caution.

IDB OVE concludes that "creating specific instruments adds little value to the institution," and recommends that building performance measurement into loans should not be confined to one instrument. "All loans in fact should focus on the specification of their intended results, even if results are not required to trigger disbursements." [10] Furthermore, the entirety of the OVE evaluation amounts to a devastating critique of the IDB's own results management system and the mis-steps in rebuilding that system since the 1997 organizational realignment. [11]

The World Bank claims that the input intensity of these and other existing Investment Lending instruments are overly costly and distract stakeholders from a focus on results (which seems to contradict prior acknowledgement of good implementation experience). The Bank argues that none of the existing IL instruments "*fully allow* support to be tied to the results from specific programs of expenditures."[12] However, the logic of this statement is not self-evident, nor does it emanate from IEG evaluations or is it adequately supported in the P4R documentation. If the Bank's Investment Lending *partially allows* the Bank to tie support to results with the full protection of other operational policies, we might consider the co-benefits of perfecting this approach. Unfortunately, the P4R policy document does not explore this comparison.

In consultations, the Bank argues that current IL operations force the Bank to "carve out" only those program components that are in compliance with certain Bank safeguard policies (social and

[8] Yogita Mumssen, Lar Johannes, Geeta Kumar (2010) Output-Based Aid: Lessons Learned and Best Practices. World Bank.
[9] IDB OVE, "The Evaluation of the New Lending Framework, 2005-2008," Report RE-342-1, IDB. ¶ 3.98-3.99, pg 78.
[10] IDB OVE Op cit, ¶ 3.109, pgs 80-81.
[11] A synthesis of some of OVE's findings informed the BIC report, "A Serious Crisis Should Never Go to Waste: IDB Rush to Increase Capital Fails G-20 Stress Test," Oct. 1, 2009, http://www.bicusa.org/en/Article.11509.aspx. The full breadth of OVE's critique of the IDB poor track record in delivering results was not captured in the selective citation of the World Bank selection of only management views on the PBL instrument. A closer look at OVE recommendations to the IDB regarding the gaps in that bank's own internal accountability processes might also shed light on why IL at the World Bank has not performed as expected.
[12] World Bank OPCS, "A New Instrument to Advance Development Effectiveness: Program-For-Results Financing," (July 18, 2011) Report No. CODE 2011-0045, ¶ 13, pg 6.

environmental risk, fiduciary and financial management and monitoring and evaluation). This approach under current IL requirements tends to "ring fence" Bank investments within programs from risk associated with other parts of the program that would not comply with Bank safeguards. Investment lending, according to the Bank, "*can impose additional costs on clients without any perceived additional value*." [13] The effect, according to Bank management, is to limit the reach and impact Bank's support and influence to only the program slice that meets the Bank's standards.

The two examples provided in the P4R documentation preceding the OP/BP 9.0 (India Rural Roads Program and Brazil Minas Gerais Partnership for Development) both suggest the challenges of applying IL requirements to large programmatic lending.[14] Other IL projects in these sectors have performed quite well in terms of producing results (Peru rural roads project) just as other framework or technical assistance lending have not (Brazil Environmental Development Policy Loans and associated Environment Technical Assistance Loan).[15] In the absence of a full, independent assessment of the Bank's track record in supporting program lending, how can we conclude that 25 Bank operational policies have to be sacrificed to support results?

Perhaps a more prominent challenge to operationalizing P4R that apparently undermined the use of country systems pilot is the lack of any standardized mechanism for determining the adequacy of country systems and therefore undermines the effective use of performance based instruments where eligibility is unclear. The current OP/BP 9.0 does not correct this problem and therefore weakens its diagnosis for suggesting why P4R might succeed where past results based instruments may have not.

Consequently, the arguments provided in the introduction to OP/BP 9.0 for ruling out existing IL instruments are not persuasive, lack evidence and are selective in the evidence that is provided. For example, the IEG evaluation confirmed what many that have worked on safeguard policies know – that when properly accounted for, the economic benefits "far outweigh" the costs.[16] The P4R chooses not to present this evidence and seems to base its relaxation of safeguard policies on the client perceptions of cost benefit analysis of bank projects. The decline of robust CBA within the Bank noted by IEG and exaggerated effect on the lack of data about social and environmental outcomes only facilitates the prevailing misperceptions that tend to make safeguard benefits less visible to the client.[17]

If comprehensive evidence exists regarding the failure of IL instruments to achieve the aims of P4R, then the Bank should share the full accounting of these lessons. In fact, in any given country, the World Bank routinely conducts a range of sector, program and policy assessments, including Country Procurement Assessments, Public Expenditure Reviews, Country Financial Accountability Assessments, among other economic and sector work, that suggest full access to information across the most central government programs. The Bank's ability to conduct these wide ranging assessments that must depend on country program performance data make it difficult

[13] Op cit, pg 6.
[14] Op cit, pg 7, Box 2
[15] Bank Information Center, "Brazil, DPLs and the World Bank: Analysis of the Sustainable Environmental Management Development Policy Loan," forthcoming
[16] IEG, *Safeguards and Sustainability Policies in a Changing World* (2010: 78) See recent Evaluation Brief, "Evaluative Directions for the World Bank Group's Safeguards and Sustainability Policies," No. 15 (July 18, 2011)
[17] See "World Bank evaluation shows decline of cost benefit accounting as criteria for project approval," BIC Info Brief, (Oct. 4, 2010). http://www.bicusa.org/en/Article.12161.aspx

to understand the Bank claim that only through P4R will the Bank have access and leverage over all program components rather than just those components that comply with Bank standards.

If the client currently declines to open the full program to Bank assessment, this may be more attributed to a lack of trust or confidence in the Bank in general or in its own program eligibility rather than the absence of a new lending instrument.

2. How will program results systems be assessed?

The proposed P4R will finance government programs, rather than projects, and follow the rules and procedures of the program, not those of the World Bank. The Bank recognizes that an appropriate balance needs to be struck between supporting country systems and the identification of gaps requiring institutional support prior to full reliance on those systems. However, the touted additionality of enhancing results this way is limited by the weak guidance and missing process guarantees that are indispensable for any robust program effectiveness.

Currently, adequate guarantees and benchmarks that are indispensible for any robust program effectiveness are either absent or not adequately specified in the draft Operational Policy OP/BP 9.0. [18] Excessive discretion in guidance on assessing program systems will undermine the ability to target gaps and provide assistance through P4R. The central feature of the program eligibility will be an assessment of the results system.

P4R finance will follow other Bank framework lending approaches, which like Financial Intermediary lending for the IFC, have been shown to face significant challenges in ensuring adequate application of Bank standards at the subproject level.[19]

The World Bank has announced in consultations on the P4R that for any P4R program proposed in a particular country, a technical assessment of the program's results system will be conducted and consulted with stakeholders in the context of the specific program for results operation design before approval of the operation by the Bank's Board. Less than clear criteria are provided for how the program results system will be assessed or consulted.[20] **A stakeholder analysis and participation plan should guide any consultation to ensure the most effective representation of relevant, affected or otherwise interested stakeholders participating in all phases of a government program.** This stakeholder analysis should be disclosed during the consultations.

A suggested P4R product that could be required during appraisal, akin to the IPPF or the ESMF, is a results system capacity building framework, which lays out the gaps (strengths and weaknesses) of the program system in question, compared to Bank safeguard standards, and details a gap filling plan. Several categories of indicators for any results system assessment are suggested in Annex I

[18] World Bank OPCS (2011) BP 9.0, Section on Technical Assessment, pg. 74

[19] IEG found that only about 33% of 231 recent IFC FI projects applied PS standards to subprojects. Similarly, IEG found that subprojects in framework lending by IBRD and IDA are poorly supervised for 33-50% of Bank investment. Disclosure and consultation on framework lending were found to be weak in both IFC and World Bank.

[20] World Bank OPCS, "A New Instrument to Advance Development Effectiveness: Program-For-Results Financing," (July 18, 2011) Report No. CODE 2011-0045, ¶ 6, pg 65; See also World Bank OPCS P4R Phase I Summary of Consultations, pg .14, which refers to social and environmental system assessment consultation, not necessarily to results systems.

that go far beyond the references to "relevance, achievability, and monitorability," cited in P4R documentation.[21]

P4R OP/BP 9.0 should detail how program results systems technical assessments will be conducted and how they will be consulted prior to Board project approval.

3. What criteria for Development Linked Indicators will be used?

P4R OP 9.0 proposes that DLIs will be selected based on existing government defined program results indicators but will be subject to Bank review and discussion about the "potential for and desirability of any changes." Equally significant is how P4R budget amounts will be assigned to specific DLIs. In addition, the rules for disbursing against partial results are suggested while not clearly defined, which risk reversing the fundamental premise of tying disbursements to results. While not called conditionality, these elements of DLI selection, indicator definition and disbursement indexing all suggest a negotiation surrounding DLI selection that implies some "carving out" of program components.

However, the Bank claims this is not the case, and in fact suggests just the opposite: that by linking funding amounts to specific results, P4R can diffuse World Bank best practice throughout the entire program results system. There are a number of unanswered questions regarding how the Bank will establish DLIs that raise doubts about this underlying premise.

First, there are no clear standards beyond 'relevance, tangible, transparent achievable, and verifiable' for developing disbursement linked indicators based on results already defined by the country program. We welcome the possibility of including both quantitative and qualitative results indicators, as well as the flexibility in defining the duration for achieving them. However, greater clarity is needed regarding how program results will be chosen, how indicators are defined, how reporting systems are assessed, what criteria are established for appropriate methods of impact assessment, and where independent, third party monitoring of results is required. P4R provides no concrete metrics for how the loan amount will be indexed to expected results. Without greater clarity on these issues, P4R diminishes the opportunity for public review of effectiveness or additionality during appraisal, such as through the disclosure of a DLI framework assessment or some equivalent to the ISDS and related required assessments.

Second, results will be measured not at a project level, but at a program level. The contributions of possibly high risk, high impact individual activities may not be adequately considered and will not necessarily be disclosed. IEG has determined that the Bank already does an inadequate job of measuring social and environmental safeguard outcomes in the context of investment lending.[22] Without more robust guarantees of client reporting on subprojects as a complement to the definition and reporting on DLIs at the program level, the P4R approach may only exacerbate these inadequacies.

[21] World Bank, Program for Results Financing, Phase I Summary of Consultations, July 2011,

[22] IEG (2010) Safeguards and Sustainability Policies in a Changing World. "More than one third of the Bank projects [reviewed by IEG] suffered from inadequate M&E. The weaknesses lied in lack of specificity of monitoring indicators, underinvestment in client's monitoring capacity and poor follow-up during supervision." (31)

In addition, IEG has shown that projects triggering safeguard policies deliver concrete net development benefits, which are frequently missed due to poor supervision. Safeguards not only prevent harm, but create economic wealth through better designed projects, more efficient harm mitigation, and enhanced outcomes. Yet, many Bank project M&E systems ignore this value generation, thereby adding to the prevailing negative connotations to safeguards upon which P4R seems to be rationalized. Particularly for any programs that may support projects with significant social and environmental risks, DLIs should prioritize measurement of relevant social and environmental outcomes in order to capture this critical source of value. Robust safeguard application will be a necessary pre-requisite for the measurement of any such benefits.

4. Clarification of rules for adaptive implementation and Board approval of changes in DLIs

Finally, OP/BP 9.0 suggests that results indicators approved by the Board can be changed by Bank staff without a return to the Board.[23] The proposed OP distinguishes between Level One and Level Two restructuring. Only Level One type program restructuring, which refers to modification of original program objectives, will be submitted for approval by the Executive Directors under absence-of-objection procedures. Level Two program changes do not require Board approval. There is little clarity about what specific program changes will require Board oversight and the potential exists for less robust results indicators than assumed by the Board post appraisal. To ensure adequate accountability, the procedures for revising indicators should be spelled out in the proposed verification protocol and involve some type of reporting to the Board.[24]

5. Risk coverage and adequate treatment of social risks

The IEG evaluation of World Bank Group safeguard policies underscored the problems of risk classification, particularly for Category B projects, and the gaps in the Bank policy in addressing certain social risks. Given the above noted concerns regarding Bank effectiveness in monitoring and evaluating social and environmental safeguard outcomes for framework lending, before abandoning Bank safeguard policies, P4R must ensure that this new approach doesn't simply continue to minimize these critical dimensions of development effectiveness. This risk is exacerbated by the potentially high number of category B risk projects would presumably qualify for the current P4R proposal.

6. Explaining P4R Disclosure Requirements:

In terms of disclosure, OP/BP 9.0 simply refers to compliance with World Bank's access to information policy.[25] Greater clarity is needed, including areas where P4R could require revisions to the Bank's disclosure policy.[26]

The transparency commitments under P4R, which are not clear at all, appear to resemble those outlined for Development Policy Lending (OP 8.60). DPLs often do not disclose the appraisal stage

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[23] World Bank OPCS, "A New Instrument to Advance Development Effectiveness: Program-For-Results Financing," (July 18, 2011) Report No. CODE 2011-0045, ¶ 16, pg 67.
[24] P4R Phase I Summary of Consultations
[25] World Bank OPCS OP 9.0, ¶ 18, pg 68.
[26] The Bank approved revisions to several operational policies including access to information in February 2011 to reflect provisions in the Forest Carbon Partnership Facility on social and environmental assessment.

document (i.e. draft program document), or much in the way of program or policy assessment prior to Board approval. Much of the most important information about the DPL (policy matrix and results framework) is disclosed only after approval. While DPL draft program documents are eligible for release under simultaneous disclosure provisions in the new Bank access to information policy when the draft goes to the board two weeks for approval, this provision is often blocked by the borrower and stakeholders are therefore unable to properly engage on the central elements of a DPL design when it matters most. Current provisions in the OP/BP 9.0, irrespective of verbal claims made to the contrary during recent consultations, point to similar transparency limitations for P4R lending.

The OP/BP 9.0 states that "the final PAD will be disclosed following submission of the relevant documents [final PAD, Memorandum of the President, MOP; draft legal documents; disbursement letter, among others] to the Bank's Corporate Secretary of Policy and Operations (if the borrower agreed to do so in writing during negotiations), or following Board approval." Yet the current draft notes that additional processing and clearance steps are yet to be specified about this critical step in the P4R approval and transparency process.[27]

The proposed P4R program appraisal document, including all DLIs and M&E procedures should be disclosed in a draft well in advance of Board approval along with any proposed capacity building measures to assess the quality and ambition.

P4R documentation states that sectors to be supported with Program for Results will be determined in the context of the Bank's CAS/CPS for that country. The CAS/CPS should therefore include an initial assessment of the results/M&E systems for those sectors on the basis of some of the indicators in Annex I and if necessary indicate the need for a more comprehensive assessment. Program screening for P4R should be addressed clearly during the CAS/CPS consultations.

7. Independent Assessment of P4R and three year revision.

The Bank states that many program-based operations under IL have already been in execution for some time, which includes pilots of key features of P4R. This statement, which is not backed by any reference to an evaluation of those instruments or pilots, is used to argue against the need for piloting P4R.[28] Given the risks associated with the roll-out of a potentially complex instrument, P4R should benefit from "enhanced corporate oversight" in the form of an IEG evaluation of the first cohort of P4R projects no later than the end of the second year of the new program. Like the IFC, the Bank should also commit to revising the P4R OP/BP 9.0 no later than the end of the third year to incorporate the findings of the IEG evaluation as well to update any new commitments made in the context of other policy reforms now underway at the Bank.

Recommendations:

1. Explain more exhaustively why P4R goals can't be reached through existing Bank instruments?

[27] World Bank OPCS BP 9.0, ¶ 18, pg 73.
[28] World Bank OPCS Phase I Summary of Consultations, pg 13.

2. Provide more detail regarding the criteria and process under which program results systems will be assessed, consulted and communicated to the Board for approval.

3. As part of the program assessment and consultation, a disclosed stakeholder analysis and participation plan should guide any consultation to ensure the most effective representation of relevant, affected or otherwise interested stakeholders participating in all phases of a government program.

4. Provide greater explanation for how Bank and government will define DLIs and ensure accountability for any changes in DLIs post approval of the PAD.

5. The proposed P4R program appraisal document, including all DLIs and M&E procedures should be disclosed in a draft before Board approval along with any proposed capacity building measures to assess the quality and ambition.

6. The OP/BP 9.0 should be revised within three years on the basis of an independent evaluation of the first cohort of projects and to incorporate updates to the safeguard policies.

7. Due to the lack of clarity evident in the questions raised above, the World Bank should not approve the draft OP/BP 9.0 in November and provide for additional consultation on a new draft that incorporates adequate responses to these and other notes weaknesses in the current policy draft.

8. Until the issues noted above are resolved, P4R should be piloted before P4R is launched as a full-fledged initiative and should not apply to projects that pose substantive environmental and social risks –Category A and B projects.

Annex 1: Results Program Assessment Criteria

Program eligibility for World Bank funding of any type should rest on transparent and rigorous assessment of the existing system for measuring, disclosing and learning from results. The P4R OP/BP 9.0 should address the track record of any eligible program focusing on areas of performance monitoring, quality control, knowledge management and learning in explaining more completely how the integrity, capacity and effectiveness of program systems will be assessed. The Bank should address how the assessment will examine the following areas of a program system:

A. Human Resources/Budget:

- Evidence that the program has the HR capacity to conduct the required M&E activities
- Criteria for ensuring the quality of the program attention to M&E activities (independence, budget, authority)
- Is there clear and effective sector leadership
- Are partnerships with private sector and civil society in place to improve planning and leverage greater implementation results
- Demonstrated high level credentials and leadership in M&E performance

B. Information disclosure/Knowledge management

- Adequacy of data collection systems (including disaggregated data based on gender, ethnicity or other vulnerable population segment)
- Are program level results disclosed (frequency/reliability/quality of DLI type indicators/evidence)
- Are project level results disclosed (frequency/reliability/quality/verifiability)
- Existence and quality of social and environmental project/program outcome indicators
- Evaluations and monitoring reports are adequately disclosed and communicated in cultural appropriate ways
- Do program and sub-project operational designs demonstrate learning from prior results

C. Results Delivery Methods

- DLI hypothesis quality (wrt logic chain) based on past results and sector assessments.
- Existence of adequate spatial and other relevant information to target beneficiaries
- Criteria for developing a list of acceptable DLIs
- Adequacy of methods for defining unit costs of expected outputs/outcomes/impacts
- Adequacy of methods to estimate economic rates of return for projects and program

D. Monitoring and Evaluation (including Verification Protocol):

- Do monitoring and evaluation systems reflect accountability best practice (which can be detailed)
- Do program results monitoring and evaluation reporting provide disaggregated data based on gender, ethnicity or other vulnerable population segment
- Are there provisions for independent monitoring for high risk subprojects
- Are there provisions for independent evaluation
- Frequency and quality of impact evaluation, specifically cumulative or indirect impacts.
- Satisfactory demonstration of positive program and project results