Program for Results: The First 35 Operations

Alan Gelb, Anna Diofasi, and Hannah Postel

Abstract

The World Bank's new Program for Results (PforR) instrument is only the third financing instrument approved since 1944. The PforR portfolio is expanding rapidly and represents an appreciable part of "results-based" development finance. This paper analyzes the first 35 operations. They account for $8.1 billion in commitments and are leveraged into programs that total $46.7 billion. The results frameworks and monitoring processes of the operations are therefore extended across a wider canvas.

The paper analyzes the relative weight of "results" and institution-building using a methodology based on the different types of Disbursement-Linked-Indicators (DLIs). It also considers how the projects manage performance risk by distributing disbursements across DLIs of different types. The projects vary greatly in these and other dimensions, suggesting that the portfolio offers a laboratory for the future although it is too early to come to conclusions on implementation. A further 22 operations are in the pipeline.

Unlike most other results-based initiatives, PforR loans offer no financing additionality. Client countries can still avail themselves of traditional investment or policy loans. This raises the question of why a particular country might choose to take a PforR loan (with its attendant disbursement risk) rather than either of the traditional options. The paper considers this question and the implications for the future role of the MDBs as their clients transition from LICs to MICs and their funding becomes a smaller share of overall development finance. It suggests a monitoring role related to the effectiveness of resource management that is not too dissimilar to the role played by private creditors in corporate governance. It notes that this might appeal to certain clients, and to certain interests within client countries, more than others.

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1. Introduction

The World Bank's new Program for Results (PforR) instrument, created in 2012, is only the third financing instrument approved by its Board since the Bank was created in 1944. Although elements of results-based disbursement can be found in some previous operations, PforR is the first instrument designed to directly link disbursements to results. The development of the instrument was largely motivated by the need to fill a gap between investment (project) lending (IL) and development policy lending (DPL) to enable the Bank to support programs of service delivery. Over the first two years, the volume of lending under PforR was restricted to not more than 5 percent of the sum of IBRD and IDA commitments. Following a review of the program at the 2-year mark this was replaced by an indicative limit of 15 percent of commitments, computed as an average over the three most recent years.

The PforR program has expanded rapidly since its inception. As of March 1, 2016, 35 projects had been approved for a total commitment of $8.1 billion. It is too early to predict the long-term equilibrium share of PforR in the Bank's portfolio,[1] but based on the initial response, it could be very substantial. Other MDBs, including the AfDB and the ADB, are also introducing results-based instruments, so that the scope of the approach is extending beyond the World Bank.[2] The Bank's PforR-based lending already represents a sizeable sum compared with the resources under other results-based initiatives, some of which have been in existence for far longer.[3] Besides its larger scale, the PforR program also generally demonstrates a more global mandate and broader sectoral focus than performance-based programs in other settings. It leverages differential country contributions, involves no up-front investment component, and operates on a loan basis only. Not all of the funding passing through these programs is disbursed strictly on the basis of results, including in the case of the PforR.

In addition to having a focus on results, PforR operations are designed to support wider programs that pool their resources with those from the borrowing government as well as possibly other donors. Unlike IL operations, resources provided through PforR are not

[1] The $8.1 billion in total expected disbursements under the PforR represents about 3 percent of the World Bank's combined IBRD and IDA portfolio, which stood at $287 billion at the end of 2015.

[2] As of March 2016 the ADB's portfolio of results-based lending comprised 8 operations with commitments totaling $1.8 billion.

[3] For an overview of recent performance-based initiatives, see Perakis and Savedoff (2015). They include GPOBA (portfolio of $256 million), Salud MesoAmerica (portfolio of $155 million, including $41 million from host governments), DFID-funded results-based programs for education (about $60 million) and parts of the large GAVI program (total resources over 2000-2015 $11.6 billion). Among the most prominent operations are performance-based payments for reducing deforestation, with over $3 billion committed as (potential) disbursements over a decade.

administered separately. They are managed through country, rather than Bank, processes and their use is subject to country-based social, environmental and fiduciary safeguards rather than the Bank's own procedures. This feature has been contentious among some critics of the program, in particular some social and environmental advocacy NGOs, but it can be seen as an important step towards reducing the excessive fragmentation of development assistance and putting clients, rather than the Bank, in charge of the management of development funding.

The counterpoint is that PforR is restricted to program areas that are judged to have low or moderate social and/or environmental risks. Some sectors are excluded as are some components of programs covering generally low-risk sectors. Large procurements are also excluded. This gives rise to the risk that the boundary of the programs supported by PforR may not correspond to those for the programs as defined by country clients. Indeed important parts of the latter may be excluded from the PforR program because they are judged to present particular risks which the Bank is reluctant to accept.[4]

Even so, the leverage of the operations, defined as the ratio of total program size to the World Bank's PforR commitments, is impressive. The programs supported by the 35 operations total $46.7 billion, for a total leverage of over 500 percent. Excluding the most high-leverage program – India's huge ODF project[5] – reduces the leverage to around 300 percent. These numbers mean that the results frameworks developed by the operations together with their monitoring and reporting systems are being applied to far larger pools of development resources than simply the project commitments.

This paper analyzes the anatomy of the PforR portfolio in terms of the disbursement-linked indicators (DLIs) developed for the operations. We apply the methodology developed in Gelb and Hashmi (2014) and since adopted by other analyses such as Holzapfel and Janus (2015). DLIs are fundamental determinants of the architecture of any operation.[6] Traditional investment lending (IL) projects, for example, disburse on the basis of evidence that specified inputs have been procured in an acceptable manner. Policy-based operations disburse on the basis of agreed actions. Results-based operations disburse on the basis of "results" achieved – leading to the question of what they consider as results. Using such a system, it is then possible to position a results-based operation relative to other types of

[4] Category A programs, those considered by the Bank to pose significant and irreversible social and/or environmental risks are excluded from consideration for PforR. Exclusions can lead to the PforR-supported programs being constrained relative to the overall government program. For example, the Nepal bridge rehabilitation project excluded bridges in environmentally sensitive areas. Large procurements, the other carve-out, will need to be handled outside the PforR framework. The exclusions raise a number of policy issues and tradeoffs but these will not be re-examined here: see Gelb and Hashmi 2014.

[5] The Swachh Bharat Mission Support Operation

[6] The approach departs from the observation that all development projects and programs embody particular conditions for disbursement. We can think of these as disbursement-linked indicators (DLIs) although the term DLI appears to have been used only since the advent of results-based operations.

operation and also relative to particular formulations of results-based aid such as COD aid (Birdsall and Savedoff 2010).

This approach is especially relevant for PforR because of its emphasis on the performance of the systems responsible for delivering the results as well as the "results" themselves, which are generally understood to refer to outputs or outcomes from the project. Program for Results is very different from what a "Payment by Results" approach might look like because of its parallel emphasis on institutional development. In the eyes of some advocates of pure results-based aid, this mixed approach reflects a continued reluctance by donors to "get out of the kitchen" and leave the design and implementation of programs to better-informed clients. PforR justifies the approach by stressing the need to ensure that results are sustainable and that the operations leave behind a legacy to enable continued service delivery. As discussed below, the mixed approach may also be seen as a technique for managing disbursement risk by ensuring that at a portion of the project's commitments can be disbursed even in the event that it fails to deliver the expected outputs or outcomes.

Whatever the motivation, institutional strengthening is likely to involve a range of agreed actions and processes along the lines of traditional technical assistance operations. What should distinguish them from these projects should be the tie between institutional strengthening and observable improvements in performance. "Results" should play a vital role in keeping the institutional programs on track—not "capacity building" to build capacity as much as "building capacity to deliver a particular set of services or products." Clearly, some reasonable balance between institutional development and results-based monitoring and DLIs would be essential for this approach to work as expected.

One set of questions therefore concerns the nature of "results" and the balance of the projects as between results and institution-building. What types of results do PforR operations support? How far down the results chain do they typically extend? How do the operations strike a balance between (i) disbursing on the basis of results, typically benefits to users, such as services or goods delivered by the program, and (ii) measures to strengthen the performance of the systems responsible for delivering the benefits and services? To what extent are the operations prescriptive – in the sense that they disburse on the basis of detailed and agreed actions – as opposed to hands-off – disbursing on the basis of achievements along the lines of COD aid?

We also consider a range of other questions. How do the operations deal with performance risk? Are disbursements proportional to achievements or do the operations involve more risky high-powered incentives in the form of all-or-nothing disbursements against hard thresholds? Do some operations seek to combine these approaches? Are disbursements mostly linked to one or two DLIs or do projects seek to diversify risk by spreading them across a wide range of indicators? We may also ask what the PforR experience suggests about the limits of the results-based approach – usually framed as a longer-run contractual mechanism involving firm baselines and monitorable multi-year targets. How do the

operations approach a situation where the goal is to build more decentralized and flexible capacity to respond to bottom-up demands that may evolve over time?

Finally, we consider the political economy of the decision on whether to use PforR for any particular operation. Clearly, the instrument is not suitable for some purposes, for example to finance the construction of a large dam or a macroeconomic adjustment program, but this leaves open many service-delivery programs that involve a mixture of policy and regulatory changes, institution-building and inputs. Both ILs and DPLs continue to be available so that clients have a choice on which instrument to use. PforR offers certain advantages, including the use of country systems; it also involves risks, notably that of non-disbursement due to failure to meet results targets, and it offers no financial additionality. Why should sovereign countries agree to subject their programs to independent multi-year monitoring overseen by an external entity?

We show that there can be various drivers of PforR, whether a reformist government or finance ministry seeking to impose "top-down" discipline on an ineffectively managed sector, or a government ministry or agency seeking to gain sustained support for an ambitious "bottom-up" program. We also draw on the literature on the role of creditors in corporate governance to explore the role of the MDBs as external monitors and agents of commitment. This role could become more important in PforR going forward, especially as countries graduate from IDA to IBRD and as the volume of MDB resources declines over time relative to the self-generated resources of the client countries. Indeed, the fact that the PforR pipeline consists largely of middle-income countries (MICs) appears to support this view.

Section 2 outlines the methodology and notes some of its limitations. Section 3 provides an overview of the first 35 operations, including trends in World Bank financing and overall program size, the distribution of different types of DLIs by number and value, and the risk sharing strategies of different operations. Section 4 considers three types of operations as distinguished by the analysis: those that focus on outputs and outcomes, those that include a heavy emphasis on measures of system performance, and those that disburse mostly against specified actions. It highlights innovative and potentially exemplary approaches as well as some areas of concern, although it is too early to assess the implementation of these projects. Section 5 considers the political economy of results-based projects as suggested by PforR and what the program could mean for the future role of the Bank. Section 6 concludes.

2. A Classification of DLIs and Projects

Following Gelb and Hashmi (2014), Table 1 outlines six types of DLIs. Classic investment operations typically finance the costs of the inputs required for a project and procured in a manner acceptable to the donor. The disbursement-linked indicators for such a project (denoted I in Table 1) will therefore be based on evidence of spending for example, on materials to repair bridges. Classic policy-based operations, on the other hand, are expected to have DLIs based on specific policy actions (denoted A in Table 1).[7] In cases where the actions mandate a complex set of multiple measures to build institutions and improve the functioning of particular systems, we choose to classify DLIs as SA, or system actions. Both A and SA DLIs are prescriptive in the sense that the actions of the borrower have to conform to detailed conditions agreed with the lender. The former will usually be more transparent than the latter because of the complexity of SA measures.

Turning to "results," the methodology distinguishes three DLIs. Output DLIs (O) involve the delivery of a specific product or service: for example, bridges constructed or repaired as in the case of the Nepal Bridges project. Outcome DLIs (OO) entail longer-term, broader achievements further down the results chain. Projects following the COD aid concept (Birdsall and Savedoff 2010) would rely only on these types of performance measures. Outcomes are conceptually preferable but may be difficult to calibrate and cost out, and are usually less subject to the direct control of those implementing the program supported by the project. They may therefore be more difficult to use as contractually acceptable DLIs. Moreover, while outputs and outcomes have a clear conceptual distinction – the first is a tangible good or service produced or delivered, while the second is an achievement we actually care about – in practice this can be less clear because it involves judgment on where the results chain starts and ends.[8]

The third type of 'result' DLI is a system output or SO, a measure of system performance or capability that does not necessarily reflect the delivery of the main outputs or outcomes that the system is intended to produce. SOs can be thought of as achievements that are further upstream than outputs but that may nevertheless be important in terms of signaling that the system is making progress towards effectiveness and sustainability. In Table 1, the example is capacity to process and complete bridge repairs on schedule. Unlike A and SA DLIs, the O,

[7] They include no conditions on the uses of the funds provided to the budget through the operation.

[8] Consider the following results chain for an education project: classrooms constructed, teachers hired, textbooks provided, pupils enrolled in school, pupils attending classes, completing primary schooling, achieving learning results as measured by standardized test scores, achieving gainful employment, seeing increases in household income, experiencing a multi-dimensional advance out of poverty, happiness. While the first (classrooms) is surely an output and the last (happiness) surely an outcome, the intermediate results could be considered as either depending on the specification of the results chain. In addition, a given input, output or outcome within a particular project may not be the same category from the perspective of a different program. For example, desks or classrooms, while outputs of a project to encourage manufacturing or construction, would be inputs for an education or health program.

OO and also the SO DLIs are essentially "hands-off." They specify the goals rather than the steps needed to attain it.

Table 1. DLI Classification

DLI Type	Abbreviation	Example
Input	I	Presentation of invoice for purchase of approved construction materials
Action	A	Preparation of an Environmental and Social Guide
System Action	SA	Implementation of an agreed program to strengthen the Bridge Management System
System Output	SO	Increased percentage of bridge works completed per pre-agreed schedule
Output	O	Number of new bridges built or rehabilitated with allowance for the extent of repairs needed
Outcome	OO	Percent of secondary-school girls reaching agreed standard of achievement on standardized test

Results-based projects can end their interventions at different points on the results chain. Some institution-building projects may disburse against SOs while others follow through to Os or even OOs. This complicates the classification of DLIs: if a particular system improvement is the development objective of the project does this mean that we should consider it as an output or even an outcome? In our view, doing so would debase these concepts which should relate to the provision of goods or services valued by project beneficiaries or even better measurable improvements in their well-being. In classifying the DLIs for the 35 operations, we have therefore considered them independently of the development objectives of the project. Annex Table A1 includes details of all DLIs across all projects together with their classification.

We also classify DLIs according to whether disbursement is scaled in proportion to performance (S) or is conditional on achieving a one-time threshold (T). An additional "scaled threshold" indicator captures DLIs that involve a staircase of progressively increasing hard thresholds each year. For example, in the Brazil Service Delivery project, the establishment of a monitoring system is a simple threshold, as a one-time accomplishment, is recognized by a one-time disbursement. Implementation of a water quality monitoring system is a scaled threshold, as the beneficiary must meet an annually increasing bar to receive payment. Disbursements for the percentage of households connected to the sewage systems are scaled to the level achieved. Annex Table A1 also notes whether a clear baseline

is spelled out for the DLI in the project document (Yes/No). In some cases baselines may be implicit (Im): for example, when the DLI requires applying a policy or creating a program that clearly did not exist before the project.

Other features of the DLIs are discussed below but not flagged in the table. One important question is whether the DLI sets out a fully specified multi-year schedule of conditions for disbursement or whether, in a more flexible approach to results, it involves fulfilling a rolling plan of outputs or outcomes. Such a "weakly contractible" DLI may be results-based but cannot be the basis for a fully defined *ex ante* contract to determine disbursements.

The approach of classifying operations according to the number of their DLIs by type and their respective disbursement value has several limitations. An element of judgement is often necessary when it comes to a particular DLI even though the classifications may be conceptually distinct.[9] How complex does a set of actions need to be to be classified as SA rather than A? It is not always straightforward to decide where a DLI falls on the action–output–outcome continuum although the detailed framing of the DLI can provide valuable information. In some cases where the goal may be set out as "building capacity", the classification will need to depend on whether capacity is defined in terms of a capability (SO) or as a series of specified steps or processes that are assumed to be central to the building of capacity (A or SA).

Distinguishing between SO and O-type DLIs can also require judgment. Is it really possible to measure the capability of a system in ways that do not also measure the provision of outputs (or outcomes) by that system? For example, might improvements in the management of bridge repair contracts (Table 1) not be seen as a service improvement for contractors? We take the dividing line to be whether the DLI refers to the actual provision of the products or services that the system is intended to deliver to beneficiaries (in this case, usable bridges for the convenience of travelers) and distinguish this from more general improvements in the system's capabilities. Typically, output or outcome DLIs are linked to tangible improvements on the level of individual beneficiaries – through providing new or safer bridges that people can use or through increasing the number of houses connected to the main water line.

Additional judgments are required to assess what constitutes a single DLI. In some instances, we split one DLI into separate indicators when they combined several different types of conditions. For example, DLI 4 in the Egypt Inclusive Housing Finance project consisted of both establishing a functional monitoring mechanism to monitor housing occupancy and ensuring a minimum percentage of housing units occupied by low income households. The two parts of this indicator will be monitored and compensated separately; therefore, we considered them as separate DLIs for the purpose of the analysis.

[9] To develop Annex Table A1 we carried out three independent classifications of the DLIs followed by a process to resolve any differences.

Finally, an operation might involve conditions for presentation or effectiveness that are not explicitly linked to disbursements. For example, the effectiveness of an investment operation to build power generation capacity and a distribution network may be conditional on pricing reforms to restore the financial viability of the power sector. In this sense, it could be argued that many, if not all, investment projects include important elements of policy conditionality even if this is not explicitly tied to disbursements.

3. Overview of the First 35 Program for Results Operations

3.1 Description of the Program

The 35 projects we analyzed represent over $8.1 billion in World Bank lending[10]. This is leveraged by country and other resources to support programs totaling a combined value of $46.7 billion. In terms of size, projects span a wide range—the average (mean) commitment is $232 million, with the largest project—aimed at reducing open defecation in India—at $1.48 billion, and the smallest—focusing on local governance in the West Bank and Gaza—at only $5 million[11]. The median PforR loan is for $165 million. Table 2 below summarizes some features of the 35 operations.

Table 2. Summary of PforR Operations' Characteristics

	(1) N	(2) mean	(3) median	(4) min	(5) max
Total program size ($ million)	35	1,335	300	20	22,000
World Bank financing (")	35	231.9	165	5	1,475
Share of WB financing in total	35	48.8%	44.2%	6.7%	100%
Number of DLIs per project	35	8	7	4	13

[10] We count only World Bank loans when referring to 'World Bank lending' or 'World Bank finance' and do not include contributions in the form of grants from trust funds managed by the World Bank. Trust fund financing is included, however, when we consider disbursements associated with the DLIs since these funds are pooled with World Bank funds for the purposes of disbursement. The overall value of all disbursements across all project DLIs is therefore somewhat larger than total value of World Bank lending. Tanzania's Health PforR is supported by an additional $100 million in trust fund grants and the West Bank and Gaza public administration PforR is supported by an additional $13 million.

[11] With an additional $13 million coming from trust funds managed by the Bank (see footnote 8).

The number of projects and, more recently, the level of commitment has been expanding rapidly. The number of PforR projects doubled from 3 to 6 projects in its second year of operation and doubled again to 12 projects in 2014[12]. With 22 operations currently under preparation, it is likely that there will be a sizeable increase in numbers between 2015 and 2016. Table 3 breaks down total project size and World Bank financing by project start year.

Table 3. Evolution of Program Characteristics by Project Start Year

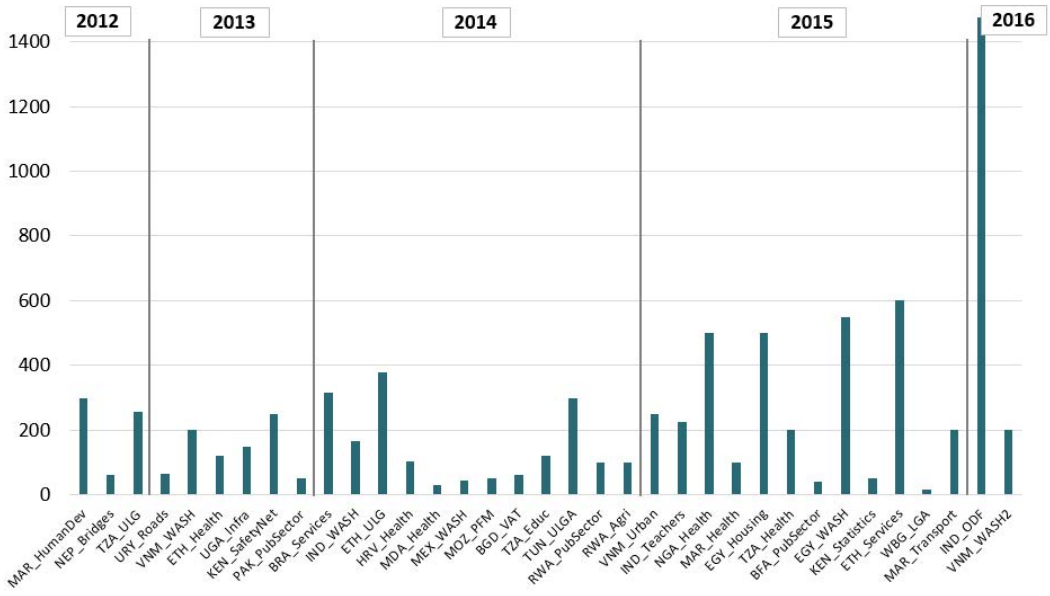
	2012		**2013**		**2014**		**2015**	
	3 projects		**6 projects**		**12 projects**		**12 projects**	
	Mean	**Median**	**Mean**	**Median**	**Mean**	**Median**	**Mean**	**Median**
Total project size	506	255	438	385	332	242	1364	354
World Bank financing[13]	205	255	139	135	148	102	268	213
Share of WB financing	56%	41%	50%	49%	53%	53%	42%	44%

The year 2015 saw a significant jump in the size of both World Bank financing and the total overall value of PforR programs. The average World Bank loan increased by 80 percent, while the median loan amount more than doubled. 2015 was also the first year when loans of $500 million or above were approved using the PforR framework, in the case of four projects. With the approval of a $1.5 billion PforR financing to India in 2016, this upward trend in average project size and loan amount appears to be continuing, with several large operations in the pipeline. Figure 1 demonstrates these developments.

[12] Dates refer to official project start dates as per the Project Appraisal Documents published on the World Bank website. See also Figure 1for an overview.

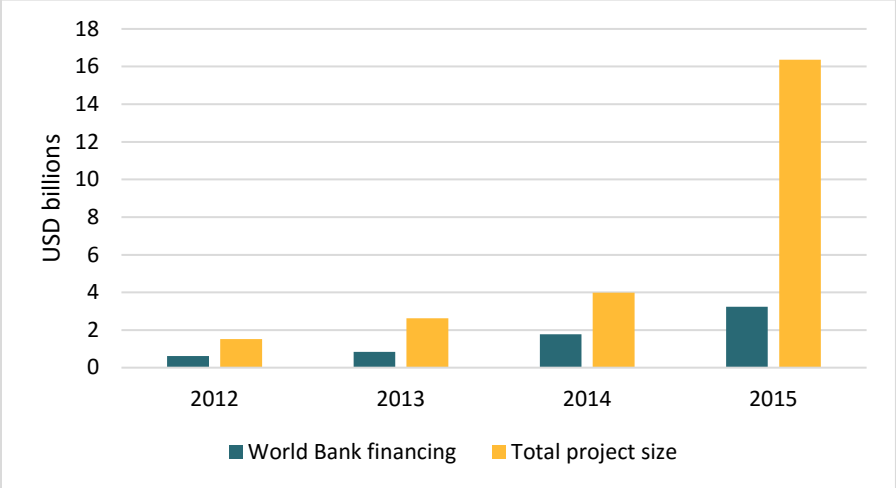
[13] As noted previously, we have not included trust funds Bank financing as it is more akin to other funds leveraged by the project leverage. However, the funds are counted in DLI disbursements.

Figure 1. World Bank Financing of PforR Projects Over Time



Leverage increases with total project size. For the (unweighted) average project, Bank funding represents about half (49 percent) of total program cost, with the share ranging from only 7 percent for the large Indian ODF program to 100 percent for an urban local government strengthening program in Tanzania. Four PforR projects have a World Bank financing share of below 10 percent and two are at 90 percent or above. Overall, leverage stands at over 5 to 1 and has been increasing. Figure 2 shows the ratio of Bank financing to total project size by program start year.

Figure 2. Total Project and World Bank Financing Size of PforR Projects Over Time



As shown in Figures 3 and 4 below, the first 35 projects have a wide regional distribution. Fourteen are located in Sub-Saharan Africa, nine in Asia, seven in the Middle East and

North Africa, three in Latin America and two in Eastern Europe. Of the 35 operations, 14 support programs in low-income countries, 16 in lower middle-income countries, four in upper middle-income ones, and one is being implemented in a high-income economy (Croatia).[14]

Figure 3. Regional Distribution of PforR Projects

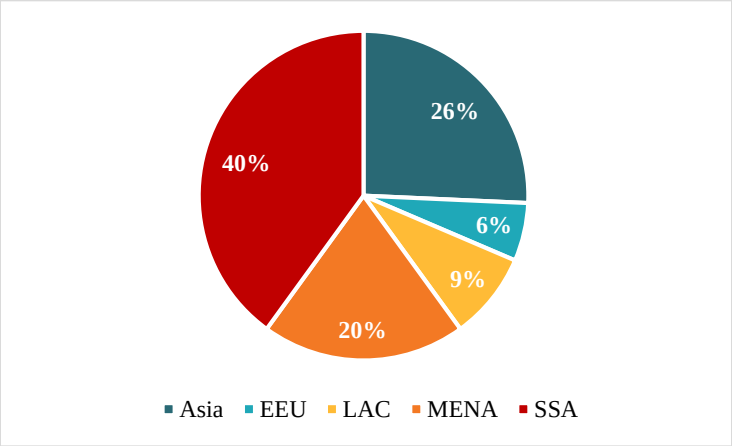
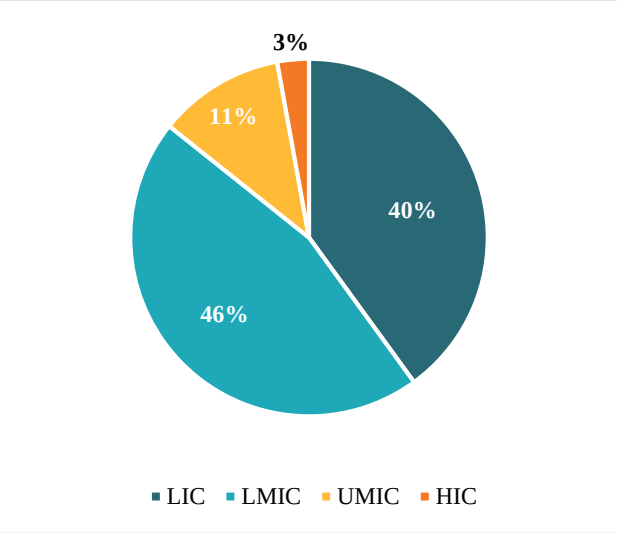


Figure 4. Income-Based Distribution of PforR Projects



The sectoral focus of the PforR loans is also diverse, including projects in health, education, water and sanitation, agriculture and public administration as well as roads and transportation. PforR appears to be emerging as a popular tool for implementing institutional reforms within local governments: seven programs are almost exclusively dedicated to this area.[15] For these, most DLIs are linked to the preparation of plans,

[14] Income classifications as per the World Bank, at the time of the project's start date.

[15] In Ethiopia, Pakistan, Tanzania, Tunisia, Uganda, Vietnam, and the West Bank and Gaza

adoption of new systems, and publication of data. Eight projects contain explicit targets for water and sanitation;[16] eight projects focus (at least partly) on health;[17] six on education;[18] and three on transportation.[19] Several projects focus on more than one broad area: Morocco's 'National Initiative for Human Development 2' PforR includes deliverables in education, water supply, income generation, gender equity, and public administration.

None of the projects focuses on the provision of global public goods such as preserving forests, which is perhaps surprising, considering that several results-based programs of this type have been funded by bilateral donors. One reason could be the sensitivity of safeguards, in particular those concerning indigenous people, but it could also be that awareness of the program has not yet permeated to staff and client ministries in the area.

3.2 Actions, Outputs and Outcomes

For the 35 PforR projects the $8.1 billion of World Bank lending is distributed across 278 DLIs (see Annex Table A1). On average, each project includes eight disbursement-linked indicators.[20] Ethiopia's service delivery program has the most with 13 while India's open defecation project – the largest by value—has the fewest at only 4. Disbursements average $30 million per indicator. When we allow for the fact that each DLI has, on average, about 5 monitoring points over time, this equates to a total of about 1,400 monitoring points (or 40 per project), for an average disbursement of $5.8 million per disbursement point.

Figure 5 shows the number of DLIs by type across all projects. The program does not include IL-type DLIs with disbursements explicitly linked to procurements, but it does include many DLIs linked to actions, some of which require resources. Overall, 54 percent of DLIs relate to actions or to system actions. Twenty nine percent refer to outputs or outcomes (mainly the former) and 17 percent to measures of system performance that are distinct from the outputs or outcomes that the system is intended to deliver.[21]

Figure 5. DLIs across the 35 PforR Projects, by Type

[16] In Brazil, Egypt, India (X2), Mexico, Morocco, and Vietnam (X2)

[17] In Croatia, Ethiopia (X2), Moldova, Morocco, Mozambique, Nigeria, and Tanzania

[18] In Burkina Faso, Ethiopia, India, Morocco, Mozambique, and Tanzania

[19] Morocco, Nepal and Uruguay

[20] Where DLIs are divided into sub-categories, with separate targets for disbursement, e.g. DLI 2.1, DLI 2.2, DLI 2.3, each sub-category is counted as one DLI

[21] In rare cases the nature of a DLI changes over time, with indicators for actions for some years and for outputs in others. We have tried to capture mixed-type DLIs but it is possible that the shares of DLI by type would differ very slightly from those presented if analyzed separately at all 1,400 points.

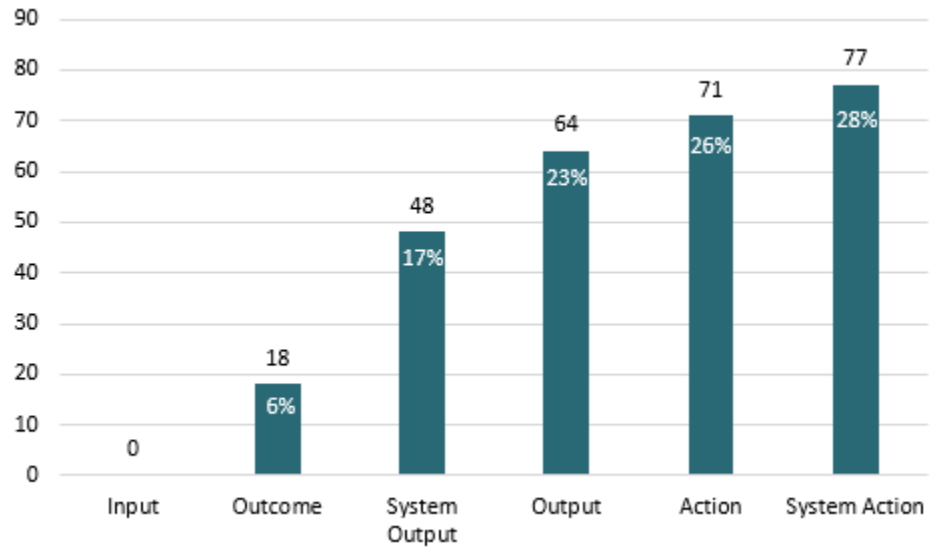


Figure 6 shows the distribution of DLIs across projects based on amounts to be disbursed. Action and system action DLIs represent 41 percent of the total value of disbursements, with an average value of $23 million per DLI. Output DLIs (O, SO, and OO) represent 58 percent of total disbursements with the average value $87 million. The combined value and average of output-based DLIs is largely driven by India's massive ODF project where the three outcome DLIs are associated with the vast bulk of disbursements—over $1.3 billion. This is by far the most outcome-oriented project in the sample.

Without the India project, DLIs with an 'O' classification would have the highest combined value and share at 34 percent of the total, followed by system actions, at 32 percent (Figure 7). Without the Indian PforR, the average value of a "results"-based DLI (O,OO,SO) would be $28 million, only about 25 percent higher than the average action-based DLI (A,SA) at $22.4 million.

Figure 6. Value and Share of DLIs for the 35 PforR Projects, by Type.

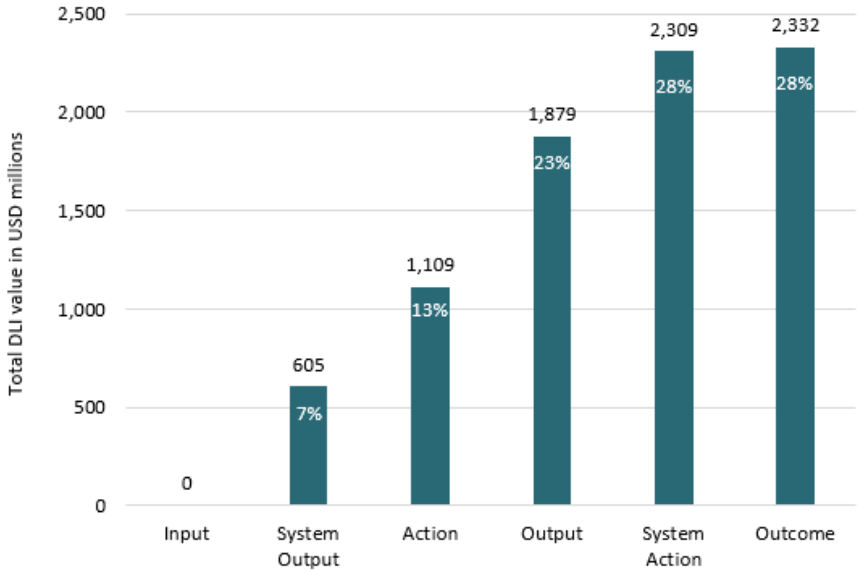
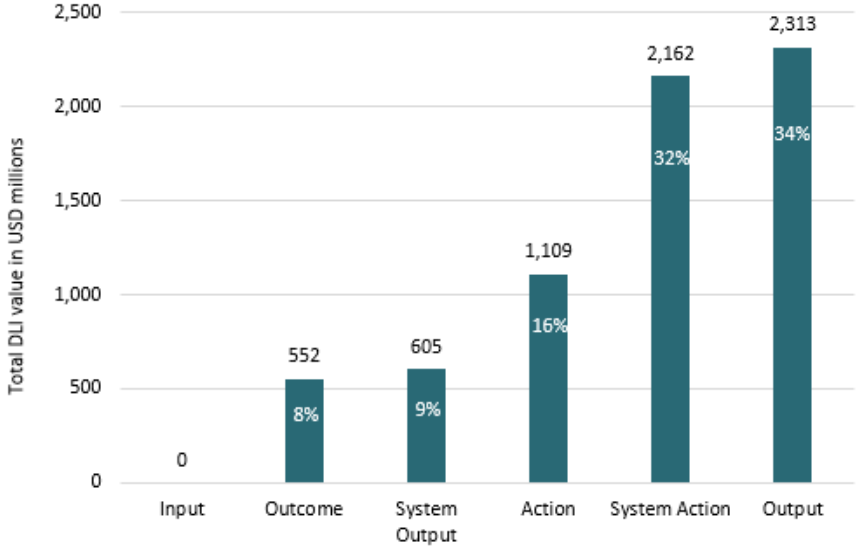


Figure 7. Value and share of DLIs without India's ODF PforR, by type.



How far do PforR operations extend down the results chain? In the case of the India project a long way, towards outcomes that require behavioral change in addition to better infrastructure. Excluding this project, outcomes – perhaps the most difficult to achieve and the most closely connected to direct improvements in the lives of beneficiaries—represent only 8 percent of total lending across all programs. Only 11 of the 35 operations have even a single outcome DLI, and in only four of them do they represent more than a quarter of total expected disbursements. Output indicators are more prevalent: not counting the India project, they represent a significant share of total allocations totaling one-third of the value

of all expected disbursements. System outputs, arguably an even earlier stage in the results chain than actual outputs, represent less than 10 percent of expected disbursements.

Figures 8 and 9 below show the share of DLI frequency and value dedicated to outputs and outcomes: both the more expansive category of O/OO/SO, and the more tangible category excluding system outputs (O/OO). In 86 percent of projects, at least one-third of total lending was dedicated to O/OO/SO DLIs and 57 percent of projects dedicated at least one-third of disbursement to output and outcome (O/OO) DLIs. As previously discussed, a greater share of O and OO results is probably a good indicator of a PforR project having a more tangible impact and being more closely linked to citizens' well-being. Performance is also more easily verifiable independently by CSOs, other stakeholders or even ordinary people, whereas SO-type indicators often require specialized assessments and cooperation by the implementing agency.

On the left side of the graph in Figure 9, we observe some concentration of public sector-focused programs that have a relatively high share of system output-linked disbursements as well as many that have a low value of all output-linked indicators (O,OO, SO). The mandate of such projects is usually to increase institutional capacity. Approximately one-third of projects are characterized by high numbers of output and outcome DLIs. Another third falls into the institutional strengthening category with large disbursement value committed to system outputs or to actions.

Most projects therefore do not extend very far down the results chain. This can be for several reasons. One is caution – while providing outputs (services or goods) is typically under the control of those implementing the program they may have less influence on outcomes. Another can be difficulties in scaling disbursement levels to changes in outcomes – it may be easier to calibrate disbursements to the number of bridges repaired than to the reduction in transit time resulting from the repairs.[22] Changes in outcomes may be slow or be more difficult to monitor within the relatively tight timeframes of even a 6 or 8 year PforR project. In addition, some outputs may have elusive links to a diffuse range of outcomes that are difficult to measure. In the case of the Kenya Statistics for Results program, outputs are well defined in terms of implementing an integrated program of surveys and making the data available. Even though there is a pressing need for an "African data revolution" to improve economic and social management,[23] measuring the ensuing outcomes and attributing improvements to the data would be extremely challenging.

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[22] Despite these challenges, Morocco's Urban Transport PforR includes a DLI related to the reduction in travel time (DLI 7).

[23] On the need for an African Data Revolution, see: http://cgdev.org.488elwb02.blackmesh.com/publication/delivering-data-revolution-sub-saharan-africa-0

Figure 8. Share of Os, OOs and SOs vs Os and OOs in Total Number of DLIs, Per Project

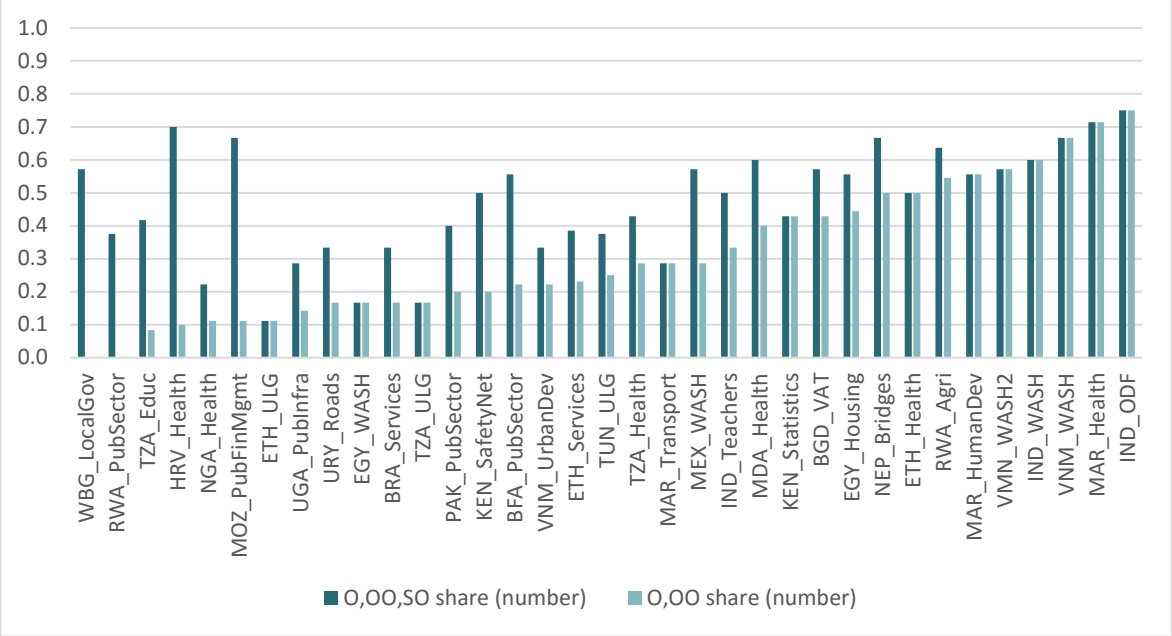
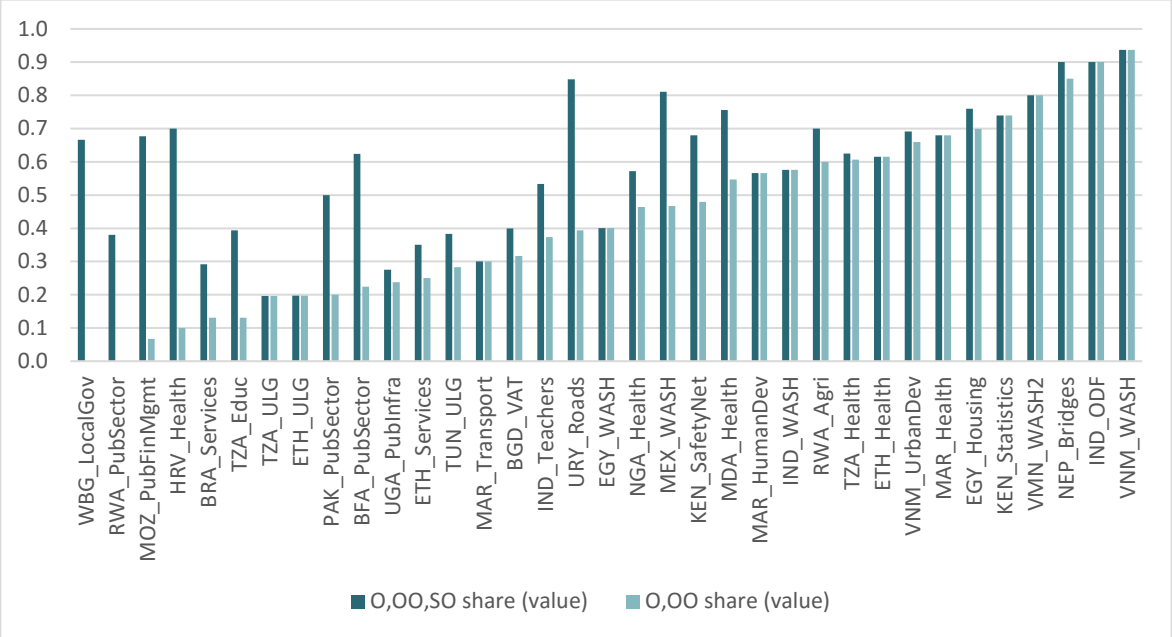


Figure 9. Share of Os, OOs, and SOs vs Os and OOs in Total Value of DLIs, Per Project



3.3 Risk-Sharing

One important question about results-based instruments is how they distribute performance risk. A project with only one, outcome-based, DLI is likely to involve more risk to the borrower than a project where disbursements are spread over a number of DLIs of different types. Conversely, it can be argued that dispersing financing across a number of DLIs, especially A or SA DLIs, risks blunting the incentives to deliver its most important outputs or outcomes and is also less likely to provide a transparent linkage between financing and achievements.

On average, the disbursement associated with the highest-value DLI is about one-third (31 percent) of the total combined disbursement value. This varies considerably across projects: the share of the highest-value DLI ranges from 10 percent to over 60 percent of total disbursement value. Where the disbursement is highly concentrated in one DLI, this tends to cover multiple achievements over a multi-year period. For example, one of the highest disbursement share (60 percent+) DLIs, in Vietnam's urban development PforR, is conditional on "local urban infrastructure investments [being] delivered as per each Participating City's approved Enhanced Annual City Plan"—a goal that will encompass many separate results and is only "weakly contractible" (see below).

As one measure of dispersion, Figure 10 shows the share of the total expected disbursements associated with the highest value DLI. Of the three projects where the top DLI is worth 50 percent or greater of the total external financing (Vietnam Water Supply and Sanitation, Vietnam Urban Development, Nepal Bridges), all are outputs.

Figure 10. Highest value DLI as a share of total expected disbursements

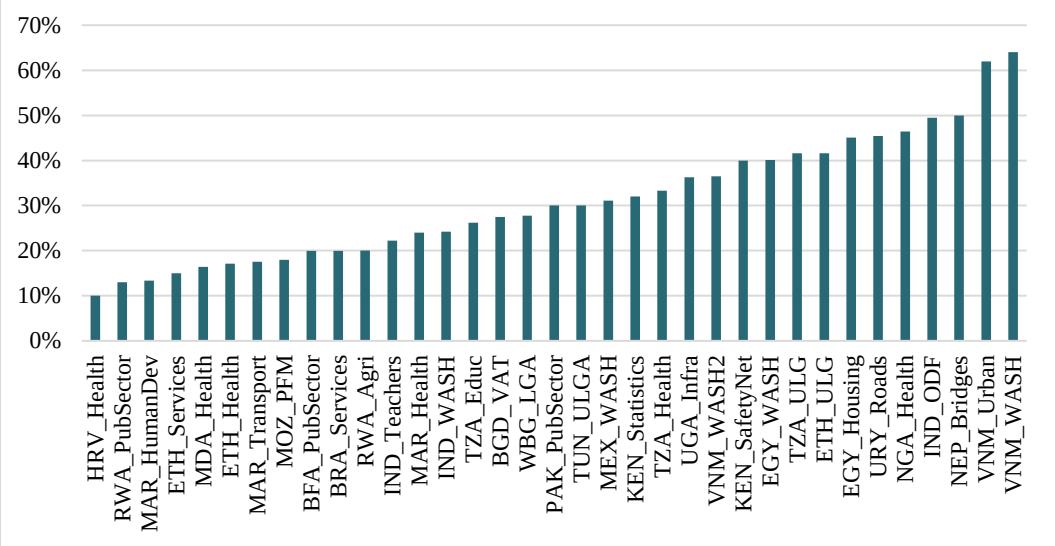
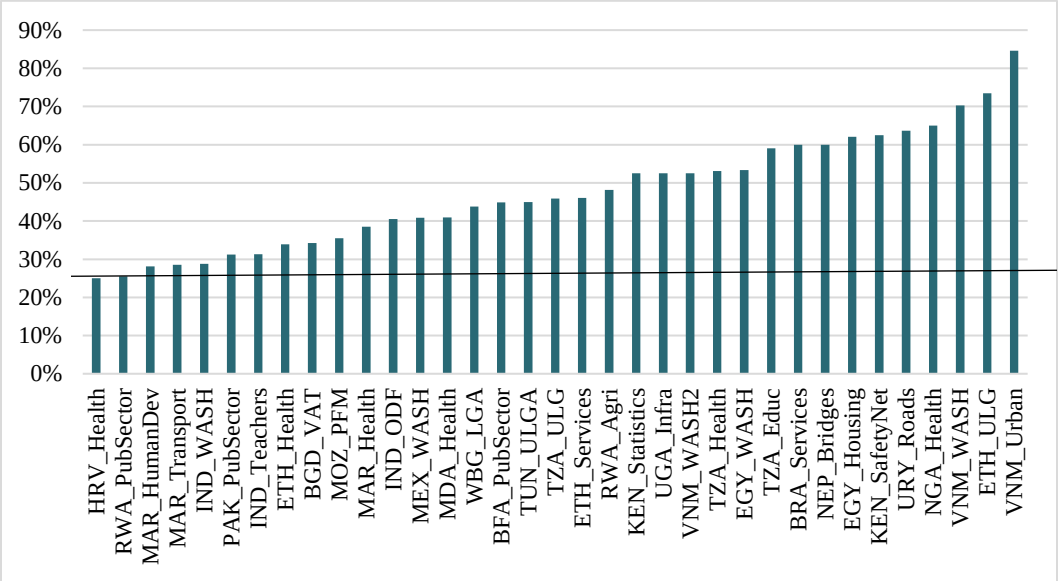


Figure 11 provides an alternative indicator: payment amounts associated with the top quartile of project DLIs.[24] This is over 50 percent for 14 of the 35 projects, signaling moderately high concentration in these cases. Concentration is lower for the remaining 11 projects, suggesting a more risk-diffusing (and thus risk averse) approach towards delivering "results." On average, the top quartile of DLIs account for 47 percent of commitments, also demonstrating a relatively high level of overall risk dispersion.

Figure 11. Percent value of top DLI quartile



3.4 Contracting and Incentives

Credible results-based contracts require that results be measurable, independently monitored in real time, and able to be set out in advance so that they can underpin a stable contract between funder and recipient over a timeframe that corresponds to the program necessary to yield the results. The majority of O/OO DLIs included in the PforR operations conform to these conditions, supporting disbursements based on such indicators as roads repaired or children vaccinated or educated. Clear metrics exist for such results to underpin multi-year contracts.

However, some operations draw attention to the difficulty of setting out multi-year contracts, in cases where the objective is to build capacity to provide services in response to less standardized needs. The Tanzania local government operation, for example, includes as its sole O/OO DLI the successful execution of infrastructure programs developed annually

[24] The two DLI's with the highest values, since the projects average 8 DLI's each (scaled as appropriate).

by local government. This formulation is also evident in Vietnam Urban Development. This may represent the reality that programs and needs evolve in such decentralized programs, but it is then difficult to establish a stable multi-year contract where achievements are known and compared to an agreed schedule. We term such DLIs "weakly-contractible."

This is not to say that local government capacity-building may not benefit from the increased level of external monitoring and scrutiny that a "results-based" operation would bring in or that the "disbursement contract" is not relevant to sustaining such monitoring over time. However, this is a significant departure from established ways of thinking about results-based development financing. The DLIs would have to be seen more as contributing to an institutional process than literally as a contract for disbursements.

Almost all DLIs have baselines to measure progress, whether explicit or implicit. A few do not, either because the DLI is "weakly contractible" (Tanzania) or because the baseline is to be measured as the first stage of the operation (India ODF). While the latter approach need not undermine the integrity of the operation, it does raise the risk of specifying O/OO variables in ways that cannot actually be measured when the time comes to do so or of disagreements on the baseline or the measurement process.[25]

Incentive structures also vary across the programs, as indicated by the disbursement schemes. Threshold DLIs are fully paid out upon completion of a one-time accomplishment. They are used mostly to verify the achievement of given actions, such as the approval of a policy or the preparation of an action plan or guide for a program or process. One drawback of their use –particularly in connection with outputs or outcomes – is that if the threshold is set too far from achievable results, it may discourage any progress towards such an objective (since no disbursement is expected).

Scaled DLIs are paid out according to progress made – for example, availability of essential maternal and reproductive health medicines for the Mozambique Public Financial Management program. Disbursements are at times also linked to a threshold as a minimum condition (for example the baseline or a given improvement on the baseline). In Mozambique's case disbursements start above a floor of 60 percent targeted improvement. Scaled disbursements have the advantage of incentivizing even small improvements in performance, helping to motivate implementation even when the ultimate target may appear out of reach.

[25] For example, a result expressed as a ratio, such as the percentage of the population enrolled in a program requires accurate measurement of both the numerator (enrolment) and the denominator (size of the targeted population). The latter would be subject to considerable uncertainty in some countries. Determining the baseline before the project provides a check on its measurability as well as limiting the possibility of gaming the baseline in the course of the project.

Combining the two approaches above are Scaled Threshold DLIs, which are a set of increasingly demanding threshold indicators – the minimum condition that must be met to receive payment increases year by year. They are typically associated with action or system action DLIs, but can also underpin outputs, as in the Kenya Statistics for Results program, where a new type of survey must be completed each year to receive payment. Another interesting example that combines proportional and threshold-based disbursements is that of Rwanda Agriculture (discussed in section 4), where for a number of DLIs the full payment is given if 75 percent of the target is met. These different modes of disbursement can be expected to affect the performance incentives of recipient countries.

4. Some Particularly Interesting Operations

With such diverse coverage and arrangements, the 35 operations offer valuable lessons. The programs represent a substantial experiment and should be carefully monitored. Without trying to be exhaustive, we consider different groups of operations and a number of cases of particular interest.

4.1 Output- and Outcome-focused Operations

The first set of operations weighs O/OO DLIs heavily. Four PforRs allocate 80 percent or more of their funding to outputs or outcomes (Figure 9): they include three infrastructure programs (two in Vietnam and the Nepal bridge repair program; the latter was one of the first operations) and the Indian ODF operation. Such operations place minimal weight on institution-building and come closest to the COD Aid concept of results-based aid[26].

Within this first set, we have a couple of particularly ambitious operations that stress outcomes. The *Swachh Bharat Mission Support* program to reduce open defecation in India is notable for multiple reasons, not least its size ($1.5 billion). In a bold 'all-or-nothing' approach, 90 percent of payments are concentrated in a set of three outcome variables – a highly unusual distribution of risk among the projects. Each of these DLIs targets an important and tangible result that is linked directly to beneficiaries: reducing the prevalence of open defecation, ensuring that villages remain open defecation free, and improving solid and liquid waste management. These outcomes require changing behavior; previous failed efforts have shown that simply providing sanitation facilities is not sufficient. A potential concern is the lack of baseline regarding the extent of open defecation at the outset of the program. The baseline is to be established in Year 1, through a National Rural Sanitation Survey, which is to be conducted as part of DLI 4 of the program ("Operationalization of

[26] See Birdsall and Savedoff (2010).

Performance Incentive Grant Scheme by MDWS").[27] This PforR operation is the most highly leveraged, with the Bank providing only 7 percent of total funding. As the largest and one of the most recent of the 35 projects, it could set the pace for many PforR operations to come. It also suggests an evolving role for the MDBs that is very different from simply mobilizing development finance, as we discuss below.

While not quite satisfying the 80 percent criterion for output and outcome DLIs, the ***Kenya Statistics for Results*** program is of special interest. It disburses three quarters of its funding against output DLIs such as completing critically important surveys to provide core data and making them available to support better economic management and development programs. The achievement of almost all of the DLIs is conditional on data being available on-line, making the monitoring process particularly simple and transparent and the results easily verifiable even by outside parties. Especially in the light of calls for an "African Data Revolution", this operation could serve as a model for consolidating donor support around central statistics agencies. We classify the surveys and data as outputs; as noted above, it is difficult to link these to outcomes such as higher growth or improved service delivery in a way that enables a multi-year contract to be specified.

The ***Transformation of Agriculture Sector Program Phase 3*** in Rwanda is another ambitious and innovative program that combines output- and outcome-based indicators with system improvements in a balanced way. Sixty percent of disbursement is based on O/OO DLIs and within these many target true outcomes, such as increased yields for various crops and milk production. The three outcome indicators[28] are all simple and measurable, providing demonstrable improvements for individual farmers and beyond. They have well-defined baselines and are measured against yearly targets. At the same time, the combined value of disbursements for these three outcome DLIs across three years is only $15 million (of the $100 million PforR total and $1.2 billion program total), suggesting a broad dispersion of risk across the different deliverables, with only a small share of payments hinging on perhaps the most difficult to achieve results (outcomes).

DLI 4 of this PforR –categorized as an output –takes an original approach to making agriculture more productive: it makes disbursements conditional on the adoption of new technologies by Rwandan farmers in a wide range of agriculture-related areas, from soil conservation to new seed varieties. It is unique in that it rewards innovation and the dissemination of new knowledge (leading to adoption), without stipulating a specific impact that the innovation must achieve and thus representing a departure from a traditional "results" approach. This could be seen as incentivizing experimentation with new

[27] Once the baseline has been established, $6 per person is disbursed in each participating state, which has reduced open defecation between 0 percent and 3 percent and $9 per person is disbursed in states where open defecation was reduced by more than 3 percent. .

[28] Increased cassava yields; increased coffee yields; increased milk yield per cow

technologies, allowing for a trial-and-error approach (including the occasional failure) to find the best solutions for a given region or produce.

The disbursement schedule for the program's DLIs is also innovative, reflecting the need to strike a balance between, on the one hand, high-powered incentives and on the other, the climatic and other risks associated with agricultural output. Disbursements are scaled in proportion to increases in productivity/outputs until these reach 75 percent of the target level. At that point a "bonus" of 25 percent brings the payment up to the level corresponding to full achievement of the goal. There is therefore a special incentive to achieve strong results, but an allowance for the possibility that even determined efforts may not fully pay off. For DLI 3 – which focuses on yield increases – there is a further provision to allow for full disbursement if results cannot be achieved due to exogenous factors, such as unexpected weather events. If these trigger crop or yield insurance payouts in a given year, for that year the Bank will disburse the full allocated amount once 40 percent of the target level is achieved. While this 'bonus payment' approach can make sense for quantitative targets (e.g. increased yields), the practicality of this structure for action-based disbursements is questionable: it is not at all clear what '75 percent of the agreed target value' represents in the case of the approval of a seed policy (DLI 7.1) or the updating of a gender sensitive Management Information System (DLI 6).

The Rwandan agriculture PforR operation is also highly leveraged, with only 8 percent of financing provided via the PforR instrument (and another 16 percent via non-PfoR IDA lending). It is unusual in that it relies on nine different funders in addition to the World Bank (the EU, USAID, IFAD, DFID, the Netherlands, the Swiss, Japan/JICA, the AfDB, and the FAO) who provide an additional 50 percent of the total project funding[29].

4.2 Operations Targeting System Performance

A second set of projects is those that place a heavy emphasis on System Output (SO) DLIs. There are about ten of these, depending on the threshold for inclusion (Figure 9). Especially in cases where outputs and outcomes are difficult to measure or to relate in a well-defined way to institutional strengthening, SO DLIs may play a critical role. One future priority for the program has to be to make more imaginative use of such DLIs in programs of institutional strengthening to shift the emphasis from action-based indicators at least towards SO DLIs. For the program to be coherent, these should relate closely to the capabilities needed to deliver the goals of the program.

One interesting example is from the ***Uruguay Roads*** project, where the most highly valued DLI refers to the number of km of the national roads network maintained through

[29] Given the high share of grant-based donor funding for this project, the strong focus on outputs and outcomes and the World Bank's monitoring role via the PforR could be a signal of donor influence. For more discussion on why certain countries choose PforR, see Section 5 on the political economy of operations below.

performance-based contracts. This DLI seeks to project the performance-based PforR into the contracting process itself. Another interesting case where a DLI seeks to project performance-based financing down to the frontline comes from ***Tanzania's Strengthening Primary Health Care*** program. All results-based operations face the question of how the incentive payments provided by the project will be distributed within the country. Will they be retained by the Ministry of Finance or be used to incentivize service providers further down the line? This should of course be spelled out in the program supported by the operation, but it is possible to reinforce incentives through the framing of a DLI. DLI 3 of the Tanzania operation, for example, requires public health facilities to improve service delivery and quality and also that they should have received payments on that basis every quarter.[30] Other interesting examples of SO-intensive projects include the ***Moldova Health Transformation PforR***, where SO DLIs seek to capture the institutional improvements from restructuring the system.

However, like some output DLIs, some of these SO DLIs are weakly contractible. An example is from the ***West Bank and Gaza Local Governance*** program: a capacity building program delivered based on annual plans. If annual action plans are laid out on a rolling, year-to-year basis (as they normally would be) by the same agencies that the PforR structure is supposed to incentivize, we have few guarantees that these plans will challenge local governments to provide a real improvement in service delivery.

[30] This DLI is classified as O. Although the part of the framing that refers to the use of results-based budgeting should be classified as SO it is not possible to break this out of the composite DLI.

Box 1. ***Too many sectors, too few results? Public sector modernization in Burkina Faso***
Burkina Faso's Public Sector Modernization Program is aimed at building better institutions and a more effective public administration, but the many different targets for improvement distributed across four sectors (education, justice, labor, and civil service) give the impression of a fragmented operation. The project has no outcome DLIs and the two output (O) DLIs represent less than one quarter of total disbursements.

The single largest disbursement – 20 percent of the total – is linked to improvements in the share of hiring and promotion decisions for civil servants which had been completed within a 28-day period (DLI 2). While it is important to fill empty positions in public bureaucracies in a speedy manner, the benefits of such a 'result', both for the public agencies themselves and the general public remain uncertain without more delivery-focused measures. The incentive to hire staff quickly could lead to a less qualified workforce and/or the hiring of candidates from a smaller network of friends and family, possibly leading to worse outcomes down the line.

Among the more results-focused DLIs, the verification mechanism appears less than robust. DLI 6 (an O) makes payments conditional on increasing the share of primary school classes with at least 770 hours of instruction time in certain regions. Verification of these results is assigned to an agency (ASCE) associated with the Prime Minister's office, which could raise concerns about its independence and ability to resist political pressures.

4.3 Action-centered PforRs

A third group of projects consists of those that place little weight on O, OO or SO DLIs and emphasize actions or system actions. A number of these are in the area of governance (especially local governance), but the group also includes education, service delivery and transport-related operations (Figure 9). A question for such operations is whether they should be classified as "results-based" in the same sense as those focused on outputs or outcomes. This is not to suggest that they will not be successful; it is still too early to pronounce on that. The concern is that the "results" focus may not be weighted sufficiently to provide direction and a sense of achievement to the institution-building components. Take DLI 2 of ***Rwanda's Public Sector Governance*** PforR: disbursements are made based on the number of districts that have "adopted the automated local government revenue management system" and adoption is defined as "functioning of the registration and filing module of the system." Clearly, the mere functioning of a module says very little about whether the new system has improved on the status quo in any way. It reveals nothing about potential increases in revenue collection or whether the collected revenue is now being allocated more effectively (see also Box 1 on ambiguous outcomes in Burkina Faso).

Several institutional strengthening operations also include DLIs that define achievements in terms of satisfactory performance on an annual performance assessment. The performance assessments take a 'scorecard' approach, whereby the given administrative unit is scored across a range of areas. For example, ***Tanzania's Urban Local Government Strengthening Program*** links $106 million (42 percent of the total) worth of disbursements

to whether "Urban Local Government Authorities have strengthened institutional performance as scored in the annual performance assessment." The performance of each of the 18 urban local government authorities (ULGAs) included in the program is assessed in 18 categories within 5 broader policy areas. The evaluation covers a range of actions, system actions, and system outputs, from having an "Operations and Maintenance Plan including budgeting in place" to increasing revenues collected from property tax. The many different monitoring points have the advantage of covering several areas relevant for strengthening local administration, but it can be difficult to observe and evaluate each effectively, particularly for third parties (and the general public) not directly involved in project design and implementation.

5. What's Driving Demand? Political Economy and the Role of the Bank

Program-for-Results is only one instrument developed as part of international efforts to make assistance more responsive to performance and to move away from input-based and policy-based support. In addition to its particular architecture, the setting in which it has been introduced has implications for the potential role of the MDBs going forward, in MICs as well as low income countries.

COD Aid, and results-based assistance in general, have usually been framed as providing incentives to clients through additional funding as well as creating implementation space for clients (Birdsall and Savedoff 2010). However, the introduction of PforR creates no additional resources. IDA countries are still subject to their existing IDA envelopes; IBRD borrowing is constrained on the supply side by limits related to capital, portfolio diversification requirements, and country-specific considerations. Client governments still have the options of investment and policy loans, at terms unchanged by the new instrument. In contrast to other results-based initiatives, the use of PforR is a choice that cannot be motivated simply by the prospect of additionality. DLIs are therefore more likely to reflect the preferences of the client.

Why do clients opt for PforR and the additional risk posed by results-based disbursement when other options are available? [31] Not all countries have so far opted for the instrument so that what has been observed reflects a "coalition of the willing" rather than a representative sample. One incentive may be wider borrower discretion and lower transactions costs as a result of its reliance on country-based processes and safeguards. Cormier (2016) argues that this has enhanced borrower ownership vis-a-vis other World Bank programs, including through the elimination of the 'standard set of safeguards' and using a more iterative and cooperative process with the relevant country counterparts to define each project's DLIs. The use of several DLIs probably helps to contain disbursement risk. But the focus on results appears to have been the most important feature from the client's perspective. Surveys of PforR clients commissioned for the two-year review include a number of questions that probe the motivation and experience of officials as well as Bank staff involved in the operations. Although the sample of respondents was small[32], the results shed interesting light on the question (Box 2).

Box 2. Client Perceptions about PforR

- Use of country programs systems beneficial?
  - 86 percent yes, to a high or very high degree
- DLI approach useful for incentives to produce results?
  - 96 percent somewhat high or very high degree
- Formulating DLIs: difficult?
  - 83 percent somewhat difficult or very difficult
- Mechanisms for verification can be effective?
  - 87 percent yes, to high or very high degree
- Program risk assessment useful?
  - 91 percent yes, to somewhat high or high degree

Source: World Bank (2015), Two-Year Review of PforR

In overall responses, the single greatest strength of the instrument was reported to be its focus on results, with the second the use of government program systems. Eighty percent of

[31] As noted by Gelb and Hashmi (2014), it is possible to restructure a country's IDA portfolio and shift funds out of poorly performing projects without losing them. Thus, a country that fails to achieve the results outlined in the program DLIs could still get the funds allocated to its PforR operation through other modalities. This would not be costless however, in terms of time and administrative effort.

[32] These are only a small selection of survey results. They come from the External Long Survey: Annex 2, Two-Year Review of PforR, available from: http://documents.worldbank.org/curated/en/2015/03/24174962/program-results-two-year-review. Since few countries had experience with PforR the number of respondents was not large: the number varies between 20 and 26 depending on the question.

the respondents indicated that, based on their experience, they were somewhat or very likely to use the instrument again within the next 2 to 5 years.

Where does the drive for results come from? Most treatments of results-based aid formulate the situation as a principal-agent problem between two monolithic agents: the donor and the client. Neither donors nor clients are monolithic however; each includes individuals and entities with different interests and viewpoints. Within the Bank, it is natural that some country directors and task managers have been more ready to take on the additional uncertainties presented by a new instrument, and this has operated as a "filter" on country demand. Within the countries, initial experience suggests that PforR can be driven by "top-down" pressures to improve accountability or by "bottom up" initiatives to improve performance and to develop and protect a multi-year program. In some cases countries were already experimenting with results-based approaches.

Top Down. PforR can be seen by a central ministry (finance) or the office of the head of state as a way to drive a national agenda and improve the discipline and accountability of sub-national governments and the public bureaucracy. In this case, the central government could be viewed as the real principal and decentralized state or local governments as the agent(s). A PforR operation could also be part of efforts to increase the legitimacy of a government as well as its domestic and international credibility by opening up its efforts to monitoring. This may make PforR a particularly attractive instrument for new governments or for countries experiencing political turmoil. As noted above, the motivation may not be simply financial.

Swachh Bharat Abhiyan (SBM or the Clean India Mission) is a national campaign by the Government of India, to clean the streets, roads and infrastructure of the country. The campaign was officially launched in October 2014 at Rajghat, New Delhi, where Prime Minister Narendra Modi himself cleaned the road.[33] Four provinces had begun to develop results-based approaches. The new Modi government was conscious of previous failed attempts; it worked to extend the program nationwide and involved the Bank to help develop the program and the results framework. The result was the Swachh Bharat Mission Support Operation, the largest PforR project to date; it will lock in monitoring and reporting on the $22 billion program for 5 years.

Another example comes from Egypt. The Sisi government that took power in 2011 had a strong commitment to curbing "excessive and ineffective government spending, wasteful energy subsidies, endemic corruption and economic mismanagement" and to delivering

[33]See: http://timesofindia.indiatimes.com/india/Swachh-Bharat-Abhiyan-PM-Narendra-Modi-to-wield-broom-to-give-India-a-new-image/articleshow/44039120.cms

services and infrastructure in the face of a famously sluggish bureaucracy.[34] Support from the top was an important driver of the Sustainable Rural Sanitation Services PforR.

Bottom Up. The impetus for an operation can also come from lower levels of government or agencies keen to strengthen performance and to lock in a multi-year program to help secure predictable funding even in the event of a change in public priorities or a turnover of government. The Kenya Statistics project was of this type, and drew heavily on the initiative and expertise of the national statistics office. Some of the health projects also reflected a drive from health ministries to lock in a stable, long-term performance-based program – one example is the program in Ethiopia.

Continuation. Some projects followed on from countries' prior efforts to apply results-based approaches. This was the case in Morocco, where the Arab Spring had increased the sense of urgency of improving the delivery of services. The development of the Bank's operations represented a convergence between these efforts and the introduction of the new instrument. Its use in Tunisia also followed on from two previous programs intended to build the capacity of local governments. Rwanda's established system of performance contracting started in 2006 with the Imihigo performance contracts between the president and mayors for the delivery of key services (Rusa et al 2009), and the PforR agriculture project was able to build on an existing results-driven approach.

These examples suggest some of the factors that can encourage a client country, or important constituencies within it, to take on a multi-year commitment to externally monitored performance standards and the role of results-based approaches within the political economy of a country.

How to view the role of the Bank? While there are important differences it is interesting to compare it with that of private creditors in corporate governance. In addition to financing their clients, commercial banks undertake external monitoring across the whole of the firm's activities not simply of the use of the money loaned to the company. In the "bank-led" systems of Germany and Japan, banks have substantial influence on corporate governance, often voting large blocks of shares, including those held on behalf of clients. But even lenders in the "market led" model of the US and UK exert considerable influence through loan covenants. These commit the borrower to submit financial information to the bank and commit management to a variety of other assurances. Nini et al. (2011) note that the rate of firing of CEOs increases after violation of a covenant and that there is also a significant insertion of turnaround specialists into the firm. Moreover, these measures impelled by

[34] See: http://www.dailynewsegypt.com/2014/09/16/egypts-blueprint-stability-investment-growth-president-abdel-fattah-el-sisi/

creditors do more than secure creditors' rights; they appear to lead to an improvement in the performance of the firm.[35]

Similarly, Whitehead (2011) notes that while excessive leverage can be problematic for a firm, debt can assist productivity through its ability to control agency costs and discipline sub-optimal managers. Properly handled, it can result in the effective use of available capital, enhancing profitability and raising stock prices. The implication is that properly motivated management and shareholders might well want to take on at least some debt to provide such additional discipline as well as to provide funding.

Unlike creditors in a private sector setting, the World Bank cannot "fire" the management of a program or a country. But it can use the promises made by "the management" in the form of DLIs to sustain attention to a program and to its objectives even though governments may change and political priorities evolve.

6. Conclusions

The rapid expansion of PforR operations is impressive considering that client governments still have the options of investment and policy loans and that PforR is financed from the existing pool of IDA and IBRD funds rather than creating additionality. In this paper we offer a detailed picture of the first 35 operations, approved between 2012 and March 1, 2016, using an analytical lens based on their conditions for disbursement (DLIs). It is too soon to evaluate implementation experience in any systematic way, but we consider the possible implications of the instrument for the future role of the Bank, including in middle income countries. This is an important question since many countries are expected to graduate out of IDA, assuming reasonably supportive global growth trends.

PforR operations cover a wide range of sectors and countries. They are quite highly leveraged, with the portfolio of $8.1 billion supporting $46.7 in total program funding. Operations tend to be increasing in size and also in leverage. Fifty-one percent of total commitments are conditional on outputs or outcomes, and 7 percent on improvements in system performance (system outcomes). The remainder are conditional on specified actions designed to strengthen institutions and improve the delivery systems.

There is great variation across operations, however. Some are focused almost totally on outputs or outcomes. Others have few or no measurable "results" of this type, raising the question of whether they will have a strong enough focus on performance to drive their capacity and institution-building components. Another group places considerable weight on

[35] One may wonder why the Boards of the companies do not mandate similar actions. One possibility is that they are not fully independent of management, perhaps because they lack the industry-specific knowledge to form independent opinions:
http://lerner.udel.edu/sites/default/files/WCCG/PDFs/Mule%20Q1%202014%20article.pdf

measures of system performance that are distinct from the outputs and outcomes that the system is intended to deliver. One challenge shown by the cases is how to set a multi-period results contract when the services or products to be provided depend on future demand, for example, as set out in annual plans.

The allocation of performance risk is a critical issue for results-based approaches. On average, a project will have 8 DLIs, with the top quartile accounting for around half of total project commitments. This provides a fair amount of insurance. Further insurance is provided by scaling disbursements in proportion to achievements although some are threshold-based and some a combination. We will not summarize the many particular variations across the projects except to note that the program represents a laboratory of experience that should be closely monitored for implementation lessons as the portfolio matures.

Especially as PforR does not offer additional financing, the decision to use this instrument rather than traditional projects or policy loans must reflect the preferences of the client. While there may be other factors at play, survey results suggest confirm that the most important consideration is the focus on results that the instrument can bring to the program that it supports. In contrast to most models that posit a principal-agent game between a unitary donor and a unitary client, we suggest that PforR operations may appeal to various interests in the client country. They can be motivated by "top-down" efforts to improve performance and accountability, or by "bottom-up" efforts to increase effectiveness and lock in a multi-year program.

This, in turn, suggests that demand for PforR will not be random but is more likely to come from client countries where there are important constituencies for this approach. Some already have repeat operations—the 35 operations are distributed across only 23 clients. Looking forward, the pipeline of 22 projects is distributed across 12 countries, 7 of which already have PforR operations. Against the hypothesis that operations are randomly distributed across countries the probability that only 5 new countries materialize out of 22 operations is very small.[36] This may reflect learning effects in both the clients and Bank country departments as knowledge about PforR diffuses, but it could also say something about the interests driving the programs. More research in this area would be useful.

Finally, we note that all but one of the 12 pipeline countries are MICs.[37] This reinforces the suggestion that, in the case of PforR, the Bank may be less important as a donor (especially for highly leveraged programs) and more important as an external monitor. This is not to say that lending is unimportant – the multi-year financial performance contract embedded in the operation is key to sustaining pressure for results. Without intending to downplay the support of the Bank as a source of technical expertise in helping to formalize performance

[36] If we only assumed 92 active client countries for IBRD and IDA combined and random take-up of PforR, the probability that 22 operations yield only 5 new countries is around 1 percent.

[37] The outlier is Tanzania which is already a PforR country.

plans, in some respects its monitoring role can be compared with that of private banks, which play an important role in corporate governance. This may become more important in the future, as developing countries are able to mobilize an increasing share of development finance from their own resources.

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Annex

Table A1. List of the 35 PforR Operations and DLIs Listed by Category

Project Name	DLI	Description	Type	Scale/ Threshold	Baseline	Value, $ million
Bangladesh Revenue Mobilization Program for Results: VAT Improvement Program	1.1	VAT Implementation Plan Stays on Track (Part 1)	SA	ST	Y	16.5
	1.2	VAT Implementation Plan Stays on Track (Part 2)	SA	ST	Y	16.5
	2	Number of new registered active VAT taxpayers	O	S	Y	7
	3	Number of taxpayers who file on-line	O	S	Y	6
	4	Percentage of VAT Large Taxpayers who pay on-line	O	S	Y	6
	5	Greater transparency through proactive disclosure	SA	ST	Im	3
	6	Improved fiduciary environment	SO	ST	Im	5
Brazil Strengthen Service Delivery for Growth, Poverty Reduction, and Environmental Sustainability in the State of Ceará	1	Approval of skills development strategy, preparation of the action plan and implementation of selected actions under the action plan	SA	ST	Im	62.8
	2	Establishment of monitoring system for TVET programs	A	T	Im	6.9
	3	Total number of agreements in effect with private companies to contribute equipment, in situ training, and provide input to curriculum design or course instructors	SO	S	Y	19.6
	4	Percentage of families with children 0-5 in Cadastro Unico in targeted municipalities receiving family support through CRAS	O	S	Y	10
	5	Percentage of technical teams in CRAS trained in family support	A	S	Y	19.6
	6	Percentage of FECOP-financed family assistance projects with log frames	A	S	Y	19.6
	7	Establishment of inter-agency water security committee	A	ST	Im	55.6
	8	Percentage of households with adequate connection to sewage system	O	S	Y	31
	9	[Improved] Index of Environmental Enforcement quality	SO	S	Y	31
	10	Implementation of participatory water quality monitoring	A	ST	Y	12.7
	11	Number of Borrower secretariats using the model for aligning incentives with its respective strategic objectives	SA	S	Y	25.8
	12	Total percentage of public investments under the Program prepared using approved methodology	A	S	Y	19.6

Project Name	DLI	Description	Type	Scale/ Threshold	Baseline	Value, $ million
Burkina Faso	1	Update of the SIGASPE [Integrated Human Resource Management System] for better use by selected human resources departments	A	T	N	2.97
	2	Share of civil services transactions involving hiring and/or promotion completed within a 28-day calendar period	SO	ST	Y	7.86
	3	Share of new primary school teachers appointed to the MENA by August 31	SA	ST	Y	4.91
	4	Number of private sector employees registered with the national social security	O	ST	Y	2.95
	5	Improvement in of the monitoring mechanism for instruction time on task in public primary school in the Sahel, Upper Basin and East Regions	SA	T	N	3.96
	6	Share of public primary school classes with at least 770 hours of instruction time annually in the Sahel, Upper Basin and East regions	O	ST	Y?	5.9
	7	Establishment of a uniform case tracking system in selected departmental and district courts	SA	T	Im	2.97
Public Sector Modernization Program	8	Share of judgements issued by administrative tribunals in a 12-month period (75 percent of which through a written judgement) in the regions of Ouagadougou, Tenkodogo, Dedougou and Bobo-Dioulasso)	SO	ST	Y	4.91
	9	Share of judgments involving litigation matters issued by selected departmental and district courts, in a manner consistent with the Recipient's rules and procedures	SO	ST	Y	2.95

Project Name	DLI	Description	Type	Scale/ Threshold	Baseline	Value, $ million
Croatia	1	Total number of hospital beds in Rationalized Hospitals classified as acute care beds	SO	T + S	Y	10.34
	2	Number of "Hospital Reshaping Scheme" projects implemented	SA	S	Y	10.34
	3	Percentage of rationalized hospitals without arrears incurred during the preceding calendar year	SO	ST	Y	10.34
	4	Percentage of all surgeries included in the elective surgeries list performed as outpatient surgeries in the preceding six months	O	T + S	Y	10.34
	5	Percentage of best-performing rationalized hospitals which are publicly disclosed (including results) based on the technical audit in the preceding 12 months	A	T + S	Y	10.34
	6	Percentage of rationalized hospitals accredited by AQAHS through the Acceptable Accreditation Process	SO	T + S	Y	10.34
	7	Percentage of identified doctors with whom corrective course of action has been discussed on a person-to-person basis in the preceding six months.	A	T + S	Y	10.34
Improving Quality and Efficiency of Health Services	8	Percentage of total public spending per fiscal year on medical consumables, drugs, and devices for hospital (inpatient and outpatient) services made through centralized procurement/ framework contracts and disclosed on the MoH website.	SO	T + S	Y	10.34
	9	Percentage of primary health care doctors in the Republic of Croatia working in group practices.	SO	T + S	Y	10.34
	10	Percentage of hospitals with surgery wards that have established quality- and safety- related sentinel surveillance schemes that are reporting the rates of specific events	SO	T + S	Y	10.34

Project Name	DLI	Description	Type	Scale/ Threshold	Baseline	Value, $ million
Egypt Inclusive Housing Finance Program-for-Results Project	1	Establishment and operation of an internal audit function within the Social Housing Fund (SHF) providing assurance service for the ownership and rental programs affiliated with the SHF	SA	T	Im	25
	2	Establishment and functioning of a housing monitoring and evaluation system and an M&E unit within SHF, and the preparation of the MultiYear Plan and Annual Targets informed by the M&E system	SA	T	Im	25
	3	Establishment and functioning of an accountability and transparency mechanism within SHF for implementing the Program	SA	T	Im	50
	4.1	Establishment by SHF of a functioning mechanism to monitor occupancy and vacancy of housing units by households receiving demand–side housing subsidy	SA	T	Im	20
	4.2	Percentage of ownership housing units occupied by low-income households after at least 1 year of receiving subsidies under the AMP	SO	S	Im	30
	5	Number of households receiving demandside homeownership subsidies for new housing units in each Fiscal Year during Program implementation under the Affordable Mortgage Program (AMP)	O	S	Y	225
	6	Number of new households participating in rental subsidy programs in each Fiscal Year during Program implementation	O	S	Y	48.75
	7	Percentage of demand-side subsidies provided supporting the purchase or rental of housing units located within a commute of 60 minutes or less to an employment center	O	S	Y	25
	8	Number of demand-side subsidies provided supporting the purchase or rental of housing units developed by private sector entities in each Fiscal Year during Program implementation. (Private sector entities are those that are owned at least 51 percent by private individuals or are listed on the stock exchange)	O	S	Y	50

Project Name	DLI	Description	Type	Scale/ Threshold	Baseline	Value, $ million
Egypt **Sustainable Rural Sanitation Services Program-for-Results**	1	Establishment and functioning of at least 167,000 new household (HH) connections to working sanitation systems in villages and satellites of which at least 10 percent of the connections are in satellites	O	T+S	Y	220
	2	Annual transfer of Performance Based Capital Grants (PBGC) by the Ministry of Housing, Utilities and Urban Communities (MHUUC) to eligible WSCs	A	ST	Im	40
	3	Design and implementation of the Annual Performance Assessment (APA) system for the WSCs, and WSCs achievement of the required APA threshold scores in accordance with the Program Operations Manual	SA	T+S	Im	170
	4	Preparation and approval of new national tariff structure for water and sanitation services by MHUUC to allow for sustainable cost recovery	A	T	Im	50
	5	Establishment of Program Management Unit (PMU) and approval of a National Rural Sanitation Strategy by MHUUC	A	T	Im	50
	6	Approval of Standard Operating Procedures for land acquisition under the National Rural Sanitation Program by MHUUC	A	T	Im	18.625

Project Name	DLI	Description	Type	Scale/ Threshold	Baseline	Value, $ million
Ethiopia **Enhancing Shared Prosperity through Equitable Services**	1	Per capita increase in budgeted Federal Government block grant transfers to Regions, excluding Addis Ababa	A	T+S	Y	90
	2	Increased proportion of qualified female agricultural development agents (diploma level)	SO	T+S	Y	30
	3	Increased number of health extension workers who have graduated with a Level 4 qualification	SO	T+S	Y	30
	4	Increases in total number of students enrolled (net) in grades 5-8, in all Regions, excluding Addis Ababa	O	T+S	Y	60
	5.1	Improved geographic equity in education and health service delivery outcomes, based on Net Enrollment Rate and Penta 3 Vaccine indicators for the bottom 10 percent of Performing Woredas	OO	T+S	Y	60
	5.2	Improved wealth equity in education and health service delivery outcomes, based on Net Attendance Rate and Penta 3 Vaccine indicators for the Bottom Wealth Quintile group	OO	T+S	Y	30
	6	Improved environmental and social management capacity at Woreda level	SA	T+S	Y	50
	7	Enhanced transparency and accountability through citizen engagement	SA	T+S	Y	80
	8	Establishment of a government system for benchmarking Woreda public financial management ("PFM") performance (the "PFM Benchmarking Rating")	SA	T+S	Im	42
	9	Oversight functions of regional procurement regulatory bodies has been improved	SA	S	N	20
	10.1	Strengthened capacity of Woredas to effectively respond to fraud and corruption complaints	SA	S	Y	30
	10.2	Strengthened capacity of Woreda Council Finance and Budget Standing Committee members to provide effective oversight, transparency and accountability for budgets	SA	T+S	Y	18
	11	Improved development information and data for service delivery	SA	ST	N	60

Project Name	DLI	Description	Type	Scale/ Threshold	Baseline	Value, $ million
Ethiopia Health Millennium Development Goals	1	Deliveries attended by skilled birth providers (%)	O	S	Y	20
	2	Children 12-23 months immunized with Prevalent 3 vaccine (%)	O	S	Y	19
	3	Pregnant women receiving at least one antenatal care visit (%)	O	S	Y	14.3
	4	Contraceptive Prevalence Rate (%)	OO	S	Y	20.5
	5	Health Centers reporting HMIS data in time (Average number for 4 quarters) (%)	A	S	Y	5
	6	Development and implementation of Balanced Score Card approach to assess facility performance and related institutional incentives	SA	ST	Im	20.2
	7	Development and implementation of Annual Rapid Facility Assessment to assess readiness to provide quality MNCH services	SA	ST	Im	14
	8	Improved transparency of the Pharmaceutical Fund and Supply Agency (PFSA) procurement processes	SA	ST	Im	7
Ethiopia Second Urban Local Government Development Program	1	Urban Local Governments (ULGs) have achieved Program minimum conditions as demonstrated in the Annual Performance Assessments (APA)	SA	S	Im	90
	2	ULGs have strengthened institutional performance as demonstrated in the APA	SA	S	Im	158
	3	ULGs have delivered infrastructure, maintenance, and supported job creation as per their capital investment plans and annual action plans, as demonstrated in the APA, and ensured that value for money is achieved	O	S	N	75
	4	Regional government capacity building and support teams in place and support urban service delivery	SA	ST	Im	13
	5	Offices of Regional Auditor Generals carry out timely audits of ULGs' financial reports (by January 7 of each financial year).	A	S	Y	7
	6	Regional environmental protection agencies timely review ULGs' safeguards compliance.	A	S	Im	6
	7	Regional revenue authorities support ULGs' efforts to generate revenues	A	S	Im	4
	8	The annual Ministry of Urban Development Housing and Construction capacity building activities for Program ULGs, regional governments, and the ministry completed	A	ST	Im	22
	9	The APAs, independent procurement audits, and value for money audits are procured and completed on time	A	T	Im	5

Project Name	DLI	Description	Type	Scale/ Threshold	Baseline	Value, $ million
India **Enhancing Teacher Effectiveness in Bihar Operation**	1	Ensuring requisite infrastructure of TE Institutions	SA	T+S	Y	50
	2	Ensuring Capacity Enhancement of TE institutions for effective TE delivery	SA	T	Y	35
	3	Training of unqualified teachers and professional development of all teachers through ICT solutions	O	ST	Y	40
	4	Ensuring Teachers' management and performance is effectively monitored and evaluated.	SO	T	Im	36
	5	Teachers' accountability at school level	O	T+S	Y	44
	6	Strengthened Corporate Governance: Program Fiduciary Systems & Performance	SA	T	Y	20
India **Maharashtra Rural Water Supply and Sanitation Program**	1	Strengthened M&E System for the sector	SA	ST	Im	34
	2	Strengthened capacity of key sector institutions: percentage of sanctioned staff maintained, trained and equipped every year in key sector institutions as per Annual Capacity Development Plan	SA	S	Y	36
	3	Number of house connections to a Commissioned Water Supply System	O	S	Y	40
	4	Number of house connections to a Sustainable Water Supply System, and receiving a regular water service	O	S	Y	25
	5	Number of Community Safe and Secure Water Systems	O	S	Y	30
India **Swachh Bharat Mission Support Operation**	1	Reduction in prevalence of open defecation	OO	S	N	730.12
	2	Sustaining ODF status in villages	OO	S	N	464.63
	3	Increase in rural population with Solid and Liquid Waste Management (SLWM)	OO	S	N	132.75
	4	Operalization of Performance Incentive Grant Scheme by MDWS	SA	T	Im	147.5

Project Name	DLI	Description	Type	Scale/ Threshold	Baseline	Value, $ million
Kenya	1	Number of additional households enrolled in the National Safety Net Programme (NSNP) according to expansion plan	O	S	Y	100
	2	Percent of program beneficiaries who conform to the targeting criteria for the program in which they are enrolled	SO	S	N	20
	3	Single registry is fully operational with program management information systems using agreed standards for internal payroll controls	SA	T	Im	25
	4	Percent of NSNP payments made electronically using two-factor authentication	SO	S	Y	15
	5	Percent of payments disbursed to Payment Service Providers on time	SO	S	Y	15
	6.1	Functional complaint and grievance mechanisms	SA	ST	Y	15
National Safety Net Programme	6.2	Percent of program beneficiaries who can name two means of making a complaint	OO	S	Y	20
	7	System for scaling up the NSNP as part of the national drought risk management system	SA	T	Im	20
	8	Strategy for consolidating the cash transfer programs	SA	T	Im	15
	9	The government finances the Hunger Safety Net Programme in line with policy commitments	A	T	Im	5
Kenya	1	Implement an integrated program of economic surveys to fill National Accounts source data gaps	O	ST	Y	14
	2	Implement an integrated program of household surveys to fill key poverty, labor and socioeconomic data gaps	O	ST	Y	16
	3	Produce better real and external sector economic data	O	ST	Y	7
	4	Compile the IMF Data Quality Assessment Framework (DQAF) for five macroeconomic datasets	SA	ST	Y	3
Statistics for Results Program	5	Develop an Advance Release Calendar (ARC) and scale up data coverage	A	ST	Y	4.5
	6	Improve access to official survey microdata	A	ST	Y	3.5
	7	Implement the Corruption Risk Assessment (CRA) action plan and strengthen financial and records management systems	A	T	Im	2

Project Name	DLI	Description	Type	Scale/ Threshold	Baseline	Value, $ million
Mexico	1	Reform of legal and regulatory framework	SA	T	Im	4.5
	2.1	Improvement of service quality (in Oaxaca Metropolitan Area)	O	T + S	Im	7
	2.2	Improvement of service sustainability (in Oaxaca Metropolitan Area): Commercial efficiency in the service sector	SO	S	Y	1.5
	3.1	Improvement of information: number of selected water utilities with an approved program of interventions of immediate impact	A	S	Im	2
	3.2	Improvement of service quality (in secondary towns): Number of selected water utilities with improved service continuity	O	S	Im	14
Oaxaca Water and Sanitation Sector Modernization Operation	3.3	Improvement of service sustainability (in secondary towns): Number of selected water utilities whose service revenue is greater than their operating expenses	SO	S	Im	14
	4	Improvement of Water Supply and Sanitation information (in rural areas): Percentage of localities in selected segment with information integrated in Rural Water and Sanitation Information System	A	S	Im	2
Moldova	1	Smoking prevalence in adults	OO	S	Y	4
	2	Percentage of adults with hypertension whose blood pressure is under control	OO	S	Y	4
	3	Annual acute care hospital discharges per 100 persons	O	S	Y	3
	4	Number of acute care hospital beds	O	S	Y	4.7
	5	Revision of the average reimbursement rate of generic, first line medications for three main categories of antihypertensive drugs in the drug benefit package from 50 percent to 70 percent	A	T	Im	2
	6	Revision and implementation of performance-based incentive scheme in primary care.	SA	T	Im	2
Health Transformation Operation	7	Introduction of performance-based incentives to improve (i) efficiency and (ii) quality of care in hospitals	SA	T	Im	2
	8	Use of updated Diagnostic-Related Group prices for payment to acute care hospitals	SO	T	Y	2
	9	Proportion of public hospitals in Chisinau which are under common management	SO	S	Y	4
	10	Approval of the new national health strategy which includes hospital rationalization measures	A	T	Im	1

Project Name	DLI	Description	Type	Scale/ Threshold	Baseline	Value, $ million
Morocco **Improving Primary Health in Rural Areas**	1	Increase in number of pregnant women receiving antenatal care during a visit to a rural ESSP in the Program Area	O	T+S	Y	14
	2	Increase in number of deliveries of rural women attended by skilled health personnel in public health facilities in the Program Area	O	T+S	Y	14
	3	Increase in number of new visits of children under 5 to a rural ESSP in the Program Area for curative care	O	T+S	Y	10
	4	Increase in number of patients with diabetes diagnosed and treated at a rural ESSP in the Program Area	O	T+S	Y	20
	5	Increase in number of visits to rural ESSPs in the Program Area	O	T+S	Y	10
	6	Percent of rural health centers with delivery services (CSCAs) in the Program Area that will participate in the main annual quality assessment	SA	T+S	Y	8
	7	Establishment of the HMIS in one region within the Program Area	A	T	Im	24
Morocco **National Initiative for Human Development 2**	1	Percent of girls who reside in the educational dormitories graduating to the next grade	OO	S	Y	40
	2	Percent of population provided with access to improved water supply in targeted rural communes by the Program	O	S	Y	40
	3	Percent of income-generating activities implemented by cooperatives, associations or companies which are viable two years after having benefited from financing under the Program	OO	S	Y	40
	4	Percent of infrastructure projects financed under the Program judged by the auditors as conforming to technical specifications, after final commissioning	O	S	Y	20
	5	Percent of women and youth in certain local governance bodies	O	S	Y	30
	6	Percent of projects under the rural and urban subprograms of the Program contracted by local government, associations, or cooperatives	A	S	Y	35
	7	Percent of provinces and prefectorates in the Program Area which have put in place a plan of action to address audit recommendations	A	S	Y	35
	8	Percent of priority audit recommendations included in the action plans which are implemented	A	S	Im	20
	9	i) Preparation of environmental and social guide related to the program; ii) Percent of key actors trained in the use of such a guide	A	i) T; ii) S	Im	40

Project Name	DLI	Description	Type	Scale/ Threshold	Baseline	Value, $ million
Morocco	1	Strengthened M&E system for the urban transport sector	SA	ST	Y	24.5
	2	Strengthened Urban Transport Fund	SA	ST	Y	35
	3	Number of operational associations of urban agglomerations	SA	S	Im	25
	4	Number of urban mobility master plans prepared using a structured process and a participatory approach	A	S	Y	30
Urban Transport Program	5	Number of operational municipally-owned urban transport enterprises	SA	S	Y	25
	6	Percentage of Priority Program Corridors completed and open to traffic	O	S	Im	30
	7	Percentage of corridors in the Priority Program of Corridors supported under the Program that meet their objective in reduction of urban transport journey time	OO	S	Im	30
Mozambique	1	Average availability of a tracer set of essential maternal and reproductive health medicines at health facility level	SO	S	Y	3.99
	2	Number of provinces achieving the minimum acceptable score of compliance with standards for stock management, warehousing, and distribution of medicines, as assessed by the CMAM Internal Audit Unit	SO	S	N	6.77
	3	Proportion of complete primary schools that comply with standards for transparency and accountability defined as agreed in manual written/distributed in 2014	SO	T+S	Im	9
	4	Proportion of treatment sites with a stock-out of key ARVs at the end of each month	O	S	Y	3.36
	5	Proportion of districts for which CMAM receives logistics information through the SIMAM system	SA	S	Y	6.13
Public Financial Management for Results Program	6	Fill rate of approved requisitions from CMAM clients for tracer medicines	SO	S	Y	4.75
	7	Proportion of complete primary schools which receive direct school grant funds on or before February 28 of each year	SO	S	Im	6
	8	Revised district-level budget classification by sub-sector, configured, and applied	A	T	Im	6
	9	Proportion of complete primary schools visited for supervision by SDEJTs	A	S	Im	4

Project Name	DLI	Description	Type	Scale/ Threshold	Baseline	Value, $ million
Nepal	1	Completion of major maintenance of bridges on Strategic Road Network (SRN) (cumulative meters)	O	S	Y	30
	2	Completion of minor maintenance of bridges on SRN (number of bridges)	O	S	Y	3
	3	New bridges built or improved on SRN (cumulative meters)	O	S	Y	18
Bridges Improvement and Maintenance Program	4	Strengthened performance management in bridge sector (percentage of bridge works completed on planned schedule)	SO	S	Y	3
	5	Improved Bridge Asset Management (Bridge Management System operational, undertake surveys)	SA	S	Im	3
	6	Increased effectiveness of the institutions responsible for bridge sector management	SA	T	Im	3
Nigeria	1.1	States produce plans for achieving reductions in maternal, perinatal, and under-5 child mortality	A	T	Im	57
	1.2	Improvements on 6 key health indicators: Pentavelent3 vaccination, insecticide treated nets used by children under 5, contraceptive prevalence rate, skilled birth attendance, HIV counseling and testing during antenatal care, and vitamin A coverage for children 6 months to 5 years	OO	T+S	Y	232
	1.3	Lagging States will strengthen their MNCH weeks as part of an impact evaluation	A	S	N	16
	2	Increase of quality of high impact reproductive, child health, and nutrition interventions	SO	S	Im	54
Saving One Million Lives Initiative	3.1	Improving M&E systems: conduct SMART surveys in all 36+1 States, introduce annual health facility surveys covering all 36+1 states, collect data on MMR through the 2016 census or acceptable alternative	SA	T	Im	35
	3.2	Improving data utilization: widely disseminate the results of SMART and harmonized health facility survey data, strengthen management capacity of State and FMOH leadership	SA	S	Im	27
	3.3	Implementing performance management in all states	SA	S	Im	18
	4	Establishment and operation of the Innovation Fund designed to support private sector innovations aimed at increasing utilization and quality of maternal and child health interventions	SA	T	Im	20
	5	Increase of transparency in management and budgeting of primary health care	SA	S	Im	41

Project Name	DLI	Description	Type	Scale/ Threshold	Baseline	Value, $ million
Pakistan	1	Targeted organizations publishing updated institutional information on their websites to inform the public	A	ST	Im	5
	2	Number of telephone calls received by the Citizen Contact Centers to seek information about key services	O	S	Y	10
	3	District services being monitored by smart management tools	SO	S	Y	15
Punjab Public Management Reform Program	4	Properties added to the urban property registry	A	S	Y	15
	5	Targeted organizations using Public Procurement Regulatory Authority Management Information System for targeted contracts	A	S	Im	5
Rwanda	1	Extent to which investment plans of pilot ministries comply with budget call circulars	SO	S	Im	12.5
	2	Extent to which Districts have adopted the automated local government revenue management system	SA	S	Im	12.5
	3	Extent to which the e-procurement system has been implemented	A	T	Im	12.5
	4	Extent to which Ministries, Districts, and Agencies (MDA) have improved in their compliance of financial management requirements	SO	S	Y	13
	5	Extent to which Sectors are using Subsidiary Entities Accounting and Financial Reporting Systems (SEAS)	A	S	Y	12.5
Public Sector Governance Program-for-Results	6	Extent to which government financial management staff are trained in public financial management	SO	S	Y	12.5
	7	Extent to which the production and timeliness of dissemination of economic statistics is enhanced	SA	T	Y	12.5
	8	Extent to which the variety of data available on the National Data Archive (NADA) is enhanced	A	T	Y	12

Project Name	DLI	Description	Type	Scale/ Threshold	Baseline	Value, $ million
Rwanda	1	Annual increases of land protected against soil erosion, according to agreed technical standards: Hectares of land terraced according to two main types of technology	O	S	Y	20
	2	Annual increases of irrigated area (in hectares) in hillsides and marshlands based on agreed technical standards	O	S	Y	10
	3.1	Increases in average crop yields per hectare for key food crop -cassava	OO	S	Y	5
	3.2	Increases in average crop yields per hectare for a key export crop -coffee	OO	S	Y	5
	3.3	Increases in daily average yields of milk per cow	OO	S	Y	5
	4	Number of enhanced innovation technologies introduced and released by public and/or private sectors and adopted by farmers (with targets for each year), including adoption rate	O	S	Y	15
	5	Percentage increase in agricultural finance lending for agriculture sector	SO	S	Y	10
Transformation of Agriculture Sector Program Phase 3	6	Updated Gender Sensitive Management Information System Framework and Action Plan for agriculture sector	SA	ST	Y	10
	7.1	Approval of Seeds policy, prepare action plan, begin implementation of action plan (with agreed key milestone(s) completed)	SA	T	Y	5
	7.2	Approval of fertilizer policy, prepare action plan, begin implementation of action plan (with agreed key milestone(s) completed)	SA	T	Y	7
	7.3	Approval of agriculture finance policy, prepare action plan, begin implementation of action plan (with agreed key milestone(s) completed)	SA	T	Y	8

Project Name	DLI	Description	Type	Scale/ Threshold	Baseline	Value, $ million
Tanzania **Big Results Now in Education Program**	1	Recipient has completed all the foundational activities: agreed on budget, finalized staff positions and census formatting, agreed on format to collect grant validation data, prepared list of basic information on all schools, prepared a format and baseline for collecting primary school performance data.	SA	T	Im	15
	2.1	Recipient has evidenced timely and adequate resource flows for the Program, releasing quarterly the total levels of funds as per Program Budget Framework	A	S	Im	32
	2.2	Recipient has evidenced timely and adequate resource flows for the Program, releasing quarterly the full amount of Capitation Grants (CGs) to schools within each Local Government Authority (LGA)	SO	S	N	6
	3.1	The Recipient has produced an Annual Summary Education Performance Report (ASEPR)	A	S	Im	6
	3.2	The Recipient has made available online an annual school level Education Management Information System (EMIS) data	A	S	Im	6
	4.1	Teachers have been deployed efficiently across and within districts: the Recipient has met the annual target for number of LGAs achieving the acceptable range for primary Pupil Teacher Ratios (PTRs)	SO	S	N	8
	4.2	Teachers have been deployed efficiently across and within districts: the Recipient has met the annual target for number of primary schools achieving the acceptable range of primary PTRs in each LGA	SO	S	N	12
	5.1	Number of schools receiving School Incentive Grants (SIGs) as indicated in the Program design: the SIG and Student Teacher Enrichment Program (STEP) Guidelines have been prepared	A	T	Im	6
	5.2	Number of schools receiving SIGs as indicated in the Program design: the Recipient has met the annual target for number of schools that have received SIGs	A	S	Im	6
	5.3	Number of schools receiving SIGs as indicated in the Program design: the Recipient has met the annual target for number of schools that have conducted STEP activities	SO	S	Im	6
	6.1	Recipient has demonstrated an increase in student learning outcomes: the Recipient's MoEVT has developed and agreed upon the Reading, Writing, and Arithmetic (3R) assessment tools with the Prime Minister's Office, Regional Administration and Local Government (PMO-RALG) in FY2013/14	A	S	Im	3
	6.2	Recipient has demonstrated an increase in student learning outcomes: the Recipient has met the annual target of improvement in words per minute (wpm) in national 3R average FY 2014/2015	OO	S	N	16

Project Name	DLI	Description	Type	Scale/ Threshold	Baseline	Value, $ million
Tanzania Strengthening Primary Health Care for Results Program	1	Recipient has completed all foundational activities	SA	T	Im	20
	2	Recipient has achieved all of the Program annual results in institutional strengthening at all levels	SA	T	N	75
	3	PHC facilities have improved maternal, neonatal and child health services delivery and quality as per verified results and received payments on that basis each quarter	O	S	Im	100
	4	LGAs have improved annual maternal, neonatal, and child health service delivery and quality as measured by the LGA balance score card	O	S	Y	82
	5	Regions have improved annual performance in supporting PHC services as measured by a Regional Balance Score Card	SA	S	Im	2.4
	6	MOHSW and PMORALG have improved PHC service performance as measured by the National Balance Score Card	SO	S	Im	5.6
	7	Completion of annual capacity building activities at all levels	SA	S	Im	15
Tanzania Urban Local Government Strengthening Program	1	ULGAs have strengthened institutional performance and achieved Program minimum conditions in the annual assessment	SA	ST	N	45
	2	Urban Local Government Authorities (ULGAs) have strengthened institutional performance as scored in the annual performance assessment.	SA	T+S	N	106
	3	Local infrastructure targets as set out in the annual action plans are met by ULGAs utilizing the Program funds	O	S	N	50
	4	Number of ULGAs with all core staff in place	A	S	N	14
	5	Completion of annual Prime Minister's Office—Regional Administration and Local Government capacity building activities for Program ULGAs	A	S	Im	30
	6	Prime Minister's Office—Regional Administration and Local Government has adopted an enhanced Local Government Development Grant (LGDG) assessment system derived from lessons learned from the annual Program assessments	A	T	Im	10

Project Name	DLI	Description	Type	Scale/ Threshold	Baseline	Value, $ million
Tunisia	1	The Government has replaced Decree No 97-1135 (current law) and restructured its capital grant system accordingly	A	T	Im	30
	2	Timely communication to LGs of the indicative Capital Block Grants (CBGs) allocation and timely transfer of CBGs to eligible Local Governments (LGs) by the Government	A	T	Im	20
	3	Acceptable percentage of LGs have met the Minimum Mandatory Conditions (MMCs) and received CBGs	SO	S	Y	30
	4	The Government has designed and implemented an independent LG performance assessment (PA) system and required percentage of LGs have met the threshold PA scores	SA	T + S	Im	90
Urban Development and Local Government Program	5	Required percentage of LGs have executed their Annual Investment Plans on schedule in terms of expenditures	O	S	Im	45
	6	Required percentage of LGs have received capacity building support in accordance with their annual capacity development plan	A	S	Im	25
	7	Targeted number of people living in targeted disadvantaged neighborhoods have benefited from improved municipal infrastructure	OO	S	Im	40
	8	Transparency and access to information improved	SA	S	N	20
Uganda	1	Municipal Local Governments (LGs) have met Program minimum conditions in the annual assessment	SA	S	Im	30
	2	Municipal LGs have achieved institutional performance as scored in the annual performance assessment.	SA	S	Im	58
Support to Municipal Infrastructure Development (USMID) Program	3	Municipal LGs have delivered local infrastructure as per their annual action plans by utilizing Program funds	O	S	Im	38
	4	Municipal LGs have built local capacity by utilizing Program funds	SA	T + S	Im	10
	5	Annual MoLHUD capacity building activities for Program municipalities executed	A	S	Im	12
	6	LGs with town clerks in place	A	S	N	6
	7	Municipalities with functional IFMS system in place	SO	S	Y	6

Project Name	DLI	Description	Type	Scale/ Threshold	Baseline	Value, $ million
Uruguay Road Rehabilitation and Maintenance Program	1	Cumulative number of km rehabilitated on the National Road Network, at a minimum rating of 85.	O	S	Im	26
	2	Number of km of the National Road Network maintained through performance-based contracts	SO	S	Y	30
	3.1	The multimodal plan for Montevideo seaport land access has been approved.	A	T	Im	2.5
	3.2	The catalogue for technical solutions of pavement rehabilitation has been approved.	A	T	Im	2.5
	3.3	DNV Environmental Manual has been updated and at least 75 percent of DNV's technical staff with responsibilities related to works supervision have been trained under terms of reference acceptable to the Bank	A	T	Im	2.5
	3.4	The guidelines for expropriation and social management processes have been approved and an international workshop on best practices for road works social management has been carried out.	A	T	Im	2.5
Vietnam Results-Based National Urban Development Program in the Northern Mountains Region	1.1	Enhanced Annual City Plans approved and disclosed to the public	A	S	Im	33
	1.2	Professionally staffed management units in place within each Participating City People's Committee	A	S	Im	22
	2	Local urban infrastructure investments delivered as per each Participating City's approved Enhanced Annual City Plan	O	S	N	155
	3.1	Asset management plan adopted	A	T	Im	2.2
		Local urban infrastructure sub-projects in full service after completion	SO	S	Im	7.8
	3.2	Increased annual own-sources revenue in Participating Cities	O	S	Im	10
	4.1	Implementation Strategy for National Urban Development Program adopted with annual milestones	A	ST	Im	7
	4.2	Professionally staffed unit in MOC, preparation of Annual Capacity Development Plans, and capacity building support provided to cities in accordance with such plans	SA	S	Im	10
	4.3	Completed Program Report (annual)	A	S	Im	3

Project Name	DLI	Description	Type	Scale/ Threshold	Baseline	Value, $ million
Vietnam Results-based Rural Water Supply and Sanitation under the National Target Program	1.1	Number of new Functioning Water Supply Connections	O	S	Im	128
	1.2	Number of newly constructed Improved Household Sanitary latrines	O	S	Im	
	2.1	Number of people with water supply connections from Sustainable Water Systems	O	S	Im	59.5
	2.2	Number of people with access to Commune-Wide Sanitation	O	S	Im	
	3.1	Number of provincial Annual Plans approved by participating provinces	A	S	Im	12.5
	3.2	Number of program reports disclosed to the public	A	S	Im	
Vietnam Scaling Up Rural Sanitation and Water Supply Program	1.1	Number of Behavior Change Communication Plans implemented by Participating Provinces	SA	S	Im	20
	1.2	Number of new Communes achieving Commune-Wide Sanitation in the Participating Provinces	O	S	Im	47
	1.3	Number of new or rehabilitated Functioning Water Supply Connections to households in the Participating Provinces	O	S	Im	73
	2.1	Number of households in the Participating Provinces with Sustainable Water Systems	O	S	Im	25
	2.2	Number of Communes in the Participating Provinces, which have achieved Commune-Wide Sanitation two CY ago, where all public kindergarten, primary, and secondary schools and health centers maintain Hygienic Status	O	S	Y	15
	3.1	Number of Annual Program Plans and Program Reports Disclosed	A	T	Y	5
	3.2	Number of approved Annual Capacity Development Plans implemented	SA	S	Im	15
West Bank and Gaza Local Governance and Services Improvement	1	Enabling steps to strengthen local governance adopted by MoLG	A	T	Im	1.8
	2	Timely communication to VCs of the formula-based Annual Capital Investment Grant (ACIG) allocations and timely transfer of ACIGs to eligible VCs	SA	T	Im	3.2
	3	Percentage of VCs meeting the Program eligibility criteria program	SO	T+S	Im	5
	4	Cumulative number of Joint Projects approved	SO	ST	Im	4
	5	Aggregated expenditure percentage of approved Joint Projects	SO	ST	Im	1.5
	6	Steps to improve transparency and predictability in the allocation of Transportation Fee adopted by MoLG	SA	T	N	1
	7	Capacity building activities delivered by MoLG based on their Annual Capacity Development Plan	SO	ST	Im	1.5