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**Assessment of World Bank's  
prioritisation of economic transformation  
in country strategies and country project  
portfolios**

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## LIST OF ACRONYMS

ASA	advisory services and analytics
BRN	Big Results Now
BRT	bus rapid transit
CAS	Country Assistance Strategy
CASPR	Country Assistance Strategy Progress Report
COWSO	community-owned water supply organisation
CPF	country partnership framework
CPS	country partnership strategy
DPO	Development Project Operations
DRC	Democratic Republic of Congo
EU	European Union
FFF	flexible financing facility
FVC	fragile, violence, conflict
FY	financial year
GDP	gross domestic product
JET	jobs and economic transformation
ICT	information and communication technology
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
LIC	low-income country
LMIC	low- to middle-income country
MIGA	Multilateral Investment Guarantee Agency
MSMEs	micro, small and medium enterprises
MTR	mid-term review
NTFP	non-timber forest product
ODI	Overseas Development Institute
PID	project information document
PPP	private–public partnership
PSSN	Productive Social Safety Net
RMS	results measurement system
SCD	systematic country diagnostic
SDG	Sustainable Development Goal
SET	Supporting Economic Transformation
SMEs	small and medium enterprises
UK	United Kingdom
UN	United Nations
VRE	variable renewable energy
WB	World Bank
WBG	World Bank Group
WDI	World Development Indicators

## EXECUTIVE SUMMARY

Jobs and economic transformation (JET) was first introduced as a special theme in the 18th Replenishment of the International Development Association (IDA18). To monitor and measure the JET content in the World Bank Group's<sup>1</sup> (WBG) country partnership frameworks (CPFs), four economic transformation indicators<sup>2</sup> has been included in the IDA18 results measurement system (RMS). The IDA18 mid-term review (MTR) awarded six out of eight CPFs a transformation tag. The IDA Deputies and Borrowers call for a strengthened role of the JET special theme under the IDA19 (IDA, 2019a) and this offers scope to reflect on the appropriateness of these RMS indicators.

This paper assesses the extent to which the recent CPFs of Benin, Burkina Faso, Guinea, Mauritania, Moldova, Nicaragua, Niger and Tanzania prioritise economic transformation.<sup>3</sup> It also reviews and provides suggestions on ways to improve the IDA18 RMS indicators on economic transformation. The analysis further includes a complementary examination of the economic transformation content of active IDA project portfolios in Benin and Tanzania from 2015 to 2019. The project-level analysis can also serve as an indicator of the World Bank<sup>4</sup> (WB) effort in pushing the economic transformation theme through time, especially after the IDA18. The paper concludes by offering suggestions on how the WB can improve the focus of and reporting around IDA projects for economic transformation and job creation.

Following an assessment of prioritisation of economic transformation content in CPFs, we find that, **except for Moldova, all CPFs reflect structural change, sectoral productivity and diversification of production or trade in CPF strategic objectives. However, the bulk of these objectives and corresponding interventions focus on increasing agricultural productivity.** The importance of agriculture as a channel of economic transformation is reflected in the sector's allocation in the total CPF financing programme, whereby the shares of explicit agricultural projects range from 9% to 37% in six countries.<sup>5</sup> Seven out of eight CPFs refer to poverty reduction as a motivation behind CPF objectives relating to economic transformation, while only half of the CPFs explicitly cite activities that aim to transform their respective country's employment structure.

By examining the CPF results framework, we find that seven out of eight CPFs include several quantitative measures of sectoral productivity, while **only two CPFs contain quantitative indicators for structural change. Across eight CPFs, quantitative indicators for diversification are insufficient, if not absent.**

Based on our simultaneous assessment of economic transformation of CPFs using the IDA18 RMS methodology, we find that **the current RMS indicators are insufficient in providing either a broad or an in-depth measurement of economic transformation prioritisation in country strategies.** For example, one RMS indicator includes increasing productive capital stock or investment in energy, transport, manufacturing or services. In seven out of eight countries, there are ongoing/planned energy projects and, based on this criterion alone, the RMS could have tagged these countries for economic transformation even if the project may be focusing on expansion (e.g. increasing capacity or access to

<sup>1</sup> For CPFs, the World Bank Group refers to International Bank for Reconstruction and Development (IBRD), IDA, International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) (WBG, 2014)

<sup>2</sup> The current RMS methodology in use by the WB indicates that a CPF underpins economic transformation if at least one of the following is present in the CPF: (i) sectoral productivity; (ii) value chain expansion; (iii) increased productive capital stock or investment in energy, transport, manufacturing or services; and (iv) export sector output/value added, trade facilitation.

<sup>3</sup> These were countries examined in the IDA18 MTR, which assessed the CPFs of six (Benin, Burkina Faso, Guinea, Mauritania, Niger and Tanzania) out of eight as having incorporated economic transformation.

<sup>4</sup> Active project portfolios by the World Bank (IBRD and IDA), as gathered at: [https://projects.worldbank.org/en/projects-operations/projects-summary?countrycode\\_exact=BJ](https://projects.worldbank.org/en/projects-operations/projects-summary?countrycode_exact=BJ)

<sup>5</sup> Guinea has the largest share of agriculture-related projects to total CPF financing, at 37%, followed by Burkina Faso (27%), Nicaragua (26%), Benin (18%), Mauritania (11%) and Niger (9%). In Tanzania, the energy sector alone has a 19% share in the total CPF lending programme. The substantial risk of political instability in Moldova means that more than 70% of the total CPF lending programme is dedicated to improving economic and service governance.

electricity) rather than transformation (e.g. supplying for the energy demand of targeted productive sectors).

The WB's project portfolios in Benin and Tanzania mirror the results of CPF analysis. **Only three out of the 34 project information documents (PIDs) (9% in terms of number, 8% in terms of value) incorporate objectives or components for structural change.** Most projects with economic transformation content are concentrated on the agriculture sector and there have been no projects focusing on higher-productivity sectors, particularly in manufacturing and services industries since 2015. We also find that a relatively large share of projects (69%) aim to develop *pathways* to economic transformation, and there is a need to strongly link these *pathways* projects ('inputs' to economic transformation) to productivity ('output' of economic transformation). **From pre-IDA18 to the post-IDA18 period, the number of projects aiming for structural change and diversification remains relatively low (and decreased in Benin post-IDA18).**

**Overall, the WB projects in Benin and Tanzania are significantly aiming for sectoral productivity growth, which may be connected to the focus of WBG's performance indicators (e.g. the CPF results framework and RMS indicators) and comparative advantage.** It is noted that economic transformation is well cited in project objectives but almost entirely within sector productivity change. This trend in project objectives and components may have been driven partly by (i) CPFs lacking quantitative indicators for structural change and a good number of indicators for sectoral productivity; and (ii) IDA18 RMS indicators for sectoral productivity and other pathways to economic transformation.

**All the eight CPFs cite the WBG's comparative advantage as one of the selectivity filters that shape the CPFs, while only three (Benin, Burkina Faso and Nicaragua) include the IDA18 special theme as a selectivity filter.** If selectivity in the CPF priorities is heavily guided by the WBG's comparative advantage in specific sectors, this project-level analysis may also be reflecting the WBG's comparative advantage in projects that aim for sectoral productivity, but not structural change. This implies the need to increase capital and expertise with regard to other elements of economic transformation such as structural change and diversification of production.

Following our analysis, we suggest the following:

- 1. Improve the ratio of economic transformation components in CPFs.** There is little evidence in the literature on the appropriate 'balance' or 'ratio' of sectoral productivity and structural change interventions that countries can undertake to stimulate economic transformation. However, by observing the decomposition of labour productivity growth in 180 countries from 1991 to 2017, we find that within-sector productivity change is significantly more important in higher-income economies than in low-income countries (LICs). Within-sector productivity change and structural change (between sectors) contribute 70% and 30%, respectively, to total labour productivity growth. In East Asia and the Pacific, where some countries have successfully transformed, this ratio is at 80% and 20%.

We suggest therefore that CPF interventions focus 70% of JET interventions in LICs on within-sector productivity change and 30% on structural change, mirroring the historical decomposition of labour productivity growth in LICs in the past three decades (and not less than 10% as currently appears to be the case). Through time, LICs may aim to rebalance this ratio to 80% sectoral productivity and 20% structural change, as observed in East Asia and the Pacific, which share common characteristics with LICs (e.g. varying levels of economic development, small open economies) and with some countries having successfully undergone economic transformation. The type of intervention and choice of sector will have to be based on deeper diagnostics of country context. Where possible, efforts should be made to induce productivity in at least the three core sectors (agriculture, manufacturing, services) to diversify the economy, especially if a country's comparative advantage is based on natural resources. The CPF should also optimise the linkages and synergies of productive sectors with regard to significant WBG projects on infrastructure, urban development and energy.

- 2. Improve RMS indicators.** The current RMS indicators are insufficient in providing either a broad or an in-depth measurement of economic transformation prioritisation in country strategies. It is very easy for a CPF to get a transformation tag. We suggest the following indicators be adopted (and these are revisions or additions to the indicators currently in use by the RMS):
- structural change objectives and quantitative indicators on shifts across sectors and employment
  - sectoral productivity objectives and quantitative indicators in at least the three core sectors (agriculture, manufacturing, services)
  - diversification of production or trade of products or services within and across sectors and
  - clearer linkages of the largest CPF projects (e.g. energy, transport) with productive sectors.
- 3. Include a clear narrative around how a CPF implements economic transformation by satisfying the RMS indicators.** Since the current indicators do not provide information on the channels and magnitude of economic transformation, the RMS should consider providing a supporting narrative that can contextualise and validate the results of the suggested RMS quantitative indicators. The narratives may include at least (but not limited to) the following details:
- rationale for prioritising sectoral productivity over structural change (or vice versa); this may include considerations of country's factor endowments, FVC (fragile, violence, conflict) status, bottlenecks and opportunities
  - identification of the channels through which the CPF interventions can increase productivity in areas of comparative advantage while nurturing links (or shifting) to higher-productivity or value-adding activities
  - justification on the necessity of pathways to economic transformation (e.g. energy, infrastructure, human capital) and direct links on how these will enable sector and/or labour productivity and
  - discussion of interventions in creating higher-productivity/income jobs more generally.
- 4. Include an assessment at project level for selected projects.** To assess the WBG's effort in translating country strategies on economic transformation in actual projects through time, we recommend conducting a periodic review (e.g. an IDA MTR and/or CPF MTRs) of the transformational content of the WB's active project portfolio in selected IDA country/countries. This can be based on selected projects and should include a narrative on how a project contributes to economic transformation, especially on the structural change component of economic transformation which both CPFs and project designs tend to underemphasise.
- 5. Explicitly link sectoral and structural change – core elements of economic transformation – in the proposed IDA19 JET framework approach.** Apart from in the agriculture sector, it is unclear how the policy commitments under the JET framework will target both sectoral and structural change within IDA countries. Most of the policy commitments are anchored on a number of countries where specific IDA support on JET will be implemented, putting the risks of focusing economic transformation through only one channel of economic transformation (e.g. the bulk of WBG objectives/interventions in sectoral productivity, as observed in CPFs and project portfolios) or assuming that these beneficiary countries are facing similar issues. In this light, we reiterate that the IDA19 should focus approximately 30% of its intervention on structural change, and approximately 70% on sectoral productivity, given these components' historical contribution to labour productivity in LICs. The priority sectors for intervention will have to be tailored according to deeper diagnostics of country context. In addition, **given the greater role attached to private investments under the proposed JET approach, it is critical to ensure private investments are channelled to strategic (as opposed to profitable) sectors for economic transformation.** The quality and direction of the investment is often more important than the amount of mobilised private sector funds.

# 1. INTRODUCTION

The International Development Association (IDA) Deputies and Borrower Representatives (Participants) adopted an overarching theme for the 19th replenishment of the IDA (IDA19) – ‘Ten Years to 2030: Growth, People and Resilience’ – and recognised the importance of economic transformation and quality job creation for poverty reduction and shared prosperity in IDA countries. Hence, the jobs and economic transformation (JET) special theme, launched in IDA18, will be further strengthened in IDA19 (IDA, 2019a). This resonates with earlier views by the 2019 World Bank (WB)/International Monetary Fund (IMF) Development Committee (WB, 2019a) and Germany, the UK and representatives of all African countries at the WB Board to emphasise JET under the IDA19.

As a monitoring tool, the IDA results management system (RMS) provides a framework with quantitative indicators for tracking aggregate results achieved by IDA during each replenishment cycle (IDA and WBG, 2018). The IDA18 RMS uses a three-tiered development results framework: Tier 1 on IDA countries’ progress (i.e. long-term development outcomes); Tier 2 on IDA-supported development results (i.e. operations supported by IDA); and Tier 3 on IDA operational and organisational effectiveness. Under Tier 3, the RMS indicator for implementation of the economic transformation special theme comprises the share of IDA18 country partnership frameworks (CPFs) that reflect at least one of the following four key principles underpinning economic transformation: (i) sectoral productivity; (ii) value chain expansion; (iii) increased productive capital stock or investment in energy, transport, manufacturing or services; and (iv) export sector output/value added; trade facilitation.

Based on the IDA18 mid-term review (MTR), six out of eight (or 75%) of IDA CPFs delivered in the first five quarters of the IDA18 met the requirements to be tagged for the IDA18 RMS indicator on IDA support to economic transformation (IDA, 2018). The said six CPFs are for Benin, Burkina Faso, Guinea, Niger, Mauritania and Tanzania (the other two are for Mauritania and Nicaragua).<sup>6</sup> The Overseas Development Institute (ODI) Supporting Economic Transformation (SET) team had earlier examined the prioritisation of economic transformation across 15 WBG country partnership strategies (CPSs)/CPFs and found that only four CPFs contained core elements and quantitative indicators of economic transformation (Balchin et al., 2016). The authors highlighted that, while most country strategies contain a good number of transformation elements, there are also areas for improvement, and in some specific cases there are areas where the prioritisation of economic transformation elements look insufficient.

In April 2019, Germany, the UK and representatives of all African countries at the WB Board’s non-paper<sup>7</sup> proposed to ‘refine the RMS tier 3 economic transformation indicator to include evidence of the depth of support to economic transformation by reporting on portfolio coverage and the extent to which all three elements of transformation are being addressed through CPFs’.

Hence, this analysis aims to provide an in-depth assessment on the extent to which economic transformation is prioritised in the six CPFs mentioned above and to review and provide suggestions on ways to improve the IDA18 RMS indicators on economic transformation implementation. To measure the level of WB effort in pushing for the economic transformation agenda, a complementary examination of economic transformation content in active project portfolio projects from pre-IDA18 to the post-IDA18 period in Benin and Tanzania is conducted.

Section 2 presents the methodology and frameworks utilised for the analysis. Section 3 discusses the prioritisation of economic transformation in eight WBG CPFs and assesses current indicators and the transformational content in WB (IBRD and IDA) projects in Benin and Tanzania. Section 4 provides guidance for the WB in ensuring IDA projects are consistent with JET and that there is adequate reporting around this. Section 5 concludes.

<sup>6</sup> DFID confirmation via email to ODI on 23 July 2019.

<sup>7</sup> Unpublished non-paper on *IDA19 – Delivering an Ambitious Jobs and Economic Transformation (JET) Agenda* issued by Germany, United Kingdom and the Representatives of all African countries at the World Bank Board

The paper also includes as appendices individual country-level assessments of CPFs and project portfolios. Appendix B includes summaries and an annotated assessment of economic transformation prioritisation in CPFs for each of the eight countries. Appendix C presents summaries and annotated assessments of economic transformation content in individual WB projects in Benin and Tanzania.

## 2. METHODOLOGY TO ASSESS THE ECONOMIC TRANSFORMATION CONTENT OF WBG STRATEGIES

The analysis covers the CPFs of eight countries (Benin, Burkina Faso, Guinea, Nicaragua, Niger, Mauritania, Moldova and Tanzania) that were assessed in the IDA18 MTR, and active project portfolios from January 2015 to August 2019 in Benin and Tanzania. The methodology for this analysis adopts and modifies the approach of Balchin et al. (2016) in assessing the extent to which IDA country strategies and project objectives prioritise economic transformation.

**Table 1. Sample country characteristics**

IDA countries assessed in IDA18 MTR	Countries that met economic transformation tag based on IDA18 MTR	Region	Income group <sup>1</sup>	Landlocked <sup>2</sup>	Resource-dependent <sup>3</sup>	Value added (% of GDP) <sup>4</sup>		
						Agriculture, forestry, fishing	Manufacturing	Services
Benin	✓	Africa	LIC			22.6	12.3	46.2
Burkina Faso	✓	Africa	LIC	✓	✓	28.6	5.2	43.2
Guinea	✓	Africa	LIC		✓	17.8	10.0	41.7
Mauritania	✓	Africa	LMIC		✓	24.4	8.0	38.1
Moldova		Europe and Central Asia	LMIC			10.2	11.4	53.3
Nicaragua		Latin America and Caribbean	LMIC	✓		15.5	14.2	50.2
Niger	✓	Africa	LIC	✓		39.7	5.7	38.3
Tanzania	✓	Africa	LIC		✓	28.7	7.7	37.9

Notes:

1. Based on WB grouping per income level
2. Based on UN list of landlocked countries
3. Based on the classification in Haglund (2011) of (i) fuel-dependent countries most vulnerable to the resource curse and (ii) non-fuel-, mineral-dependent countries most at risk of the resource curse. Countries are marked as vulnerable to the resource curse if they appear in the top 40 of either of these classifications
4. Based on WDI for 2018 except for Niger and Tanzania (2017)

Economic transformation is defined as ‘shifting from lower to higher-productivity activities, within and across sectors and firms, from rural to urban areas, and from self- to wage-employment’ under the draft IDA19 Deputies’ Report (IDA, 2019a). For this analysis, we adopt the ODI SET programme’s broader definition of economic transformation as ‘a continuous process of (a) moving labour and other resources from lower-to higher-productivity sectors (structural change) and (b) raising within-sector productivity growth’. Structural change entails movement of labour and resources between sectors to higher-value activities, such as from agriculture to manufacturing; sectoral productivity involves increasing efficiency of production of existing firms or farms or reallocating resources away from least towards more productive firms. We also observe diversification of trade or production, and ‘pathways’ to economic transformation (e.g. improving business climate, education, skills training, technology adoption, trade facilitation, regional/global value chain integration, among others) that are typically associated with enhanced productivity (Balchin et al., 2016; McMillan et al., 2017).

### 2.1 Framework for assessment of economic transformation prioritisation in WBG country strategies

This analysis utilises the latest CPF documents (published after the IDA18 in January 2017) in examining the economic transformation prioritisation in WBG country strategies. A CPF document identifies objectives and development results and outlines corresponding programmes through which the WBG (including IBRD, IDA, IFC and MIGA) plans to support a member country’s development goals that are aligned with ending extreme poverty and boosting shared prosperity (WB, 2019b; WBG, 2014).

At the country strategy-level analysis, we examine the CPF documents in three areas: (i) we compare the level of prioritisation of core elements of economic transformation (i.e. sectoral productivity, within-sector productivity growth, diversification of production or trade) in the CPF strategic objectives and

results frameworks; (ii) we assess the extent to which *pathways of* economic transformation are articulated; and (iii) we analyse the extent to which poverty reduction and transformation of employment structure are highlighted as motivations for economic transformation. In implementing one (i), we examine not only the explicitly stated strategic objectives but also the supporting interventions/projects, to be able to capture economic transformation content in CPF ongoing/planned activities under such objectives.

The four IDA18 RMS indicators for economic transformation are embedded within our more comprehensive framework (see Figure 1), which enables comparison of resulting analysis using the RMS indicators list with the findings of the IDA18 MTR. The current RMS methodology in use by the WBG indicates that a CPF underpins economic transformation if at least one of the following is present in the CPF: (i) sectoral productivity; (ii) value chain expansion; (iii) increased productive capital stock or investment in energy, transport, manufacturing or services; and (iv) export sector output/value added, trade facilitation.

Each CPF document is examined against the following questions:

- Does the strategy have objectives in terms of economic transformation?
- If the strategy includes objectives to promote sectoral productivity, are these translated into the country results framework?
- If the strategy includes objectives to promote within-sector productivity growth, are these translated into the country results framework? Are these indicators well balanced across different sectors?
- If the strategy includes objectives to diversify production and trade, are these translated into the country results framework?
- Are pathways that map routes to economic transformation a core element of the strategy?
- Does the strategy prioritise moving to higher-wage or more productive employment as a key motivation for economic transformation?
- Does the strategy prioritise economic transformation at scale to reduce poverty?

Following Balchin et al. (2016), Table 2 presents the assessment criteria by means of which to provide an objective assessment of each question. A colour coding system is categorically assigned to represent good transformational content (green), some transformational content (yellow) or insufficient transformational content (red).

Figure 1. Flow of economic transformation assessment at the country strategy level

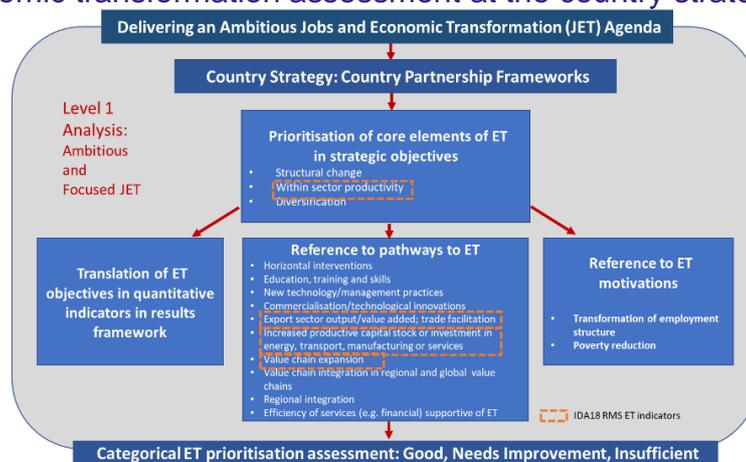


Table 2. Framework matrix for assessment of prioritisation of economic transformation in WBG CPFs

Aspect(s) of economic transformation covered	Specific question	Assessment criteria [IDA18 RMS economic transformation indicator in red text]	Colour coding (ODI framework) Tick box (IDA18 RMS economic transformation indicator)	Key section(s) in CPF
- Structural change - Within-sector productivity growth - Diversification	Does the strategy have clear objectives in terms of economic transformation?	<b>1</b> Whether or not reference is made to one or more of the following core aspects of economic transformation in the strategic objectives: (i) structural change; (ii) within-sector productivity growth ( <b>RMS1. Sectoral productivity</b> ); (iii) diversification of production or trade	Reference to (i) structural change, (ii) within-sector productivity growth <u>and</u> (iii) diversification of production and trade in one or more strategic objectives	- Executive Summary - WBG Engagement/ Partnership Strategy
			Reference to either (i) structural change, (ii) within-sector productivity growth <u>or</u> (iii) diversification of production and trade (but not all) in at least one strategic objective	
			No reference to (i) structural change, (ii) within-sector productivity growth <u>or</u> (iii) diversification of production and trade in any of the strategic objectives (skip to assessment criteria 6)	
<b>Reference to RMS1. Sectoral productivity</b>				
Structural change	If the strategy includes clear objectives to promote structural change, are these translated into the country results framework?	<b>2</b> Whether or not there are quantitative indicators in the country results framework focused on structural change (i.e. shifts to higher-value added sectors)	At least one quantitative indicator in the country results framework focused on structural change One proxy indicator of structural change in the country results framework No indicators in the country results framework focused on structural change/not applicable	Annex on Results Monitoring Framework/ Matrix
Within-sector productivity growth	If the strategy includes clear objectives to promote within-sector productivity growth, are these translated into the country results framework?	<b>3</b> Whether or not there are quantitative indicators in the country results framework focused on within-sector productivity growth	At least one quantitative indicator in the country results framework focused on within-sector productivity growth One proxy indicator of within-sector productivity growth in the country results framework No indicators in the country results framework focused on within-sector productivity growth/not applicable	Annex on Results Monitoring Framework/ Matrix
		<b>4</b> The ratio of within-sector productivity growth indicators that target the agriculture sector compared with those targeting other sectors (e.g. manufacturing services)	Good balance between within-sector productivity indicators for agriculture and those for other sectors Exclusively or mostly agricultural productivity growth indicators No indicators/not applicable	Annex on Results Monitoring Framework/ Matrix
Diversification	If the strategy includes clear objectives to diversify production and trade, are these translated into the country results framework?	<b>5</b> Whether or not there are quantitative indicators in the country results framework focused on diversification of production or trade	At least one quantitative indicator in the country results framework focused on diversification of production or trade One proxy indicator in the country results framework focused on diversification of production or trade No indicators in the country results framework focused on diversification of production or trade/not applicable	Annex on Results Monitoring Framework/ Matrix

WORLD BANK PRIORITISATION OF ECONOMIC TRANSFORMATION IN COUNTRY STRATEGIES AND COUNTRY PROJECT PORTFOLIOS

Aspect(s) of economic transformation covered	Specific question	Assessment criteria [IDA18 RMS economic transformation indicator in red text]	Colour coding (ODI framework) Tick box (IDA18 RMS economic transformation indicator)	Key section(s) in CPF
- Structural change - Within-sector productivity growth - Diversification	Are pathways to economic transformation a core element of the strategy?	<p><b>6</b></p> <p>Whether or not reference is made to one or more of the following pathways to economic transformation as key to supporting economic development, growth or transformative processes:</p> <ul style="list-style-type: none"> <li>- horizontal interventions to enhance productivity in all sectors (e.g. improved infrastructure, better business climate, stable regulatory framework)</li> <li>- education, training and skills development to boost worker productivity</li> <li>- adopting new technology or management practices</li> <li>- commercialisation or technological innovations to boost productive capacity</li> <li>- <b>RMS2. Value chain expansion</b></li> <li>- <b>RMS3. Increased productive capital stock or investment in energy, transport, manufacturing or services</b></li> <li>- <b>RMS4. Export sector output/value added; trade facilitation</b></li> <li>- Value chain integration into regional and global value chains</li> <li>- Regional integration</li> <li>- Improvements to efficiency of services (e.g. financial services) that support key productive activity</li> </ul>	<p>Reference to at least one of the listed pathways to economic transformation as key to supporting economic development, growth or transformative processes</p> <p>Some reference made to the listed pathways to economic transformation but these pathways are not explicitly framed as key to supporting economic development, growth or transformative processes</p> <p>No reference made to any of the listed pathways to economic transformation</p> <p><b>RMS2. Reference to value chain expansion</b></p> <p><b>RMS3. Reference to increased productive capital stock or investment in energy, transport, manufacturing or services</b></p> <p><b>RMS4. Reference to export sector output/value added; trade facilitation</b></p>	- Executive Summary - WBG Engagement/ Partnership Strategy
Transformation of employment structures	Does the country strategy prioritise moving to higher-wage or more productive employment as a key motivation for economic transformation?	<p><b>7</b></p> <p>Whether or not reference is made in the strategic objectives to transforming the country's employment structure through:</p> <ul style="list-style-type: none"> <li>- increasing labour productivity</li> <li>- raising wage employment</li> <li>- reducing working poverty</li> <li>- increasing the quality of jobs (higher remuneration levels, greater job security)</li> </ul>	<p>Clear reference to transforming the employment structure towards higher wage, more productive or better-quality jobs as a key motivation for economic transformation</p> <p>Some reference to transforming the employment structure towards higher wage, more productive or better-quality jobs, but this is not explicitly framed as a key motivation for economic transformation</p> <p>No reference to transforming the employment structure towards higher wage, more productive or better-quality jobs</p>	- Executive Summary - WBG Engagement/ Partnership Strategy
Poverty reduction	Does the country strategy prioritise economic transformation to reduce poverty?	<p><b>8</b></p> <p>Whether or not reference is made to poverty reduction as a motivation for economic transformation at scale</p>	<p>Clear reference to poverty reduction as a motivation of economic transformation at scale</p> <p>Some reference to poverty reduction, but this is not explicitly framed as a motivation for economic transformation at scale</p> <p>No reference to poverty reduction</p>	- Executive Summary - WBG Engagement/ Partnership Strategy*

Note: Green represents good level of transformational content; yellow represents some transformational content; and red represents insufficient transformational content.

## 2.2 Framework for assessment of economic transformation prioritisation at the project portfolio level

At the project portfolio level, we examine the presence of economic transformation elements in the project information document (PID) for each of the WB (IBRD and IDA) active project at the concept or appraisal stage from January 2015 to August 2019. We attach a 'yes' or 'no' answer to project objectives on the following aspects:

- moving labour or other resources from lower- to higher-productivity sectors
- raising productivity growth within a sector or sectors
- diversifying production and/or trade
- developing productive capacity
- utilising natural endowments
- developing pathways to transformation
- moving towards higher-wage or more productive employment.

Answers above are aggregated to calculate the share of active projects in the overall portfolio (in terms of number and values from 2015 to 2019) that address each of these aspects that are relevant to economic transformation. As an indicator of WB effort in pushing for the economic transformation special theme, we separate and compare economic transformation content of approved projects during the pre-IDA18 period (January 2015 to January 2017) and the post-IDA18 period (February 2017 to August 2019) periods.

## 2.3 Limitations of the methodology

We examine economic transformation content based on the above questions in CPF focus areas, key objectives and corresponding ongoing/planned interventions and quantitative indicators. To limit the subjectivity of the assessment, the examination of CPFs considers only explicit references to key terms (e.g. agricultural productivity) and/or clear elements (e.g. applying agricultural technology to increase yield) of economic transformation to the extent possible.

While some CPF objectives or interventions may instinctively lead to economic transformation (e.g. expansionary energy projects may eventually encourage industrialisation), this expected outcome cannot be assumed. This approach is also applied in examining economic transformation elements in PIDs. For example, Niger CPF contains several interventions related to government reforms that are usually associated with increased efficiency of public service delivery to the private sector, as well as health and education projects that could potentially increase labour productivity. However, since these interventions are motivated by Niger's FVC (fragile, violence, conflict) status, these interventions would not be considered pathways to economic transformation under this methodology. The approach ensures that economic transformation is conscientiously and deliberately incorporated (hence prioritised) across country strategies and corresponding interventions, as well as in project objectives.

An exception to this approach is applied to RMS indicator 3 on increased productive capital stock or investment in energy, transport, manufacturing or services in order to accommodate a simultaneous assessment of the RMS methodology *vis-à-vis* ODI assessment. For example, energy-related projects/investments in Burkina Faso that aim for rural electrification will be consistent with RMS3, (increased productive capital stock or investment in energy) even if project outcomes are not explicitly linked to productive sectors.

Since the CPF examination focuses on the prioritisation of economic transformation elements in strategies, this (ODI) methodology enables illustration of the 'breath' of economic transformation (e.g. interventions per core element, within and across sectors, pathways to transformation). It can also provide a picture of the 'depth' of transformation through the number of interventions afforded per structural transformation element in a country. However, is recommended that detailed country analysis

be taken into account (see Appendix C) since the colour code is limited with regard to comparing the 'magnitude' of economic transformation across countries. For example, in one country, a strategic objective for sectoral productivity may contain only a few projects; in another, sectoral productivity may be a key focus area that underpins several CPF objectives and interventions. To address this limitation, and where details are available, the analysis includes presentation of the share of CPF objectives/interventions with economic transformation content in total CPF financing as an indicator of the 'magnitude' of economic transformation across countries.

## 3. ASSESSMENT OF ECONOMIC TRANSFORMATION CONTENT OF WBG STRATEGIES

### 3.1 Economic transformation prioritisation in CPFs

**The three core elements of economic transformation motivate key strategic objectives in CPFs, except in Moldova.** Most of the CPFs explicitly reference or provide clear elements of structural change, sectoral productivity and diversification of production or trade as part of country strategies (Table 3). Poverty reduction is the underpinning motivation for most of the CPF focus areas, which include economic transformation and job creation. Except in the Moldova CPF, **the bulk of CPF objectives on increasing sectoral productivity are focused on the agriculture sector in seven countries and on the energy sector in Guinea and Tanzania.** Among the eight CPFs assessed, only the Tanzania CPF contains objectives targeting sectoral productivity in manufacturing and services.

**The priority sectors for economic transformation are reflected in CPF financing programmes, wherein the share of explicit agricultural projects/interventions ranges from 9% to 37% in six countries.** Guinea has the largest share of agriculture-related projects to total CPF financing, at 37%, followed by Burkina Faso (27%), Nicaragua (26%), Benin (18%), Mauritania (11%) and Niger (9%). However, the energy sector alone has a 19% share in total CPF lending (Appendix A). Given substantial political instability risk in Moldova, more than 70% of the total CPF lending programme is dedicated to improving economic and service governance.

**For structural change, while most CPF objective/interventions aim at shifting labour or production from less to more productive sectors, only the Tanzania CPF makes a clear reference to shifting towards manufacturing and services.** In four countries, structural change CPF activities focus on shifting labour (rather than resources) from low to more productive employment. The Benin CPF aims to provide more stable agricultural employment to its predominantly self-employed informal sector; the Mauritania CPF targets shifting employment from the public sector (currently the largest employer) to the private sector; the Nicaragua CPF addresses in an integrated manner the constraints in labour supply and demand to effectively support mobility of labour across sectors; and the Niger CPF aims to find opportunities to shift farm to off-farm employment. Meanwhile, the Guinea CPF targets shifting its economy from mining and low-productivity agriculture towards generally more diversified and productive sectors.

**Burkina Faso has the most CPF objectives (four) that contain structural change targets; its counterparts generally have only one objective/overarching goal of structural change.** Burkina Faso's CPF includes structural change interventions to reinforce start-ups and tech hubs, stimulate employment beyond the mining sector, conduct a diagnostics for an industrial park and promote economic corridors and trade along transport projects.

**Targeted sectors for diversification mostly reflect country constraints and comparative advantages.** For example, given high electricity costs in Nicaragua, its CPF aims to improve the energy mix by including renewable sources (geothermal, solar and wind). Since Benin has high exposure to climate change, the CPF provides weather and climate-related interventions to diversify agricultural production. Meanwhile, Mauritania aims to diversify its sources of growth by shifting its currently extractives- and public sector-driven economy to include other sectors of comparative advantage (agriculture, livestock, fisheries). Given tourism potential in southern Tanzania, the country's CPF explicitly provides planned activities for diversifying products and services in the tourism industry. Meanwhile, the Guinea CPF aims to reposition the country as an exporter by developing agricultural products in which the country has a comparative advantage. Only the Burkina Faso CPF explicitly aims to diversify production by moving beyond the sector (mining) in which it has a comparative advantage by supporting non-mining small and medium enterprises (SMEs) and livelihoods.

**There is an imbalanced number of quantitative measures across the three core elements of economic transformation.** All the seven CPFs with economic transformation objectives include several

quantitative measures of sectoral productivity against a baseline year and target in the respective results framework. However, **only two CPFs (Burkina Faso and Niger) contain quantitative indicators for structural change, and quantitative indicators to measure diversification are insufficient, if not absent** (Table 3). Burkina Faso's CPF contains an indicator measuring the number of start-ups, SMEs and civic techs incubated against a baseline and target. The Niger CPF includes a measure of the number of individuals participating in productive employment or employment programmes through WB projects, with a sub-component identifying individuals who will become entrepreneurs.

For four countries (Guinea, Mauritania, Nicaragua, Tanzania), only proxy indicators for structural change are available, on the number of job opportunity beneficiaries, the share of private sector investment to total investments, the earnings of participants in employment programming and the share of manufactured exports to total exports (all of which have no inter-sectoral comparisons). In Benin and Nicaragua, only proxy quantitative measures for diversification are available, measuring absolute increase in targeted cash crop production/investments and power generated from renewables (no comparison with other traditional products), respectively.

**Faced with political instability risk, the Moldova CPF is an exception that prioritises pathways to economic transformation as its key CPF strategy.** Moldova's CPF puts its primary focus on improving economic and public services governance and skills development. This CPF includes no objectives that directly contribute to structural change, sectoral productivity or diversification of production or trade. Aside from poverty reduction, the CPF's focus on governance may have been driven by the lessons the WBG learnt in implementing the previous CPS in Moldova, wherein 'political instability and governance challenges slow the pace of reform and that frequent personnel changes affect portfolio performance'. The case of Moldova raises the challenge of identifying a politically smart approach in mainstreaming economic transformation in country interventions. Meanwhile, Niger represents a country where the CPF has incorporated economic transformation objectives, amid fragility, violence, conflict and high political and governance risks.

**Seven out of eight CPFs provide clear reference to poverty reduction as a motivation for CPF objectives for economic transformation, while only half of the CPFs explicitly cite objectives/activities that aim to transform the employment structure.** For example, Burkina Faso's CPF complies with most of the assessment criteria in both ODI and RMS methodologies compared with other countries in the sample. However, its CPF interventions on economic transformation do not include explicit reference to or clear indications of transforming the employment structure towards higher-productivity or higher-wage jobs. This highlights the need to consistently recognise the role of economic transformation not only in shifting or increasing productivity but also in increasing labour income at large, which in turn can be a channel to reduce overall poverty.

**The role of WBG's comparative advantage that shapes the country strategic objectives and target outcomes is a double-edged sword issue.** Nicaragua and Guinea's CPFs provide details of the WBG comparative advantage selectivity filter. For example, in Nicaragua's CPF, the WBG concentrates on expanding or remaining in certain sectors,<sup>8</sup> including economic productivity, and leaves out other sectors (i.e. information and communication technology (ICT), social welfare, urban development and housing) to the specialisation of other development partners. However, the Nicaragua CPF further states that the 'WBG's focus on maximising finance for development including through the private sector has also influenced the areas in which the WBG can offer a comparative advantage...' Thus, **there is a need to ensure that private sector-financed projects/activities are fully aligned and balanced across objectives that the WBG wants to champion in country strategies** (e.g. balanced firm/sectoral productivity vs structural change projects, and across productive sectors).

<sup>8</sup> E.g. economic productivity, transport, environment and natural disasters, energy, education, public sector management, health, and water and sanitation.

Table 3. Economic transformation prioritisation in CPFs

Aspect(s) of economic transformation covered [Note: IDA18 RMS indicators in red text]	Benin	Burkina Faso	Guinea	Mauritania	Moldova	Nicaragua	Niger	Tanzania
Clear objectives of economic transformation	✓	✓	✓	✓	X	✓	✓	✓
• Structural transformation	✓	✓	✓	✓	X	✓	✓	✓
• Sectoral productivity	✓	✓	✓	✓	X	✓	✓	✓
• Diversification	✓	✓	✓	✓	X	✓	✓	✓
Quantitative indicators of structural change								
Quantitative indicators of within-sector productivity growth								
Balanced ratio of within-sector productivity growth indicators across sectors								
Quantitative indicators of diversification								
Pathways of economic transformation (at least 1 in 10)								
• Value chain expansion	✓	✓	✓	✓	✓	✓	✓	✓
• Increased productive capital stock or investment in energy, transport, manufacturing or services	Agriculture, tourism ✓	Agriculture ✓	Agriculture, mining ✓	Fisheries ✓	Manufacturing, services ✓	Agriculture ✓	Agriculture ✓	Agriculture, extractives ✓
• Export sector output/value added; trade facilitation	Energy, transport, services ✓	Energy, transport ✓	Energy, transport ✓	Energy, transport ✓	Manufacturing, services ✓	Energy, transport ✓	Energy ✓	Energy, transport ✓
	Agricultural exports ✓	Agricultural exports ✓	Agricultural exports, trade facilitation ✓	Trade facilitation ✓	Manufacturing, services exports; trade facilitation ✓	Trade facilitation ✓	Trade facilitation ✓	Industrial exports, trade facilitation ✓
• Horizontal interventions	✓	✓	✓	✓	✓	✓	✓	✓
• Education, training, skills	✓	✓	✓	✓	✓	✓	✓	✓
• New technology/management adoption	✓		✓				✓	
• Commercialisation or technological innovation		✓	✓		✓	✓	✓	
• Efficiency of supporting services			✓		✓	✓	✓	
• Value chain integration to regional, global value chains			✓		✓	✓	✓	✓
• Regional integration								
Transformation of employment structures								
Poverty reduction as motivation of economic transformation								

Note: Colour code categorical assessment: green=good; yellow=room for improvement; red=insufficient or not applicable. Main references are latest CPF documents as of August 2019 from WB website.

### 3.2 Assessment of RMS indicators

Table 3 presents our overall assessment of the presence of economic transformation in eight countries using the IDA18 RMS indicator list and compares this with the ODI methodology, which is more comprehensive in scope. The RMS methodology indicates that a CPF underpins economic transformation if at least one of the following is present: sectoral productivity; value chain expansion; increased productive capital stock or investment in energy, transport, manufacturing or services; and export sector output/value added, trade facilitation. ODI's methodology includes assessment criteria that cover prioritisation of core elements of economic transformation, the presence of quantitative indicators and links to poverty reduction and employment structures.

**Following the RMS methodology, all countries ticked at least one of the IDA18 RMS indicators, raising issues related to the appropriateness of these indicators in capturing economic transformation strategies.**

**First, focusing on sectoral productivity risks concentration of transformation efforts in only one sector where the country usually has a comparative advantage.** In the case of Benin and Guinea, it is observed that a CPF can be assessed to have incorporated the IDA18 economic transformation theme even if efforts that can be quantitatively measured focus on only one economic transformation element (sectoral productivity) in only one sector (agriculture). In Mauritania, interventions focus on natural resources (agro-pastoral, off-shore gas production, oasis agriculture, etc.), which may expose the country to Dutch disease.

**Second, between-/inter-sectoral productivity (structural change) and diversification need to be mainstreamed in country strategies.** The analysis shows that most of the structural change objectives and interventions aim at shifting employment from farm to off-farm, from the informal to the formal, from the public to the private sector. Only Tanzania explicitly identifies shifting resources to specific higher-productivity sectors such as manufacturing and services. Meanwhile, diversification efforts are focused largely on diversifying products or supply chains within sectors, rather than diversifying sources of production or trade across different sectors. We underscore the importance of having both within- and inter-sectoral productivity, supported by resilience to price shocks and cycles through diversification, in the economic transformation process (McMillan et al., 2017).

**Third, ticking the RMS indicator that increases productive capital stock or investment in energy, transport, manufacturing or services is not necessarily transformational.** This indicator alone is particularly broad, and hence it is easy to comply with. For example, the WBG can provide investment or lending in the energy sector to support a national government priority, regardless of whether the project is focused on enhancing productivity (e.g. capacity expansion project). Across seven countries, all CPFs include financing/investments in the energy sector (see Table 3) and only Moldova's CPF indicates support to export-oriented manufacturing and services companies' integration in global value chains through International Finance Corporation (IFC) financing.

Without linking these investments to productive sectors or labour productivity, contribution of these interventions to economic transformation pathways will be limited. Table 4 presents examples of CPF interventions/projects in energy, transport and value chain expansion (among others) that are relatively more or less transformational.

**Fourth, the inconsistency between the IDA18 MTR and our assessment following the IDA18 RMS methodology calls for the WBG to clarify its criteria on examining economic transformation for reporting to the RMS.** Based on the IDA18 MTR, Moldova and Nicaragua are the two out of the eight countries that were not able to incorporate the economic transformation theme (at least one of the RMS indicators) in their respective CPFs. However, the Moldova CPF has references to all the RMS

indicators<sup>9</sup> except sectoral productivity. Meanwhile, the Nicaragua CPF contains interventions aligned with all the four RMS indicators.

**Fifth, the CPF for Niger shows the need for the RMS to include narratives supporting the broad assessment of country's economic transformation strategies.** Following the IDA18 RMS methodology, the Niger CPF ticked all the four IDA18 RMS indicators. Niger is a special case of an FVC country. Having ticked the RMS sectoral productivity indicator does not give information on the sectors Niger CPF is prioritising (e.g. agriculture, mining) and the reasons that motivate or justify this approach (e.g. rural poverty, FVC). In addition, the current RMS indicators do not provide information on the magnitude of economic transformation across countries. For example, both the Benin and the Tanzania CPFs incorporate sectoral productivity, without containing the information that Tanzania's CPF is implementing interventions to improve productivity in several sectors (agriculture, manufacturing, tourism) while Benin's CPF is concentrating largely on only one sector (agriculture).

### 3.3 Economic transformation content in active project portfolios

Table 4 summarises the share of projects with economic transformation elements in the overall WB project portfolios in Benin and Tanzania. A number of specific observations emerge from this project-level analysis.

**On average, about 50% of the total portfolio aims for sectoral productivity in terms of number, and this share goes up to 64% in terms of value.** In both countries, a large share of projects aim at raising within-sector productivity, and mostly in targeted sectors (e.g. agriculture in Benin, natural resources in Tanzania). It is also noted that, in both countries, there have been no projects focusing on higher-productivity sectors, particularly the manufacturing and services industries, since 2015.

**Only three out of the 34 projects (9%) in Benin and Tanzania incorporate objectives or components for structural change; in terms of value, the share goes down to 8%.** Both countries have hardly any projects that are designed for the economy's structural change (one out of 13 in Benin; two out of 21 in Tanzania). Two projects are aiming to achieve this through the tourism sector only, whereas the other one provides a financing window to support transition of self-employed Tanzanians to more productive opportunities. The combined share of projects in Benin and Tanzania that aim for diversification is also relatively lower, at 21% in terms of number of projects and 17% in terms of value.

**However, we note that, in both countries, there are projects that have the potential to structurally transform the economy.** For example, Benin's projects on the energy sector and stormwater management can induce structural change as a reliable electricity supply and reduced flood risks may encourage industrialisation. In Tanzania, the Dar es Salaam Metropolitan Development project can prioritise decongesting routes where productive sectors are located (e.g. facilitating mobility of supplies and labour in manufacturing or services within the city). However, these links to economic transformation are not incorporated in the objectives of these projects. These observations highlight the **need to focus on projects targeting structural change (especially relative to the number of projects targeting sectoral productivity)**<sup>10</sup> or mainstream linkages to structural change in projects.

**A large share of the total project portfolio is focused on developing pathways to economic transformation, reflecting countries' structural bottlenecks.** In Benin, eight out of 13 projects (62%) from 2016 to 2019 contribute to improving critical factors that can enhance labour productivity (e.g. quality education, proper nutrition, access to health services, adequate water supply and sanitation) and horizontal interventions that can benefit sectoral and inter-sectoral productivity (e.g. digitalisation, forest

<sup>9</sup> Moldova's CPF indicates that the IFC will consider financing eligible manufacturing and services companies in export-oriented sectors that will enable SMEs to participate in global value chains, and cites an IFC project on climate reform that will improve trade logistics and policies that will enhance the private sector's capacity to the EU.

<sup>10</sup> The SET approach paper (MacMillan et al., 2017) emphasises the importance of movement from low- to high-productivity activities *both* within and across all sectors in economic transformation.

management, infrastructure investments). In Tanzania, more than 75% of projects cite the relevance of the projects in terms of increasing or supporting sector and labour efficiency and productivity.

**Table 4. Transformational content of active project portfolio (approved projects between January 2015 and August 2019)**

Indicator of transformational content	Benin		Tanzania	
	% share to total number of projects	% share to total projects, weighted by commitment value	% share to total number of projects	% share to total projects, weighted by commitment value
<i>Total</i>	<i>13 projects</i>	<i>\$857.16 million</i>	<i>21 projects</i>	<i>\$3,021.86 million</i>
Moving labour or other resources from lower- to higher-productivity sector	7.7%	5.8%	10%	8.9%
Raising productivity growth within a sector or sectors	46.2%	64.2%	52%	64.3%
Diversifying products or trade	30.8%	26.8%	19%	14.2%
Developing productive capacity	38.5%	52.5%	48%	60.3%
Utilising natural endowments	30.8%	26.8%	33%	36.2%
Developing pathways to transformation	61.5%	71.6%	76%	84.5%
Moving towards higher-wage or more productive employment	30.8%	31.5%	14%	9.7%
<i>Supplementary indicators for WB projects</i>				
Linked to CPS/CPF	53.8%	56.5%	57%	69.5%
Linked to other productive sectors	38.5%	39.1%	33%	43.2%

**A relatively significant amount of projects focus on productive capacity, which only ‘indirectly’ contributes to economic transformation.** In both countries, there is a high share of projects that contribute to productive capacity – which we categorise as expansionary projects and/or project objectives/activities that increase the capital of the sector, such as through investments, private–public partnerships (PPPs) or private sector participation. While developing pathways and productive capacity can both contribute positively to economic transformation, this may reflect that increasing amounts of projects tend to contribute only inputs to transformation and do not ‘directly’ transform the economy through explicitly aiming for structural change, sectoral productivity and diversification.

### 3.4 Level of effort: transformational content in active projects prior to and after the IDA18

Table 5 summarises the comparison of overall transformational contents of projects in Benin and Tanzania that were approved prior to and after the IDA18. The following are the observations gathered from the analysis.

Table 5. Transformational content of active projects portfolios prior to and after the IDA18 (approved projects between January 2015 and January 2017 (pre-IDA18) and February 2017 and August 2019 (post-IDA18))

Indicator of transformational content	Benin				Tanzania			
	% share to total number of projects		% share to total projects, weighted by commitment value		% share to total number of projects		% share to total projects, weighted by commitment value	
	<i>Pre-IDA18<sup>1</sup></i> 3 projects	<i>Post-IDA18</i> 10 projects	<i>Pre-IDA18</i> \$148 million	<i>Post-IDA18</i> \$709 million	<i>Pre-IDA18</i> 12 projects	<i>Post-IDA18</i> 9 projects	<i>Pre-IDA18</i> \$1,528 million	<i>Post-IDA18</i> \$1,494 million
<i>Total</i>								
Moving labour or other resources from lower to higher productivity sector	33.30%	0.00%	33.80%	0.00%	8%	11%	7.90%	10.00%
Raising productivity growth within a sector or sectors	33.30%	50.00%	33.80%	70.50%	50%	56%	43.70%	85.30%
Diversifying products or trade	33.30%	30.00%	33.80%	25.40%	25%	11%	18.20%	10.00%
Developing productive capacity	33.30%	40.00%	33.80%	56.40%	42%	56%	35.90%	85.30%
Utilising natural endowments	33.30%	30.00%	33.80%	25.40%	33%	33%	38.60%	33.80%
Developing pathways to transformation	33.30%	70.00%	33.80%	79.50%	75%	78%	69.90%	99.40%
Moving towards higher-wage or more productive employment	33.30%	30.00%	33.80%	31.00%	17%	11%	9.40%	10.00%
<i>Supplementary indicators for WB projects</i>								
Linked to CPS/CPF	66.70%	50.00%	54.10%	57.00%	42%	78%	48.80%	90.70%
Linked to other productive sectors	33.30%	40.00%	33.80%	40.20%	33%	33%	39.30%	47.20%

Notes: Green figures indicate higher project share compared with pre-IDA18; red figures indicate lower project share compared with pre-IDA18.

1. The relatively similar share of pre-IDA18 projects with economic transformation content to total number of projects is driven by one out of a total of three projects.

**There has been a substantial increase in the share of projects with developing pathways and productive capacity elements between the pre-IDA18 and the post-IDA18 period, while the number of projects aiming for structural change and diversification remains low (and has decreased in Benin post-IDA18).** Addressing fundamental barriers to participation in productive activities may have been the driver of the increased focus on developing pathways, while increasing sectoral productivity in Benin and Tanzania maximises the utilisation of natural endowments. This suggests that the share of projects that indirectly (rather than directly) contribute to economic transformation has increased in the post-IDA18 period in relative terms.

**WB projects are significantly aiming for sectoral productivity growth, which may be connected to the focus of WBG's performance indicators (e.g. CPF results framework and RMS indicators) and comparative advantage.** It is noted that economic transformation is well cited in project objectives but almost entirely through sectoral productivity. If project prioritisation is influenced by other WBG performance indicators, such as in CPF results frameworks and IDA18 RMS indicators, then this trend in project objectives and components may have been partly driven by (i) CPFs lacking quantitative indicators for structural change and a good number of indicators for sectoral productivity; and (ii) IDA18 RMS indicators for sectoral productivity and other pathways to economic transformation but an absence of indicators for structural change in CPFs.

**All the eight CPFs cite the WBG's comparative advantage as one of the selectivity filters that shape the CPFs, while only three CPFs (Burkina Faso, Benin, Nicaragua) include the IDA18 special theme as a selectivity filter.** If selectivity in the CPF priorities is guided by the WBG's comparative advantage in specific sectors (among others, as often cited in CPF programming considerations), this project-level analysis may also be reflecting the WBG's comparative advantage in projects that aim for sectoral but not inter-sectoral productivity. This implies a need to increase capital and expertise in relation to other elements of economic transformation such as structural change and diversification of production.

**The WB should better explain how it translates the IDA18's economic transformation theme into project objectives.** As presented earlier, there is a need for a conscious effort to translate and streamline economic transformation themes in project components, especially in projects that already have obvious links to productive sectors. While the importance of addressing critical bottlenecks as priority projects is recognised, the case of the pre-IDA18 cross-border tourism project in Benin illustrates that a transformational project, which maximises natural endowments and strategic location near the larger Nigerian market, can be linked to the national/CPF's priority sector/s (e.g. agriculture, basic infrastructure) and thus can be strategically pursued.

## 4. IMPROVING THE ECONOMIC TRANSFORMATION FOCUS AND REPORTING ON IDA PROJECTS AND STRATEGIES

We here use the evidence gathered to suggest improvements in the JET focus of IDA projects (Section 4.1) and the reporting around this (Section 4.2). Section 4.3 comments on the recently proposed IDA19 JET framework, including the additional JET RMS indicator.

### 4.1 Balance between sectoral and structural change interventions

Our examination of the eight countries suggests there is a concentration of CPF interventions on within-sector productivity change compared with structural change, which may be driven by different country contexts, comparative advantages, government priorities and WBG expertise. However, countries that have successfully transformed, especially those in East Asia, indicate that both within- and between-sectoral productivity are necessary for economic transformation (McMillan et al., 2017). This is aligned with the observed strong positive correlation of sectoral productivity with annualised labour productivity growth across regions and income levels from 1991 to 2017 (Table 6).

Meanwhile, a relatively stronger correlation of structural change with annualised labour productivity is observed in East Asia and Pacific countries, and middle- and high-income groups. While countries from different regions and income levels are not entirely comparable, the decomposition of labour productivity of countries that have relatively transformed their economies (e.g. East Asia and Pacific, middle- and high-income countries) provides a motivation for low-income countries (LICs) to increase the relevance of both sectoral and structural change interventions in increasing their overall productivity.

Table 6. Correlation of sectoral and structural change to annualised labour productivity growth,<sup>1</sup> 1991–2017

	Sectoral productivity (within sector)	Structural change (between sectors)
<b>By region</b>		
East Asia and Pacific	0.7377*	0.6686*
Europe and Central Asia	0.7934*	0.1791*
Latin America and Caribbean	0.8751*	0.1275*
Middle East and North Africa	0.8199*	0.4254*
North America (US, Canada)	0.9394*	-0.0600
South Asia	0.9518*	-0.0985
Sub-Saharan Africa	0.6392*	0.1096*
<b>By income</b>		
Low-income	0.6999*	-0.0352
Lower-middle-income	0.7174*	0.3557*
Upper-middle-income	0.8103*	0.3184*
High-income	0.7651*	0.5778*

Notes: Significant at \*p<0.01; \*\*p<0.05; \*\*\*p<0.10.

1. Labour productivity decomposition computations following ODI SET database. Within sector equals annualised growth in labour productivity (absolute) multiplied by employment share in earlier year; structural change equals annualised growth in labour productivity (absolute) minus within sector change; total annualised labour productivity growth equals sectoral productivity plus structural change.

We further examined the historical share of sectoral productivity and structural change in annualised labour productivity growth, weighted by constant 2010 gross domestic product (GDP).

By income level, on weighted average from 1992 to 2017, LICs have 70% and 30% sectoral productivity and structural change shares, respectively; middle-income sectoral productivity and structural change shares are at about 85% and 15%, respectively (Table 7). East Asia and Pacific and South Asia, which comprise mostly upper- and lower- to middle-income economies, have a weighted average of roughly 80% sectoral productivity share and 20% productivity share in annualised labour productivity growth.

In this regard, **we suggest that the CPF should broadly mirror these labour productivity trends by targeting 70% of JET interventions in LICs to within-sector productivity change and 30% to structural change. Over time, LICs may aim to rebalance this ratio in shares to 80% sectoral productivity and 20% structural change, as observed in East Asia and Pacific and South Asian countries that have common characteristics with LICs (e.g. level of development, small open**

economies) and have successfully undergone economic transformation (or have had high productivity growth in recent years). This suggested ratio can be based on the total number of JET interventions or the total portfolio lending/financing that contains JET elements. The type of within- or between-sector productivity interventions and the choice of sectors will have to be based on deeper diagnostics of country context, as well as the transformational content of such interventions (discussed further in Section 4.2).

**Table 7. Share of sectoral and structural change in total annualised labour productivity growth,<sup>1</sup> 1992–2017**

	Sectoral productivity (within sector)	Structural change (between sectors)
Low-income	69.82%	30.18%
Middle-income countries	85.57%	14.43%
<i>Lower-middle-income</i>	90.45%	9.55%
<i>Upper-middle-income</i>	84.38%	15.62%
High-income	110.73%	-10.73%

Note: 1. Total annualised labour productivity growth equals the sum of sectoral productivity and structural change; weighted average by constant 2010 GDP.

Source: Productivity data from ODI SET; GDP data from WDI.

## 4.2 Improving the narratives on channels of economic transformation

Prioritisation of the economic transformation agenda involves mainstreaming the expected productivity gains in areas of intervention, and this will require explicit identification of the channels and synergies through which the intervention can increase sector and labour productivity. The JET objectives in CPFs feed in to WB country projects, such that, without clear reference to the channels of economic transformation (especially with regard to structural change) at the WBG country-level strategy, it is less likely that JET will be incorporated in the objectives of WB projects on the ground.

Table 8 provides examples of CPF interventions related to developing ‘pathways’ to economic transformation (i.e. energy, transport, value chain expansion, urban development, out-of-school youth skills training and women’s empowerment). As observed in country financing programmes, in some countries some of these pathway interventions capture a relatively large share of total CPF financing plans, which highlights the need to optimise the potential of these interventions in contributing to economic transformation. Table 8 illustrates CPF pathway interventions that provide clear narratives on expected impact towards economic transformation (‘more transformational’); interventions that can be made more transformational if enough information is clearly outlined in the CPF (‘less transformational’); and considerations that can provide a clearer JET narrative around these sectoral interventions.

More generally, the following dynamics may help in establishing the narratives on how the RMS indicators are expected to stimulate economic transformation:

- Is the priority sector an area of comparative advantage? Is the intervention unblocking critical bottlenecks to increasing sectoral productivity or structural change? The narrative may include an intervention rationale based on the country’s structural characteristics (e.g. FVC, landlocked, natural endowments) or economic potential (e.g. strategic geographical location for regional trade, demographic dividend, labour force structure).
- What economic activity is the ‘pathway’ intervention attempting to stimulate (e.g. industrialisation, economic corridors, international trade, regional/global value chains)? Is the intervention expected to contribute to sectoral productivity or structural change or both?
- What is the rationale of having the intervention at the national or local level? What are the spatial considerations (e.g. locations where the poorest live in)?
- What specific productive sectors does the intervention directly support (e.g. agriculture, manufacturing, services, private or formal sector) or indirectly (e.g. rural–urban and employment spillovers) cater to?
- What are the synergies of the ‘pathway’ interventions with increasing employment and labour productivity at large?

Table 8. Examples of more and less transformational CPF pathways interventions/projects

Sector	*More transformational CPF interventions/projects (*CPF interventions with clear reference to channels of economic transformation)	**Less transformational interventions/projects	
		**CPF interventions lacking enough information on channels of economic transformation	Information on channels of economic transformation that should be included in the narrative
Energy	<p>In Tanzania, the CPF objective/intervention to increase energy access is explicitly framed as an enabling pathway to shift labour from agriculture to higher-productivity manufacturing services.</p> <p>In Nicaragua, the WBG support on diversifying a country's power generation mix (e.g. geothermal, solar, wind) and optimising energy consumption is aimed at reducing price volatility, bringing down electricity costs, addressing a key constraint faced by firms and attracting foreign investors.</p>	<p>CPF discussions on electricity-related projects in Benin, Burkina Faso and Niger have not provided a direct link or expected contribution of the project outcomes to specific productive sectors.</p> <p>Instead, the intervention/project details mentioned in the CPF are focused largely on enabling cross-border energy trade (Benin, Burkina Faso, Niger), strengthening capacity of stakeholders and agencies responsible for the energy sector (Benin, Burkina Faso, Niger), solar power development (Niger) and expansion of rural electrification (Burkina Faso, Niger).</p>	<ul style="list-style-type: none"> <li>• Is the energy sector an area of comparative advantage or a bottleneck to productivity?</li> <li>• Is it a national or localised project? Which sector/s will benefit from the project? <ul style="list-style-type: none"> <li>- If a national, is it aimed at attracting higher-productivity investments/industries (that will utilise better electricity)?</li> <li>- If rural electrification, identify the specific channel/s. through which electricity can help rural economic transformation (e.g. mechanisation of agricultural processes, better delivery of electricity-empowered public services, increase in household welfare that can increase labour productivity, spatial poverty considerations).</li> </ul> </li> </ul>
Transport	<p>CPF support for access roads is aimed at targeted agricultural areas for market development and irrigation potential (Niger); road–airport link projects aim to support peri-urban development, economic corridors and trade (Burkina Faso).</p> <p>In Tanzania, the CPF cites that rural and secondary road construction will support priority production areas; rural–urban transport corridors will create market access for farmers and employment opportunities; road–airport links will support production clusters; improved ports will move goods and people and facilitate cross-border trade and commerce.</p>	<p>Some IFC interventions under the Niger and Burkina Faso CPFs are focused on improving the performance of the transport sector but silent on the interventions' impact on specific productive sectors.</p> <p>For example, improving airport service quality and increasing fiscal revenues are the objectives of IFC's plan to explore whether Niger can be included in IFC's regional airports initiative. Under the Burkina Faso CPF, IFC will explore seeking investment opportunities in airports, rail and broadband, without citing the rationale on investing in these subsectors (e.g. benefits of airports, rail and broadband vs. roads).</p>	<ul style="list-style-type: none"> <li>• Identify the market potential/productivity gaps a transport project is trying to address (e.g. rural–urban links for agricultural trade, geographic strategic location for regional trade) that will justify the choice of transport project priority (e.g. among rural and urban roads, rails, ports, airports).</li> <li>• Identify the key sectors being served by the transport links.</li> <li>• Identify potential synergies that can be created from the transport projects (e.g. economic/trade corridors; employment; cross-border trade).</li> </ul>
Value chain expansion	<p>The Tanzania CPF intervention for value chain expansion provides clear synergies towards economic transformation. Under the CPF, the WB will help create domestic value chains and local content by strengthening infrastructure services to foster industrial agglomeration; providing quality assurance services for businesses; reducing the regulatory burden; and improving competitive policies. Such interventions are anticipated to attract large, medium and small investors to provide a take-off platform for SMEs and result in more competitive export industries, which is expected to scale up domestic value addition and productive jobs.</p>	<p>Most country CPFs contain several interventions to develop domestic value chains, which is associated with increasing within-sector productivity and ultimately contributing to economic transformation. For example, local value chain expansion is concentrated in cashews, pineapples and shea butter in Benin; agribusiness value chains (cotton, commercial farming, livestock) in Burkina Faso; staple products (e.g. rice, potatoes, poultry, smoked fish, the feed industry) and mining value chains in Guinea; the seed supply chain in Niger; and farm value chains in Nicaragua.</p> <p>These interventions can be more transformational if linked to other sectors domestically, to trade, or global/regional value chains – for example if the agricultural products can be supplied to hotel and restaurants (services sector) or manufactured (higher-productivity activity) for exporting to international markets (trade).</p>	<ul style="list-style-type: none"> <li>• Justify the choice of sector for value chain expansion (e.g. is it a sector of comparative advantage? Can it provide employment at large or to the poorest population?).</li> <li>• Provide potential links to creation of jobs or higher-productivity jobs.</li> <li>• Is there a potential for integrating local value chains in different sectors (e.g. products of agricultural value chains as input to tourism value chains)?</li> <li>• Is there a potential for integrating domestic value chains to international trade (e.g. exporting) or global/regional value chains?</li> </ul>

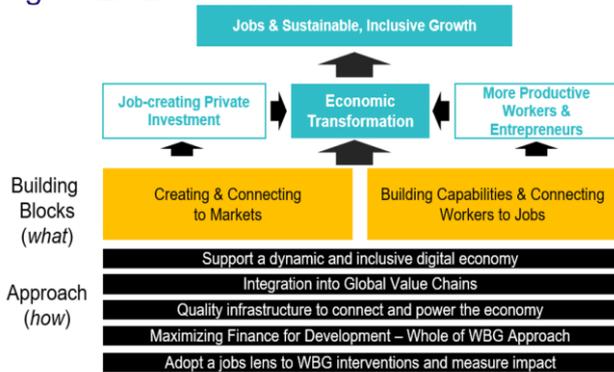
WORLD BANK PRIORITISATION OF ECONOMIC TRANSFORMATION IN COUNTRY STRATEGIES AND COUNTRY PROJECT PORTFOLIOS

Sector	*More transformational CPF interventions/projects (*CPF interventions with clear reference to channels of economic transformation)	**Less transformational interventions/projects	
		**CPF interventions lacking enough information on channels of economic transformation	Information on channels of economic transformation that should be included in the narrative
Urban development	A number of CPF interventions on urban development consider potential links to increase productivity and job creation. For example, a two-year pragmatic advisory services and analytics (ASA) project in Burkina Faso aims to examine the role of cities in job creation and economic growth. In Guinea, the CPF will invest in ASA to understand the bottlenecks in reaping the benefits of urbanisation (e.g. reducing the distance between people, employers and employees, buyers and sellers; linking smart ideas and capital, manufacturing value chains and employment demand). In Mauritania, CPF interventions to nurture the emergence of productive intermediate cities aim to enhance economic externalities by drawing on the resources of surrounding areas.	In Benin, urban development focuses on addressing infrastructure challenges, such as supporting storm water/flood control infrastructure and improved municipal management as a complement to road network development and rehabilitation (by other donors).	<ul style="list-style-type: none"> <li>• Include in CPF objective/narratives the potential economic transformation synergies that can be created through urban development. For example: <ul style="list-style-type: none"> <li>- productivity through better connectivity of labour and capital</li> <li>- efficiency of production operations</li> <li>- creation of jobs or higher-productivity jobs</li> <li>- agglomeration and industrialisation.</li> </ul> </li> <li>• Provide potential links in boosting productivity in peripheral sub-urban/rural areas.</li> <li>• If the focus is on improving infrastructure, provide rationale on this focus (e.g. is this a critical bottleneck that is a prerequisite to enable other economic activities?)</li> </ul>
Skills training or employment interventions for out-of-school/vulnerable youth	Under the Mauritania and Nicaragua CPFs, support for vulnerable or low-skilled (out-of-school) youth includes skills improvement aligned with private sector demand. Interventions include providing mechanisms to improve skills and competencies for the labour market through basic training, internship, literacy and life skills in collaboration with private sector/employers; and support for self-employment through coaching, financing for entrepreneurship/start-ups.	In Burkina Faso, the Youth Employment and Skills Development Project under the CPF is organising labour-intensive public works to provide cash-for-work for out-of-school youth. This support tends to be temporary and does not foster the skills needed for relatively higher-productivity employment.	<ul style="list-style-type: none"> <li>• Justify short-term vs long-term skills training interventions; assistance for formal employment vs self-employment (or entrepreneurship).</li> <li>• Tailor skills intervention based on employers' needs, with a goal integrating less-skilled youth in relatively stable employment (e.g. from informal to formal; from short to long term) and ultimately build skills for relatively higher-productivity activities.</li> </ul>
Women's empowerment	<p>In Benin's CPF, women's economic empowerment is embedded in interventions in agriculture, energy, water and sanitation, digital economy, cross-border commerce, education and skills, and social protection.</p> <p>In Mauritania, CPF interventions include seeking to increase women's access to technical and vocational education and training and participation in jobs seen as socially acceptable amid restrictive social norms.</p> <p>In Burkina Faso, the CPF aims to address women's lower land tenure and access to farm labour and productivity inputs, with negative impacts on agricultural productivity, climate change vulnerability and access to finance (through land as collateral).</p>	Some CPF women's empowerment interventions focus largely on improving maternal health and gender equality, to generally improve capacity to be involved in economic activities. For example, the Sahel Women's Empowerment and Demographics Project (Burkina Faso) focuses on increasing women and adolescent girls' access to quality reproductive and health services. In Guinea, gender consideration measures will include promoting 'gender-friendly' tasks such as preliminary cleaning of sites and breaking and carrying stones) in a Labour-Intensive Public Works Programme. In Nicaragua, the CPF proposes support for pregnant adolescents to help young mothers meet the needs of children while at the same time pursuing a 'productive life'.	<ul style="list-style-type: none"> <li>• Identify the critical bottlenecks (e.g. health, skills, cultural norms) that prevent women participating in economic activity or in a particular sector.</li> <li>• Provide rationale if one intervention is a prerequisite for another. For example: <ul style="list-style-type: none"> <li>- Is there a need to first increase awareness on potential economic contribution of women's participation to household welfare and economy as a whole (e.g. as a way to addressing cultural bottlenecks)?</li> <li>- Can health and skills interventions be done simultaneously?</li> </ul> </li> <li>• Interventions may also aim to nurture the skills of women for higher-productivity activities (e.g. beyond agriculture; long-term employment).</li> </ul>

### 4.3 Proposed IDA19 JET framework and additional JET RMS indicator

The JET framework proposed under the IDA19 emphasises two main pillars towards economic transformation: facilitating job-creating private investments and building the capabilities of workers and entrepreneurs (Figure 2). The framework assumes that the approach to support critical infrastructure and enabling environment reforms will ‘create the conditions for job-rich private investment, particularly in tradables’, which is expected to ‘reinforce comparative advantage, and leverage domestic, regional and global value chains in high-productivity agriculture, manufacturing and services sectors’ (IDA, 2019a).

Figure 2. IDA19 JET Framework



Source: IDA (2019a)

**Apart from in agriculture, it is unclear how the policy commitments under the JET framework will target both sectoral and structural change in IDA countries.** For example, the policy commitments proposed include supporting primary and secondary cities in at least 15 IDA countries; supporting regional infrastructure such as energy and transport in 10 IDA countries; and addressing agribusiness and manufacturing bottlenecks in 10–15 countries. However, IDA has 76 countries, and anchoring targets on a set of countries rather than levels of within- and between-sector productivity risks focusing economic transformation on only one channel (e.g. the bulk of WBG objectives/interventions in sectoral productivity, as observed in CPFs and project portfolios) or assuming these sets of countries face similar issues. **In this context, we reiterate that the IDA19 should focus approximately 30% of its interventions on structural change and 70% on sectoral productivity,** given the historical contribution of such to labour productivity in LICs. The priority sector and type of intervention should be tailored according to in-depth country diagnostics, covering issues such as economic, demographic and labour force structures, as well as urban–rural dynamics and fragility status, among others.

**A greater role is being given to private investments with regard to shaping the WBG’s comparative advantage under this JET approach. Hence, it is critical to ensure private investments are channelled to sectors that are strategic (vs financially profitable only) for economic transformation.** For example, the first pillar may entail substantial private investment in agricultural processing, which can also create jobs, but a question arises as to whether this is a transformational sector or a higher-productivity activity to invest in.

Furthermore, on top of the current IDA18 RMS JET indicators, **the IDA19 RMS’ additional JET indicator measuring the private mobilisation of WBG-supported investments in IDA countries (previously an RMS indicator for overall IDA organisational and operational effectiveness) will be easily complied with, given the WBG’s maximising finance for development approach.** This additional indicator measures only total direct and indirect mobilised private investment (IDA, 2019b) and thus will provide scant information on the contribution to economic transformation. It is critical that the indicator be disaggregated by sector and type of investment, with accompanying narratives, to enable an assessment of private investment’s role in economic transformation. We should also emphasise that a higher mobilisation amount is not always better as it could call into question additionality of IDA investments, given that the private sector is eager to invest in such cases anyway. It is the quality and direction of the amount of private funds mobilised that are crucial.

## 5. CONCLUSIONS

Weakening global economic activity, the shortening of value chains as a result of digitalisation and increasing youth unemployment are putting many poor economies at risk of getting left behind. The IDA Deputies have expressed that global headwinds and emerging challenges are putting development gains and progress at risk (IDA, 2019a). This juncture makes economic transformation more critical than ever for LICs, and hence the importance of the WBG in catalysing this process through country strategies and project portfolios in IDA countries cannot be overemphasised.

We have examined the prioritisation of economic transformation in CPFs, which are key documents that outline the WBG's strategic objectives that subsequently shape the latter's activities in each economy. In particular, we have investigated the presence of CPF objectives and supporting interventions that contain elements and quantitative indicators of structural change, sectoral productivity and diversification of production and trade, as well as identified pathways to economic transformation. We have also examined how these elements are motivated through transforming the employment structure and reducing poverty in the sample countries. We have further conducted a CPF analysis using the WBG's RMS methodology in order to suggest improvements in current indicators, and a project-level analysis to provide a picture on how economic transformation strategies at the CPF level are carried through to actual WB (IBRD and IDA) project portfolios at country level.

We find that, while most CPFs contain the three core elements of economic transformation, the bulk of the CPF objectives focus on increasing the productivity of the agriculture sector; only one CPF makes a clear reference to shifting resources towards manufacturing and services. The importance of agriculture is mirrored in the relatively higher share of explicitly agriculture-related projects in total CPF financing in six out of eight countries. Meanwhile, diversification efforts are focused largely on diversifying products or supply chains within natural resource sectors, rather than diversifying sources of production or trade across different sectors. The concentration on within-sector productivity growth has important implications. The policy literature indicates that economic transformation may not take place without both within- and between-sector productivity growth (McMillan et al., 2017), and concentrating on natural resources without aiming to link the efficiency gain in nurturing the productive sectors may expose a country to Dutch disease.

Another important finding is that quantitative indicators to measure structural change and diversification are not well covered. Quantitative indicators not only provide guidance on the progress in achieving CPF objectives but also may serve as incentives (for indicators where performance reviews are gauged) for CPF implementors to achieve economic transformation objectives embedded in strategic objectives. Hence, the imbalanced number of quantitative measures across the three core elements may impede the holistic speed of the economic transformation process, which usually requires both structural change and sectoral productivity and is supported by diversification.

We also note that there may be scope to learn in programming interventions across countries that face particular difficulties, such as Moldova and Niger. In view of high political instability risk, Moldova's CPF does not contain objectives related to the core elements of economic transformation and instead focuses mostly on improving economic and public services governance. Meanwhile, Niger's CPF contains economic transformation objectives amid fragility, violence, conflict and high political and governance risks.

By following the RMS methodology, we find that the current RMS indicators for economic transformation are too broad and can be easily complied with. The focus on sectoral productivity risks concentration of efforts in only one sector, mostly in agriculture. The indicator on increasing productive capital stock and investment in at least one of the four sectors (energy, transport, manufacturing or services) may result in projects that are not necessarily or explicitly linked to economic transformation.

The project-level analysis reflects the economic transformation content at the country strategy level. From 2015 to 2019, the bulk of projects in Benin and Tanzania focused on within-sector productivity change in agriculture or natural resources. Only three out of 34 projects incorporated elements of structural change. A large share of the total project portfolio focused on developing pathways to economic transformation, which contributes only indirectly to economic transformation. From the pre- to the post-IDA18 period, the shares of projects on sectoral productivity and productive capacity and developing pathways and productive capacity elements have increased, while the number of projects aiming for structural change and diversification remains low (and has decreased in Benin post-IDA18).

In view of the above findings on the increasing concentration of CPF strategies and project objectives in sectoral productivity and increasing productive capacity as a channel of economic transformation, there is a need for the WBG to reassess what drives this trend within itself, and to ensure a more 'balanced approach' across channels of economic transformation moving forward.

In the absence of literature on a 'balanced approach' or 'ratio' of sectoral productivity and structural change interventions that countries can implement to stimulate economic transformation, we investigate the historical decomposition of labour productivity growth in 180 countries from 1991 to 2017. We find that, in LICs, sectoral productivity and structural change contribute 70% and 30%, respectively, to total labour productivity growth. In East Asia and the Pacific, where some countries have successfully transformed, this ratio is at 80% and 20%. This provides a broad measure of the 'ratio' of within- and between-sector productivity interventions that can be pursued in LICs' CPFs to stimulate economic transformation, with the priority sector and type of intervention depending on deeper country diagnostics.

Following our analysis, we suggest the following:

**Improve the ratio of economic transformation components in CPFs.** CPF interventions should focus approximately 70% of JET interventions in LICs on sectoral productivity and approximately 30% on structural change, mirroring the historical decomposition of labour productivity growth in LICs in the past three decades. Over time, LICs may aim to rebalance this ratio to 80% sectoral productivity and 20% structural change, as observed in East Asia and the Pacific, where some countries share characteristics with LICs (e.g. varying levels of economic development, small open economies) and some have successfully undergone economic transformation. The type of intervention and choice of sector will have to be based on deeper diagnostics of country context. Where possible, efforts should be made to induce

productivity in at least the three core sectors (agriculture, manufacturing, services) to diversify the economy, especially if a country's comparative advantage is based on natural resources. The CPF should also optimise the linkages and synergies of productive sectors with regard to significant WBG projects on infrastructure, urban development and energy.

**Improve RMS indicators.** The indicators on JET theme implementation in the IDA18 RMS and the IDA19 RMS are insufficient in providing either a broad or an in-depth measurement of economic transformation prioritisation in country strategies. It is very easy for a CPF to get a transformation tag. We suggest that the following indicators be adopted (and these are revisions or additions to the indicators currently in use by the RMS):

- structural change objectives and quantitative indicators on shifts across sectors and employment
- sectoral productivity objectives and quantitative indicators in at least the three core sectors (agriculture, manufacturing, services)
- diversification of production or trade of products or services within and across sectors and
- clearer linkages of the largest CPF projects (e.g. energy, transport) to productive sectors.

**Include a clear narrative on how a CPF implements economic transformation by satisfying the RMS indicators.** Since the current indicators do not provide information on the channels and magnitude of economic transformation, the RMS should consider providing a supporting narrative that can contextualise and validate the results of the suggested RMS quantitative indicators. The narratives may include at least (but not limited to) the following details:

- a rationale for prioritising sectoral productivity over structural change (or vice versa). This may include considerations of a country's factor endowments, FVC status, bottlenecks and opportunities
- identification of the channels through which the CPF interventions can increase productivity in areas of comparative advantage while nurturing links (or shifting) to higher-productivity or value-adding activities
- justification of the necessity of pathways to economic transformation (e.g. energy, infrastructure, human capital) and direct links on how these will enable sector and/or labour productivity
- link to interventions in creating higher-productivity/income jobs at large.

**Include an assessment at project level for selected projects.** To assess the WBG's effort in translating country strategies on economic transformation in actual projects through time, we recommend conducting a periodic review (e.g. IDA MTR and/or for CPF MTRs) of the transformational content of the WB's active project portfolio in selected IDA countries. This can be based on selected projects and should include a narrative on how a project contributes to economic transformation, especially on the structural change component of economic transformation which both CPFs and project designs tend to underemphasise.

**Explicitly link sectoral and structural change – core elements of economic transformation – in the proposed IDA19 JET framework approach.** Aside from in the agriculture sector, policy commitments under the JET framework are unclear on how they will target both sectoral and structural change across IDA countries. Most policy commitments are anchored on the number of countries where specific IDA support on JET will be implemented, which entails a risk of focusing economic transformation through only one channel of economic transformation (e.g. bulk of WB objectives/interventions in sectoral productivity, as observed in CPFs and project portfolios) or assuming that beneficiary countries are facing similar issues. In this light, we reiterate that the IDA19 might focus 30% of its interventions on structural change and 70% on sectoral productivity, given the historical contribution of these components to labour productivity in LICs. The priority sectors for intervention will have to be tailored according to deeper diagnostics of country context. In addition, **given the greater role for private investments under this proposed JET approach, it is critical to ensure that these are channelled to strategic (as opposed to profitable) sectors for economic transformation.**

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## APPENDIX A. CPF FINANCING PROGRAMMES

Benin, CPF Financing for FY19–FY23 <sup>1</sup>	US\$ million	% share in focus area 1	% share in total CPF programme
<b>1) Structural Transformation for Competitiveness and Productivity</b>	<b>480</b>		<b>52.7%</b>
Development Project Operations (DPO)	270	56.3%	29.7%
Operations on Agricultural Competitiveness and Diversification	160	33.3%	17.6%
Water Sector Reform and Universal Access Program Phase 3	50	10.4%	5.5%
<b>2) Investing in Human Capital</b>	<b>210</b>		<b>23.1%</b>
<b>3) Increasing Resilience and Reducing Climate Change-related Vulnerability</b>	<b>220</b>		<b>24.2%</b>
<b>Total</b>	<b>910</b>		
Burkina Faso, Indicative CPF Programme Financing FY2018–2023 <sup>2</sup> /	US\$ millions	% share in focus area 1	% share in total CPF programme
<b>1) Accelerate sustainable private sector-led growth for job creation</b>	<b>1,219</b>		<b>53.5%</b>
Improve agriculture productivity and competitive value chains	626	51%	27.5%
Improve energy access	263	22%	11.5%
Develop transport and trade for improved access to markets	190	16%	8.3%
Promote SMEs and access to inclusive finance	50	4%	2.2%
Address management of extractives and natural resources sustainability	90	7%	4.0%
<b>2) Invest in human capital and social protection systems</b>	<b>734</b>		<b>32.2%</b>
<b>3) Strengthen governance and support citizen engagement</b>	<b>325</b>		<b>14.3%</b>
<b>Total</b>	<b>2,278</b>		
Guinea, CPF Financing for FY19–FY20 <sup>3</sup>	US\$ millions	% share in pillar 3	% share in total CPF programme
<b>1) Fiscal and natural resource management</b>	<b>255</b>		<b>25.6%</b>
<b>2) Human development</b>	<b>135</b>		<b>13.6%</b>
<b>3) Agricultural productivity and economic growth</b>	<b>605</b>		<b>60.8%</b>
Integrated agricultural development	40	7%	4.0%
Agribusiness development project	175	29%	17.6%
Scale up – integrated agriculture project	150	25%	15.1%
Power sector recovery	25	4%	2.5%
Guinea Mali interconnection	75	12%	7.5%
Rural mobility and connectivity	40	7%	4.0%
Support to MSME growth competitiveness and access to finance	30	5%	3.0%
Electricity access scale up	50	8%	5.0%
Climate change and biodiversity capacity building project	20	3%	2.0%
<b>Total</b>	<b>995</b>		
Mauritania, FY18–23 Indicative IDA Pipeline for the CPF <sup>4</sup>	US\$ millions		% share in total CPF programme
Second Fiscal Consolidation and Private Sector Support DPO	26		10.3%
Supporting Gas Project Negotiations and Enhancing Institutional Capacities TA	20		7.9%
Public Sector Governance Additional Financing	10		4.0%
Nouadhibou Eco-Seafood Cluster Additional Financing	8		3.2%
Development Policy Operations (second series of three)	90		35.7%
Education Sector Support	25		9.9%
Agriculture and Livelihood	20		7.9%
Productive and Resilient Cities	25		9.9%
Sahel Regional Irrigation Initiative Support, PARIIS	8		3.2%
West Africa Coastal Resilience Investment, WACA	10		4.0%
Regional Disease Surveillance Systems Enhancement, REDISSE	10		4.0%
<b>Total</b>	<b>252</b>		
Moldova, Indicative Lending Programme FY18–FY19 <sup>5</sup>	US\$ millions		% share in total CPF programme
<b>1) Economic Governance – Strengthening Rule of Law and Accountability in Economic Institutions</b>	<b>85</b>		<b>47.2%</b>
<b>2) Service Governance – Improving Efficiency, Quality and Inclusive Access to Public Services</b>	<b>55</b>		<b>30.6%</b>
<b>3) Skills Development – Enhancing Quality and Relevance of Education and Training Institutions to Enable Acquisition of Job-Related Skills</b>	<b>40</b>		<b>22.2%</b>
<b>Total</b>	<b>180</b>		

<b>Nicaragua, Indicative New Lending Programme FY18<sup>9</sup></b>	<b>US\$ millions</b>	<b>% share in total CPF programme</b>	
1) <i>Investing in human capital particularly for disadvantaged group</i>	60	30.8%	
2) <i>Enabling private investment for job creation</i>	35	17.9%	
Rural and urban access improvement	35	17.9%	
3) <i>Improving institutions for resilience and sustainability</i>	100	51.3%	
Dry corridor climate resilient agriculture project	50	25.6%	
Property rights strengthening	50	25.6%	
<b>Total</b>	<b>195</b>		
<b>Niger, Indicative CPF Programme FY18–22<sup>7B</sup></b>	<b>US\$ millions</b>	<b>% share in focus area 1</b>	<b>% share in total CPF programme<sup>8,9</sup></b>
1) <i>Increased Rural Productivity and Income</i>	662	37.7%	
Agriculture and Livestock Transformation Projects	100	15.1%	5.7%
Sahel Irrigation (regional)	25	3.8%	1.4%
West Africa Agricultural Transformation Project (regional)	40	6.0%	2.3%
Electricity Access Expansion – additional funding	68	10.3%	3.9%
West African Power Pool North Core (regional)	194	29.3%	11.0%
Building Climate Resistance in the Niger Basin (regional)	30	4.5%	1.7%
Solar Generation Partial Risk Guarantee	10	1.5%	0.6%
Kandadji Multisectoral Development	150	22.7%	8.5%
Rural Transport Project	45	6.8%	2.6%
Transport and Logistics Corridor (regional)	60	9.1%	3.4%
Lake Chad Regional Recovery Project (regional)	40	6.0%	2.3%
2) <i>Improved Human Capital and Social Protection</i>	545	31.0%	
3) <i>Better Governance for Jobs, Service Delivery and Growth</i>	230	13.1%	
<b>Total</b>	<b>1,757</b>		
Of which, US\$ with allocation per focus area	1,437		
<b>Tanzania, Indicative Lending Programme FY18–FY20<sup>10</sup></b>	<b>US\$ millions</b>	<b>% share in focus area 1</b>	<b>% share in total CPF programme</b>
1) <i>Enhance Productivity and Accelerate Equitable and Sustainable Growth</i>	3,205	68.1%	
Energy support	900	28%	19.1%
Transport and ICT (economic corridors, ICT)	1,200	37%	25.5%
Agriculture sector support	200	6%	4.3%
Natural resource management (tourism, climate change, environment, mining, land)	275	9%	5.8%
Zanzibar Urban Services and Connectivity Project	100	3%	2.1%
Rural water, sanitation and water resource management:	250	8%	5.3%
Financial inclusion project	150	5%	3.2%
Industrialisation and trade facilitation interventions	130	4%	2.8%
2) <i>Boost Human Capital and Social Inclusion</i>	1,000	21.3%	
3) <i>Modernize and Improve Efficiency of Public Institutions</i>	500	10.6%	
<b>Total</b>	<b>4,705</b>		

- World Bank support including national IDA resources (Source: Benin CPF FY2019–2023)
- IDA18, IDA19, Trust Fund, Scale-up Facility, Refugee Window, regional resources (Source: Burkina Faso CPF FY2018–2023)
- Only FY18–20 indicative programme has breakdown per CPF pillar. FY19–23 programme amounts to \$600 million. IDA, International Bank for Reconstruction and Development and Scale-Up Facility resources (Source: Guinea CPF FY2018–2023)
- Includes other projects (e.g. employment, rural energy, safety net) with amounts yet to be determined. IDA and regional resources (Source: Mauritania CPF 2018–2023)
- Only half of the Moldova CPF period (FY18–19) is programmed in view of political instability risks. IDA/International Bank for Reconstruction and Development resources (Source: Moldova FY2018–2021)
- Only FY18 indicative lending (US\$575 million) have breakdown per focus area. FY19–22 lending programme amounts to US\$380 million. (Source: Nicaragua FY2018–2022)
- IDA18, Regional Integration Window, Refugees Sub-Window, Private Sector Window, regional resources (Source: Niger CPF FY2018–2022)
- Only \$1,437 million out of total \$1,757 million of the programme is allocated per focus areas as of publication of Niger CPF FY2018–2022
- Shares as percent of total CPF lending programme FY18–22 (\$1,757 million)
- CPF programme per focus area available only for FY2018–2020. Upper range of the indicative lending programme. IDA, regional and trust fund resources (Source: Tanzania CPF FY2018–2022)

## APPENDIX B. PRIORITISATION OF ECONOMIC TRANSFORMATION IN WBG COUNTRY STRATEGIES

### B1. Benin

The CPF for Benin covers 2019–2023 and explicitly references the three core elements of economic transformation (i.e. structural change, within-productivity growth and diversification) in its strategic objectives. **Agriculture is seen as the main channel of economic transformation.** The structural change objective focuses on bringing a large share of low-productivity low-income informal sector jobs (over 90% of the labour force) to more stable agricultural employment. While efforts to increase sectoral productivity and diversification focus largely on agriculture production processes and value chains, there are also some initiatives to transform the tourism sector. Aligned with the Sustainable Development Goals (SDGs) and the IDA18, the CPF objective on ‘Structural Transformation for Competitiveness and Productivity’ is anchored on ending poverty (SDG1), promoting economic growth and full and productive employment (SDG8) and job and economic transformation (IDA18 JET special theme).

**The focus on increasing agricultural productivity is reflected in the CPF financing: Focus Area 1 on structural transformation has more than 50% of the total CPF financing allocation, 18% of which is for improving competitiveness and diversification of the agriculture sector alone.**

**The CPF results framework includes several quantitative indicators measuring the progress of sectoral productivity enhancement in agriculture,** in particular related to interventions on relatively higher-value agricultural products such as pineapple, cashew, shea butter and rice value chains. However, **the CPF does not include indicators for structural change and sectoral productivity** for tourism (the only non-agriculture sector included in strategic objectives on sectoral productivity). Quantitative indicators to directly measure diversification of products or trade are also lacking. However, an indicator measuring increases in quantity and investments in targeted and higher-value agricultural products may be used to compare with the changes in quantity and investments in Benin’s traditional agricultural product (i.e. cotton), effectively serving as a proxy indicator for diversification.

Pathways to economic transformation. The CPF lays out pathways to economic transformation and notably highlights support to improving Benin’s governance capacity and women’s empowerment across sectors (agriculture, water, transport infrastructure and services, digital economy). The CPF also clearly cites that interventions in education, training and skills are designed to prepare youth for more modern and formal sector employment. Other pathways include extending access to digital technology (e.g. e-agriculture, e-commerce, mobile applications); value chain expansion and private sector investments in agriculture and tourism; and lowering the cost of production to encourage agricultural product exports.

ODI’s assessment of the RMS indicators. Following the IDA18 RMS’ methodology, Benin’s CPF ticks all the four IDA18 RMS indicators. However, **the case of Benin shows the limitation in the current IDA18 RMS indicators in the sense that a CPF can be assessed as having incorporated the IDA18 economic transformation theme even if efforts that can be quantitatively measured focus on only one economic transformation element (sectoral productivity) in one sector (agriculture).** While it is noted that this may have been driven by the importance of agriculture to the Beninese economy (i.e. 25% of GDP and 47% of the country’s employment as per Benin’s CPF FY2019–2023) and as a government priority,<sup>11</sup> there is a role for the WBG to mainstream the IDA18 economic transformation theme and its core elements in country strategies. According to the SET approach paper (Macmillan et al., 2017), having **both** within- and inter-sectoral productivity, supported by resiliency against price shocks and cycles through diversification, is important in the economic transformation process.

<sup>11</sup> “The agriculture sector strategy in Benin is defined within the broader framework of the Comprehensive Africa Agricultural Development Programme, under which the country commits to achieve 6% growth in agriculture and allocate at least 10% of the national budget to agriculture as recommended in the Maputo Declaration. The long-term development strategy (Benin 2025 – Alafia) establishes the long-term vision of the country and gives clear directions in relation to the promotion of agricultural value chains. The vision is that the country must move towards a greater diversification of agricultural production in order to become a major exporter of agricultural products by 2025 (World Bank, 2017b).

Table B1. Detailed assessment of Benin’s FY2019–2023 CPF document

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
- Structural change - Within-sector productivity growth - Diversification	Does the strategy have clear objectives in terms of economic transformation?	<p><b>1</b> Whether or not reference is made to one or more of the following core aspects of economic transformation in the strategic objectives: (i) structural change; (ii) within-sector productivity growth (<b>RMS1. Sectoral productivity</b>); (c) diversification of production or trade</p>	<p>Reference to either (i) structural change, (ii) within-sector productivity growth <u>and</u> (iii) diversification of production and trade (but not all) in at least one strategic objective</p> <p><input checked="" type="checkbox"/> <b>RMS1. Reference to sectoral productivity</b></p>	<p><i>(i) Structural change</i> CPF Focus Area 1 focuses on ‘Structural Transformation for Competitiveness and Productivity’. Increasing productivity in agriculture is considered key in producing stable employment (p.40), effectively providing relatively higher-productivity jobs for the large self-employed population (81% of jobs) mainly in the informal sector with lower productivity and average earnings (p.6).</p> <p><i>(ii) Sectoral productivity (RMS1)</i> Agriculture: CPF Objective 1 aims to foster agricultural productivity by supporting agricultural competitiveness and diversity through the following interventions:</p> <ul style="list-style-type: none"> <li>• Promote agricultural innovation (e.g. support for large-scale adoption of climate-smart production systems, efficient water management, reduction of post-harvest losses, access to finance, agricultural research, etc., p.21).</li> <li>• Extend connectivity to the agriculture sector (e.g. projects to improve access to digital services for producers, p.22).</li> <li>• Ensure synergies across the CPF pillars to develop human capital and technical skills for agriculture (pp.40–41).</li> <li>• Provide technical assistance to support improvement of the legal and regulatory environment for the targeted agricultural value chains (p.22).</li> </ul> <p>Tourism: Under CPF Objective 4 (improving the environment for private sector investment and competitiveness), the CPF aims to support improving tourism-related infrastructure, upgrading sites and increasing promotion and marketing, etc. (p.29).</p> <p><i>(iii) Diversification</i></p> <ul style="list-style-type: none"> <li>• Objective 1 supports efforts to address risks to agriculture to improve <u>diversity</u> and production in a changing climate (p.22).</li> <li>• The WB’s ‘Value Chains in Agriculture’ will identify policies to better support <u>segmented</u> market product and service combinations to be more competitive in exports (p.22).</li> <li>• There is also an element of diversification in promoting cross-border tourism under Objective 4, wherein the CPF will support building higher quality of services and developing ecotourism (p.29).</li> </ul>

WORLD BANK PRIORITISATION OF ECONOMIC TRANSFORMATION IN COUNTRY STRATEGIES AND COUNTRY PROJECT PORTFOLIOS

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
Structural change	If the strategy includes clear objectives to promote structural change, are these translated into the country results framework?	2 Whether or not there are quantitative indicators in the country results framework focused on structural change	No indicators in the country results framework focused on structural change	There are no structural change indicators in the CPF results framework.  [Ideally, there should be indicators of the share of employment shifting from informal to agricultural employment; or development/change of output from these sectors.]
Within-sector productivity growth	If the strategy includes clear objectives to promote within-sector productivity growth, are these translated into the country results framework?	3 Whether or not there are quantitative indicators in the country results framework focused on within-sector productivity growth	At least one quantitative indicator in the country results framework focused on within-sector productivity growth	The CPF results matrix includes several indicators for sectoral productivity in the agriculture sector that aim to compare performance from a baseline year and target (p.41), for example: <ul style="list-style-type: none"> <li>quantity of higher-value agricultural products such as cashews, pineapple juice and milled rice</li> <li>share of cashew and pineapple samples tested that meet international standards</li> <li>drying areas built in support of rice value chain</li> <li>volume of private investment in targeted products/value chains (pineapples, cashews and shea butter)</li> <li>female farmers and producers supported.</li> </ul>
		4 The ratio of within-sector productivity growth indicators that target the agriculture sector compared with those targeting other sectors (e.g. manufacturing services)	No indicators/not applicable	The CPF results matrix includes only within-sector productivity indicators for agriculture and none for tourism (only applicable non-agriculture sector).
Diversification	If the strategy includes clear objectives to diversify production and trade, are these translated into the country results framework?	5 Whether or not there are quantitative indicators in the country results framework focused on diversification of production or trade	One proxy indicator in the country results framework focused on diversification of production or trade	The CPF results matrix does not include indicators directly measuring diversification of agricultural products or tourism activities. However, indicators measuring increases in quantity and investments in targeted and higher-value agricultural products (e.g. pineapples, cashews) may be compared with relative changes in quantity and investments in Benin's traditional produce (e.g. cotton) and thus can serve as a proxy indicator for diversification.

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
<ul style="list-style-type: none"> <li>- Structural change</li> <li>- Within-sector productivity growth</li> <li>- Diversification</li> </ul>	<p>Are pathways to economic transformation a core element of the strategy?</p>	<p style="text-align: center;"><b>6</b></p> <p>Whether or not reference is made to one or more of the following pathways to economic transformation as key to supporting economic development, growth or transformative processes:</p> <ul style="list-style-type: none"> <li>- horizontal interventions to enhance productivity in all sectors (e.g. improved energy or transport infrastructure, better business climate, stable regulatory framework)</li> <li>- education, training and skills development to boost worker productivity</li> <li>- adopting new technology or management practices</li> <li>- commercialisation or technological innovations to boost productive capacity</li> <li>- <b>RMS2. Value chain expansion</b></li> <li>- <b>RMS3. Increased productive capital stock or investment in energy, transport, manufacturing or services</b></li> <li>- <b>RMS4. Export sector output/value added; trade facilitation</b></li> <li>- value chain integration into regional and global value chains</li> <li>- regional integration</li> <li>- improvements to efficiency of services (e.g. financial services) that support key productive activity</li> </ul>	<p>Reference to at least one of the listed pathways as key to supporting economic development, growth or transformative processes</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> <b>RMS2. Reference to value chain expansion</b></li> <li><input checked="" type="checkbox"/> <b>RMS3. Reference to increased productive capital stock or investment in energy, transport, manufacturing or services</b></li> <li><input checked="" type="checkbox"/> <b>RMS4. Reference to export sector output/value added; trade facilitation</b></li> </ul>	<p>The CPF cites the following pathways to support economic growth and transformative processes:</p> <p><i>Horizontal interventions.</i> Several horizontal interventions aim to enhance productivity across sectors by supporting improvement in:</p> <ul style="list-style-type: none"> <li>• environment for private sector investment/competition (p.28)</li> <li>• governance capacity of productive sectors (e.g. agriculture, water, transport infrastructure and services, digital economy)</li> <li>• governance in management of public finances (p.27)</li> <li>• women’s empowerment (p.23)</li> <li>• flood control in urban areas (p.1)</li> <li>• access to drinking water (p.1)</li> <li>• quality of infrastructure (e.g. electricity, water and sanitation, road transport and basic digital services, p.23) <b>(RMS3)</b></li> </ul> <p><i>Education, training and skills.</i> CPF Objective 5 on ‘improving the relevance of education and professional training for strengthened job creation’ aims to prepare youth for modern and more formal sector employment by supporting/implementing projects that help increase the quality of basic education and provide basic competencies demanded by promising sectors (p.30).</p> <p><i>Adopting new technology or management practices.</i> Under CPF Objective 2 (improving the quality of infrastructure), the CPF indicates extending access to e-services, particularly implementing a project that covers a national e-agriculture approach, e-commerce platforms, and mobile applications (p.26).</p> <p><i>Value chain expansion (RMS2).</i> The CPF includes an indicator that targets a \$5 million private investment in agricultural value chains for pineapples, cashews and shea butter by 2022 from a baseline of 0 in 2018 (p.41). The CPF also indicates IFC financing along value chains in tourism and agriculture (p.29, p.41) and activities addressing barriers to value chain formation in agriculture (p.45).</p> <p><i>Increased productive capital stock or investment in energy, transport, manufacturing or services (RMS3).</i> The CPF indicates maximising finance for development initiatives to mobilise private sector financing for electrical generation capacity, transportation infrastructure, digital services, cross-border tourism, agriculture and water and sanitation.</p>

WORLD BANK PRIORITISATION OF ECONOMIC TRANSFORMATION IN COUNTRY STRATEGIES AND COUNTRY PROJECT PORTFOLIOS

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
				<i>Export sector output/value added; trade facilitation (RMS4). CPF Objectives 1 and 2 aim to develop Benin's comparative advantage and lower the cost of production of several agricultural products for exports (p.28).</i>
Transformation of employment structures	Does the country strategy prioritise moving to higher-wage or more productive employment as a key motivation for economic transformation?	<div style="background-color: black; color: white; padding: 2px; display: inline-block; width: 20px; height: 20px; text-align: center; line-height: 20px;">7</div> Whether or not reference is made in the strategic objectives to transforming the country's employment structure through: <ul style="list-style-type: none"> <li>- increasing labour productivity</li> <li>- raising wage employment</li> <li>- reducing working poverty</li> <li>- increasing the quality of jobs (higher remuneration levels, greater job security)</li> </ul>	<div style="background-color: green; width: 10px; height: 100%;"></div> Clear reference to transforming the employment structure towards higher-wage, more productive or better-quality jobs as a key motivation for economic transformation	CPF Objective 1, which aims to foster agricultural productivity directly, cites its relevance to the IDA18 agenda for jobs and economic transformation (p.21). The CPF also takes into account the Systematic Country Diagnostic for Benin, which emphasises the need for higher-productivity jobs, in view of a great number of 'low-productivity, insecure, and informal employment has led to stubborn poverty and inequality' in Benin (p.1).  In addition, CPF Focus Area 2 (investing in human capital) recognises the government's emphasis on the need to create formalised employment opportunities for the growing youth population.
Poverty reduction	Does the country strategy prioritise economic transformation to reduce poverty?	<div style="background-color: purple; color: white; padding: 2px; display: inline-block; width: 20px; height: 20px; text-align: center; line-height: 20px;">8</div> Whether or not reference is made to poverty reduction as a motivation for economic transformation at scale.	<div style="background-color: green; width: 10px; height: 100%;"></div> Clear reference to poverty reduction as a motivation of economic transformation at scale	CPF Objective 1 directly cites the relevance of fostering agricultural productivity to the SDG of ending poverty in all forms everywhere (p.21), and states that 'increasing agricultural productivity will not only foster growth and employment but can also have a direct and important welfare effect on households' (p.21).

## B2. Burkina Faso CPF

The Burkina Faso CPF FY 2018–2023 contains elements of the three core elements of economic transformation (i.e. structural change, within-productivity growth and diversification) in its strategic objectives. **Notably, four CPF objectives encourage structural change** by conducting a diagnostics for an industrial park, promoting economic corridors and trade along transport projects, reinforcing start-ups and tech-hubs and stimulating employment beyond the mining sector. **Sectoral productivity interventions are exclusively for the agriculture sector. Meanwhile, supporting SMEs and livelihoods beyond the mining industries is the main channel of diversifying the economy.**

The CPF cites that agriculture, which employs 80% of the labour force, serves as the foundation of the Burkinabe economy. In this regard, increasing agricultural productivity, especially in rural areas, is cited as a channel to reduce poverty. The importance given to agriculture is reflected in this sector's large share (27%) in total CPF financing. However, throughout the CPF, **objectives that aim to increase employment focus on creation of and access to jobs, and there is no explicit reference to transforming the employment structure towards higher-productivity/wage jobs.**

**The CPF results framework includes quantitative indicators measuring the structural change and agricultural productivity.** The results framework will track the increase in number of start-ups, SMEs and civic techs incubated against a baseline number of 0 in 2017 to a target number of 20 by 2022, effectively measuring a shift in the economy's resources towards relatively higher-productivity sectors/activities. This indicator also serves as a proxy to measure diversification, since the CPF cites the role of SMEs in diversifying the economy. While there are seven quantitative indicators for sectoral productivity, these are all in agricultural products/activities and livestock.

*Pathways to economic transformation.* The CPF outlines horizontal interventions to improve Burkina Faso's investment climate, and address gender-related constraints preventing women's participation in economic activity. The CPF cites new and ongoing projects on education, training and skills to address the mismatch between the educational system/labour supply and private labour demand. The CPF also outlines projects supporting value chains, exports and financing for agricultural products, SMEs and large industries. **Notably, the CPF cites a number of projects supporting the energy sector (e.g. through debt financing, policy reforms), with the underlying motivation on expansion and access (e.g. rural electrification), without explicitly linking expected project outcome to productive sectors.**

*ODI's assessment of the RMS indicators.* Following the IDA18 RMS methodology, Burkina Faso's CPF contains elements of all the four IDA18 RMS indicators. However, analysis using the ODI methodology highlights the need for the RMS to also recognise the role of economic transformation interventions not only in shifting or increasing productivity but also in increasing labour income at large (which is less emphasised in Burkina Faso's CPF).

Table B2. Detailed assessment of Burkina Faso's FY2018–2023 CPF document

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
- Structural change - Within-sector productivity growth - Diversification	Does the strategy have clear objectives in terms of economic transformation?	<p><b>1</b> Whether or not reference is made to one or more of the following core aspects of economic transformation in the strategic objectives: (i) structural change; (ii) within-sector productivity growth (<b>RMS1. sectoral productivity</b>); (iii) diversification of production or trade</p>	<p>Reference to (i) structural change, (ii) within-sector productivity growth and (iii) diversification of production and trade in at least one strategic objective</p> <p><input checked="" type="checkbox"/> <b>RMS1. Reference to sectoral productivity</b></p>	<p>(i) Structural change</p> <ul style="list-style-type: none"> <li>Under CPF Objective 1.1 (Improve agriculture productivity and agribusiness value chains in targeted areas), diagnostics for an industrial park (among others) will be implemented as part of Bagré Growth Pole Project – Additional Funding (p.24).</li> <li>Under CPF Objective 1.3 (Improve connectivity for better access to markets), creating internal trade to promote competitiveness is the goal of projects linking rural areas to towns and small towns to cities. Donsin Transport Infrastructure Project linking Ouagadougou to a proposed new airport is expected to support peri-urban development; Transport and Mobility Project, on urban mobility in Ouagadougou, is expected to develop economic corridors (pp.26–27).</li> <li>Under Objective 1.4 (Promote SMEs and access to inclusive finance), eBurkina Project will reinforce existing business incubators and tech hubs by providing critical mass of local entrepreneurs with affordable and reliable access to broadband internet, office space, training, business support services and business incubation in a single facility; and developing techno-logical and entrepreneurial skills and knowledge for local content production (p.28).</li> <li>Under Objective 1.5 (Address management of extractives and sustainability of natural resources), WB will help leverage forward and backward linkages for SMEs and improve community development and employment beyond mining supply chain (p.29).</li> </ul> <p>(ii) Sectoral productivity (RMS1) (agriculture) Under Objective 1.1 (Improve agriculture productivity and agribusiness value chains in targeted areas), WB will step up support via the following existing portfolio and pipeline:</p> <ul style="list-style-type: none"> <li>Agricultural Productivity and Food Security and Agricultural Diversification and Market Development projects will improve capacity of poor producers in food production and marketing, including animal products (p.23).</li> </ul>

Aspect(s) of economic transformation covered	Specific question	Assessment criteria *Criteria in red text refer to IDA18 RMS economic transformation indicators	Coding	Qualitative assessment
				<ul style="list-style-type: none"> <li>• IFC plans to promote PPPs and infrastructure investments related to water/agriculture, uptake of private sector irrigation technologies and development of innovative equipment and input financing through partnerships with local financial institutions (p.24).</li> <li>• Strengthening Climate Resilience in Burkina Faso Project will support modernisation of meteorological, hydrological and climate information services at both national and regional level to enhance agricultural productivity, reduce production losses and promote food security (p.24).</li> <li>• Bagré Growth Pole Project will support sustainable agriculture and associated nonfarm activities (irrigation, livestock-raising and fish processing; improving investment climate and services for farmers, SMEs and eventually large producers) (p.24).</li> <li>• Integrated Agriculture Development Programme will increase agribusiness services to farmers and SMEs; develop access to technological packages to increase yields; increase warehousing, transformation and access to national, regional and international markets; and build feeder roads (pp.24–25).</li> <li>• eBurkina Project will support farmers' access to market prices and weather data (p.25).</li> <li>• IFC will seek new opportunities to finance SMEs along agribusiness value chains, and target large agribusiness interests (e.g. cotton, commercial farming, livestock) (p.25) [also RMS2].</li> <li>• Regional West Africa Agriculture Transformation Project will strengthen the agricultural innovations system to facilitate mass adoption of climate-smart technologies by producers, enhance job creation for youth and promote regional exports (p.25).</li> <li>• Joint World Bank–IFC Regional Sahel Irrigation Initiative Support Project will expand irrigated agriculture (p.24).</li> <li>• Under CPF Objective 1.2 (Improve energy access), additional financing of the Bagré Growth Pole aims at providing electricity to the intervention zone to promote structural transformation of agriculture outputs (p.48)</li> </ul>

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
				<p>(iii) Diversification</p> <ul style="list-style-type: none"> <li>Objective 1.4 (Promote SMEs and access to inclusive finance) recognises the role of SMEs in diversification of Burkina Faso’s economy. Related to this, one aim of Bagré Growth Pole Project is to promote SME development in Bagré region.</li> <li>Under Objective 1.5 (Address management of extractives and sustainability of natural resource), WB will assist in improving local livelihood/community development and employment simulation <u>beyond</u> the mining supply chain.</li> </ul>
Structural change	If the strategy includes clear objectives to promote structural change, are these translated into the country results framework?	<p><b>2</b></p> <p>Whether or not there are quantitative indicators in the country results framework focused on structural change</p>	<p><b>2</b></p> <p>At least one quantitative indicator in the country results framework focused on structural change</p>	<p>The CPF results framework includes an indicator that will measure number of start-ups, SMEs and civic techs incubated against a baseline of 0 in 2017 to a target of 20 by 2022 (p.51). This effectively measures a shift in resources towards relatively higher-productivity sector/activity (e.g. start-ups, SMEs, civic techs).</p> <p>The CPF indicator measuring average transit time (hours) for imports from entry to the border post with Côte d’Ivoire to customs clearance in Ouagadougou (p.50) can also serve as a proxy quantitative indicator signalling structural change. Improved transit time of imports may encourage trading activities and production of goods with imported inputs, which are relatively more productive compared with agricultural or informal sector activities.</p>
Within-sector productivity growth	If the strategy includes clear objectives to promote within-sector productivity growth, are these translated into the country results framework?	<p><b>3</b></p> <p>Whether or not there are quantitative indicators in the country results framework focused on within-sector productivity growth</p>	<p><b>2</b></p> <p>At least one quantitative indicator in the country results framework focused on within-sector productivity growth</p>	<p>The CPF results framework includes these indicators for productivity (against a baseline and target) (p.47, p.51):</p> <ul style="list-style-type: none"> <li>incremental sales in targeted livestock value chains by both male and female farmers</li> <li>number of livestock farmers reached with agricultural assets or services</li> <li>share of animals vaccinated against priority animal disease</li> <li>average yield of maize, rice and mango</li> <li>area provided with new/improved irrigation and drainage service</li> <li>land area where sustainable land management practices were adopted as a result of projects.</li> </ul> <p>Agri-business and SME proposals are financed by matching grants and a cash transfer fund.</p>

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
		4 The ratio of within-sector productivity growth indicators that target agriculture compared with those targeting other sectors (e.g. manufacturing services)	Exclusively or mostly agricultural productivity growth indicators	The quantitative indicators for sectoral productivity are mainly for the agriculture sector.
Diversification	If the strategy includes clear objectives to diversify production and trade, are these translated into the country results framework?	5 Whether or not there are quantitative indicators in the country results framework focused on diversification of production or trade	No indicators in the country results framework focused on diversification of production or trade/not applicable	The CPF results framework does not have indicators focused on diversification of production or trade.
- Structural change - Within-sector productivity growth - Diversification	Are pathways to economic transformation a core element of the strategy?	6 Whether or not reference is made to one or more of the following pathways to economic transformation as key to supporting economic development, growth or transformative processes: - horizontal interventions to enhance productivity in all sectors (e.g. improved energy or transport infrastructure, better business climate, stable regulatory framework) - education, training and skills development to boost worker productivity - adopting new technology or management practices - commercialisation or technological innovations to boost productive capacity - RMS2. Value chain expansion - RMS3. Increased productive capital stock or investment in energy, transport, manufacturing or services - RMS4. Export sector output/value added; trade facilitation - value chain integration into	Reference to at least one of the listed pathways as key to supporting economic development, growth or transformative processes  RMS2. Reference to value chain expansion RMS3. Reference to increased productive capital stock or investment in energy, transport, manufacturing or services RMS4. Reference to export sector output/value added; trade facilitation	The CPF cites the following pathways to support economic growth and transformative processes:  <i>Horizontal interventions</i> <ul style="list-style-type: none"> <li>Under Objective 1.4 (Promote SMEs and access to inclusive finance), IFC plans to continue supporting improvement of the investment climate. (p.28).</li> <li>The CPF identifies gender as a cross-cutting issue and includes interventions in addressing gender-related constraints, including on women's lower land tenure security and access to farm labour and other productive inputs, which have negative impacts on agricultural productivity, among others (p.38).</li> </ul> <i>Education, training and skills</i> Objective 2.1 (Support inclusive, high-quality education and skills development) recognises the mismatch between the education system and private demand. In this regard, the CPF includes the following projects: <ul style="list-style-type: none"> <li>a project on skills development, providing training, apprenticeships and literacy instruction (p.32)</li> <li>a new National Higher Education Support Project (under preparation)</li> <li>the Sahel Irrigation Initiative Support Project, to enhance vocational training capacity to increase the viability of irrigation and harness potential for scale-up in the Sahel (p.32).</li> </ul>

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
		regional and global value chains - regional integration - improvements to efficiency of services (e.g. financial services) that support key productive activity		<p><i>Value chain expansion (RMS2)</i>                      Under Objective 1.1 (Improve agriculture productivity and agribusiness value chains in targeted areas), IFC will seek new opportunities to finance SMEs along agribusiness value chains, and will target large agribusiness interests (e.g. cotton, commercial farming, livestock).</p> <p><i>Increased productive capital stock or investment in energy, transport, manufacturing or services (RMS3)</i></p> <ul style="list-style-type: none"> <li>• Under Objective 1.2 (Improve energy access), Electricity Sector Support Project additional funding will expand (i) introduction of low-cost solar resources; (ii) reinforcement of the network to allow for integration of more intermittent solar power; and (iii) technical assistance for capacity-building and transaction advisory services to develop independent power producer projects (p.25).</li> <li>• Under Objective 1.3 (Improve connectivity for better access to markets), IFC will seek investment opportunities in areas such as airports, rail and broadband, all of which could benefit from the IDA18 private sector window (p.27).</li> </ul> <p><i>Export sector output/value added; trade facilitation (RMS4)</i>                      Regional West Africa Agriculture Transformation Project will strengthen the agricultural innovations system to promote regional exports [<i>also regional integration pathway</i>], as well as facilitate mass adoption of climate-smart technologies and enhance job creation for youth (p.25)</p> <p><i>Improvements to efficiency of services that support key productive activity</i>                      Under Objective 1.4 (Promote SMEs and access to inclusive finance) are the following:</p> <ul style="list-style-type: none"> <li>• Additional funding for the WARCIP–Burkina Faso project will enhance communication services by extending access to broadband networks (p.28).</li> <li>• Burkina Financial Inclusion Project will increase access to financial services for SMEs and households.</li> </ul>

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
				<ul style="list-style-type: none"> <li>IFC will make broader efforts to disseminate inclusive private sector solutions across West Africa, foster partnerships, trade and capital flows.</li> <li>IFC will continue its focus on supporting under-served SMEs, through long-term financing to local financial institutions and private equity funds, trade finance, risk-sharing facilities, leasing and warehouse financing (p.28).</li> </ul>
Transformation of employment structures	Does the country strategy prioritise moving to higher-wage or more productive employment as a key motivation for economic transformation?	<p><b>7</b></p> <p>Whether or not reference is made in the strategic objectives to transforming the country's employment structure through:</p> <ul style="list-style-type: none"> <li>- increasing labour productivity</li> <li>- raising wage employment</li> <li>- reducing working poverty</li> <li>- increasing the quality of jobs (higher remuneration levels, greater job security)</li> </ul>	<p><b>Red</b></p> <p>No reference to transforming the employment structure towards higher-wage, more productive or better-quality jobs</p>	<p>There is no clear reference to transforming the employment structure towards higher-wage/more productive/better-quality jobs as motivation for economic transformation. Jobs-related interventions in the CPS objectives focus on job creation (e.g. for women, youth, unemployed) without reference to the level of productivity of the jobs.</p>
<b>Poverty reduction</b>	Does the country strategy prioritise economic transformation to reduce poverty?	<p><b>8</b></p> <p>Whether or not reference is made to poverty reduction as a motivation for economic transformation at scale</p>	<p><b>Green</b></p> <p>Clear reference to poverty reduction as a motivation of economic transformation at scale</p>	<p>The CPF cites poverty reduction as an underlying motivation of the following CPF objectives that contain economic transformation interventions:</p> <ul style="list-style-type: none"> <li>Objective 1.1: Improve agriculture productivity and agribusiness value chains in targeted areas ('With most of the poor living in rural areas, poverty reduction begins with rural development') (p.23).</li> <li>Objective 1.3: Improve connectivity for better access to markets ('poverty reduction and job creation will require adequate urban logistics and public transportation') (p.26).</li> </ul>

### B3. Guinea

The FY2018–2023 Guinea CPF strategic objectives cover the three core elements of economic transformation (i.e. structural change, within-productivity growth and diversification), involving the agriculture sector in targeted transformation processes. Structural change is aimed at shifting Guinea's economy based on mining and low-productivity agriculture to more diversified and productive sectors by creating synergies across sectors (e.g. SMEs, agriculture and extractives). Sectoral productivity focuses mainly on increasing value added in agriculture, with some interventions to increase productivity in mining and energy sectors. Meanwhile, key diversification effort is on repositioning Guinea as an exporter of selected agricultural products in regional and global trade. **Reducing high poverty rates in rural areas is the main motivation for increasing agricultural productivity.**

**Job interventions focus on the intensity of job creation rather than transformation** (to higher-productivity or wage employment). This is evident under the WBG's coordinated approach to social protection, which will ensure that WBG-funded projects in Guinea use labour-intensive technologies to the extent possible in order to maximise income-earning opportunities for the unemployed. In addition, the CPF also indicates 'favoring at least in part, small-scale agriculture as well as labor-intensive public works projects for youth with low skills (or no skills at all)'. **The overall CPF motivation on reducing poverty and job creation may explain the concentration of economic transformation interventions through the agriculture sector.**

The CPF's focus on agriculture as a channel of economic transformation is reflected in its financing programme. CPF Pillar 3 (agricultural productivity and economic growth) takes 61% of the total CPF financing allocation, while **three agricultural projects alone captures 37% of the total CPF lending programme** for FY2019–2020.<sup>12</sup> The CPF themes are guided by two selectivity criteria: (i) government priorities; and (ii) areas in which the WBG has already demonstrated a comparative advantage (e.g. experience by sector, IFC involvement) in Guinea or priority areas not being met by other development partners. Among Guinea's developing partners, the WBG has played a leading role in youth employment, local and rural development, and the private sector.

**The CPF results monitoring matrix includes quantitative measures for productivity in the agriculture sector only.** The CPF contains only two economic transformation quantitative indicators, which measure increase in output of rice and maize by direct beneficiaries of WBG projects on increasing agricultural productivity and the areas benefiting from climate-smart technologies. However, there are no quantitative indicators for non-agriculture sectoral productivity, structural change and diversification.

Pathways to economic transformation. Several pathways to economic transformation are cited in the CPF, including reducing regulatory constraints, improving business environment and access to finance, increasing women's economic participation and productivity, improving education results, commercialisation of staple products, value chain expansion, improving infrastructure (power, water, transport), regional and global exporting and value chain integration, and improving financial services.

ODI's assessment of the RMS indicators. Following the IDA18 RMS' methodology, the Guinea CPF ticks all the four IDA18 RMS indicators. Similar to the case of Benin, Guinea's CPF shows the limitation of the current IDA18 RMS indicators wherein the CPF can be assessed to have incorporated the IDA18 economic transformation theme even if efforts that can be quantitatively measured focus only on sectoral productivity in only one sector (agriculture).

<sup>12</sup> Only the FY18-20 indicative Guinea programme has a breakdown per CPF pillar. The FY19–23 programme amounts to \$600 million, IDA and International Bank for Reconstruction and Development resources.

Table B3. Detailed assessment of Guinea’s FY2018–2023 CPF document

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
<ul style="list-style-type: none"> <li>- Structural change</li> <li>- Within-sector productivity growth</li> <li>- Diversification</li> </ul>	<p>Does the strategy have clear objectives in terms of economic transformation?</p>	<p><b>1</b> Whether or not reference is made to one or more of the following core aspects of economic transformation in the strategic objectives: (i) structural change; (ii) within-sector productivity growth (<b>RMS1. Sectoral productivity</b>); (iii) diversification of production or trade.</p>	<p>Reference to either (i) structural change, (ii) within-sector productivity growth <i>and</i> (iii) diversification of production and trade (but not all) in at least one strategic objective</p> <p><input checked="" type="checkbox"/> <b>RMS1. Reference to sectoral productivity</b></p>	<p><i>(i) Structural change</i> CPF Objective 8 (Improved business environment) contains the following elements of structural change:</p> <ul style="list-style-type: none"> <li>• WB ASA support on city infrastructure, spatial development, regulations, etc. anchored on the goal of reaping the benefits of urbanisation, including development and employment in the manufacturing sector and value chains, among others.</li> <li>• WB support/interventions in identifying and fostering high-growth value chains that can generate ‘win-win’ linkages between urban SMEs, agricultural growth and extractive clusters in non-urban areas (p.27).</li> <li>• Albeit not translated into a specific objective, the CPF overview indicates an overall aim to support Guinea’s transition from ‘an economy based in mining and low productivity agriculture to a more diversified, productive sector capable of employing its young people’ (p.1).</li> </ul> <p><i>(ii) Sectoral productivity (RMS1)</i> <b>Agriculture</b> CPF Objective 6 is dedicated to increasing agricultural productivity and access to markets (p.24). The following are CPF/WB support/projects to increase productivity:</p> <ul style="list-style-type: none"> <li>• Accelerated Programme for Food and Nutritional Security; Sustainable Agricultural Development (p.24)</li> <li>• Integrated Agricultural Development Project, expected to increase productivity and market transactions between producers and downstream actors for selected staple value chains (e.g. rice, potatoes, horticulture, dairy, poultry, smoked fish and related fodder and the feed industry, etc.) (p.24) <i>[also RMS2]</i></li> <li>• support to strong policy reforms to address constraints in seed and fertiliser markets and agriculture equipment supply chains, land policy and agriculture finance (p.24)</li> <li>• considering use of IDA18 Private Sector Window facilities to de-risk and facilitate private investments to accelerate agribusiness development (p.24).</li> <li>• IFC plans to invest in agriculture and agro-processing projects to improve access to markets (p.24)</li> </ul>

Aspect(s) of economic transformation covered	Specific question	Assessment criteria *Criteria in red text refer to IDA18 RMS economic transformation indicators	Coding	Qualitative assessment
				<ul style="list-style-type: none"> <li>• IDA resources to improve selected feeder and rural roads <i>[also RMS3]</i> that will make remote production areas more accessible, connect smallholders to markets and attract private sector investment into agriculture value chains (p.25) <i>[also RMS2]</i></li> <li>• supporting use of improved labour-saving irrigation systems (p.25)</li> </ul> <p><b>Mining sector</b></p> <ul style="list-style-type: none"> <li>• Under CPF Objective 3 (Improved management of mining, natural resources and biodiversity), WB will support strengthening capacity and governance in managing the minerals sector; implementing the Extractive Industries Transparency Initiative; and improving the early warning mechanism for communal conflict (many of which are related to mining) (p.20).</li> <li>• IFC will support enhancement of SME supplier development programmes for the mining value chains (p.23) <i>[also RMS2]</i>.</li> </ul> <p><b>Energy</b></p> <p>IFC will continue ‘to prospect energy generation projects with private companies using either/both hydro and solar energy solutions’, expected to contribute to sustainability of the sector (p.26) <i>[also RMS3]</i>.</p> <p><i>(iii) Diversification</i></p> <ul style="list-style-type: none"> <li>• Under CPF Objective 6 (Increased agricultural productivity and access to market), the Agribusiness Development Project will support repositioning in regional and global trade as an exporter of products with comparative advantage (e.g. tree crops such as cashews, cocoa and coffee, as well as fresh and primarily processed fruits, etc.) (p.24) <i>[also RMS4]</i>.</li> <li>• Under CPF Pillar 3, investments will be made on preconditions for economic diversification such as infrastructure (especially water and power) and business environment of towns (p.23).</li> </ul>
Structural change	If the strategy includes clear objectives to promote structural change, are these translated into the country results framework?	<div style="background-color: #00AEEF; color: white; padding: 2px 5px; display: inline-block; margin-right: 5px;">2</div> Whether or not there are quantitative indicators in the country results framework focused on structural change	<div style="background-color: #FFC000; width: 15px; height: 15px; display: inline-block; margin-right: 5px;"></div> One proxy indicator of structural change in the country results framework	The CPF results framework does not include a quantitative indicator measuring structural change. However, indicator 9.1, which measures the increase in the number of beneficiaries of job opportunities created by a WB project against a baseline and target (p.50) may be compared with the number of unemployed or relatively low-productivity

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
				employment in project sites to observe the shift of labour from low- to high-productivity employment.
Within-sector productivity growth	If the strategy includes clear objectives to promote within-sector productivity growth, are these translated into the country results framework?	<div style="background-color: #4b3621; color: white; padding: 2px; display: inline-block;">3</div> Whether or not there are quantitative indicators in the country results framework focused on within-sector productivity growth	<div style="background-color: #008000; width: 15px; height: 15px; display: inline-block;"></div> At least one quantitative indicator in the country results framework focused on within-sector productivity growth	The CPF results framework includes the following quantitative sectoral productivity indicators to be measured against baseline and target: <ul style="list-style-type: none"> <li>Indicator 6.1 will measure the increase in output per hectare of rice and maize by direct beneficiaries of WB projects to increase agricultural productivity (p.46).</li> <li>Indicator 6.3 will measure areas benefiting from diffusion of climate-smart technologies (i.e. use of high-yielding and drought-/flood-resistant varieties, improved water management, intensive rice system, best cropping practices (p.46).</li> </ul>
		<div style="background-color: #666; color: white; padding: 2px; display: inline-block;">4</div> The ratio of within-sector productivity growth indicators that target agriculture compared with those targeting other sectors (e.g. manufacturing services)	<div style="background-color: #ffcc00; width: 15px; height: 15px; display: inline-block;"></div> Exclusively or mostly agricultural productivity growth indicators	The CPF results framework only contains quantitative indicators for agricultural productivity growth.
Diversification	If the strategy includes clear objectives to diversify production and trade, are these translated into the country results framework?	<div style="background-color: #fff; border: 1px solid #ccc; padding: 2px; display: inline-block;">5</div> Whether or not there are quantitative indicators in the country results framework focused on diversification of production or trade	<div style="background-color: #ff0000; width: 15px; height: 15px; display: inline-block;"></div> No indicators in the country results framework focused on diversification of production or trade/ not applicable	The CPF results framework does not contain quantitative indicators for diversification of production or trade
- Structural change - Within-sector productivity growth - Diversification	Are pathways to economic transformation a core element of the strategy?	<div style="background-color: #f08080; padding: 2px; display: inline-block;">6</div> Whether or not reference is made to one or more of the following pathways to economic transformation as key to supporting economic development, growth or transformative processes: <ul style="list-style-type: none"> <li>- horizontal interventions to enhance productivity in all sectors (e.g. improved energy or transport infrastructure, better business climate, stable regulatory framework)</li> <li>- education, training and skills development to boost worker productivity</li> <li>- adopting new technology or</li> </ul>	<div style="background-color: #008000; width: 15px; height: 15px; display: inline-block;"></div> Reference to at least one of the listed pathways as key to supporting economic development, growth or transformative processes  <div style="display: flex; flex-direction: column; gap: 5px;"> <div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-right: 5px;">✓</div> <span style="color: red;">RMS2. Reference to value chain expansion</span> </div> <div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-right: 5px;">✓</div> <span style="color: red;">RMS3. Reference to increased productive capital stock or investment in energy, transport, manufacturing or services</span> </div> </div>	The CPF cites the following pathways to support economic growth and transformative processes: <p><i>Horizontal interventions.</i></p> <ul style="list-style-type: none"> <li>Under CPF Pillar 3 (Agricultural productivity and economic growth), IFC will focus on reducing regulatory constraints, addressing other business environment issues and improving access to finance and land so as to de-risk investments and crowd in private capital (p.23).</li> <li>Under CPF Objective 5 (Improved health and social protection, especially in rural areas), WB will support productive social safety net approaches to address the structural causes of women’s limited economic participation and increase their productivity (p.22).</li> </ul>

Aspect(s) of economic transformation covered	Specific question	Assessment criteria	Coding	Qualitative assessment
		<p>*Criteria in red text refer to IDA18 RMS economic transformation indicators</p>		
		<p>management practices                      - commercialisation or technological innovations to boost productive capacity                      - RMS2. Value chain expansion                      - RMS3. Increased productive capital stock or investment in energy, transport, manufacturing or services                      - RMS4. Export sector output/value added; trade facilitation                      - value chain integration into regional and global value chains                      - regional integration                      - improvements to efficiency of services (e.g. financial services) that support key productive activity</p>	<p><input checked="" type="checkbox"/> RMS4. Reference to export sector output/value added; trade facilitation</p>	<p><i>Education, training and skills</i>                      Under CPF Objective 4 (Improved basic education, especially in rural areas), WBG will support improving the results in education (i.e. in basic and secondary education and adult literacy) and teaching in science, technology, engineering and mathematics in secondary and higher education in order to provide youth with the skills needed for boosting economic growth (p.21).</p> <p><i>Commercialisation to boost productive capacity</i>                      Under CPF Objective 6 (Increased agricultural productivity and access to markets), the Integrated Agricultural Development Project will aim to increase productivity and market transactions [<i>commercialisation</i>] between producers and downstream actors for selected staple value chains (e.g. rice, potatoes, horticulture, dairy, poultry, smoked fish and related fodder and the feed industry, etc.) for domestic and immediate, neighbouring markets (p.24).</p> <p><i>Value chain expansion (RMS2)</i>                      The CPF cites supporting value chains in selected staple products (e.g. rice, potatoes, horticulture, dairy, poultry, smoked fish and related fodder and the feed industry, etc.) (p.24) and mining value chains (p.23). IDA resources to improve selected feeder and rural roads are expected to attract private sector investment into agriculture value chains (p.25). The CPF will also support identification of high-growth value chains across SMEs, the agriculture sector and non-urban extractive clusters (p.26).</p> <p><i>Increased productive capital stock or investment in energy, transport, manufacturing or services (RMS3)</i>                      Under CPF Objective 7 (Better access to energy and water through improved management of utilities), IFC will continue 'to prospect energy generation projects with private companies using either/both hydro and solar energy solutions', to contribute to sustainability of the sector (p.26). IDA will provide resources to improve selected feeder and rural roads to make remote production areas more accessible, connect smallholders to markets and attract private investment into agriculture value chains (p.25).</p>

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
				<p><i>Export sector output/value added; trade facilitation (RMS4)</i> Under CPF Objective 6 (Increased agricultural productivity and access to market), Agribusiness Development Project will support repositioning in regional and global trade as an exporter of selected products (e.g. tree crops such as cashews, cocoa and coffee; fresh and primarily processed fruits, etc.) (p.24). WB will also invest in ASA to improve access to Conakry port for export - oriented products under a possible future Regional Corridor Project (p.25).</p> <p><i>Value chain integration into regional and global value chains</i> Under CPF Objective 8 (Improved business environment), WB and IFC will work with local industry associations and government agencies to identify local and regional value chains to attract private investment by (tier 1) linking established local companies and large multinationals; and (tier 2) linking local SMEs and established large local companies supplying multinationals (p.26) <i>[also RMS2]</i>.</p> <p><i>Improvements to efficiency of services that support key productive activity</i> CPF Objective 8 (Improved business environment) targets cross - sectoral constraints to accessing financial services, including promoting mobile technology (p.26).</p>
Transformation of employment structures	Does the country strategy prioritise moving to higher-wage or more productive employment as a key motivation for economic transformation?	<p><b>7</b></p> <p>Whether or not reference is made in the strategic objectives to transforming the country's employment structure through:</p> <ul style="list-style-type: none"> <li>- increasing labour productivity</li> <li>- raising wage employment</li> <li>- reducing working poverty</li> <li>- increasing the quality of jobs (higher remuneration levels, greater job security)</li> </ul>	<p>Some reference to transforming the employment structure towards higher-wage, more productive or better-quality jobs, but this is not explicitly framed as a key motivation for economic transformation</p>	<p>The CPF provides interventions that can potentially increase labour productivity and wage employment among the youth, but this is not explicitly framed as a key motivation for economic transformation. Interventions include WB's expansion of the technical and vocational education and training sector; development of value chains (e.g. in IFC affordable housing projects) and support for entrepreneurship, job creation in small-scale agriculture and labour-intensive public works for youth with low skills or no skills at all (p.28).</p>
<b>Poverty reduction</b>	Does the country strategy prioritise economic transformation to reduce poverty?	<p><b>8</b></p> <p>Whether or not reference is made to poverty reduction as a motivation for economic transformation at scale.</p>	<p>Clear reference to poverty reduction as a motivation of economic transformation at scale</p>	<p>Interventions under CPF Pillar 3 (Agricultural Productivity and Economic Growth) aim to address rural poverty (65% of population lives in poverty) where agricultural productivity is low (a quarter that of Mali and half that of Senegal) (p.23).</p>

## B4. Mauritania

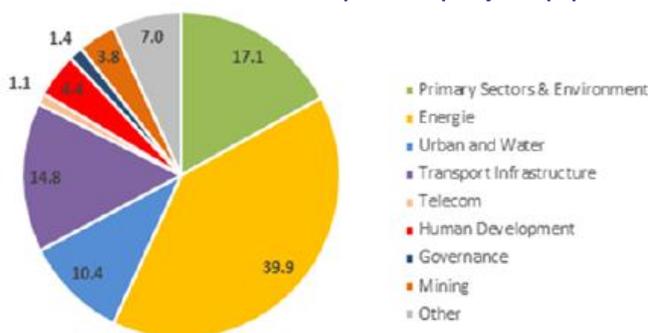
The FY2018–2023 CPF strategy to diversify Mauritania’s economic production serves as the anchor of specific objectives for structural change and sectoral productivity. One key CPF focus area is promotion of Mauritania’s economic transition for diversified and resilient growth. Towards this, boosting sectoral productivity in agriculture, livestock and fisheries is ultimately aimed at diversifying the economy. Meanwhile, objectives to increase private sector participation in economic activities is expected to accelerate Mauritania’s transition from public to private sector growth, which presents an opportunity for structural change as this can shift employment from the public sector (currently the largest employer) to the relatively more productive private sector. Overall, the CPF focus areas make reference to poverty reduction (and breaking intergenerational poverty) as a motivation behind interventions for economic transformation and/or pathways to economic transformation.

**Quantitative indicators are available only for interventions targeting sectoral productivity.** Aligned with specific CPF objectives on increasing productivity in fisheries, agriculture and livestock, the CPF results matrix contains quantitative indicators in these sectors. There are no quantitative indicators to measure structural change, although the indicator on the share of private sector investment in GDP from a baseline year and as a target can be compared with relatively less productive sectors (e.g. informal sector, public sector) through time and may reflect the shift of labour to more productive activities/sectors (structural change). Meanwhile, there is no quantitative measure or proxy indicator in the CPF that can measure diversification efforts. While the CPF objective on promoting private sector participation is underpinned by the overall aim to diversify the economy, the available indicator (aggregate private sector investments as a percentage of GDP) may not reflect diversification of production or trade: hypothetically, there can be significant private sector investment in just one sector or product.

**Interventions are focused on sectoral productivity, reinforced by development of intermediate cities and developing sectors with comparative advantage.** The CPF recognises that rapid urbanisation has created a significant divide between the capital and other territories, which provides an intervention logic to promote the development of productive cities and intermediate territories. However, the ‘productive’ intermediate cities are those that are adjacent to rural territories with significant natural resource wealth (e.g. agropastoral area, off-shore gas production, desert tourism, oasis agriculture). Development is concentrated in these individual intermediate cities, and there are no mentions of creating future/potential synergies (agglomeration, value chains, trade) between them.

The CPF’s sectoral productivity objectives are also focused on sectors of comparative advantage such as agriculture, livestock and fisheries but do not include plans or activities referring to manufacturing or services. Thus, **while the CPF aims to diversify production, the sources are limited to diversified natural resource sectors.** The focus on developing Mauritania’s natural resources is not unique to WBG. Figure 3 shows that the largest share of sectoral project financing from all development partners is in natural resources (i.e. the energy sector at 40%).

Figure 3. Mauritania development project pipeline by Sector (% of total)



Note: Primary sectors refer to agriculture, livestock and fisheries

Source: Mauritania CPF FY2018–2023

ODI's assessment of the RMS indicators. Following the IDA18 RMS methodology, Mauritania's CPF ticks all the four IDA18 RMS indicators. However, **the case of Mauritania shows that, under the current RMS methodology, CPFs can be tagged as reflecting economic transformation even if the sector that is being developed is based on natural resources.** This poses important issues regarding sequencing CPF efforts towards economic transformation, including whether interventions should start in and focus on the sector of comparative advantage (e.g. natural resources), which could expose the country to Dutch disease or whether simultaneous interventions to cultivate higher-productivity sectors along sectors of comparative advantage are warranted.

Table B4. Detailed assessment of Mauritania’s FY2018-2023 CPF document

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
<ul style="list-style-type: none"> <li>- Structural change</li> <li>- Within-sector productivity growth</li> <li>- Diversification</li> </ul>	<p>Does the strategy have clear objectives in terms of economic transformation?</p>	<p><b>1</b> Whether or not reference is made to one or more of the following core aspects of economic transformation in the strategic objectives: (i) structural change; (ii) within-sector productivity growth (<i>RMS1. sectoral productivity</i>); (iii) diversification of production or trade</p>	<p>Reference to either (i) structural change, (ii) within-sector productivity growth <i>and</i> (iii) diversification of production and trade (but not all) in at least one strategic objective</p> <p><input checked="" type="checkbox"/> <i>RMS1. Reference to sectoral productivity</i></p>	<p><i>(i) Structural change</i> The CPF objective focusing on improving private sector participation in economic activities aims to accelerate Mauritania’s transition from public to private sector growth (p.3). Since the public sector is the largest formal employer (country context, p.3), the strategy can be expected to shift employment from the public sector to a relatively more productive private sector.</p> <p><i>(ii) Sectoral productivity (RMS1)</i> <b>Fisheries:</b> CPF Objective 1.1 aims to increase production value in fisheries. Projects aim to increase the benefits derived from fish caught in Mauritania’s exclusive economic zone by supporting modernisation of the national fish market, improving handling of landed fish and strengthening institutional capacity on sustainable management of fisheries resources. WB will also enhance the capacity of Nouadhibou Free Zone and stakeholders in developing competitive seafood value chains with participation of the local population and local businesses (p.26) [<i>also RMS2</i>].</p> <p><b>Agriculture and livestock:</b> CPF Objective 1.2 aims to ‘increase agriculture and livestock production in the face of climate change’. WBG projects include supporting and improving pastoralists’ access to essential productive assets, services and markets; capacities to respond to pastoral crises or emergencies; productivity, sustainability and resilience of livelihoods; and control of transboundary infectious animal diseases (p.27).</p> <p>WB will also support improving Mauritanian stakeholders’ capacity to develop and manage irrigation and to increase irrigated areas, and support rainfed agriculture and selected value chains in agriculture and livestock products in fragile areas (p.27, p.28).</p> <p><i>(iii) Diversification</i> One of the CPF focus areas is promotion of economic transition for diversified and resilient growth (p.2).</p>

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
				<p>Specifically, the CPF aims to diversify by boosting productivity in agriculture, livestock and fisheries and by enhancing economic development (e.g. in agropastoral, agriculture, tourism, pp.28–29) of selected intermediate urban centres and adjacent territories (p.18).</p> <p>The CPF also indicates IFC’s intention in supporting economic diversification through Mauritania’s comparative advantage in fisheries. IFC will continue its advisory services programme to the fisheries sector and provide support on eco-efficient technology adoption and crowding-in additional private investors (p.26).</p> <p>The CPF’s Objective 3.2 to improve private sector participation in economic activities (through support to reforms and PPPs) is also expected to help diversify production and open new markets (p.36).</p>
Structural change	If the strategy includes clear objectives to promote structural change, are these translated into the country results framework?	<div style="background-color: #00AEEF; color: white; padding: 2px 5px; display: inline-block; margin-right: 5px;">2</div> Whether or not there are quantitative indicators in the country results framework focused on structural change	<div style="background-color: #FFC000; width: 15px; height: 15px; display: inline-block; margin-right: 5px;"></div> One proxy indicator of structural change in the country results framework	<p>The CPF results matrix does not have quantitative indicators measuring the shift of employment or resources to more productive sectors.</p> <p>However, the matrix includes an indicator measuring the share of private sector investment (gross capital fixed formation) in percentage GDP from baseline year (47% in 2017) and target (60% in 2023) (p.58). This indicator may be compared with relatively less productive sectors (e.g. informal sector) through time and may reflect shift of labour to more productive activities/sectors.</p>
Within-sector productivity growth	If the strategy includes clear objectives to promote within-sector productivity growth, are these translated into the country results framework?	<div style="background-color: #663300; color: white; padding: 2px 5px; display: inline-block; margin-right: 5px;">3</div> Whether or not there are quantitative indicators in the country results framework focused on within-sector productivity growth	<div style="background-color: #008000; width: 15px; height: 15px; display: inline-block; margin-right: 5px;"></div> At least one quantitative indicator in the country results framework focused on within-sector productivity growth	<p>The CPF results matrix has the following indicators of sectoral productivity against a baseline year and target:</p> <ul style="list-style-type: none"> <li>• fisheries: number of fishing vessels operating in the exclusive economic zone of Mauritania; capacity of cold storage for fish products, metric ton (p.48)</li> <li>• agriculture and livestock: area under new and improved irrigation; land under sustainable management practices; crop (dry cereals) intensity in irrigated agriculture; number of vaccinated livestock (p.49).</li> </ul>
		<div style="background-color: #666666; color: white; padding: 2px 5px; display: inline-block; margin-right: 5px;">4</div> The ratio of within-sector productivity growth indicators that target the agriculture sector compared	<div style="background-color: #FFC000; width: 15px; height: 15px; display: inline-block; margin-right: 5px;"></div> Exclusively or mostly agricultural productivity growth indicators	<p>The CPF results framework only includes sectoral productivity indicators in agriculture and fisheries, reflecting the lack of sectoral productivity objectives in other sectors (e.g. manufacturing, services).</p>

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
		with those targeting other sectors (e.g. manufacturing services)		
Diversification	If the strategy includes clear objectives to diversify production and trade, are these translated into the country results framework?	5 Whether or not there are quantitative indicators in the country results framework focused on diversification of production or trade	 No indicators in the country results framework focused on diversification of production or trade/not applicable	The CPF results matrix does not include quantitative indicators for diversification of product or trade.  [While the CPF objective on promoting private sector participation is underpinned by the overall aim to diversify the economy, an indicator that measures private sector share in total investment may not reflect diversification of production or trade: hypothetically, there can be significant private sector investment in just one sector or product.]
- Structural change - Within-sector productivity growth - Diversification	Are pathways to economic transformation a core element of the strategy?	6 Whether or not reference is made to one or more of the following pathways to economic transformation as key to supporting economic development, growth or transformative processes: - horizontal interventions to enhance productivity in all sectors (e.g. improved energy or transport infrastructure, better business climate, stable regulatory framework) - education, training and skills development to boost worker productivity - adopting new technology or management practices - commercialisation or technological innovations to boost productive capacity - RMS2. Value chain expansion - RMS3. Increased productive capital stock or investment in energy, transport, manufacturing or services - RMS4. Export sector output/value added; trade facilitation - value chain integration into regional and global value chains - regional integration - improvements to efficiency of	 Reference to at least one of the listed pathways as key to supporting economic development, growth or transformative processes  <input checked="" type="checkbox"/> RMS2. Reference to value chain expansion <input checked="" type="checkbox"/> RMS3. Reference to increased productive capital stock or investment in energy, transport, manufacturing or services <input checked="" type="checkbox"/> RMS4. Reference to export sector output/value added; trade facilitation	The CPF cites the following pathways to support economic growth and transformative processes:  <i>Horizontal interventions</i> <ul style="list-style-type: none"> <li>• support in improving access to education, health and social protection (p.2)</li> <li>• support to economic governance to improve fiscal management, transparency in the extractives sector, efficiency in land administration and expanding opportunities for the private sector (p.18)</li> </ul> <i>Education, training and skills</i> Under CPF focus area 2 ('build human capital for inclusive growth'), objectives include increasing access to and quality of general education; and improving employability, particularly of youth and women (p.23).  <i>Value chain expansion (RMS2) and Reference to export sector output/value added; trade facilitation (RMS4)</i> Under CPF Objective 1.1. ('Increase production value in the fisheries sector'), WB will enhance the capacity of Nouadhibou Free Zone and stakeholders in developing competitive seafood value chains with participation of the local population and local businesses (p.26).  <i>Increased productive capital stock or investment in energy, transport, manufacturing or services (RMS3)</i> The CPF indicates that IFC will explore opportunities to use the IDA18 Private Sector Window to de-risk potential investments in infrastructure, particularly in

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
		services (e.g. financial services) that support key productive activity		transport, energy and extractives (among others) (p.21). The CPF further indicates that IFC aims to support the mining sector through direct investment (p.21).
Transformation of employment structures	Does the country strategy prioritise moving to higher-wage or more productive employment as a key motivation for economic transformation?	<div style="background-color: black; color: white; padding: 2px 5px; display: inline-block; margin-bottom: 5px;">7</div> Whether or not reference is made in the strategic objectives to transforming the country's employment structure through: <ul style="list-style-type: none"> <li>- increasing labour productivity</li> <li>- raising wage employment</li> <li>- reducing working poverty</li> <li>- increasing the quality of jobs (higher remuneration levels, greater job security)</li> </ul>	<div style="background-color: yellow; width: 15px; height: 15px; display: inline-block; margin-right: 5px;"></div> Some reference to transforming the employment structure towards higher wage, more-productive or better-quality jobs, but this is not explicitly framed as a key motivation for economic transformation	The CPF does not specifically identify transforming the employment structure ( <u>as a whole</u> ) towards higher-wage/better-quality jobs in strategic objectives that contain economic transformation elements.  However, the CPF under Objective 2.3 (Improve employability, particularly of youth and women) aims to transform youth employment <i>specifically</i> , by interventions that can develop cross-cutting labour market-relevant skills in collaboration with the private sector, and encouraging youth entrepreneurship (and job creation) in high value-added sectors and value chains (p.33).
<b>Poverty reduction</b>	Does the country strategy prioritise economic transformation to reduce poverty?	<div style="background-color: purple; color: white; padding: 2px 5px; display: inline-block; margin-bottom: 5px;">8</div> Whether or not reference is made to poverty reduction as a motivation for economic transformation at scale.	<div style="background-color: green; width: 15px; height: 15px; display: inline-block; margin-right: 5px;"></div> Clear reference to poverty reduction as a motivation of economic transformation at scale	The CPF cites that the CPF focus areas and objectives incorporate solutions 'ranked highest in the SCD [systematic country diagnostic] in terms of contributing to poverty reduction and feasibility' (p.23).  Focus area 1 (Promote Economic Transition for Diversified and Resilient Growth) includes activities enhancing sectoral productivity and recognises the potential to optimise sustainable production revenues in a pro-poor manner (p.25).  Focus area 2 ('Build Human Capital for Inclusive Growth'), with activities contributing to pathways to economic transformation, aims to improve youth employment in order to break inter-generational poverty (p.33).  Focus area 3, which includes activities to achieve the transition towards strong diversified private sector-led growth, is cited as key to poverty reduction (as well as income generation and employment opportunities) (p.35).

## B5. Moldova

**The latest CPF for Moldova (FY18–2021) has a primary focus on developing pathways to economic transformation; objectives that directly contribute to structural change, sectoral productivity or diversification are absent.** In particular, focus area 1 on economic governance is envisioned to be a key pathway to encourage private sector investments and job creation; focus area 2 on public services governance is cited to be essential to increase firm and labour productivity; and the final focus area, on skills development, is aimed at improving the quality of education and addressing the mismatch between education/training and labour market demand. In view of the CPF's focus areas, **quantitative indicators are available on activities focusing on developing pathways to economic transformation.**

Pathways to economic transformation. The CPF cites that poverty reduction is the intervention logic behind interventions to shift Moldova's development model from consumption and remittances-led to private sector-led job creation and growth, which in turn motivates the CPF's focus areas on governance and skills development (pathways).

However, the CPF's focus on pathways, particularly on governance, may have been largely driven by the lessons learnt by the WBG in implementing the previous CPS in Moldova, wherein 'political instability and governance challenges slow the pace of reform and that frequent personnel changes affect portfolio performance'. In view of political risks, the CPF's indicative lending and ASA represents the only programme for half of the CPF period (FY18–19). **The case of Moldova raises an issue as to whether economic transformation objectives can be prioritised under an uncertain political environment; if so, the challenge lies in identifying a politically smart approach to mainstream economic transformation in country interventions** (see Macmillan et al., 2017).

ODI's assessment of the RMS indicators. Moldova was one of the two countries identified by the IDA18 MTR as not having incorporated the economic transformation theme in its country strategy. Following the IDA18 RMS methodology, we find that the Moldova CPF has ticked the RMS indicator on export sector output/value added; and trade facilitation through IFC's Investment Climate Reform Project, which 'will also help improve trade logistics and policies for attracting foreign direct investment, as well as enhance the private sector's capacity to export to the EU'. The CPF also cites that IFC will 'consider' financing selected manufacturing and services companies in the export-oriented sector to enable SME participation in global value chains, which is aligned with the RMS indicators on value chain expansion and on increasing the capital stock/investment in said sectors.

Having CPF interventions that are aligned with three out of the four RMS indicators, Moldova's CPF should have been tagged as having incorporated economic transformation in its CPF under the current RMS. **The inconsistency between the MTR and our assessment following the RMS methodology calls for the WBG to provide more clarity on how it particularly assesses economic transformation content for reporting to the RMS.**

Table B5. Detailed assessment of Moldova’s FY18-21 CPF document

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
- Structural change - Within-sector productivity growth - Diversification	Does the strategy have clear objectives in terms of economic transformation?	<b>1</b> Whether or not reference is made to one or more of the following core aspects of economic transformation in the strategic objectives: (i) structural change; (ii) within-sector productivity growth ( <b>RMS1. Sectoral productivity</b> ); (iii) diversification of production or trade	 No reference to (i) structural change; (ii) within-sector productivity growth; or (iii) diversification of production and trade in any of the strategic objectives ( <i>skip to assessment criteria 6</i> )   <b>RMS1. Reference to sectoral productivity</b>	Moldova’s CPF focuses on developing pathways to economic transformation. References to structural change, sectoral productivity and diversification are absent ( <i>skip to assessment criteria 6</i> ).
Structural change	If the strategy includes clear objectives to promote structural change, are these translated into the country results framework?	<b>2</b> Whether or not there are quantitative indicators in the country results framework focused on structural change	 Not applicable	
Within-sector productivity growth	If the strategy includes clear objectives to promote within-sector productivity growth, are these translated into the country results framework?	<b>3</b> Whether or not there are quantitative indicators in the country results framework focused on within-sector productivity growth	 Not applicable	
		<b>4</b> The ratio of within-sector productivity growth indicators that target the agriculture sector compared with those targeting other sectors (e.g. manufacturing services)	 Not applicable	
Diversification	If the strategy includes clear objectives to diversify production and trade, are these translated into the country results framework?	<b>5</b> Whether or not there are quantitative indicators in the country results framework focused on diversification of production or trade	 Not applicable	
- Structural change - Within-sector productivity growth	Are pathways to economic transformation a core	<b>6</b> Whether or not reference is made to one or more of the following pathways to	 Reference to at least one of the listed pathways as key to supporting economic	The CPF’s 3 focus areas on economic and services governance and skills development, as well as the cross-cutting theme of increasing resilience to

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
- Diversification	element of the strategy?	economic transformation as key to supporting economic development, growth or transformative processes: <ul style="list-style-type: none"> <li>- horizontal interventions to enhance productivity in all sectors (e.g. improved energy or transport infrastructure, better business climate, stable regulatory framework)</li> <li>- education, training and skills development to boost worker productivity</li> <li>- adopting new technology or management practices</li> <li>- commercialisation or technological innovations to boost productive capacity</li> <li>- <b>RMS2. Value chain expansion</b></li> <li>- <b>RMS3. Increased productive capital stock or investment in energy, transport, manufacturing or services</b></li> <li>- <b>RMS4. Export sector output/value added; trade facilitation</b></li> <li>- value chain integration into regional and global value chains</li> <li>- regional integration</li> <li>- improvements to efficiency of services (e.g. financial services) that support key productive activity</li> </ul>	<div style="background-color: #008000; width: 15px; height: 15px; display: inline-block; margin-right: 5px;"></div> development, growth or transformative processes <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> <b>RMS2. Reference to value chain expansion</b></li> <li><input checked="" type="checkbox"/> <b>RMS3. Reference to increased productive capital stock or investment in energy, transport, manufacturing or services</b></li> <li><input checked="" type="checkbox"/> <b>RMS4. Reference to export sector output/value added; trade facilitation</b></li> </ul>	climate change, all serve as pathways to economic transformation. <p><i>Horizontal interventions</i></p> <ul style="list-style-type: none"> <li>• <i>Economic governance.</i> CPF focus area 1 aims to strengthen rule of law and accountability in economic institutions, particularly by enhancing quality and implementation of investment climate regulation, management of public sector assets and financial sector governance and stability (p.10). Achievement is expected to lead to a conducive business environment.</li> <li>• <i>Services governance.</i> CPF focus area 2 aims to provide efficient, equitable and transparent public services, such as education, energy, health, transport and water. Better delivery of these services is cited to be essential for firm productivity and human capital (p.7).</li> <li>• <i>Climate change.</i> The CPF’s cross-cutting theme to increase adaptation, resilience and response to climate change is expected to support several sectors, including agriculture, forestry, energy, health, transport and water (p.8)</li> </ul> <p><i>Education, training and skills</i> CPF’s focus area 3 on skills development aims to enhance quality/relevance of education and training (e.g. by enhancing quality of primary and secondary education and matching to labour demand) to enable acquisition of job-related skills (pp.7–8).</p> <p><i>Value chain expansion (RMS2); and Increased productive capital stock or investment in energy, transport, manufacturing or services (RMS3)</i> Under focus area 1, IFC will ‘consider financing for eligible companies in manufacturing and services, particularly in export oriented sectors, to enhance job creation through SME participation in global value chains’ (p.7) [also <i>integration to global value chains and RMS4</i>].</p>

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
				<p><i>Export sector output; trade facilitation (RMS4)</i> Under CPF focus area 1, an IFC project on climate reform aims to improve trade logistics and policies and enhance private sector capacity to export to the EU (p.6) [also regional integration pathway].</p> <p><i>Improvements to efficiency of services that support key productive activity</i> Under focus area 1, the CPF aims to modernise government services (e.g. reduce bureaucratic obstacles to access, digitalise selected services, align staff capabilities with digital service model) (p.7).</p>
Transformation of employment structures	Does the country strategy prioritise moving to higher-wage or more productive employment as a key motivation for economic transformation?	<p><b>7</b> Whether or not reference is made in the strategic objectives to transforming the country's employment structure through:</p> <ul style="list-style-type: none"> <li>- increasing labour productivity</li> <li>- raising wage employment</li> <li>- reducing working poverty</li> <li>- increasing the quality of jobs (higher remuneration levels, greater job security)</li> </ul>	<p>Some reference to transforming the employment structure towards higher-wage, more productive or better-quality jobs, but this is not explicitly framed as a key motivation for economic transformation</p>	<p>The CPF's focus area 2/objective on increasing the relevance of Moldova's educational system and training is geared towards matching Moldova's labour to private sector skill demand – indicating some reference to transforming the employment structure towards private sector employment. However, this is framed as a pathway, and not explicitly as key to transform the economy as a whole.</p>
<b>Poverty reduction</b>	Does the country strategy prioritise economic transformation to reduce poverty?	<p><b>8</b> Whether or not reference is made to poverty reduction as a motivation for economic transformation at scale</p>	<p>Some reference to poverty reduction, but this is not explicitly framed as a motivation for economic transformation at scale</p>	<p>Poverty reduction is cited as the CPF intervention's logic/motivation in shifting to private sector job creation (p.10). This in turn motivates the CPF's focus areas in developing pathways to economic transformation (e.g. economic and public services governance, skills development) but not directly on economic transformation (i.e. since there are no explicit objectives on structural change, sectoral productivity and diversification).</p>

## B6. Nicaragua

**All the three core elements of economic transformation are reflected in the FY2018–2022 CPF’s strategic objectives and quantitative indicators.** Structural change, sectoral productivity and diversification are referenced in Nicaragua’s CPF. The structural change focuses on shifting labour skills according to market demand, periodically assessing the relevance of skills intervention according to market needs and nurturing higher-productivity employment skills such as in ICT, start-ups and entrepreneurship. These structural change activities aim to address constraints to labour supply and demand, which we view as enablers of mobility of labour across sectors.

The CPF’s strategic objective incorporating sectoral productivity is largely anchored in the ultimate goal of reducing poverty. The CPF financing programmed for FY18 dedicates 25% of total CPF lending to increase agricultural productivity in Central and Caribbean regions (the ‘Dry Corridor’) where Nicaragua’s poor and extreme poor live. Meanwhile, diversification is concentrated on increasing Nicaragua’s energy mix – particularly the share of renewable energy sources – with the aim of lowering electricity costs to encourage firm activities and foreign investments. While the CPF results matrix contains quantitative indicators for the core elements of transformation, **there is only one proxy indicator to measure structural change, the bulk of indicators for sectoral productivity are in the agriculture sector and diversification indicators are focused on renewable energy sources.**

**Notably, this CPF provides details of WBG selectivity filters and comparative advantage that shape the WBG’s strategic objective and target outcomes – which is a double-edged sword.** From previous CPS, the WBG strategy in Nicaragua aims to expand its role in economic productivity, transport, environment and natural disasters, and energy; remain involved in education, public sector management, health, and water and sanitation; and leave out the other sectors (i.e. ICT, social welfare, urban development and housing) to the specialty of other development partners. WBG’s prioritisation of economic productivity interventions in particular will ensure the JET agenda is prioritised in country strategies; noting the role of other development partners will ensure other important sectors are not compromised.

The CPF further states that the ‘WBG’s focus on maximizing finance for development including through the private sector has also influenced the areas in which the WBG can offer a comparative advantage in particular through the collaboration of IDA, IFC and MIGA [Multilateral Investment Guarantee Agency], combined with ASA’. Distinguishing activities of individual WBG institutions and areas for collaboration can cover bases of economic transformation initiatives (e.g. IFC and MIGA on financial inclusion and productivity, IDA on assistance to agriculture in disadvantaged/poor regions). However, **there is a need to ensure private sector-financed projects/activities are fully aligned and balanced across strategic objectives** (e.g. balanced firm/sectoral productivity vs structural change projects, and across productive sectors).

**The CPF has identified several pathways to economic transformation with clear reference to creating more and better jobs and reducing poverty as motivations.** Horizontal interventions include investments in health, water and sanitation, and education are geared towards increasing human productivity for employment; and improving the capacity of institutions aims to address bottlenecks to firm activities and investments, as well as to sustain economic growth. Value chain expansion is being pursued in poor regions in the Dry Corridor. Investment in the energy sector, particularly in increasing the share of renewable energy sources, aims to lower electricity costs for firms and households, which is also expected to eventually reduce poverty.

ODI’s assessment of the RMS indicators. Nicaragua is one of the two countries identified by the IDA18 MTR as not having incorporated economic transformation elements in its country strategy. Following the IDA18 RMS methodology, Nicaragua CPF ticks all the four IDA18 RMS indicators. Similar to the case of Moldova, the inconsistency between the MTR’s and our assessment following the RMS methodology calls for the WBG to provide more clarity on how it particularly assesses economic transformation content for reporting to the RMS.

Table B6. Detailed assessment of the Nicaragua FY2018-2022 CPF document

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
<ul style="list-style-type: none"> <li>- Structural change</li> <li>- Within-sector productivity growth</li> <li>- Diversification</li> </ul>	<p>Does the strategy have clear objectives in terms of economic transformation?</p>	<p><b>1</b> Whether or not reference is made to one or more of the following core aspects of economic transformation in the strategic objectives: (i) structural change; (ii) within-sector productivity growth (<i>RMS1. Sectoral productivity</i>); (iii) diversification of production or trade</p>	<p>Reference to either (i) structural change, (ii) within-sector productivity growth <u>and</u> (iii) diversification of production and trade (but not all) in at least one strategic objective</p> <p><input checked="" type="checkbox"/> <i>RMS1. Reference to sectoral productivity</i></p>	<p>(i) <i>Structural change</i></p> <ul style="list-style-type: none"> <li>• The CPF Objective 1 component on improving employability includes a project that will seek to address constraints in labour supply and demand in an integrated manner, and can effectively support mobility of labour across sectors.</li> <li>• A project under Objective 1 will support creation of jobs in ICT through certification programmes for related skills, effectively encouraging an employment shift to the ICT sector (p.18).</li> <li>• Under CPF Objective 3, support in improving the country’s energy mix (geothermal, solar and wind) aims to lower Nicaragua’s current high electricity costs in order to encourage firms and potential foreign investors (p.20) [also diversification].</li> </ul> <p>(ii) <i>Sectoral productivity (RMS1)</i></p> <p><b>Agriculture</b></p> <ul style="list-style-type: none"> <li>• CPF Objective 4 outlines IDA/IFC/MIGA/private sector interventions to improve business productivity in agriculture, such as: <ul style="list-style-type: none"> <li>• support in crafting government strategy to increase agribusiness</li> <li>• institutional and regulatory reforms for agribusiness such as phytosanitary standards</li> <li>• lending for rural roads aimed at stimulating the productive sector</li> <li>• risk insurance and capital for microfinance and farmers in selected agribusiness sectors, and private investment in (resulting from improved risks return trade-off from IFC/MIGA involvement).</li> </ul> </li> <li>• Under CPF Objective 3, WBG plans to explore options for improving the environment for exporters and importers of goods and services, including cold chain transport services and storage facilities to reduce crop loss and get products to market, and expanding food registration (p.22) [also RMS4].</li> <li>• Under CPF Objective 4, the Dry Corridor project aims to increase farm productivity and develop value</li> </ul>

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
				<p>chains by improving public service delivery and resilience to impacts of droughts (p.23) [also RMS2].</p> <p><b>Tourism</b> Under CPF Objective 4, IFC and MIGA interventions will increase productivity in tourism, as well as women-led SMEs, coffee and sugar sectors, agribusiness (p.23).</p> <p><i>(iii) Diversification</i> The CPF indicates support in improving the energy mix (geothermal, solar and wind) to lower Nicaragua’s current high electricity costs in order to encourage firms and potential foreign investors (p.20). WBG will also support efforts to diversify the country’s generation mix (i.e. increasing the amount of renewables to 73% of the overall power generation mix by 2030) and optimise energy consumption with an objective to bring down costs, stimulate growth and reduce poverty (p.24)</p>
Structural change	If the strategy includes clear objectives to promote structural change, are these translated into the country results framework?	<p><b>2</b></p> <p>Whether or not there are quantitative indicators in the country results framework focused on structural change</p>	<p><b>1</b></p> <p>At least one quantitative indicator in the country results framework focused on structural change</p>	<p>The CPF results monitoring matrix does not include indicators measuring the shift of employment or resources from low- to higher-productivity sectors (e.g. in employment programmes, how many participants were able to switch from the informal to the formal sector or from agriculture to ICT). However, it includes an indicator measuring increased earnings of workers participating in the employment programme six months after programme completion against a baseline year and target (p.34). Assuming higher earnings are associated with relatively higher-productivity jobs, and given that the training is tailored to employers’/ICT industry needs, this indicator can be a proxy to measure a shift of employment from low- to higher-productivity sectors.</p>
Within-sector productivity growth	If the strategy includes clear objectives to promote within-sector productivity growth, are these objectives translated into the country results framework?	<p><b>3</b></p> <p>Whether or not there are quantitative indicators in the country results framework focused on within-sector productivity growth</p>	<p><b>1</b></p> <p>At least one quantitative indicator in the country results framework focused on within-sector productivity growth</p>	<p>The CPF results monitoring matrix includes indicators (against a baseline year and target):</p> <ul style="list-style-type: none"> <li>• increased agricultural productivity among targeted beneficiaries in the Caribbean and Dry Corridor regions (p.40)</li> <li>• number of farmers participating in value chains (disaggregated by gender) (p.40)</li> <li>• farmers adopting an improved agricultural technology (disaggregated by gender) (p.41)</li> <li>• assessment of agricultural training completed (p.34)</li> <li>• decrease in total travel time to access markets and</li> </ul>

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
		<p><b>4</b> The ratio of within-sector productivity growth indicators that target the agriculture sector compared with those targeting other sectors (e.g. manufacturing services)</p>	<p>Exclusively or mostly agricultural productivity growth indicators</p>	<p>services in selected areas (p.36).</p> <p>The bulk of indicators measuring sectoral productivity are focused on agriculture. However, there are indicators that can serve as proxy indicators for measures of productivity in non-agriculture sectors through measuring improvement in doing business:</p> <ul style="list-style-type: none"> <li>• cumulative reduction of time to trade (p.40)</li> <li>• Increase in the number of MSMEs reached with financial services (p.39)</li> <li>• reforms recognised by Doing Business (p.39).</li> </ul>
Diversification	If the strategy includes clear objectives to diversify production and trade, are these translated into the country results framework?	<p><b>5</b> Whether or not there are quantitative indicators in the country results framework focused on diversification of production or trade</p>	<p>One proxy indicator in the country results framework focused on diversification of production</p>	<p>The CPF results matrix includes proxy indicators on diversification of the energy mix to include more renewable sources (against a baseline year and target, but not in comparison with other traditional products)</p> <ul style="list-style-type: none"> <li>• installed megawatts of power generation from renewable sources (p.38)</li> <li>• adoption of new regulatory framework on ancillary services to smoothen the integration of variable renewable energy (VRE) (p.38)</li> <li>• new operational procedures in the National Dispatch Centre to facilitate integration of VRE (p.37)</li> </ul>
<p>- Structural change - Within-sector productivity growth - Diversification</p>	Are pathways to economic transformation a core element of the strategy?	<p><b>6</b> Whether or not reference is made to one or more of the following pathways to economic transformation as key to supporting economic development, growth or transformative processes:</p> <ul style="list-style-type: none"> <li>- horizontal interventions to enhance productivity in all sectors (e.g. improved energy or transport infrastructure, better business climate, stable regulatory framework)</li> <li>- education, training and skills development to boost worker productivity</li> <li>- adopting new technology or management practices</li> <li>- commercialisation or technological innovations to boost productive</li> </ul>	<p>Reference to at least one of the listed pathways as key to supporting economic development, growth or transformative processes</p> <ul style="list-style-type: none"> <li>✓ <b>RMS2. Reference to value chain expansion</b></li> <li>✓ <b>RMS3. Reference to increased productive capital stock or investment in energy, transport, manufacturing or services</b></li> <li>✓ <b>RMS4. Reference to export sector output/value added; trade facilitation</b></li> </ul>	<p>The CPF cites the following pathways to support economic growth and transformative processes:</p> <p><i>Horizontal interventions</i></p> <ul style="list-style-type: none"> <li>• Human capital: CPF Pillar 1 focuses on investing in education, employability, health, water and sanitation to equip Nicaraguans with the capabilities to enter a quality job market (p.16, p.18, p.19).</li> <li>• Business environment: Under CPF Objective 4, WB will work with the government in designing and implementing programmes addressing priority areas identified by the 2017 WBG diagnostic of barriers to enterprise in Nicaragua (p.28).</li> <li>• Institutions: CPF Pillar 3 includes objectives/activities that will improve government capacity to manage macroeconomic volatility (e.g. in oil prices, imported fuels, liquidity), natural hazards and institutional fragility to ensure sustainability of growth path (p.23).</li> </ul> <p><i>Education, training and skills</i></p>

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
		capacity - RMS2. Value chain expansion - RMS3. Increased productive capital stock or investment in energy, transport, manufacturing or services - RMS4. Export sector output/value added; trade facilitation - value chain integration into regional and global value chains - regional integration - improvements to efficiency of services (e.g. financial services) that support key productive activity		<p>CPF Objective 1 aims to ‘improve access to and quality of the educational system and skills needed to improve job outcomes’ (p.17).</p> <p><i>Value chain expansion (RMS2)</i>                      Under CPF Objective 4, the Dry Corridor project aims to increase farm productivity and develop value chains by improving public service delivery and resilience to impacts of periodic draughts (p.23).</p> <p><i>Increased productive capital stock or investment in energy, transport, manufacturing or services (RMS3)</i>                      CPF Objective 3 indicates support to renewable energy (geothermal, solar, wind), transport investments and government mobilisation of commercial financing and PPPs for transport projects (p.20).</p> <p><i>Export sector output/value added; trade facilitation (RMS4)</i>                      Under CPF Objective 3, WBG plans to explore options for improving the overall environment for exporters and importers of goods and services (p.22).</p> <p><i>Regional integration</i>                      The CPF indicates WB support for Nicaragua’s connectivity infrastructure to improve regional broadband and telecommunication linkages (pp.19–20).</p> <p><i>Improvements to efficiency of services that support key productive activity</i>                      CPF Objective 4 also aims to facilitate and increase access to sector financial services (p.22). IFC will provide lending to strengthen the financial system (p.28).</p>
Transformation of employment structures	Does the country strategy prioritise moving to higher-wage or more productive employment as a key motivation for economic	<div style="background-color: black; color: white; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; margin-bottom: 5px;">7</div> Whether or not reference is made in the strategic objectives to transforming the country’s employment structure through: - increasing labour productivity - raising wage employment - reducing working poverty	<div style="background-color: green; width: 10px; height: 20px; display: inline-block; margin-right: 5px;"></div> Clear reference to transforming the employment structure towards higher-wage, more productive or better-quality jobs as a key motivation for economic transformation	Improving job outcomes is the motivation behind CPF objectives/activities on improving access to and quality of education system and increasing the relevance of the educational curriculum for the job market (p.17).  In addition, the CPF focus on increasing employability aims to shift current labour skills according to the demand in the labour market and employers’ needs.

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Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
	transformation?	- increasing the quality of jobs (higher remuneration levels, greater job security)		Activities include entrepreneurship/business start-ups, related technical assistance and ICT certification programmes (p.18), for jobs that are relatively more productive and have higher wage prospects than agricultural jobs. Indicators under this focus area include measuring the increase in earnings of workers participating in the employment programme six months after programme completion (p.34).
<b>Poverty reduction</b>	Does the country strategy prioritise economic transformation to reduce poverty?	<div style="background-color: #9933cc; color: white; padding: 2px; display: inline-block; margin-right: 5px;">8</div> Whether or not reference is made to poverty reduction as a motivation for economic transformation at scale	<div style="background-color: #008000; width: 15px; height: 15px; display: inline-block; margin-right: 5px;"></div> Clear reference to poverty reduction as a motivation of economic transformation at scale	The CPF includes the following references to poverty reduction as a motivation for economic transformation interventions: <ul style="list-style-type: none"> <li>• The CPF will pay special attention to increasing productivity of small landholders in lagging regions (i.e. Central and Caribbean regions) where Nicaragua’s poor and extreme poor live (pp.22–23). The CPF also recognises that 80% of the population is vulnerable or poor, which is one of the motivations for the overall CPF activities in creating more and better jobs (p.2).</li> <li>• Reducing poverty is one of the motivations of government efforts in lowering power costs by diversifying the country’s energy mix (p.24).</li> </ul>

## B7. Niger

**The Niger FY2018–2022 CPF objectives for structural change, within-productivity growth and diversification are centred on rural development and largely focused on the agriculture sector.** The CPF interventions on structural change are focused mainly on finding opportunities to shift farm to off-farm employment in rural areas. Activities to increase sectoral productivity are aimed for the most part at improving agricultural and livestock productivity, with some support to formalise activities in and improve the content of the mining sector. Diversification of output in agricultural and livestock productivity is identified as an overarching channel to increase rural production, which will in turn contribute to poverty reduction.

**The CPF reflects the importance of the energy sector, followed by agriculture. The biggest CPF sectoral allocation (11%) is to the energy sector, particularly the regional West African Power Pool North Core project, followed by agriculture and livestock transformation projects (6%).** Overall, projects under CPF Focus Area 1, where the core elements of economic transformation are incorporated, have a 38% share in the total CPF programme for FY18–22. **The relatively large share in the total programme of CPF activities to improve human capital and social protection (30%) reflects the WBG’s strategy of a ‘business unusual’ CPF, in recognition of the need to address unsustainable demographics and drivers of FVC in the country.**

**The CPF contains quantitative indicators to measure structural change and sectoral productivity, but none for diversification of production or trade.** The CPF results matrix includes a quantitative indicator measuring the number of individuals participating in productive employment or employment programmes (project level), effectively measuring the increasing/decreasing share of employment among sectoral projects with different productivity (off-farm, artisanal mining, entrepreneurship). Sectoral productivity quantitative indicators are available to assess the increase in agricultural yields in targeted areas and of targeted beneficiaries and the benefits to rural markets of all-season roads.

Pathways to economic transformation. The CPF cites several pathways to economic transformation, including improving business environment, women empowerment, building skills among young people, developing digital services and providing digital literacy, supporting development of value chains, investment to support rural electrification, trade facilitation and enhancing financial inclusion and lowering costs of productive assets. In view of FVC, the CPF also cites several interventions in health, education and government reform, although these are not explicitly referenced as contributing to the productive sectors.

ODI’s assessment of the RMS indicators. **The case of Niger shows the need for the RMS to include narratives supporting the broad assessment of the country’s economic transformation strategies.** Following the IDA18 RMS methodology, Niger’s CPF ticks all the four IDA18 RMS indicators. Compared with the other seven countries assessed in the IDA18 MTR, Niger is a special case of an FVC country. However, ticking the sectoral productivity indicator does not make information available on the sectors Niger’s CPF is prioritising (e.g. agriculture, mining) and the reasons for this approach (e.g. rural poverty, FVC). In addition, looking at economic transformation efforts in Niger *vis-à-vis* other countries demonstrates the weakness of the current RMS indicators in providing information on the magnitude of economic transformation across countries. For example, both the Tanzania and the Niger CPFs can be tagged to incorporate sectoral productivity without making available the information that the Tanzania CPF is implementing interventions to improve productivity in several sectors (e.g. agriculture, manufacturing, tourism) whereas the Niger strategy is concentrated largely in one sector (agriculture).

Table B7. Detailed assessment of Niger’s FY2018-2022 CPF document

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
<ul style="list-style-type: none"> <li>- Structural change</li> <li>- Within-sector productivity growth</li> <li>- Diversification</li> </ul>	<p>Does the strategy have clear objectives in terms of economic transformation?</p>	<p><b>1</b> Whether or not reference is made to one or more of the following core aspects of economic transformation in the strategic objectives: (i) structural change; (ii) within-sector productivity growth; <b>(RMS1. sectoral productivity)</b>; (iii) diversification of production or trade</p>	<p>Reference to either (i) structural change, (ii) within-sector productivity growth <u>and</u> (iii) diversification of production and trade (but not all) in at least one strategic objective.</p> <p><input checked="" type="checkbox"/> <b>RMS1. Reference to sectoral productivity</b></p>	<p><i>(i) Structural change</i> Under CPF Objective 1 (Increased rural production with diversified output in the agriculture and livestock sectors), WB interventions, where possible, will target opportunities for off-farm employment (p.19).</p> <p><i>(ii) Sectoral productivity (RMS1)</i> <b>Agriculture</b></p> <ul style="list-style-type: none"> <li>• Under CPF Focus Area 1 (Increased Rural Productivity and Incomes), ‘WB will adopt multi-sectoral rural investment strategy to boost productivity and diversify agricultural products of small-holders’ (p.17).</li> <li>• Under CPF Objective 1 (Increased rural production with diversified output in the agriculture and livestock sectors), WB support to agricultural productivity is:             <ul style="list-style-type: none"> <li>• support to agricultural input markets and increased coverage of irrigation schemes through development policy operations (p.18)</li> <li>• a combination of investments to improve outputs, increase cultivable area, increase yield in rain-fed agriculture and enable alternative trade routes for selected value chains (p.19)</li> <li>• a proposed Agriculture and Livestock Transformation Project to initially encompass cattle, small ruminant production and meat processing and the milk and poultry value chains, with eventual scale up of promising agri-value chains (p.19) <b>[also RMS2]</b></li> <li>• IFC to explore linking smallholder farmers with export potential in selected value chains with off-takers and buyers <b>[Also RMS4]</b>; providing risk mitigation instruments to allow financial institutions to increase their lending to agriculture; leasing agricultural equipment without collateral requirement; supporting the agribusiness sector through agri-finance solutions (p.19)</li> </ul> </li> <li>• IFC’s continued support to Niger Irrigation</li> </ul>

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
				<p>Project (p.19)</p> <ul style="list-style-type: none"> <li>Under CPF Objective 2 (Improved availability of productive infrastructure for trade in rural areas), 'the World Bank will focus on improvement of access roads in key agriculture areas identified for market development and irrigation potential' (p.20).</li> </ul> <p><b>Mining</b> Building on WB pilot projects, WB will provide support to 'formalize the artisanal and small-scale mining sector to increase productivity and improve the social and environmental footprint, with a strong focus on improving the position of women in the sector' (p.20).</p> <p><i>(iii) Diversification</i> One of the overarching objective of CPF Focus Area 1 is to diversify output in the agricultural and livestock sectors in order to increase rural production (p.17).</p>
Structural change	If the strategy includes clear objectives to promote structural change, are these translated into the country results framework?	<p><b>2</b> Whether or not there are quantitative indicators in the country results framework focused on structural change</p>	<p>At least one quantitative indicator in the country results framework focused on structural change</p>	<p>The CPF results matrix includes quantitative indicators (measured against a baseline and target) that will measure (i) the increase in the number of individuals participating in productive employment or employment programmes (project level) and (ii) which in (i) are young entrepreneurs (p.45). These indicators over time will provide a comparison of the employment share among sectoral projects with different level of productivity (e.g. artisanal mining employment vs entrepreneurs).</p>
Within-sector productivity growth	If the strategy includes clear objectives to promote within-sector productivity growth, are these translated into the country results framework?	<p><b>3</b> Whether or not there are quantitative indicators in the country results framework focused on within-sector productivity growth</p>	<p>At least one quantitative indicator in the country results framework focused on within-sector productivity growth</p>	<p>The CPF results matrix includes the following quantitative indicators (measured against a baseline and target) for sectoral productivity:</p> <ul style="list-style-type: none"> <li>increased yields (millet, sorghum, cowpea and irrigated rice) in target areas (p.39)</li> <li>percentage increase in yields produced by targeted beneficiaries (men and women) in selected livestock value chains (p.40)</li> <li>number of rural weekly markets benefiting from all-season road access (p.42).</li> </ul>
		<p><b>4</b> The ratio of within-sector productivity growth indicators that target the agriculture sector compared with those targeting other sectors (e.g.</p>	<p>Exclusively or mostly agricultural productivity growth indicators</p>	<p>Available quantitative indicators for sectoral productivity are in the agriculture sector exclusively.</p>

Aspect(s) of economic transformation covered	Specific question	Assessment criteria	Coding	Qualitative assessment
		*Criteria in red text refer to IDA18 RMS economic transformation indicators		
		manufacturing services)		
Diversification	If the strategy includes clear objectives to diversify production and trade, are these translated into the country results framework?	<p>5</p> <p>Whether or not there are quantitative indicators in the country results framework focused on diversification of production or trade</p>	 <p>No indicators in the country results framework focused on diversification of production or trade/not applicable</p>	The CPF result matrix does not include quantitative indicators for diversification of production or trade.
<ul style="list-style-type: none"> <li>- Structural change</li> <li>- Within-sector productivity growth</li> <li>- Diversification</li> </ul>	Are pathways to economic transformation a core element of the strategy?	<p>6</p> <p>Whether or not reference is made to one or more of the following pathways to economic transformation as key to supporting economic development, growth or transformative processes:</p> <ul style="list-style-type: none"> <li>- horizontal interventions to enhance productivity in all sectors (e.g. improved energy or transport infrastructure, better business climate, stable regulatory framework)</li> <li>- education, training and skills development to boost worker productivity</li> <li>- adopting new technology or management practices</li> <li>- commercialisation or technological innovations to boost productive capacity</li> <li>- RMS2. Value chain expansion</li> <li>- RMS3. Increased productive capital stock or investment in energy, transport, manufacturing or services</li> <li>- RMS4. Export sector output/value added; trade facilitation</li> <li>- value chain integration into regional and global value chains</li> <li>- regional integration</li> <li>- improvements to efficiency of services (e.g. financial services) that support key productive activity</li> </ul>	 <p>Reference to at least one of the listed pathways as key to supporting economic development, growth or transformative processes</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> RMS2. Reference to value chain expansion</li> <li><input checked="" type="checkbox"/> RMS3. Reference to increased productive capital stock or investment in energy, transport, manufacturing or services</li> <li><input checked="" type="checkbox"/> RMS4. Reference to export sector output/value added; trade facilitation</li> </ul>	<p>The CPF cited the following pathways to support economic growth and transformative processes:</p> <p><i>Horizontal interventions</i></p> <ul style="list-style-type: none"> <li>• support to streamline the regulatory framework for private sector development (p.15)</li> <li>• cross-cutting interventions for women’s empowerment to enable them to participate in economic activities (across various CPF objectives)</li> <li>• technical assistance to the government to facilitate private investment across several sectors and encouraging PPPs (p.29).</li> </ul> <p><i>Education, training and skills</i></p> <ul style="list-style-type: none"> <li>• WB support in building appropriate skill sets among young people, aligned with the CPF objective of increasing rural productivity and incomes (p.22)</li> <li>• technical and vocational education and training interventions to strengthen the supply of skills and to boost demand for jobs (e.g. in formalised artisanal mining, extractives sectors) (pp.24–25).</li> </ul> <p><i>Adopting new technology or management practices</i></p> <p>The proposed Digital Sector Development and Identification for Development Projects will support developing digital services in agriculture, health and education and rural digital literacy (p.27).</p> <p><i>Value chain expansion (RMS2)</i></p> <p>Build the seed supply chain (foundation seeds production, seed use promotion, e-vouchers) (p.19).</p> <p><i>Increased productive capital stock or investment in</i></p>

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
				<p><i>energy, transport, manufacturing or services (RMS3)</i></p> <ul style="list-style-type: none"> <li>Continued support to access to electricity in rural areas (e.g. additional funding for the Electricity Access Expansion Project, updated PPP framework, legal reforms in power sector) (p.20).</li> <li>IFC will potentially draw on concessional resources to crowd in private capital, possibly as part of the Sahel solar initiative, which includes Niger (p.20).</li> </ul> <p><i>Export sector output/value added; trade facilitation (RMS4)</i></p> <p>CPF Objective 8 (Streamlined regulatory framework for private sector and export development) includes activities to initiate operations in trade facilitation (p.29).</p> <p><i>Regional integration</i></p> <p>The regional Transport and Logistics Corridor Project is expected to improve trading across borders (p.29).</p> <p><i>Improvements to efficiency of services that support key productive activity</i></p> <ul style="list-style-type: none"> <li>The CPF will support the policy framework for enhancing access to finance and reducing the cost of owning productive assets through development policy operations (p.18).</li> <li>IFC will partner with local banks to support microfinance and SME sectors, agri-finance and value chain financing (p.29).</li> </ul>
Transformation of employment structures	Does the country strategy prioritise moving to higher-wage or more productive employment as a key motivation for economic transformation?	<p><b>7</b></p> <p>Whether or not reference is made in the strategic objectives to transforming the country's employment structure through:</p> <ul style="list-style-type: none"> <li>- increasing labour productivity</li> <li>- raising wage employment</li> <li>- reducing working poverty</li> <li>- increasing the quality of jobs (higher remuneration levels, greater job security)</li> </ul>	<p>Clear reference to transforming the employment structure towards higher-wage, more productive or better-quality jobs as a key motivation for economic transformation</p>	<ul style="list-style-type: none"> <li>The CPF cites that, where possible, all interventions under CPF Objective 1 (Increased rural production with diversified output in the agriculture and livestock sectors) will also target opportunities for off-farm employment (p.19). This effectively encourages shifting rural employment from relatively low-productivity farm to high-productivity off-farm jobs.</li> <li>The technical and vocational education and training interventions under CPF Objective 4 are expected to improve the skills supply and complement other WBG interventions aimed at boosting demand for jobs. This intervention is expected to contribute to formalising the artisanal mining sector and boosting local content employed in the extractives sector</li> </ul>

Aspect(s) of economic transformation covered	Specific question	Assessment criteria	Coding	Qualitative assessment
<b>Poverty reduction</b>	Does the country strategy prioritise economic transformation to reduce poverty?	<p>*Criteria in red text refer to IDA18 RMS economic transformation indicators</p> <p>8 Whether or not reference is made to poverty reduction as a motivation for economic transformation at scale</p>	<p>Clear reference to poverty reduction as a motivation of economic transformation at scale</p>	<p>(pp.24–25).</p> <p>The WBG Strategy Overview indicates that the Niger CPF will have a spatial approach that focuses on four regions with the highest level of poverty and fragility (p.16). For example, under CPF Focus Area 1 (Increased Rural Productivity and Incomes), projects focusing on agricultural productivity will include innovation components with rural citizens at the centre (p.18); and technical and vocational education and training interventions under CPF Objective 4 will target ‘fragile’ and ‘at risk’ regions and communities to help address the vicious cycle of insecurity and lack of opportunities for youth’ (p.25).</p>

## B8. Tanzania

The CPF for Tanzania covers FY2018–2022 and explicitly references the three core elements of economic transformation in its strategic objectives. Reducing poverty is one of the overarching guiding principles, motivating the focus area on enhancing productivity, which directly includes economic transformation objectives. Structural change and within-sector productivity growth, and particularly productivity growth in agro-processing, light manufacturing and tourism, are cited as requirements to raise living standards and provide employment for the poor. The CPF also includes strategies to upgrade the energy sector to increase productivity within the sector itself, and to increase energy access that will enable the shift of labour from agriculture to higher-productivity manufacturing services. Meanwhile, the CPF's explicit strategic objective on diversification focuses on specific geographical areas (i.e. protected areas such as national parks and valleys in southern Tanzania) and on only one industry (tourism).

While the sectors targeted for economic transformation are quite balanced (i.e. agriculture, manufacturing, services – tourism), we note that **the CPF FY2018–2022 indicative lending programme is heavily biased towards energy, and transport and ICT, which respectively take 19% and 26% of the overall CPF indicative lending programme.**

The CPF results framework includes quantitative indicators measuring the progress of sectoral productivity enhancement indicators across the agriculture, industry and energy sectors against a baseline year and target. For example, an indicator for agriculture includes measuring the number of women farmers who have adopted an improved agricultural technology against a baseline of zero in 2016 and a target of 140,625 in 2021.

**Quantitative indicators for structural change, such as on productivity-enhancing shifts across sectors cited in strategic objectives, are lacking.** The closest proxy for structural change is an indicator on the increase in manufactured exports (including agro-processing products) as a percentage of total exports from a baseline year and against a target. However, this is not explicitly framed to measure the shift of production to or from other sectors. A quantitative indicator for diversification efforts in tourism (e.g. share of tourist revenues from each link in the value chain) is absent.

Pathways to economic transformation. The CPF lays out pathways that will facilitate (i) structural change such as enabling business environment, access to credit, effective management of water and natural resources, effective market linkages and greater connectivity (transport, energy and digital); (ii) within-sector productivity such as increasing job-relevant labour force skills from informal and alternative approaches to formal skills in development in priority areas (agriculture, agribusiness, agro-processing; tourism and hospitality; transport and logistics; construction; ICT; energy). Several other pathways with corresponding quantitative indicators are also present in the CPF, such as horizontal interventions, export sector output/value-added, trade facilitation, increased productive capital stock or investments in selected sectors, value chain expansion and regional integration.

ODI's assessment of the RMS indicators. Following the IDA18 RMS methodology, Tanzania CPF ticks all the four IDA18 RMS indicators. However, it could be argued that **the current IDA18 RMS economic transformation indicators are broad, and consequently can be complied with easily.** For example, the WBG can provide investment or lending in the energy sector, regardless of whether the project is focused on enhancing productivity (e.g. it could just be an expansion project), and the country can be tagged as having considered economic transformation in its CPF. Perhaps one conclusion from this is that we should also examine productivity links in more detail.

Tanzania is also one of the countries examined in a previous ODI paper (Balchin et al., 2016) that looked into economic transformation prioritisation in CPSs. Compared with Tanzania's previous CPS document, there have been improvements in incorporating CPF objectives related to structural change and diversification, as well as including (proxy) indicators of structural change. Meanwhile, the comparison also highlights the need to include quantitative indicators for diversification, which is absent in both the 2016 and the 2019 Tanzania CPS/CPF assessments.

Table B8. Detailed assessment of Tanzania’s FY2018-2022 CPF document

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
- Structural change - Within-sector productivity growth - Diversification	Does the strategy have clear objectives in terms of economic transformation?	<b>1</b> Whether or not reference is made to one or more of the following core aspects of economic transformation in the strategic objectives: (i) structural change; (ii) within-sector productivity growth ( <b>RMS1. Sectoral productivity</b> ); (iii) diversification of production or trade	Reference to either (i) structural change, (ii) within-sector productivity growth <i>and</i> (iii) diversification of production and trade (but not all) in at least one strategic objective  <input checked="" type="checkbox"/> <b>RMS1. Reference to sectoral productivity</b>	<i>(i) Structural change and (ii) sectoral productivity</i> CPF Focus Area 1 and corresponding objectives to enhance productivity and accelerate equitable and sustainable growth cite the need for ‘ <u>increasing productivity within sectors</u> <b>[RMS2]</b> that provide employment for the poor, and <u>productivity-enhancing shifts</u> across sectors that could create opportunities for higher-wage employment, particularly agro-processing, light manufacturing (textiles, leather products), and tourism (mostly nature-based)’ (p.19).  <i>(ii) Sectoral productivity</i> <ul style="list-style-type: none"> <li><b>industry:</b> providing quality assurance services to enterprises to allow Tanzanian businesses to create domestic value chains and local content from large investments (under Objective 1.1 on strengthening the business environment for job creation, p.41) <b>(RMS2)</b></li> <li><b>agriculture:</b> support creation of value chains between rural producers and businesses in agriculture corridors, to be complemented by IFC agribusiness and livestock projects that can build up value chains and accelerate the commercialisation of agricultural commodities (Objective 1.1, pp.19–20) <b>(RMS2)</b></li> <li><b>energy:</b> upgrade the energy sector by increasing access; ensuring adequate, reliable and sustainable supply at the lowest cost; improving sector operations; and reinforcing regional integration (Objective 1.4 on increasing access to energy services, p.21) <b>(RMS2)</b>.</li> </ul> <i>(iii) Diversification</i> Diversification is mentioned for tourism under Objective 1.1 (p.20). The CPF states the current WB support to the government in diversifying and building up the Southern circuit to create a local tourism-based value chains (i.e. hotel and restaurants provide direct services to tourists; manufacturers produce food and other products for sale).
Structural change	If the strategy includes clear objectives to promote	<b>2</b> Whether or not there are quantitative indicators in the country results framework focused on structural change	One proxy indicator of within-sector productivity growth in the country results framework	There CPF result framework includes an indicator assessing the increase in manufactured exports (including agro-processing products) as a percentage of total exports from the baseline year and against a target (Indicator 1, p.41). This

WORLD BANK PRIORITISATION OF ECONOMIC TRANSFORMATION IN COUNTRY STRATEGIES AND COUNTRY PROJECT PORTFOLIOS

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
	structural change, are these translated into the country results framework?			is not explicitly framed to measure the shift of production to or from other sectors. Nonetheless, this measure may be used to compare the share of manufacturing (more productive) against other less productive sectors (e.g. agriculture).
Within-sector productivity growth	If the strategy includes clear objectives to promote within-sector productivity growth, are these translated into the country results framework?	<div style="background-color: #4b3621; color: white; padding: 2px; display: inline-block; width: 20px; height: 20px; text-align: center; line-height: 20px;">3</div> Whether or not there are quantitative indicators in the country results framework focused on within-sector productivity growth	<div style="background-color: #008000; width: 15px; height: 15px; display: inline-block;"></div> At least one quantitative indicator in the country results framework focused on within-sector productivity growth	The CPF results framework includes the following indicators for within-sector productivity: <ul style="list-style-type: none"> <li>• <b>industry:</b> change in number of MSMEs receiving services inside industrial clusters/zones compared with a baseline year and target (SP Indicator 2, p.41)</li> <li>• <b>agriculture:</b> change in the number of women farmers who have adopted an improved agricultural technology comparing baseline year and target (SP Indicator 1, p.41)</li> <li>• <b>energy:</b> improved operational efficiency and financial sustainability of the power sector compared with a baseline year and target (Indicator 11, p.45).</li> </ul>
		<div style="background-color: #4b3621; color: white; padding: 2px; display: inline-block; width: 20px; height: 20px; text-align: center; line-height: 20px;">4</div> The ratio of within-sector productivity growth indicators that target the agriculture sector compared with those targeting other sectors (e.g. manufacturing services)	<div style="background-color: #008000; width: 15px; height: 15px; display: inline-block;"></div> Good balance between within-sector productivity indicators for agriculture and those for other sectors	The CPF contains a good balance of within-sector productivity indicators corresponding to the CPF objectives across industry, agriculture and energy sectors.
Diversification	If the strategy includes clear objectives to diversify production and trade, are these translated into the country results framework?	<div style="background-color: #4b3621; color: white; padding: 2px; display: inline-block; width: 20px; height: 20px; text-align: center; line-height: 20px;">5</div> Whether or not there are quantitative indicators in the country results framework focused on diversification of production or trade	<div style="background-color: #ff0000; width: 15px; height: 15px; display: inline-block;"></div> No indicators in the country results framework focused on diversification of production or trade	There are no diversification indicators included in the CPF results framework. Where WB supports government in diversifying the tourism sector in the Southern circuit, the only available indicator is a measure of change in tourist visits (Indicator 3, p.42).

Aspect(s) of economic transformation covered	Specific question	Assessment criteria <i>*Criteria in red text refer to IDA18 RMS economic transformation indicators</i>	Coding	Qualitative assessment
<ul style="list-style-type: none"> <li>- Structural change</li> <li>- Within-sector productivity growth</li> <li>- Diversification</li> </ul>	<p>Are pathways to economic transformation a core element of the strategy?</p>	<p><b>6</b></p> <p>Whether or not reference is made to one or more of the following pathways to economic transformation as key to supporting economic development, growth or transformative processes:</p> <ul style="list-style-type: none"> <li>- horizontal interventions to enhance productivity in all sectors (e.g. improved energy or transport infrastructure, better business climate, stable regulatory framework)</li> <li>- education, training and skills development to boost worker productivity</li> <li>- adopting new technology or management practices</li> <li>- commercialisation or technological innovations to boost productive capacity</li> <li>- <b>RMS2. Value chain expansion</b></li> <li>- <b>RMS3. Increased productive capital stock or investment in energy, transport, manufacturing or services</b></li> <li>- <b>RMS4. Export sector output/value added; trade facilitation</b></li> <li>- value chain integration into regional and global value chains</li> <li>- regional integration</li> <li>- improvements to efficiency of services (e.g. financial services) that support key productive activity</li> </ul>	<p>Reference to at least one of the listed pathways as key to supporting economic development, growth or transformative processes</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> <b>RMS2. Reference to value chain expansion</b></li> <li><input checked="" type="checkbox"/> <b>RMS3. Reference to increased productive capital stock or investment in energy, transport, manufacturing or services</b></li> <li><input checked="" type="checkbox"/> <b>RMS4. Reference to export sector output/value added; trade facilitation</b></li> </ul>	<p>1) <i>Pathways directly attributed by the CPF to facilitate and accelerate economic transformation:</i></p> <p>(i) <i>pathways to structural transformation</i></p> <ul style="list-style-type: none"> <li>• enabling business environment (p.19)</li> <li>• access to credit (including long-term SME financing) (p.19)</li> <li>• more effective management of water and natural resources, more effective market linkages and greater connectivity (transport, energy and digital) by addressing major infrastructure bottlenecks (p.19)</li> <li>• support greater investment in secondary cities and transport corridors to link rural areas to urban centres, creating market access for farmers and employment opportunities for all (p.16) <b>(RMS3)</b>.</li> </ul> <p>(ii) <i>pathways to within-sector productivity</i></p> <ul style="list-style-type: none"> <li>• Heightening job-relevant labour force skills (p.28), via WB support to the National Skills Development Strategy, which covers the entire chain of skills for employability, from informal and alternative approaches to formal skills in development in priority areas (agriculture, agribusiness, and agro-processing; tourism and hospitality; transport and logistics; construction; ICT; and energy)</li> <li>• WB help in creating domestic value chains and local content by promoting industrialisation, anticipated to attract large, medium and small investors, which will provide a take-off platform for small and microenterprises and result in more competitive export industries (p.19) <b>(RMS4)</b>.</li> </ul> <p>2) <i>Some reference made to listed pathways to economic transformation but these are not explicitly framed as key to transformative processes:</i></p> <p><b>Education and skills interventions/projects</b></p> <ul style="list-style-type: none"> <li>• Education and Skills for Productive Jobs (p.28)</li> <li>• Improving Student Prospects Project in Zanzibar (p.26)</li> <li>• follow-on operations to build up basic education nationally and for Zanzibar (p.26)</li> <li>• projects for reforming secondary education (p.26).</li> </ul> <p><b>Horizontal interventions</b></p> <ul style="list-style-type: none"> <li>• targeting poorest areas and areas with high development potential through infrastructure, institutions, access to finance and human development investments (p.16)</li> </ul>

Aspect(s) of economic transformation covered	Specific question	Assessment criteria *Criteria in red text refer to IDA18 RMS economic transformation indicators	Coding	Qualitative assessment
				<ul style="list-style-type: none"> <li>modernising and improving efficiency of public institutions (p.30), including capitalising on ICT adoption to improve government efficiency (p.34).</li> </ul> <p><b>Export sector output/value added; trade facilitation (RMS4)</b></p> <ul style="list-style-type: none"> <li>Dar es Salaam Maritime Gateway Project will address operational efficiency issues of the port, by 2023 expanding port capacity to 28 million tons (p.25).</li> <li>WB help in creating domestic value chains and local content by promoting industrialisation is anticipated to attract large, medium and small investors, which will provide a take-off platform for small and microenterprises and result in more competitive export industries (p.19).</li> </ul> <p><b>Increased productive capital stock or investment in energy, transport, manufacturing or services (RMS3)</b></p> <ul style="list-style-type: none"> <li>greater investment in secondary cities and transport corridors to link rural areas to urban centres (p.16)</li> <li>continued MIGA/IFC work in identifying investments that address Tanzania’s infrastructure needs and will bring in much-needed private investment and financing (p.17)</li> <li>additional operations and funding, both private and from IDA, expected during the CPF period beyond IDA18, with special attention to hydropower, solar and wind power (p.23)</li> </ul> <p><b>Value chain expansion (RMS2)</b></p> <ul style="list-style-type: none"> <li>WB help in creating domestic value chains and/or local content in agriculture (e.g. Southern Agricultural Growth Corridor of Tanzania, p.19), fisheries (South West Indian Ocean Fisheries Governance and Shared Growth Project, p.20) and extractive industries (p.21) (also RMS1)</li> <li>IFC interventions (complement to WB operations) on value chain approaches, new products and cross-sector synergies (p.17).</li> </ul> <p><b>Regional integration</b></p> <ul style="list-style-type: none"> <li>strengthening Tanzania’s key trade corridors and connections with neighbours (e.g. Southern Africa Trade and Transport Facilitation Project for connecting to Malawi, Zambia and DRC, p.25)</li> </ul>

Aspect(s) of economic transformation covered	Specific question	Assessment criteria *Criteria in red text refer to IDA18 RMS economic transformation indicators	Coding	Qualitative assessment
				<ul style="list-style-type: none"> <li>implementing the Tanzania–Zambia Interconnection (Regional) Project, as part of the Ethiopia–Kenya–Tanzania–Zambia electricity transmission corridor (p.22).</li> <li>3) <i>Other pathways interventions to boost growth/income</i> <ul style="list-style-type: none"> <li>rural-area focused intervention on enhancing transport, energy and digital connectivity (p.24)</li> <li>improving urban management, planning, etc. (p.23)</li> <li>accelerating the pace of fertility rate reduction (p.28)</li> </ul> </li> </ul>
Transformation of employment structures	Does the country strategy prioritise moving to higher-wage or more productive employment as a key motivation for economic transformation?	<p><b>7</b></p> <p>Whether or not reference is made in the strategic objectives to transforming the country’s employment structure through:</p> <ul style="list-style-type: none"> <li>- increasing labour productivity</li> <li>- raising wage employment</li> <li>- reducing working poverty</li> <li>- increasing the quality of jobs (higher remuneration levels, greater job security)</li> </ul>	<p>Clear reference to transforming the employment structure towards higher-wage, more productive or better-quality jobs as a key motivation for economic transformation</p>	<p>It is made clear in the CPF that creating higher-wage employment is a motivation for structural change (strategic focus area 1, p.19).</p> <p>The CPF also cites specific projects that aim to heighten job-relevant labour force skills. WB supports the National Skills Development Strategy, which covers the entire chain of skills for employability, from informal and alternative approaches to formal skills development in priority areas (agriculture, agribusiness, agro-processing; tourism and hospitality; transport and logistics; construction; ICT; energy) (p.28).</p> <p>There are also ongoing CPF analytical efforts to identify the most important barriers to higher productivity in nonfarm self-employment and household enterprises; and support to social inclusion clinics with skills development strategies for the out-of-school and unschooled population to enter the job market (p.29).</p>
<b>Poverty reduction</b>	Does the country strategy prioritise economic transformation to reduce poverty?	<p><b>8</b></p> <p>Whether or not reference is made to poverty reduction as a motivation for economic transformation at scale</p>	<p>Clear reference to poverty reduction as a motivation of economic transformation at scale</p>	<p>Addressing the determinants of poverty reduction as one of the overarching guiding principles for CPF focus areas (Focus Area 1 includes structural change and within-sector productivity elements) (p.17). In addition, there is a clear reference that creating employment for the poor is a motivation for within-sector productivity (p.19).</p>

Table B9. Assessment of economic transformation objectives in Tanzania CPF

Aspect(s) of economic transformation covered	IDA18 RMS indicator/methodology	ODI (2016)	ODI (2019)	Progress (ODI 2016 vs 2019)
Clear objectives of economic transformation <ul style="list-style-type: none"> <li>• structural transformation</li> <li>• sectoral productivity</li> <li>• diversification</li> </ul>	✓ sectoral productivity (only)			
				Improved
				Improved
Quantitative indicators of structural change	N/A			Improved
Quantitative indicators of within-sector productivity growth	N/A			
Balanced ratio of within-sector productivity growth indicators across sectors	N/A			Improved
Quantitative indicators of diversification	N/A			
Pathways of economic transformation (at least 1 in 10 listed pathways)	<ul style="list-style-type: none"> <li>✓ value chain expansion</li> <li>✓ increased productive capital stock or investment in energy, transport</li> <li>✓ export sector output; trade facilitation</li> </ul>			
Transformation of employment structures	N/A			Improved
Poverty reduction as motivation of economic transformation	N/A	N/A		

## APPENDIX C. INDIVIDUAL COUNTRY ASSESSMENTS OF ECONOMIC TRANSFORMATION IN WB PROJECT PORTFOLIOS

### C1. Benin

#### C1.1 Transformational content in Benin's overall active project portfolio

**A large share of the total project portfolio in Benin focuses on developing pathways to economic transformation.** Eight out of 13 projects (62%) from 2016 to 2019 contribute to improving critical factors that can enhance labour productivity (quality education, proper nutrition, access to health services, adequate water supply and sanitation) and horizontal interventions that can benefit sectoral and inter-sectoral productivity (digitalisation, forest management, infrastructure investments). Table C.1 shows that, in terms of commitment value, these projects are worth \$614 million, capturing 72% of total project portfolio value in Benin.

As of 2017, Benin ranked 163rd out of 189 countries on the 2017 UN Human Development Index and continues to have unreliable energy and water supply and poor access to basic social services. **This trend reflects that project objectives/activities may have been prioritising efforts to address fundamental socioeconomic bottlenecks so that the Beninese population and sectors can fully engage in productive activities.**

Table C1. Transformational content in active projects in Benin, projects approved from 25 March 2016 to 17 July 2019

Indicator of transformational content	% share to total number of projects	% share to total projects, weighted by commitment value
<i>Total</i>	<i>13 projects</i>	<i>\$857.16 million</i>
Moving labour or other resources from lower- to higher-productivity sector	7.7%	5.8%
Raising productivity growth within a sector or sectors	46.2%	64.2%
Diversifying products or trade	30.8%	26.8%
Developing productive capacity	38.5%	52.5%
Utilising natural endowments	30.8%	26.8%
Developing pathways to transformation	61.5%	71.6%
Moving towards higher-wage or more productive employment	30.8%	31.5%
<i>Supplementary indicators for WB projects</i>		
Linked to CPS/CPF	53.8%	56.5%
Linked to other productive sectors	38.5%	39.1%

**Projects targeting increased sectoral productivity are directly related to or have strong links with rural areas and/or the agriculture sector.** The project with the largest share in the total portfolio value (26%) aims to increase the water supply and water services in rural areas; the second largest project (12% of the total portfolio value) aims to leverage the digital technology to increase rural agricultural productivity; and the rest of the projects targeting sectoral productivity contribute directly or indirectly to the agriculture and/or forestry sectors (see Table C3 for a detailed assessment of economic transformation content by project). The WBG focus on agricultural projects may also have been influenced by the government's national strategy to improve sector, committing to 6% growth in the sector, allocating 10% of the national budget to agriculture in the Maputo Declaration and envisioning Benin as a major exporter of agricultural products by 2025 in Benin 2025 – Alafia (WB, 2017a). Aside from one project on developing cross-border tourism, which could boost construction services and manufacturing of arts and crafts, **there have been no projects that focus on non-resource industries and services in Benin from 2016 to date.**

**Since 2016, there is only one project that directly aims for structural change.** The Benin Cross-Border Tourism and Competitive Project is the sole project that has directly incorporated structural change elements in its objectives, such as creating 'quality jobs' in the tourism sector that will allow the

poor to enter and move up the value chain, and integrating and expanding tourism links to the agriculture, arts and crafts manufacturing and construction services sectors. Aside from structural change, this project also contains all the economic transformation elements identified in Table C1, despite having only a 5% share in total portfolio value. Meanwhile, we note that some projects, specifically in the energy sector and in stormwater management, can help induce structural change, as a reliable electricity supply and reduced flood risks may encourage industrialisation. However, this link to economic transformation is not incorporated in the objectives of these projects.

**Where projects involve developing product diversification, the underpinning objective is mostly to preserve forests or ensure food security, rather than sustaining economic transformation.**

Three out of four projects that contain diversification elements focus on supporting the community in preserving forests (i.e. support in producing non-timber products such as shea butter and honey to preserve timber products, and in marketing honey and cashews as an alternative to charcoal products) and improving food security (i.e. developing a variety of food sources, such as aquaculture, rice, poultry, sheep and goats). Only the tourism-related project specifically aims to diversify tourism products in services as a potential engine for growth.

### C1.2 Transformational content in active projects in Benin prior and after IDA18

**The share of projects with economic transformation content fell in four out of seven indicators from the pre- to the post-IDA18 period.** Table C2 shows that, in terms of number and value, the share of projects that aim for structural change, diversification of products, utilisation of natural endowments and movement towards higher-wage or more productive employment has fallen. However, we note that economic transformation content pre-IDA18 is driven by just one project on cross-border tourism. Nonetheless, this also highlights that, in the pre-IDA18 period, economic prioritisation among the three projects is fairly balanced, since the cross-border tourism project that contains all the transformation elements captures a third of the total pre-IDA18 portfolio value. In contrast, **there has been no project aiming for structural change in the post-IDA18 period**, and increases in terms of number and value in the share of projects with economic transformation content are focused on raising sectoral productivity, developing pathways to economic transformation and increasing productive capacity.

**Table C2. Transformational content in active projects in Benin, projects approved in March to December 2016 (pre-IDA18) and in March 2017 to July 2019 (post-IDA18)**

Indicator of transformational content	% share to total number of projects		% share to total projects, weighted by commitment value	
	Pre-IDA18	Post-IDA18	Pre-IDA18	Post-IDA18
<i>Total</i>	<i>3 projects</i>	<i>10 projects</i>	<i>\$148 million</i>	<i>\$709.16 million</i>
Moving labour or other resources from lower-to higher-productivity sector	33.3%	0.0%	33.8%	0.0%
Raising productivity growth within a sector or sectors	33.3%	50.0%	33.8%	70.5%
Diversifying products or trade	33.3%	30.0%	33.8%	25.4%
Developing productive capacity	33.3%	40.0%	33.8%	56.4%
Utilising natural endowments	33.3%	30.0%	33.8%	25.4%
Developing pathways to transformation	33.3%	70.0%	33.8%	79.5%
Moving towards higher-wage or more productive employment	33.3%	30.0%	33.8%	31.0%
<i>Supplementary indicators for WB projects</i>				
Linked to CPS/CPF	66.7%	50.0%	54.1%	57.0%
Linked to other productive sectors	33.3%	40.0%	33.8%	40.2%

Note: Green figures indicate a higher project share compared with pre-IDA18; red figures indicate a lower project share compared with pre-IDA18.

**Addressing fundamental barriers to participation to productive activities may have been the driver of the increased focus on developing pathways and increasing sectoral productivity, particularly in agriculture.** This prioritisation may also have been influenced by the government's strategy to enhance the agriculture sector as a main engine of growth in the medium and long term, as well as the dedicated strategic objective and quantitative indicators for the agriculture sector in the Benin Country Partnership Framework 2019–2023. **However, the WB could have maximised its position to incorporate the IDA18's economic transformation theme into project objectives.** The case of the pre-IDA18 cross-border tourism project illustrates that a transformational project, which maximises

Benin's natural endowments and strategic location near the larger Nigerian market, can be linked to the national/CPF priority sector (i.e. agribusiness) and thus can be strategically pursued.

Table C3. Annotated (in footnotes) economic transformation content in individual projects: Benin

Active projects (2015 to date, August 2019)	Moving labour or other resources from lower- to higher-productivity sector	Raising productivity growth within a sector or sectors	Diversifying products or trade	Developing productive capacity	Utilising natural endowments	Developing pathways to transformation	Moving towards higher-wage or more productive employment	Linked to CPS/CPF	Linked to other productive sectors
<i>Post-IDA18 projects (31 March 2017 to 17 July 2019)</i>									
Benin Global Partnership for Education Project Phase 3	0 <sup>13</sup>	0	0	0	0	1 <sup>14</sup>	0	1 <sup>15</sup>	0
Digital Rural Transformation Project	0	1 <sup>16</sup>	0	0	0	1 <sup>17</sup>	1 <sup>18</sup>	0	1 <sup>19</sup>
Gazetted Forests Management Project	0	1 <sup>20</sup>	1 <sup>21</sup>	1 <sup>22</sup>	1	1 <sup>23</sup>	1 <sup>24</sup>	1 <sup>25</sup>	1 <sup>26</sup>

<sup>13</sup> The project objectives focus on improving the quality of teaching and learning in primary schools, and improving equity in access to primary education in selected deprived regions and of people with disabilities, implying contribution to *pathways* to economic transformation, but not directly linked to productive sectors or productivity objectives (WB, 2019c: pp.12–13).

<sup>14</sup> The project aims to improve the quality of basic education, which is cited to be the first step to improve the relevance of education that can subsequently strengthen job creation (WB, 2019c: p.11).

<sup>15</sup> The project is aligned with the 2019–2023 CPF strategic focus area on 'building human capital', particularly improving relevance of education and professional training for job creation (WB, 2019c: p.11).

<sup>16</sup> The project aims to increase efficiency along agricultural value chains (production, processing, marketing) [*raising sectoral productivity*], as well as to improve financial inclusion and access to markets in rural communities by improving access to and use of broadband services [*pathways*]. One of the project indicators will look at farmers reached with assets or services, while one component aims to develop local digital content, climate-smart agriculture applications and services for the agriculture sector [*raising sectoral productivity*]. Other project components that can raise agricultural productivity include leveraging digital applications and rehabilitating rural access roads to increase revenues of rural farmers and increasing digital skills of farmers and women (WB, 2019d: p.15, p.16, p.19).

<sup>17</sup> See footnote 16.

<sup>18</sup> The project aims to mobilise the digital ecosystem in the agriculture sector to improve income generation (WB, 2019d: p.20) and increase revenues of smallholder farmers (WB 2019d, page 16).

<sup>19</sup> Aside from agriculture, the project will touch on the financial sector by digitising the offering of selected financial institutions (e.g. the project will partly finance the evaluation and upgrade of the information systems of selected financial institutions to allow interface with mobile network operators, etc.) (WB, 2019d: p.18).

<sup>20</sup> The project will implement a combination of incentive-based agroforestry, agricultural intensification, transhumance management and non-timber forest product (NTFP) support, which is expected to increase farm productivity and income generation for farmers and reduce the likelihood of further encroachment into forests (WB, 2019a: p.23).

<sup>21</sup> The support for NTFP, which aims to reduce the pressure from the Gazette forests, will develop value chains for shea butter and honey (WB, 2019a: p.63).

<sup>22</sup> One project activity will establish fuelwood plantations on degraded Gazette forest lands to increase fuelwood production and meet the energy needs of high-consumption urban hubs (WB, 2019a, p.13).

<sup>23</sup> The high-scale fuelwood plantations for project support are expected to contribute to the energy needs of Benin's main consumption cities (WB, 2019a: p.14).

<sup>24</sup> The project support to NTFP and agricultural intensification is expected to shift employment from timber to non-timber and agricultural employment (see footnotes 20, 21).

<sup>25</sup> The project is cited to be aligned with the FY19–23 CPF Objective 3 'Improving governance capacity for effectiveness and accountability' and Objective 8 'Addressing climate-related threats and vulnerabilities' (WB, 2019a: pp.13–14).

<sup>26</sup> The project extends activities in the forestry and agriculture sectors and cites a contribution to the energy needs [energy sector] of Benin's main cities (WB, 2019a: p.13).

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Active projects (2015 to date, August 2019)	Moving labour or other resources from lower- to higher-productivity sector	Raising productivity growth within a sector or sectors	Diversifying products or trade	Developing productive capacity	Utilising natural endowments	Developing pathways to transformation	Moving towards higher-wage or more productive employment	Linked to CPS/CPF	Linked to other productive sectors
Stormwater Management and Urban Resilience Project	0 <sup>27</sup>	0	0	0	0	0	0	0	0
Early Years Nutrition and Child Development Project	0	0	0	0	0	1 <sup>28</sup>	0	1 <sup>29</sup>	1 <sup>30</sup>
Community and Local Government Basic Social Services Project	0	0	0	0	0	1 <sup>31</sup>	0 <sup>32</sup>	1 <sup>33</sup>	0

<sup>27</sup> The project's sectoral and institutional context in particular cites that flooding negatively affects the agriculture sector (e.g. crops, farmland, livestock; erasing essential food stocks) and generally the local and national economy (WB, 2019b: p.4). However, the project objective focuses on reducing flood risks, strengthening management capacity and constructing/rehabilitating drainage infrastructure at the city level in general, and does not link the expected outcome to directly (productivity) or indirectly (pathway) benefit the agriculture sector or other productive sectors.

<sup>28</sup> The project aims to contribute to increasing the capacity and productivity of the population (as aligned with the CPF, see footnote 30) by increasing the coverage and use of early nutrition and child development interventions in selected areas (WB, 2018: pp.9–10).

<sup>29</sup> Aligned with the FY18–22 Benin CPF focus area of investing in human capital, the project aims to increase inclusion of the poorest population by improving their capacity, productivity and resilience to achieve a higher level of human capital development [*pathway*] (WB, 2018: p.9). The project is also cited to contribute to results in cross-cutting CPF themes of governance and women's economic empowerment, reinforcing the achievement of all development outcomes in Benin (WB, 2018: p.10).

<sup>30</sup> The project is expected to coordinate existing nutrition and child development policies to prioritise interventions across the network of stakeholders from ministries and agencies, non-governmental organisations and academia, including those in charge of agriculture as well as social protection, education, health, agriculture and communication, etc., involved in early years nutrition and child development (WB, 2018: p.11).

<sup>31</sup> The project will conduct horizontal activities [*pathways*] including community-level investment projects in education, health, water, transport and market infrastructure (WB, 2018: p.5), and provide training and micro-entrepreneurial support to sustain livelihoods of beneficiaries (WB, 2017c: p.6).

<sup>32</sup> Employment created through the project's community-driven development approach of building public works is temporary in nature (WB, 2017c: p.5).

<sup>33</sup> The project directly supports the FY13–17 Benin CPS pillar 3 on improving service delivery and inclusion. The project's component on decentralisation and procurement and financial management of communes also supports CPS pillar 1 on strengthening governance and public sector capacity. The project is also connected to the ongoing preparation of the CPF/SDC (at the time of writing of the source document), which considers building human capital as one strategic objective/focus for FY18 CPF (WB, 2017c: pp.4–5).

WORLD BANK PRIORITISATION OF ECONOMIC TRANSFORMATION IN COUNTRY STRATEGIES AND COUNTRY PROJECT PORTFOLIOS

Active projects (2015 to date, August 2019)	Moving labour or other resources from lower- to higher-productivity sector	Raising productivity growth within a sector or sectors	Diversifying products or trade	Developing productive capacity	Utilising natural endowments	Developing pathways to transformation	Moving towards higher-wage or more productive employment	Linked to CPS/CPF	Linked to other productive sectors
Benin Rural Water Supply Universal Access Program	0	1 <sup>34</sup>	0	1 <sup>35</sup>	0	1 <sup>36</sup>	0	1 <sup>37</sup>	0
Energy Service Improvement Project	0 <sup>38</sup>	1 <sup>39</sup>	1 <sup>40</sup>	1 <sup>41</sup>	1 <sup>42</sup>	1 <sup>43</sup>	0	0	1 <sup>44</sup>

<sup>34</sup> The project objective is to increase access to sustainable water supply services in selected rural areas by rehabilitation [*raising sectoral productivity*], construction and extension [*developing productive capacity*] of rural water supply systems and through the implementation of professionalised service delivery models [*raising sectoral productivity*]. The project will also include institutional strengthening of the National Agency for Rural Water Supply to enable the newly created institution in developing new water schemes and recruiting and supervising private water operators (WB, 2017e: p.5).

<sup>35</sup> See footnote 34. In addition, project result indicators consider private sector participation, particularly by measuring the water supply systems delegated to professional private operators (WB, 2017e: p.5).

<sup>36</sup> The project is expected to have an impact on the rural population's productivity and income, as well as living conditions, health and school attendance (WB, 2017e: p.4).

<sup>37</sup> The project objective to deliver water services to the poorer rural population is cited to be aligned with the FY13–17 CPS Pillar I 'Increasing sustainable growth, competitiveness and employment' and Pillar II 'Improving service delivery and social inclusion' (WB, 2017e: p.4)

<sup>38</sup> The sectoral challenges context indicates that unreliable power imports lead to severe outages with significant costs to business and the economy (WB, 2017b: p.4). Complementary support from other development partners in the energy sector recognises the role of improved quality supply in expanding business production [structural change] and productivity [sectoral productivity] (WB, 2017b: p.6). However, these links are not incorporated in the objectives/components of the project itself.

<sup>39</sup> The project objective is to improve the performance of Benin's state-owned power distribution utility (i.e. by reducing the commercial and technical losses) and expand electricity access in targeted areas [*raising sectoral productivity*], and to promote community-based management of forest resources [*diversification*] (WB, 2017b: p.7). One project component will finance the upgrade of power stations with the highest impact in terms of reduction of power shortages and will promote energy efficient street lighting (WB, 2017b: p.9).

<sup>40</sup> One project sub-component on rational production and use of woodfuels has a diversification element, specifically by providing training interventions for women on marketing of charcoal (main produce), but also of honey and cashew (WB, 2017b: p.10).

<sup>41</sup> See footnote 39. In particular, one component will help the state utility roll payment of the electricity connection cost in instalments to help households afford new electricity connections (WB, 2017b: p.9).

<sup>42</sup> One project component focuses on forest resources management.

<sup>43</sup> The project includes a component that will support the sustainable management of forestry resources, developing standards for cookstoves (as described under sectoral challenges, traditional stoves lead to indoor pollution that negatively affects household health/productivity), and training (to men and women) and support and capacity-building for women to increase their productivity (WB, 2017b: pp.9–10).

<sup>44</sup> As well as the energy sector (i.e. electricity), the project is also linked to the forestry sector (e.g. wood market, seedlings production, reforestation).

**WORLD BANK PRIORITISATION OF ECONOMIC TRANSFORMATION IN COUNTRY STRATEGIES AND COUNTRY PROJECT PORTFOLIOS**

Active projects (2015 to date, August 2019)	Moving labour or other resources from lower- to higher-productivity sector	Raising productivity growth within a sector or sectors	Diversifying products or trade	Developing productive capacity	Utilising natural endowments	Developing pathways to transformation	Moving towards higher-wage or more productive employment	Linked to CPS/CPF	Linked to other productive sectors
Agricultural Productivity and Diversification Additional Financing	0	<sup>145</sup>	<sup>146</sup>	<sup>147</sup>	1	<sup>048</sup>	<sup>149</sup>	<sup>050</sup>	0
Benin Statistical Capacity-Building	0	0	0	0	0	0	0	0	0
<i>Pre-IDA18 (25 March 2016 to 12 December 2016)</i>									
Small Town Water Supply and Urban Septage Management Project	0	0	0	0	0	<sup>051</sup>	0	0	0
Public Investment Management and Governance Support Project	0	0	0	0	0	<sup>052</sup>	0	<sup>153</sup>	0

<sup>45</sup> The additional funding aims to scale up the achievements of the parent project (which targets restoration and improvement of productivity and value addition for selected value chains) and to strengthen income-generating activities and health status of poor households (WB, 2017a: p.3). Project activities expected to increase agricultural productivity include adopting improved technologies, promoting irrigation systems, supporting the construction of market infrastructure (e.g. warehouses, drying areas, cold chambers, etc.) and providing capacity-building in value chain coordination (WB, 2017a: p.4).

<sup>46</sup> The project has activities with a diversification element, such as in promotion of food security, which aims to develop various sources of food, such as aquaculture, rice, poultry, sheep and goats; and in developing export value chains of cashews and pineapples (WB, 2017a: p.4).

<sup>47</sup> The project will provide facilitation of access to finance in support of private initiatives (WB, 2017a: p.4).

<sup>48</sup> All project components can directly affect (rather than being pathways to) agricultural productivity.

<sup>49</sup> The project component on adopting improved technologies aims not only to boost productivity but also to improve agricultural producers' incomes (WB, 2017a: p.4).

<sup>50</sup> The 2013 CPS recommendation for economic diversification is cited in the country context but was not mentioned in project objectives/description/activities.

<sup>51</sup> While the increased access and strengthened delivery of water supply and sanitation in small towns and urban areas may serve as pathways to economic transformation, project activities are focused on improving access and services and are not linked to serving the needs of productive sectors/activities or improving labour productivity.

<sup>52</sup> The project objective is focused on the capacity of the public sector (i.e. strengthening public investment management effectiveness and enhance public sector accountability in Benin) and is not linked to the needs of the productive sectors (WB, 2014).

<sup>53</sup> The project is aligned with the WB's objective stated in the FY13–17 CPS: 'to help Benin better manage its financial resources, so that fiscal policy can enable and foster inclusive growth' (WB, 2014: p.8).

**WORLD BANK PRIORITISATION OF ECONOMIC TRANSFORMATION IN COUNTRY STRATEGIES AND COUNTRY PROJECT PORTFOLIOS**

Active projects (2015 to date, August 2019)	Moving labour or other resources from lower- to higher-productivity sector	Raising productivity growth within a sector or sectors	Diversifying products or trade	Developing productive capacity	Utilising natural endowments	Developing pathways to transformation	Moving towards higher-wage or more productive employment	Linked to CPS/CPF	Linked to other productive sectors
Benin Cross-Border Tourism and Competitiveness Project	<sup>1</sup> <sup>54</sup>	<sup>1</sup> <sup>55</sup>	<sup>1</sup> <sup>56</sup>	<sup>1</sup> <sup>57</sup>	<sup>1</sup> <sup>58</sup>	<sup>1</sup> <sup>59</sup>	<sup>1</sup> <sup>60</sup>	<sup>1</sup> <sup>61</sup>	<sup>1</sup> <sup>62</sup>

<sup>54</sup> The project's support to private sector development (e.g. tourism businesses) aims to create jobs in the tourism sector (WB, 2015b: p.12), effectively moving labour to higher-productivity employment. The project's sectoral context establishes that 'many jobs that tourism creates are considered "quality jobs", allowing the poor to enter and move up value chains (WB, 2015b: p.5). In addition, the project aims to enhance linkages of tourism with the local economy, which is expected to integrate and expand backward linkages (e.g. from agriculture, arts and craft manufacturing, construction services) in the tourism sector (WB, 2015b: p.12).

<sup>55</sup> The project components expected to increase the competitiveness/productivity of the tourism sector and related value chains are as follows: strengthening institutional capacity and enabling environment for developing the tourism sector; providing catalytic infrastructure investments in key tourism destinations and related value chains; and enterprise development for SME (in related value chains) upgrading and expansion through business incubations and interventions to facilitate access to finance (WB, 2015b: pp.10–12).

<sup>56</sup> The project is cited to contribute to the government's objectives of diversifying the economy and is expected to provide Benin with additional sources of growth (WB, 2015b: p.8). In addition, the project's investments in catalytic infrastructure are expected to improve the quality and variety of tourism products and services in Benin (WB, 2015b: p.11).

<sup>57</sup> The project will maximise private sector participation in the construction and management of the project's catalytic infrastructure investments and services (WB, 2015b: p.11).

<sup>58</sup> For example, Fidjrosse beachfront and environs is one of the two areas where project investments will be focused (WB, 2015b: p.11).

<sup>59</sup> The project activities will include physical investments in infrastructure, utilities and basic services (solid waste management, public areas, lighting) (WB, 2015b: p.11), which is expected to benefit not only the tourism sector but also other sectors in targeted project sites.

<sup>60</sup> Related to footnote 54.

<sup>61</sup> The project is cited as contributing primarily to the 2013–2017 Benin CPS pillar on 'Sustainable growth, competitiveness and employment' by supporting tourism-led inclusive growth and enhancing the linkages of the tourism sector to the local economy. Existing WB interventions where the project may also benefit are also cited (e.g. WB/IFC projects on improving business climate project, investment policy and taxation advisory, agribusiness projects) (WB, 2015b: p.8).

<sup>62</sup> The project cites other sectors with strong linkages to tourism that may benefit from the project, such as medium and large companies in agribusiness and construction sectors (WB, 2015b: p.9).

### C1.3 References

World Bank (2014) 'Public Investment Management and Governance Support Project'. Project Information Document – Concept Stage. Report No.: PIDC17088

World Bank (2015a) 'Benin Statistical Capacity Building'. Project Information Document – Identification/Concept Stage. Report No.: PIDC19844

World Bank (2015b) 'Benin Cross Border Tourism and Competitiveness Project'. Project Information Document – Concept Stage. Report No.: PIDC25039

World Bank (2016) 'Small Town Water Supply and Urban Septage Management Project'. Combined Project Information Documents/Integrated Safeguards Datasheet – Appraisal Stage. Report No: PIDISDSA17249

WB (2017a) 'Agricultural Productivity and Diversification Additional Financing'. Combined Project Information Documents/Integrated Safeguards Data Sheet. Additional Financing Report No.: Pidisdsa21270

World Bank (2017b) 'Energy Service Improvement Project;. Combined Project Information Documents/Integrated Safeguards Datasheet - Appraisal Stage. Report No: PIDISDSA20198

World Bank (2017c) 'Community and Local Government Basic Social Services Project'. Project Information Document/Integrated Safeguards Data Sheet – Concept Stage. Report No: PIDISDSC22049

World Bank (2017d) 'Benin Digital Solutions for Sustainable Development'. Project Information Document/Integrated Safeguards Data Sheet – Concept Stage. Report No: PIDISDSC21926

World Bank (2017e) 'Rural Water Supply Universal Access Program'. Program-For-Results Information Document – Concept Stage. Report No.:PIDC0133239

World Bank (2018) 'Early Years Nutrition and Child Development Project'. Project Information Document/Integrated Safeguards Data Sheet – Concept Stage. Report No: PIDISDSC24049

World Bank (2019a) 'Benin: Gazetted Forests Management Project'. Combined Project Information Documents/Integrated Safeguards Datasheet – Appraisal Stage. Report No: PIDISDSA26271

World Bank (2019b) 'Benin – Stormwater Management and Urban Resilience Project'. Combined Project Information Documents/Integrated Safeguards Datasheet – Appraisal Stage. Report No: PIDISDSA25828

World Bank (2019c) 'Benin Global Partnership for Education Project Phase 3'. Combined Project Information Documents/Integrated Safeguards Datasheet – Appraisal Stage. Report No: PIDISDSA25658

World Bank (2019d) 'Benin Digital Rural Transformation Project'. Combined Project Information Documents/Integrated Safeguards Datasheet – Appraisal Stage. Report No: PIDISDSA23666

## C.2 Tanzania

### C2.1 Transformational content in Tanzania's overall active project portfolio

**There is higher coverage of projects targeting increased sectoral productivity concentrated in natural resource sectors.** More than half (52%) of the total number of projects aim to raise productivity within the sector, and this share weighted by commitment values of projects increases to 64% (Table C4). The sectors targeted for increased productivity are also varied – covering tourism, transport, water, energy, minerals and agriculture – although most are concentrated in natural resources. **It is also noted that there have been no projects focusing on higher-productivity sectors, particularly manufacturing and services industries, in the past five years.**

**Very few projects contain structural change objectives, although other projects can contribute to structural transformation.** Only two out of 21 (10%) projects aim for structural change. One project aims to increase community employment in tourism and wildlife, effectively increasing the level of employment in the more productive off-farm sector relative to agriculture. The other project provides a financing window to support the transition of self-employed individuals to more productive opportunities. However, we note that other projects have the potential to structurally transform the economy.

An example of a project that can contribute to structural change is the Dar es Salaam Maritime Gateway Project. The port of Dar es Salaam is connected to important railways and roads, such that improvement of the port through the Dar es Salaam Maritime Gateway Project will lower the transport costs for goods that could boost or encourage new trading or exporting activities. The same applies to urban development projects such as the Dar es Salaam Metropolitan Development Project. One aim of this project is to improve priority roads to decongest Dar es Salaam, but the objective could have been more transformational if it prioritised improvement in routes where productive sectors are located (e.g. facilitating mobility of supplies and labour in manufacturing or services within the city). This observation highlights the **need for more projects targeting structural change (especially relative to the number of projects targeting sectoral productivity) and to mainstream economic transformation content in projects.**

**Table C4. Transformational content in active projects in Tanzania, projects approved from January 2015 to August 2018 (latest as of August 2019)**

Indicator of transformational content	% share to total number of projects (total of 21 projects)	% share to total projects, weighted by commitment value (total of \$3,021.86 million)
Moving labour or other resources from lower- to higher-productivity sector	10%	8.9%
Raising productivity growth within a sector or sectors	52%	64.3%
Diversifying products or trade	19%	14.2%
Developing productive capacity	48%	60.3%
Utilising natural endowments	33%	36.2%
Developing pathways to transformation	76%	84.5%
Moving towards higher-wage or more productive employment	14%	9.7%
<i>Supplementary indicators for WB projects</i>		
Linked to CPS/CPF	57%	69.5%
Linked to other productive sectors	33%	43.2%

**Diversification efforts are concentrated within sectors, and limited to tourism, energy and agriculture.** Only four projects (14% of the total) have diversification content in project objectives and components. Two of these are in the tourism sector, particularly through alternative off-farm livelihood and developing a new tourism destination. In the energy sector, a grid electrification project is envisioned to provide an alternative electricity source to expensive diesel generation. The project in agriculture aims to introduce new varieties of rice. The limited diversification objectives may mirror the overall concentration of projects (in productive sectors) in natural resources, a sector that can present little room for product diversification (e.g. water, electricity, minerals) compared with the varying levels of sophistication that can be applied in manufacturing products or high quality services.

**A good number of projects recognise pathways to economic transformation.** More than 75% of projects (84.5% if weighted by commitment value) cite relevance in increasing or supporting sector and

labour efficiency and productivity. There is also a high share of projects contributing to productive capacity – which we categorise as project objectives/activities that expand or increase the capital of the sector, such as through investments, lending, PPPs or private sector participation. While recognising the pathways and productive capacity can both contribute positively to economic transformation, this may reflect that projects tend to ‘indirectly’ contribute to transformation but not to ‘directly’ transform the economy through projects that explicitly aim for structural change, sectoral productivity and diversification.

**Only a third of the projects are linked to other productive sectors, undermining the potential for wider economic transformation.** For example, the Education for Results Programme generally aims to improve education quality in Tanzania but may be transformational if curriculum development is tailored to incorporate skills required in the productive sectors. Another example is the Housing Finance Project, which directly benefits households in general but could have transformational content if it provided housing finance to rural poor farmers (to improve farmer productivity) or to those intending to transition from farming in rural areas to manufacturing employment in cities with a higher cost of living. Overall, 14 out of 21 projects do not have a linkage to other productive sectors – even though more than half of the total assessed PIDs describe the project’s relationship to the holistic (cross-sectoral) WBG Country Assistance Strategy or CPF for Tanzania.

## C2.2 Transformational content in active projects in Tanzania prior and after IDA18

**The share of projects with transformational content on most indicators was larger during the post-IDA18 period than during the pre-IDA18 period, driven by the substantial increase in the share of projects with a developing productive capacity element since the IDA18.** The share of projects that aim for structural change and sectoral productivity increased from pre-IDA18 (January 2015 to January 2017) to post-IDA18 (February 2017 to August 2018), although the share of projects incorporating diversification and employment transformation objectives have declined since IDA18. There has been no improvement in the share of projects with links to other productive sectors from 2015 to date.

Earlier analysis of the inclination of projects to ‘indirectly’ support economic transformation through increased capital is reflected in the substantial increase in the share of post-IDA18 projects with developing productive capacity content by 14 percentage points. One argument for focusing on productive capacity is that fundamentals (e.g. investments in access to or capacity of water, electricity and transport links) need to be in place to facilitate productivity goals. If this is the case, the share of projects developing productive capacity prior to the IDA18 should be higher than the share of projects pursuing increased productivity.

However, the share of projects with sectoral productivity components (50%) is higher than that of projects aiming to increase productive capacity (42%) prior to the IDA18. **This implies that, while there has been a marginal increase in the share of projects actively pursuing core economic transformation elements since the IDA18, this has been significantly less than the substantial increase in the share of projects pushing for the development of productive (capital) capacity –** putting in question the WB’s effort in translating and prioritising economic transformation in project portfolios in Tanzania.

**When projects are weighted by commitment value, the share of projects with transformational content has increased on most indicators, albeit marginally for structural change and employment transformation.** The strongest increases are observed in post-IDA18 projects that target developing productive capacity (by 49.4 percentage points) and raising sectoral productivity (by 41.6 percentage points), while shares of projects that aim for structural change and employment transformation, and with links to other productive sectors, have marginally improved from the pre-IDA18 level. This is in parallel with our earlier analysis of overall projects but the substantial increases in shares since the IDA18 imply that the relatively higher concentration of projects aiming for sectoral productivity and productive capacity may have been driven by more recent (post-IDA18) projects.

Table C5. Transformational content in active projects in Tanzania, projects approved in January 2015 to January 2017 (pre-IDA18) and in February 2017 to August 2018 (post-IDA18)

Indicator of transformational content	% share to total number of projects		% share to total projects, weighted by commitment value	
	Pre-IDA18 (12 projects)	Post-IDA18 (9 projects)	Pre-IDA18 (\$1,527.90 million)	Post-IDA18 (\$1,493.96 million)
Moving labour or other resources from lower- to higher-productivity sector	8%	11%	7.9%	10.0%
Raising productivity growth within a sector or sectors	50%	56%	43.7%	85.3%
Diversifying products or trade	25%	11%	18.2%	10.0%
Developing productive capacity	42%	56%	35.9%	85.3%
Utilising natural endowments	33%	33%	38.6%	33.8%
Developing pathways to transformation	75%	78%	69.9%	99.4%
Moving towards higher-wage or more productive employment	17%	11%	9.4%	10.0%
<i>Supplementary indicators for WB projects</i>				
Linked to CPS/CPF	42%	78%	48.8%	90.7%
Linked to other productive sectors	33%	33%	39.3%	47.2%

Note: Green figures indicate a higher project share compared with pre-IDA18; red figures indicate a lower project share compared with pre-IDA18.

Within the overall portfolio allocation, an increase in the share of projects that aim for one element (i.e. sectoral productivity) will tend to decrease the share of projects that aim for another (i.e. structural change). If project prioritisation is influenced by other WBG performance indicators such as in the CPF results frameworks and the IDA18 result management indicators, then this trend in projects may have been driven partly by (i) the CPF lacking quantitative indicators for structural change and a good number of indicators for sectoral productivity; and (ii) IDA18 RMS indicators for sectoral productivity and other pathways to economic transformation but an absence of indicators for structural change in CPFs. **If selectivity in the CPF priorities is heavily guided by the WBG's comparative advantage, our project-level analysis may be reflecting the WBG's comparative advantage in projects that aim for sectoral but not inter-sectoral productivity.**

In addition, comparing the development of projects' transformational content in terms of number *vis-à-vis* values of projects further highlights that **there have been fewer high-value projects focusing on sectoral productivity and productive capacity since the IDA18**. For example, prior to the IDA18, six out of 12 projects have a sectoral productivity element, covering pre-IDA projects worth \$668 million (out of \$1527.9 million). Post-IDA18, five out of nine projects aim for sectoral productivity, but these cover \$1,275 million (out of \$1,494 million) worth of post-IDA projects. In contrast, while the value-weighted share of projects developing pathways has increased, these may have been distributed to more projects, which have increased in number from seven (pre-IDA18) to nine (post-IDA18).

Table C6. Annotated (in footnotes) economic transformation content of individual projects in Tanzania

Active projects (2015 to date, August 2019)	Moving labour or other resources from lower- to-higher productivity sector	Raising productivity growth within a sector or sectors	Diversifying products or trade	Developing productive capacity	Utilising natural endowments	Developing pathways to transformation	Moving towards higher-wage or more productive employment	Linked to CPS/CPF	Linked to other productive sectors
<i>Post-IDA 18 projects (27 February 2017 to 14 August 2018)</i>									
Development Support for Tanzania Statistics	0	0	0	0	0	0	0	0	0
Sustainable Rural Water Supply and Sanitation Programme	0	<sup>163</sup>	0	<sup>164</sup>	1	<sup>165</sup>	0	<sup>166</sup>	0
Tanzania: Resilient Natural Resource Management for Tourism and Growth	<sup>167</sup>	<sup>168</sup>	<sup>169</sup>	<sup>170</sup>	1	<sup>171</sup>	<sup>172</sup>	<sup>173</sup>	<sup>174</sup>

<sup>63</sup> The project indicates results area outcome aims of increasing the number of existing functional water points [*developing productive capacity*]; and the number of new improved [*raising sectoral productivity*] water points in underserved areas [*developing productive capacity*], among others. The project also reflects higher productivity indicators such as established reliable monitoring and reporting for rural water and sanitation, registered and fully operational community-owned water supply organisations (COWSOs), percentage of fully metered COWSOs, completed annual capacity-building activities, etc. (WB, 2017c: p.7). Other implementation strategies that will improve capacity include rehabilitation and repair of water points, reducing the cost of water extraction, protecting the quality and quantity of water sources, replication of international best practices for local service providers, etc. (WB, 2017c: p.9)

<sup>64</sup> See footnote 63.

<sup>65</sup> The project cites that improving access to water and sanitation and water resource productivity will strengthen human capital to improve labour productivity (WB, 2017c: p.4). In addition, the project will support the strengthening of the sanitation supply chain to ensure availability of appropriate and affordable products in the market (WB, 2017c: p.11).

<sup>66</sup> The improved access to water and sanitation and water resource management expected is aligned with the CPF (draft as of writing of the source document) priority to strengthen human capital to increase labour productivity. The project is also directed with the objectives of the 2012–2015 WB Country Assistance Strategy (CAS) extended to the 2016 Progress Report (CASPR) on 'building infrastructure and delivering services' increased access to and quality of water and sanitation services' (WB, 2017c: p.4).

<sup>67</sup> The project's sectoral and institutional context cites potential for a 'low volume high value' approach since Tanzania earns more money per tourist than any other country in Sub-Saharan Africa (WB, 2017a: p.2). Creation of new off-farm jobs to address rural poverty is also cited in the country context (WB, 2017a: p.2). The expected outcome is to increase community employment levels in tourism and wildlife-related sectors (WB, 2017a: p.6). This will effectively increase the level of employment in the more productive off-farm sector (e.g. the tourism and wildlife-related sector) relative to agriculture.

<sup>68</sup> The project development objective and the global environment objective are to improve natural resource management in priority areas of southern Tanzania. This would be achieved through the provision of capital investments [*developing productive capacity*], technical assistance and capacity-building for communities living in and around the priority areas [*raising sectoral productivity*], and government institutions at the national, sub-national and local levels [*pathways*] (WB, 2017a: p.5). In addition, one project component will focus on strengthening small-scale water and land management through developed planning process, improving efficiency, reforestation/reduced deforestation and incentive programmes for improved environment services [*raising sectoral productivity*] (WB, 2017a: p.7).

<sup>69</sup> Alternative livelihoods are expected to emerge from the project's component of providing access to finance (WB, 2017a: p.6).

<sup>70</sup> See footnote 68. In addition, one project component aims to develop a PPP model and associated processes to help ensure local benefits when using these to enhance tourism asset management and accessibility (WB, 2017a: pp.6–7).

<sup>71</sup> See footnote 68. The project context also cites that improved watershed management, including promoting sound landscape management and conservation practices, is needed to ensure the long-term productivity of key basins (WB, 2017a: pp.3–4).

<sup>72</sup> See footnote 67.

<sup>73</sup> The project contributes to CPS Progress Report strategic cluster one – productive investments for growth of labour-intensive industries and job creation, particularly activities addressing key infrastructure gaps, and promotes sustainable management of natural resources (WB, 2017a: p.7).

<sup>74</sup> The project component that will adopt a tourism strategy may help address conflicts over water among different users from various sectors (e.g. irrigation, tourism, energy generation) cited in the context of Tanzania (WB, 2017a: pp.3–4). Improving land management in watersheds, a project aim, is also cited as critical for agricultural productivity and/or priority tourism assets.

WORLD BANK PRIORITISATION OF ECONOMIC TRANSFORMATION IN COUNTRY STRATEGIES AND COUNTRY PROJECT PORTFOLIOS

Active projects (2015 to date, August 2019)	Moving labour or other resources from lower- to-higher productivity sector	Raising productivity growth within a sector or sectors	Diversifying products or trade	Developing productive capacity	Utilising natural endowments	Developing pathways to transformation	Moving towards higher-wage or more productive employment	Linked to CPS/CPF	Linked to other productive sectors
Accelerating Solar Water Pumping via Innovative Financing	0	<sup>175</sup>	0	<sup>176</sup>	1	<sup>177</sup>	0	<sup>178</sup>	0
Dar es Salaam Maritime Gateway Project	0	<sup>179</sup>	0	<sup>180</sup>	0	<sup>181</sup>	0	<sup>182</sup>	0 <sup>83</sup>
Education Programme for Results Additional Financing	0	0	0	0	0	<sup>184</sup>	0	<sup>185</sup>	0

<sup>75</sup> The project intends to support sustainable access to water in selected rural communities of Tanzania by replacing the existing old inefficient diesel electric pumps with clean and climate-friendly solar pumping systems and strengthen the sustainability of rural water supply [*raising sectoral productivity*] (WB, 2016d: p.5). The proposed interventions are expected to result in reduced operations and maintenance costs for the COWSOs [*raising sectoral productivity*] thus providing them with financial resources to extend water pumping facilities to presently unserved communities [*developing productive capacity*]. In addition, the project will pilot an innovative mobile-banking payment platform to collect user COWSO fees (WB, 2016d: p.5).

<sup>76</sup> See footnote 75. In addition, the blended finance approach – combining 50% debt finance and 50% output-based subsidies – for this project is the first attempt to leverage private sector financing in Tanzania's water sector (WB, 2016d: p.5).

<sup>77</sup> The component on technical assistance and independent verification covering establishment of mobile money payment mechanisms, programme roll-out expenditures, administration, and training and sensitisation of COWSOs on COWSO Renewable Energy Fund services to increase confidence in COWSO repayments of loans (WB, 2016d: p.5) will serve as pathways to sectoral transformation.

<sup>78</sup> The project is in line with the 2012–2016 CAS and directly supports its strategic objective 'Build infrastructure and deliver services'. Activities are directly relevant to its outcome 'increased access to and quality of water and sanitation services' through leveraging private sector financing, reducing the cost of water production and availing a more resilience operation of rural water supply (WB, 2016d: p.3).

<sup>79</sup> The objective is to improve the effectiveness and efficiency of the port of Dar es Salaam and access and egress of port traffic through a sequential improvement in spatial and operating efficiency [*raising sectoral productivity*], institutional capacity and reform [*pathways*] and infrastructure enhancements in both the port and its immediate hinterland [*raising sectoral productivity and developing productive capacity*] (WB, 2014a: p.4). Interventions for phase 1 aim to reduce the wait time for vessels accessing the port [*raising sectoral productivity*], facilitate the berthing of larger-capacity vessels [*raising sectoral productivity*], support greater private sector participation [*developing productive capacity*] and improve the management of the port [*raising sectoral productivity*] (WB, 2014a: p.5).

<sup>80</sup> See footnote 79. In addition, the project is expected to double the capacity of the port to 28 million ton by 2020 in the first phase and triple it to 34 million tons by 2025 in the second phase (WB, 2014a: p.4). The project's interventions to support greater private sector participation are also expected to increase the productive capacity of the maritime/transport sector (WB, 2014a: p.5).

<sup>81</sup> See footnote 79. In addition, the project description cites that improvement in the effectiveness and efficiency of Dar es Salaam Maritime Gateway expected to result from the project will facilitate the economic development of Tanzania and the landlocked countries of East Africa (WB, 2014a: p.6).

<sup>82</sup> Within the infrastructure sector, the CAS focuses support on assisting the government of Tanzania to implement the flagship Big Results Now (BRN) initiative in six priority areas, including the transport and port sector. The project will support Tanzania to mobilise additional financing to assist the government in realising its BRN objectives in the maritime port sector, in terms of structural reform, spatial and operational efficiency improvements and capacity enhancement to the port of Dar es Salaam and key access infrastructure (WB, 2014a: p.4).

<sup>83</sup> The project's country context describes the project's link to other transportation infrastructure, such as rails, roads and government's transport-focused initiatives, but the discussions focus on the transport links and do not extend to potential benefits to other productive sectors such as agriculture, manufacturing or services (WB, 2014a: pp.2–3). The project objective is to benefit 'all public and private stakeholders' (WB, 2014a: p.4) but does not specify links to specific sectoral benefits.

<sup>84</sup> The project objective is to improve education quality in Tanzania's primary and secondary schools (WB, 2017b: p.4) through various activities to improve system-level policy, planning and innovation capacity, learning environment and curricula, in-service training, teacher motivation, school leadership and quality assurance, among others (WB, 2017b: p.5). The project's expected outcome of improving skills through education is cited as a critical element [*pathway*] for CPF's objective to enhance productivity (WB, 2017b: p.3).

<sup>85</sup> The project's support to strengthen education quality and retention is related to the CPF's objective to boost human capital and social inclusion and will support this as a basis [*pathway*] for further skills development critical for CPF's pillar on enhanced productivity. In addition, project support to the quality assurance system will contribute to greater transparency of roles and responsibilities in schools, thus supporting the CPF's pillar to make institutions more efficient and accountable (WB, 2017b: p.3).

**WORLD BANK PRIORITISATION OF ECONOMIC TRANSFORMATION IN COUNTRY STRATEGIES AND COUNTRY PROJECT PORTFOLIOS**

Active projects (2015 to date, August 2019)	Moving labour or other resources from lower- to-higher productivity sector	Raising productivity growth within a sector or sectors	Diversifying products or trade	Developing productive capacity	Utilising natural endowments	Developing pathways to transformation	Moving towards higher-wage or more productive employment	Linked to CPS/CPF	Linked to other productive sectors
Mainland and Zanzibar National Audit Offices Capacity Building Project	0	0	0	0	0	0 <sup>86</sup>	0	1 <sup>87</sup>	0
Dar es Salaam Urban Transport Improvement Project	0	1 <sup>88</sup>	0	1 <sup>89</sup>	0	1 <sup>90</sup>	0	1 <sup>91</sup>	1 <sup>92</sup>
Tanzania Strategic Cities Project – Additional Financing	0	0	0	0	0	1 <sup>93</sup>	0	0	1 <sup>94</sup>

<sup>86</sup> While the project will improve Zanzibar's national audit offices, activities are focused on improving internal capacity (e.g. audit, revenue mobilisation, improving reports and communications), and are not directly related to improving capacity of the institution or its services that can serve as a pathway for economic transformation in sectors or across sectors, or sectoral labour productivity (WB, 2016e).

<sup>87</sup> The project is linked to the SCD recommendation for institution-building policies that aim to establish effective and efficient public and private institutions, which will serve as an input to the CPS that was being developed during the time of writing of this project's information document (WB, 2016e: p.4).

<sup>88</sup> The objective is to reduce delays at Ubungu intersection and improve bus rapid transit (BRT) operations and management capacity in Dar es Salaam [*increasing sectoral productivity*] (WB, 2015e: p.4) by constructing Ubungo flyover [*developing productive capacity*], rehabilitating feeder routes, support for BRT management, capacity strengthening and technical assistance for work and road safety and ICT innovations [*increasing sectoral productivity*] (WB, 2015e: pp.5–6).

<sup>89</sup> See footnote 88.

<sup>90</sup> The technical assistance component of the project includes an impact evaluation of the BRT on the livelihoods of the poor (WB, 2015e: p.6), indirectly addressing elements of economic transformation in terms of jobs (livelihoods) and income (for the poor).

<sup>91</sup> The project is aligned with the 2012–2015 CAS and the 2014 CASPR, with activities identified in the CAS lending programme under the proposed scale-up of the IDA's Second Central Transport Corridor Project through provision of additional financing. The improvement of the Central Corridor transportation system is described under the 'Productive Investments for Growth of Labour-Intensive Industries and Job Creation' strategic cluster of the CASPR. The project are also aligned with the 'Increased Access to and Quality of Transport Services' in CAS outcome (WB, 2015e: p.3).

<sup>92</sup> The project is expected to bring agricultural supplies to the city, and to connect Dar es Salaam to and from neighbouring countries of Uganda, Rwanda, Burundi, DRC, Zambia and Malawi.

<sup>93</sup> The project aims to scale up critical infrastructure sub-projects to maximise development impact and sustainability of the well-performing parent project. Sub-projects include urban roads, streetlights, drainage, public parks, bus/lorry stands/terminals, market and additional sanitary landfills (WB, 2016b: pp3–4). The project will consolidate foundational institutional strengthening and urban management systems; and develop forward-looking and strategic initiatives for project local government authorities to formulate directions for future development and galvanize new undertakings (WB, 2016f: p.4).

<sup>94</sup> The project activities are anticipated to increase access and quality of urban services [*services sector*] as well as balance regional growth, improve quality of life and local economic development, strengthen municipal finances and urban management and ultimately and support participating local government associations and the urbanisation and economic development agenda (WB, 2016f: p.4).

WORLD BANK PRIORITISATION OF ECONOMIC TRANSFORMATION IN COUNTRY STRATEGIES AND COUNTRY PROJECT PORTFOLIOS

Active projects (2015 to date, August 2019)	Moving labour or other resources from lower- to-higher productivity sector	Raising productivity growth within a sector or sectors	Diversifying products or trade	Developing productive capacity	Utilising natural endowments	Developing pathways to transformation	Moving towards higher-wage or more productive employment	Linked to CPS/CPF	Linked to other productive sectors
<i>Pre-IDA18 Projects (24 February 2015 to 23 January 2017)</i>									
Second Tanzania Water Sector Support Project	0	<sup>195</sup>	0	<sup>196</sup>	1	<sup>197</sup>	0	<sup>198</sup>	<sup>199</sup>
TZ-Rural Electrification Expansion Programme	0	<sup>1100</sup>	<sup>1101</sup>	<sup>1102</sup>	1	<sup>1103</sup>	0	0	<sup>1104</sup>
TZ-Productive Social Safety Net (PSSN) Additional Financing	0	0	0	0	0	<sup>0105</sup>	0	0	0

<sup>95</sup> The project aims to support targeted interventions on improving integrated water resources management and enhancing the operational efficiency [*increasing sectoral productivity*] and expansion of urban water supply and sewerage services particularly in Dar es Salaam [*developing productive capacity*]. (WB, 2015a: p.4).

<sup>96</sup> See footnote 97.

<sup>97</sup> The objective is to strengthen integrated water resources management in order to support productive sectors [*pathways*] and improve water supply service delivery in urban areas (WB, 2015a: p.3).

<sup>98</sup> The proposed operation is in line with the WB 2012–2015 CAS and directly supports the CAS strategic objective 'Build Infrastructure and Deliver Services'. Under this objective, the proposed activities are directly relevant to the CAS outcome 'increased access to and quality of water and sanitation services' (WB, 2015a: p.3).

<sup>99</sup> The objective of strengthened integrated water resource management is expected to support productive sectors (WB, 2015a: p.3). The project is also expected to have as indirect beneficiaries urban households; companies and public agencies with access to electricity that will benefit from reduced downtime; and urban and rural dwellers that depend on the country's water resources, the commercial and communal irrigation sector and the tourism, mining and fisheries sectors (WB, 2015a: p.3).

<sup>100</sup> The project supports joint government and development partner efforts to strengthen the capacity of sector institutions (WB, 2016a: p.8), in particular to improve sector efficiency, transparency and accountability; strengthen performance; and enhance skills for sustained delivery of the National Rural Electrification Programme [*increasing sectoral productivity*] (WB, 2016a: p.10). It also aims to increase productivity and income of productive enterprises to reduce dependency on expensive diesel generation [*diversification of sources of energy and increasing sectoral productivity*] (WB, 2016a: p.9).

<sup>101</sup> See footnote 100.

<sup>102</sup> The project supports a time slice of grid investments, off-grid investments [*developing productive capacity*] and distributed technologies [*also increasing sectoral productivity*] by the private sector (WB, 2016a: p.8).

<sup>103</sup> The project aims to provide productive enterprises as well as rural households and social institutions with new energy access and energy services, providing potential [*pathways*] to create employment and business opportunities for women and improve development outcomes. Additionally, it is expected to increase cross-sector investments with anticipated improved investor perception of the country's ability to provide electricity services (WB, 2016a: p.10).

<sup>104</sup> Beneficiaries include private enterprises, small power producers and solar companies, electricity sector institutions and rural households and social institutions (e.g., health, education, water services, public administration) (WB, 2016a: pp.9–10). Also see footnote 103.

<sup>105</sup> While the project is expected to enhance the low human capital among the poor, intervention is focused on creating a comprehensive and targeted PSSN for the poor and vulnerable (WB, 2016b: p.2) and is not linked to contributing to labour productivity/productive sectors.

**WORLD BANK PRIORITISATION OF ECONOMIC TRANSFORMATION IN COUNTRY STRATEGIES AND COUNTRY PROJECT PORTFOLIOS**

Active projects (2015 to date, August 2019)	Moving labour or other resources from lower- to-higher productivity sector	Raising productivity growth within a sector or sectors	Diversifying products or trade	Developing productive capacity	Utilising natural endowments	Developing pathways to transformation	Moving towards higher-wage or more productive employment	Linked to CPS/CPF	Linked to other productive sectors
Tanzania Education and Skills for Productive Jobs Programme	1 <sup>106</sup>	1 <sup>107</sup>	0	0	1	1 <sup>108</sup>	1 <sup>109</sup>	1 <sup>110</sup>	1 <sup>111</sup>
Zanzibar Urban Services Project Additional Financing	0	1 <sup>112</sup>	1 <sup>113</sup>	1 <sup>114</sup>	0	1 <sup>115</sup>	0	0	1 <sup>116</sup>
TZ-Zanzibar Improving Student Prospects Project	0	0	0	0	0	1 <sup>117</sup>	0	1 <sup>118</sup>	0 <sup>119</sup>

<sup>106</sup> One of the project's flexible financing facility (FFF) windows will support self-employed individuals to facilitate their transition into more productive opportunities (WB, 2015f: p.20).

<sup>107</sup> The FFF will support all skill levels in selected government growth sectors (tourism/hospitality, agriculture, agribusiness/-processing, oil and gas, mining, ICT, transport/logistics) ( WB, 2015f: p.1), including facilitation of technology transfer/adoption through support to building employer/training provider partnerships. FFF proposal requirements include a strategic agenda on planned outcomes related to economic growth or improved productivity in key growth sectors. Appraisal criteria include alignment with a demonstrated skills gap within a selected economic sector (WB, 2015f: pp.18–19).

<sup>108</sup> The project objective, to increase the number, quality and relevance of graduates from vocational and technical, short-term and university-level training programmes, is to serve *[pathways]* selected economic growth sectors (WB, 2015f: p.17).

<sup>109</sup> Related to footnote 106.

<sup>110</sup> The project will contribute to the 2010–2015 CAS third pillar of 'Strengthening Human Capital and Safety Nets' and, within this pillar, support both aspects of improved access to and quality of education, as there is wide recognition that both the quality and the quantity of skills pose constraints to the growth of key industries. The proposed IDA programmes for results focus on skills development in agriculture and transport, which will contribute to achieving other CAS outcomes, notably improved productivity, commercialisation of agriculture and access to and quality of transport services (WB, 2015f: p.16).

<sup>111</sup> The project intervention indicators (e.g. increased number of technical and vocational education and training and university-level programmes, percentage of graduates of training programmes, employer satisfaction on graduates' performance, etc.) are focused and linked to selected economic growth sectors (WB, 2015f: p.17).

<sup>112</sup> Selected additional funding activities will contribute to improving the tourism sector *[sectoral productivity]* and are stand-alone investments proving basic urban services *[pathways]* (WB, 2016c: p.3).

<sup>113</sup> The objective is to conserve the physical cultural heritage at one public location within Stone Town, aligned with Zanzibar's strategic and development plan to create an 'added' *[diversification]* tourist destination near Stone town (WB, 2016c: p.3).

<sup>114</sup> See footnote 112. In addition, the additional funding aims to scale up impact and capital investment in the project. For example, it will continue and scale up small-scale investment works in basic infrastructure in three town councils in Pemba Island (WB, 2016c: pp.3–5).

<sup>115</sup> The additional funding will enhance and sustain institutional strengthening activities and provide the enabling infrastructure to support local economic development and livelihoods (WB, 2016c: pp. 3–4).

<sup>116</sup> The additional tourist destination aimed for by the project is expected to support local economic development and provide new livelihood opportunities (WB, 2016c: p.4).

<sup>117</sup> The project goal of improving the future economic prospects of students recognises the link between high-quality education and productivity growth. Improved future economic prospects will be measured through improved transition to advanced secondary and improved labour market relevance of school education (WB, 2015d: p.3).

<sup>118</sup> The project is related to CAS 2012–2015's key outcome on access to and quality of education, and contributes to CAS strategic objectives on strengthening human capital and safety nets and promoting accountability and governance (WB, 2015d: p.3).

<sup>119</sup> The project is expected to improve the labour market relevance (in general) of school education but the resulting outcome is not linked to any particular market or productive sector.

WORLD BANK PRIORITISATION OF ECONOMIC TRANSFORMATION IN COUNTRY STRATEGIES AND COUNTRY PROJECT PORTFOLIOS

Active projects (2015 to date, August 2019)	Moving labour or other resources from lower- to-higher productivity sector	Raising productivity growth within a sector or sectors	Diversifying products or trade	Developing productive capacity	Utilising natural endowments	Developing pathways to transformation	Moving towards higher-wage or more productive employment	Linked to CPS/CPF	Linked to other productive sectors
Citizen-Centric Judicial Modernisation and Justice Service Delivery	0	0	0	0	0	1 <sup>120</sup>	0	1 <sup>121</sup>	0 <sup>122</sup>
Strengthening Primary Health Care for Results	0	0	0	0	0	0	0	0	0
TZ Sustainable Management of Mineral Resources	0	1 <sup>123</sup>	0	1 <sup>124</sup>	1	1 <sup>125</sup>	0	0	0 <sup>126</sup>
Tanzania: Expanding Rice Production	0	1 <sup>127</sup>	1 <sup>128</sup>	1 <sup>129</sup>	0	1 <sup>130</sup>	1 <sup>131</sup>	0	0

<sup>120</sup> The project will deliver efficient, transparent and accessible citizen-centric justice services in selected courts to bring services *[pathways]* closer to citizens and businesses in cities and rural areas. Indicators are for efficiency (e.g. 75-day reduction in commercial case resolution time in high courts from a baseline of 515 in 2014); transparency and quality (e.g. publication of court decisions online and having e-complaints platforms in all courts) and access to justice (e.g. publication of court user guides and dissemination in local languages via radio, mobile technology and other channel) (WB, 2015g: p.8).

<sup>121</sup> The project directly responds to 2011 Tanzania CAS priorities that stress the need to 'improve the business environment to fight corruption [add] transparency and accountability across all sectors' to address Tanzania's development challenges (WB, 2015g: p.7).

<sup>122</sup> The project's country context recognises the need for Tanzania's judiciary system to modernise to meet the fast-growing economy with major investments/high growth sectors in mining, telecommunications, oil and gas. However, this link is not referenced in project's objectives or activities.

<sup>123</sup> The project components include improving the benefits of the mineral sector to Tanzania by providing skills development and focusing on value addition, among others *[increasing sectoral productivity]*; strengthening governance and transparency in the mining sector *[pathways]*; and stimulating mineral sector investment *[developing productive capacity]* (WB, 2015b: p.3).

<sup>124</sup> See footnote 123.

<sup>125</sup> See footnote 123.

<sup>126</sup> The project aims to link the targeted mining sector improvements to local development. However, there are not enough details to determine if the link to local development is through the local productive sectors or through increased taxes from mining sector.

<sup>127</sup> The project will support sustainable production and delivery of improved rice seed; improved rice productivity through better irrigation and crop management; and innovative rice crop marketing strategies *[increasing productivity]*. These activities are envisaged to translate into improved farmer's incomes *[moving towards higher wage employment]* and food security (WB, 2014b: p.2).

<sup>128</sup> One project component will support the introduction of new rice varieties *[diversification]* to smallholder farmers (WB, 2014b: p.2).

<sup>129</sup> In addition to increasing productivity, the objective includes increasing production *[developing productive capacity]* of rice among smallholders in targeted areas (WB, 2014b: p.2).

<sup>130</sup> One component will expand and/or rehabilitate infrastructure at selected irrigation schemes in the mainland and in Zanzibar so as to improve water use efficiency in the schemes *[pathways]* to improve crop productivity (WB, 2014b: p.2).

<sup>131</sup> See footnote 127.

**WORLD BANK PRIORITISATION OF ECONOMIC TRANSFORMATION IN COUNTRY STRATEGIES AND COUNTRY PROJECT PORTFOLIOS**

Active projects (2015 to date, August 2019)	Moving labour or other resources from lower- to-higher productivity sector	Raising productivity growth within a sector or sectors	Diversifying products or trade	Developing productive capacity	Utilising natural endowments	Developing pathways to transformation	Moving towards higher-wage or more productive employment	Linked to CPS/CPF	Linked to other productive sectors
Dar es Salaam Metropolitan Development Project	0 <sup>132</sup>	0	0	0	0	1 <sup>133</sup>	0	1 <sup>134</sup>	0 <sup>135</sup>
Housing Finance Project	0	0	0	0	0	0	0	0	0

<sup>132</sup> While the project's country context recognises the role of cities in job creation and driving the growth of non-farm businesses (WB, 2014c: p.2), this is not translated in (or cited as a motivation for) project objectives and components.

<sup>133</sup> One project component will finance improvements and constructions of priority roads – local and feeder roads in the urban core to alleviate congestion hotspots – and support public transit, mobility and connectivity to low-income communities (WB, 2014c: p.4).

<sup>134</sup> The project has been identified as one of the pipeline lending projects in the FY2012–2015 CAS and CAS Update. The CAS highlights rapid urbanisation as one of the development challenges for Tanzania. The project will contribute to achieving two of the four CAS objectives, namely, 'Build Infrastructure and Deliver Services' and 'Promote Accountability and Governance'; and several CAS outcomes, such as increased access to and quality of transport services; increased access to and quality of water and sanitation services; improved access to and management of urban services; and improved accountability and efficiency of public management (WB, 2014c: p.3).

<sup>135</sup> See footnote 132. The project components are focused on horizontal interventions (e.g. priority roads, upgrading low income communities, institutional strengthening, capacity building and urban analytics) (WB, 2014c: pp.4–6) but are not directly linked to other productive sectors.

### C2.3 References

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