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FROM: Vice President and Corporate Secretary

Summary of Discussion at the Meeting of the Executive Directors of the Bank and IDA, March 31, 2009*

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* This summary consists of staff notes of the discussion and is not an approved record.

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MAURITIUS – THIRD TRADE AND COMPETITIVENESS DEVELOPMENT POLICY LOAN WITH DEFERRED DRAWDOWN OPTION

1. The Executive Directors of the Bank and IDA approved a loan in the amount of US$100 million equivalent to the Republic of Mauritius for a third Trade and Competitiveness Development Policy Loan with Deferred Drawdown Option (R2009-0046, dated March 10, 2009).

2. **Staff Introduction**. Staff said that this Development Policy Loan (DPL) was the third operation of a four-phase programmatic series whose objective was to support a reform program aimed at moving Mauritius toward a high-value-added, competitive economy. The operation was originally planned for U$30 million, but at the government's request the Bank was proposing to increase it to US$100 million. Mauritius had a long track record of reforms, leading to strong, broad-based growth. It had a low poverty level, despite major losses in employment in the textile and sugar sectors. The government had responded to falling GDP growth by putting in place a stimulus package which frontloaded public investment in infrastructure. This Deferred Drawdown Option (DDO) would make funds available to the government to respond to fiscal pressures as they arose while supporting the competitiveness and poverty-reduction agenda. The Bank had collaborated with key partners on this program.

3. **Statement of the Executive Director Representing Mauritius**. The Executive Director whose constituency includes Mauritius said that the loan was aligned with the government's priorities and reform agenda. The country's macroeconomic fundamentals were solid, with strong output growth and private investment, a declining debt-to-GDP ratio, and declining unemployment. The principal policy challenge was to sustain high growth over the long term. The government aimed to improve trade competitiveness by modernizing infrastructure and to improve the investment climate by streamlining procedures. The government welcomed the design and the timing of the DPL as well as its analytical underpinnings and its flexibility.

4. **Support for the DPL**. A number of speakers expressed support for the DPL, which they said would help advance reforms essential to Mauritius' growth agenda in the face of the current global financial crisis. They welcomed the actions designed to enhance trade competitiveness, improve the investment climate, and broaden social inclusion.

5. **Risks**. Some speakers noted the risks to the strategy and were satisfied with the mitigation measures.

6. **Global Economic Crisis**. A number of speakers recognized that Mauritius had entered the global crisis with strong fundamentals and adequate fiscal space but that global economic developments, principally weaker export markets and a slowdown in FDI flows, would bring important challenges. One of them also noted that, given the country's small size and limited resource endowments, commitment to an open economy and a competitive export orientation was vital for sustained improvements in the living standards of the island nation's relatively large population. Yet, successful reforms toward efficient export-led growth also magnified the economy's vulnerability to external shocks and global developments beyond the country's control. Given the risks dominating the global outlook, the speakers supported the provision of additional Bank support to ease the adjustments and sustain ongoing reforms.

7. **Macroeconomic and Structural Reform Issues**. A speaker commended the government for persisting with efforts to shore up economic performance despite the depressed economic outlook. Some speakers stressed the importance of further progress on restructuring of public enterprises, civil service reforms, improving the business climate, and reorientation of sector strategies. Another speaker asked how DPL could help energize the country's economy.

8. Staff said that the linkages to near-term economic performance were present through the government's fiscal stimulus package, which focused on accelerating investments in public infrastructure and education, actions which would directly benefit from the resources made available by the DPL.

9. **Export-Led Growth**. A speaker praised the high degree of openness that had been achieved in Mauritius. Another speaker stressed the importance of maintaining the delicate balance between the

transition to a duty-free island and easing the adjustment burdens on workers displaced by competition from imports.

10. Staff said that unemployment had been declining since 2005. The social protection agenda was being more broadly considered by the government. The Bank remained engaged with other development partners in policy dialogue on the social sectors.

11. **Social Sector Issues/Poverty Reduction**. A speaker concurred on the need to increase financing of social programs through better fiscal management. He asked how the findings from the previous DPLs had contributed to the design of this program.

12. Staff said that the government had created the Empowerment Program in 2006 with the aim of providing training, placement, social housing, and support to entrepreneurial activity. The DPL 3 has contributed to the enactment of labor market policies that supports dislocated workers.

13. **Size of DPL**. Some speakers noted that the amount envisaged was a significant increase from the previously agreed size of the loan. One of them asked about the impact of such a large increase in public borrowing on debt sustainability as well as on compliance with the new rule on public debt adopted by the authorities.

14. Staff said that the public debt level had declined from over 80 percent of GDP in 2003 to 57 percent currently. The government had shown commitment to fiscal discipline. The Bank had been providing assistance on debt management issues.

15. **Instrument**. Some speakers said that the deferred drawdown feature enabled the government to respond flexibly and mitigate the negative impact of the global crisis in a timely manner. Another speaker supported the government's request for an additional US$70 million, which he said would give the authorities the option to draw down funds whenever the need arose. A different speaker, however, noted the government's intention to draw down the DPL at the earliest possible date after effectiveness, which meant that the choice of a DPL-DDO in this case was not the most appropriate. He looked forward to further discussions on this issue.

16. Staff said that from the time this instrument was chosen (November 2008) to this date, the world economic outlook had deteriorated rapidly. This illustrated the foresight of the authorities.

17. A speaker said that this case illustrated the gap that existed in available instruments between Special DPLs and standard DPLs intended for use under normal economic circumstances. This DPL was crisis-related yet subject to the same terms as a regular DPL. He suggested that the Board should discuss the need for an instrument that better reflected the circumstances underlying the need for this loan. He hoped that this could be done quickly.

18. Staff said that while Mauritius was experiencing lower export demand and higher financing costs as a result of the global slowdown, the macroeconomic policy framework remained adequate.

19. **Capacity Building**. A speaker noted the government's efforts to encourage and stimulate its work force but asked what specific interventions targeting implementation capacity were planned.

20. Staff said that the government had been taking action through three programs: capacity building, redeployment from parastatals, and "Service to Mauritius."

21. **Monitoring and Evaluation**. A speaker cautioned staff against the use of the Doing Business indicators as criteria to gauge performance on reforms.

22. **Prior Actions/Triggers**. Some speakers agreed with the DPL 3 prior actions and the DPL 4 indicative triggers.

23. Regarding the status and implementation of the DPL 3 prior actions, staff said that all DPL 3 prior actions had been met.

24. **Revision of DPL 4-6**. A speaker noted that the next election would be held by July 2010 and that the new series, DPL 4-6, might not reflect the new government's priorities. He asked if they were subject to restructuring or redesign if the post-2010 government decided to reconsider them.

25. Staff said that reform continuity had been a hallmark of Mauritian democracy. The Bank would be ready to hold an open policy dialogue with stakeholders in the run-up to the elections.

26. **Donor Coordination**. Some speakers valued the role played by the current cycle of DPLs in fostering and organizing the coordination between the authorities and the donor community. Another speaker asked if IFC and MIGA had participated in the joint missions with other development partners.

27. Staff said that IFC was actively providing assistance to the government in the areas of port restructuring and SME development, while MIGA was supporting outward investment.

COTE D'IVOIRE - POVERTY REDUCTION STRATEGY PAPER AND JOINT IDA – IMF STAFF ADVISORY NOTE; ENHANCED HIPC DEBT INITIATIVE – PRESIDENT'S MEMORANDUM AND RECOMMENDATION AND DECISION POINT DOCUMENT; SECOND ECONOMIC GOVERNANCE AND RECOVERY GRANT

28. The Executive Directors of the Bank and IDA discussed the Poverty Reduction Strategy Paper (PRSP) for the Republic of Cote d'Ivoire and a Joint IDA – IMF Staff Advisory Note on the PRSP (IDA/SecM2000-0106, dated March 10, 2009). They also discussed and approved the recommendations in a President's Memorandum and Recommendation and Decision Point Document for the Enhanced HIPC Debt Initiative (IDA/R2009-0040, dated March 17, 2009). In addition they approved a Second Economic Governance and Recovery Grant (EGRG II) in the amount of SDR 96.4 million (US$150 million equivalent) (IDA/R2009-0039, dated March 10, 2009).

29. **Staff Introduction.** Staff explained that Cote d'Ivoire was emerging from eight years of political crisis/conflict, but much progress had been made and the country was now ready to resume its PRSP as well as the HIPC process. This would be critical for economic recovery and regaining its role as a growth pole for the sub-region but as a result of the crisis poverty had risen dramatically in this once prosperous country. Presidential elections were expected in late 2009, much of the accumulated arrears had been cleared and IMF had just approved a three-year PRGF program. Staff said that the documents under consideration represented a cohesive set of interrelated initiatives which had been prepared in close collaboration with IMF. Reestablishment of a full Bank program made it possible to resume a policy dialogue and provide technical assistance in areas of Bank competence. However, many challenges remained and engagement with Cote d'Ivoire continued to be risky because the political situation was still evolving, although all parties endorsed the broad reform agenda.

30. **Statement by the Executive Director Representing Cote d'Ivoire.** The Executive Director representing Cote d'Ivoire expressed the gratitude of Cote d'Ivoire authorities for Bank support and outlined key elements of the current situation there in a written statement distributed as EDS2009-0369, dated March 30, 2009.

31. **PRSP Broadly Endorsed.** All speakers expressed broad support for the strategy outlined in the PRSP. Many of them also noted their concurrence with the recommendations in the JSAN. A speaker felt that, given the shortcomings pointed out in the JSAN, the PRSP should be updated in 2011 rather than 2012. Another speaker agreed that the PRSP was far from perfect but thought that it was satisfactory in view of the difficult circumstances in Cote d'Ivoire. A different speaker asked staff to elaborate on the PRSP preparation process and the Bank role in this. Some speakers felt that the PRSP should have devoted more attention to gender.

32. Staff said that the PRSP was written by Ivoirians and reflected the human capacity available in that country. Additional comments on the Bank role were provided in a written staff statement distributed at the meeting.

33. **Prioritization/Sequencing**. A large number of speakers stressed the need to match goals to resources through prioritization in implementing the ambitious PRSP program given limited resources and the uncertainties caused by the current global financial crisis. Several speakers expressed concern about the large financing gap, with only ½ of the required funding identified. Some speakers stressed the need for special focus on peace/security consolidation.

34. Staff said the peace process and political normalization were priorities because without peace nothing else was possible. The Bank was supporting this through the Ouagadougou process. However, it was also important to make progress on the economic front, including through infrastructure projects that would provide jobs for vulnerable youth and help reduce social tensions.

35. **Reform Agenda.** A speaker observed that staff recommendations to seek contributions from the private sector were good in principle but would be severely restricted by the poor political conditions/business environment and weak government capacity. He felt that there should be greater emphasis on institution building, including technical assistance, in the early years, with a more ambitious program later. Another speaker said that structural reforms were needed in the cocoa, energy and financial sectors as well as durable accounting mechanisms and revenue management in the mining and hydrocarbon sectors, including accession to the Extractive Industries Transparency Initiative (EITI). He also stressed that strengthening the financial sector was a prerequisite for improving the investment climate. He welcomed plans to enhance the microfinance sector and to support capacity building for SMEs. A number of speakers felt that a prior Poverty and Social Impact Analysis might be useful before implementation of sensitive reform projects in the energy and microfinance sectors.

36. Staff said that the private sector had to play an important role if Cote d'Ivoire was going to regain its place in the sub-region. The Bank had identified a number of doing business indicators that the government would address to create a more attractive environment for the private sector.

37. **Risks.** A number of speakers noted the political risks to the strategy and requested an update on the preparation process for the forthcoming 2009 election as well as on the disarmament, demobilization and reintegration program. Another speaker commented that it was important to define what constituted "satisfactory implementation" of the PRSP since this could have consequences for the HIPC Completion Point. A different speaker noted that political ownership of the PRSP would be established only after the 2009 election and the new government was installed. A speaker emphasized the importance of political stability for economic growth and stressed that further delay in the presidential elections risked endangering the domestic consensus.

38. Staff provided details on the election preparation process and progress toward disarmament, demobilization and reintegration in its written statement. Staff said that "satisfactory implementation" of the PRSP would be based on an annual JSAN while satisfactory performance on macroeconomic stability would be determined by successful implementation of the PRGF.

39. **Knowledge Agenda.** A speaker asked how the knowledge capacity of the Bank could be better used in the preparation of PRSPs.

40. Staff said that the Bank was working to provide relevant and timely knowledge to clients but due to the crisis in Cote d'Ivoire there had been insufficient resources to do in-depth studies until recently. The Bank was now helping to study the marketing chain in the cocoa sector so that the price to the farmer could be improved by increasing efficiency in marketing. A financial sector assessment was also being done in cooperation with the IMF and a series of policy notes would be produced on priority areas next year. Staff added that the Africa Region was attempting to link knowledge services strategically to critical impact sectors.

41. **Poverty Analysis.** A number of speakers were pleased by the quality of the poverty assessment, which included the conflict perspective, an area often left out of such assessments. A speaker agreed with staff that attacking poverty required additional research on underlying causes to facilitate better targeting.

42. **Monitoring and Evaluation (M&E).** Some speakers agreed with staff on the need for better M&E of PRSP outcomes, with a focus on key monitorable indicators, and supported additional Bank TA in statistical services. Another speaker welcomed plans to institutionalize M&E in the PRSP context.

43. **HIPC Decision Point Approved.** All speakers agreed that Cote d'Ivoire qualified for the HIPC Decision Point and approved the recommendations in the Decision Point Document. One of them would have preferred that the Decision Point be delayed until a convincing track record on the PRGF arrangement with the IMF had been built but recognized that debt relief would support pro-poor spending. Another speaker had strong reservations about approval of the Decision Point in view of continued slippages in fiscal management and concerns about the government's ability to manage the current crisis but was prepared to go along with the consensus. A different speaker said the path to the Completion Point would require full commitment of the authorities, which had not always been evident in the past. A speaker requested clarification on the sources of interim debt relief.

44. Staff provided a detailed explanation of the sources of interim debt relief in its written statement. Staff said the Bank and the IMF were assisting the government in managing the current crisis in the context of budget support operations and the PRGF.

45. **Completion Point Triggers.** A large number of speakers expressed broad support for the proposed Completion Point triggers. A speaker was concerned that there might not be sufficient institutional capacity to meet the social sector triggers. Another speaker felt that the criteria for satisfactory implementation of the triggers should be more clearly defined. A different speaker urged the Bank to use flexibility with regard to the trigger on maintaining macroeconomic stability.

46. A number of speakers requested more information regarding the expected timeframe for complying with the original Completion Point on cocoa sector audits, which had been removed from the Decision Point document presented to the Board. Another speaker felt that the governance triggers did not comprehensively address systemic weaknesses in the fight against corruption and that a broader set of triggers was warranted on transparency and accountability. A different speaker felt that there were too many triggers, which he said conflicted with the Accra Agenda for Action. A speaker requested elaboration on planned Bank support for implementation of Completion Point triggers.

47. Staff explained that the original trigger on the cocoa sector audit would be adopted as a prior action for the next DPO, with Bank support provided by on-going operations. Staff added that fighting corruption had been folded into the overall governance agenda and the government was developing an anti-corruption framework. Meanwhile, the Bank had addressed the corruption issue through procurement, PFM and fiscal control measures. Staff provided details on support to be provided in meeting Completion Point triggers in its written statement.

48. **Governance/Public Financial Management (PFM).** A number of speakers stressed the need to improve governance and the accountability of PFM in order to maximize the benefits of debt relief. One of them underlined the importance of closely monitoring the procurement trigger. He also welcomed the medium-term expenditure priorities for the use of HIPC savings. Some speakers emphasized the need to minimize extra budgetary spending and welcomed plans to regularize public spending by budgeting it and carrying out projects in accordance with the Public Procurement Code.

49. Staff said that a Public Expenditure Management and Financial Accountability Review had been completed last year and had informed the entire PFM agenda. Staff outlined measures being taken to avoid a repeat of fiscal slippages and extra-budgetary spending, which stemmed largely from the fall in commodity prices. Monitoring of expenditures had been strengthened by bringing it to the Prime Minister's level. Staff added that reforms in the inefficient cocoa sector had included the prosecution of corrupt officials and were critical for rationalizing revenue. It was now important to follow this up in the petroleum sector, especially through the EITI process.

50. **Debt/Arrears Issues.** A number of speakers were pleased by the progress in clearing arrears to domestic suppliers and external creditors. Several of them requested further elaboration on the

implementation plan and targets for clearance of these arrears. Some speakers stressed the need for prudent debt management.

51. A number of speakers noted that the European Commission envisaged contributing to the clearance of EIB EDF arrears while the European Investment Bank was negotiating a rescheduling of repayment of own resources operations. Another speaker pointed out that Paris Club efforts were likely to be exceptional and it was expected that the London Club would provide comparable treatment of the commercial debt. He noted that France accounted for 50 percent of Cote d'Ivoire debt and would be a key contributor to HIPC debt relief. A different speaker welcomed the commitment by all creditors to providing substantial relief under the HIPC Initiative.

52. Staff said the authorities had adopted a plan to reduce the stock of domestic arrears by 0.6 percent of GDP each year for the next three years, bringing it to the level of a normal float.

53. **EGRC II Approved.** A large number of speakers expressed support for the proposed EGRC II as a key element in the Cote d'Ivoire reform and recovery program outlined in the PRSP as well as in the Bank's Interim Strategy Note. A number of speakers asked for an elaboration on the effectiveness of DPLs in Cote d'Ivoire given capacity weaknesses. Another speaker understood that this operation could be followed by a PRSC series and requested a read-out on the status of required prior actions.

54. A speaker was not convinced that the authorities had ensured full transparency of investment spending and oil revenue and continued to have concerns about whether government reporting fully captured hydrocarbon production and revenues, which contrasted with progress in the cocoa sector. He thus encouraged swift movement on the EITI validation process. At the same time, he welcomed the ongoing effort to assess environmental risks in both the energy and cocoa sectors. Another speaker saw a disparity between the EGRG and the JSAN regarding the risk assessment and risk mitigation measures. He requested a more unified view.

55. In its written statement staff outlined progress in meeting prior actions for the PRSC series and commented on the effectiveness of DPLs within a post conflict country with weak capacity such as Cote d'Ivoire. Staff noted that the country had remarkable institutional and human capacity despite the recent conflict. Staff explained that the JSAN focused only on two broad risks while the EGRG highlighted specific risks related to reform objectives.

56. **Chairman's Summing Up.** The Chairman summarized the discussions of the PRSP and HIPC Decision Point and these comments were circulated as IDA/SecM2009-0162, dated April 3, 2009.

CREDIT TO KENYA – CASH TRANSFER FOR ORPHANS AND VULNERABLE CHILDREN PROJECT

57. The Executive Directors of the Bank and IDA approved a credit in the amount of SDR 33 million (US$50 million equivalent) to the Republic of Kenya for a Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Project (R2009-0029, dated March 2, 2009).

58. **Staff Introduction**. Staff said that post-election violence had delayed the preparation of new projects for Kenya. The president and prime minister were determined to make the coalition work despite tensions. The government was focusing on expanding social protection and promoting infrastructure investments. The CT-OVT Project was a key aspect of the social safety net. Kenya had 2.4 million orphans and vulnerable children in a population of around 35 million. This project would scale up a pilot project initiated by DFID, UNICEF, and SIDA in 2004. It aimed to help half of all OVCs living in extreme poverty to stay in school and have access to basic health care. It would also increase the capacity of the Department of Children's Services to manage the program.

59. **Support for the Project**. A large number of speakers expressed support for the project. Some speakers said that it would help reduce growing inequality and prevent the development of a significant underclass in the country. Another speaker saw the project as a valuable building block within a wider set

of responses. Several speakers felt that the Bank's engagement would strengthen the policy environment for social protection in Kenya.

60. **Risks**. A number of speakers noted the risks, particularly governance and fiduciary risks, and the measures to mitigate them. Some of them asked about the timetable for the action plans on financial management and procurement. Several speakers urged staff to seek the Board's guidance should the overall risk environment change qualitatively.

61. **Global Financial Crisis**. A number of speakers noted that the global financial crisis had started to affect Kenya through significant reduction in remittances, tourist arrivals, and export opportunities. They asked if Kenya had benefited from the frontloading of IDA and what discussions had taken place with the authorities on potential trade-offs in the outer years of IDA 15.

62. Staff said that before the next CAS, five projects would be presented, including this one, which would provide Kenya with frontloaded commitments of around US$530 million, or 125 percent of its IDA 15 envelope.

63. **Governance**. Some speakers noted that poor governance and corruption continued to hamper development in Kenya. One of them was pleased that this project addressed governance head-on. Another speaker encouraged the Bank to help the government address poor governance and corruption. He added that a program of this nature was highly susceptible to abuse by unintended beneficiaries. He asked about the extent of abuses detected so far in the implementation of the pre-pilot and pilot programs.

64. Staff said that no significant leakages were found in the pilot project, and steps had been taken to mitigate procurement and financial management risks. Oversight mechanisms had been put in place. The cash transfer mechanism would be reviewed to help determine whether alternative approaches made more sense.

65. **Systemic Issues**. A speaker said that the Bank should help the government develop appropriate instruments to mitigate the impact of the periodic external shocks that created orphans and vulnerable children in the country. Several speakers noted the high number of vulnerable children whose parents were either sick with AIDS or had neither a job nor income to care for their families.

66. **Targeting**. Some speakers noted that the program aimed to reach 50 percent of the extremely poor households with OVCs per district and asked how the beneficiaries would be selected. One of them asked about the effect that this would have on the remaining eligible households. He asked why this approach was superior to the alternative of targeting fewer districts and aiming to reach 100 percent of poor households with OVCs in those districts. Another speaker asked about the rationale for applying age of household head as an indicator for prioritization of eligible households. Another speaker asked about the prospects of new OVCs who would join the existing pool targeted by this project. A different speaker suggested working toward the development of a single poverty identification system. He added that targeting of children should be designed to avoid stigma and should include an analysis of the incentives created.

67. Staff said that objective criteria were being used to select the beneficiaries. Evaluation of the pilot phase found that the current mechanism reached households caring for OVCs, but not necessarily the poorest. The expansion strategy considered scaling up the beneficiary numbers in a smaller number of districts, but stakeholders had concluded that launching the program in more districts and provinces was important for maintaining regional balance at this point in Kenya's history.

68. **Delivery**. A speaker noted that local post offices were being used as payment service providers, while other providers would be piloted and evaluated going forward. He asked how payments were provided in rural and remote areas. Another speaker said that using bank branches and ATMs could reduce costs.

69. **Costs**. A speaker noted that the Bank anticipated a decrease in the per-beneficiary costs, and added that implementation should be tracked to see where the project could be adjusted to lower

administrative costs without opening up the program to mismanagement. Another speaker wanted to know why managing the program would cost 25 percent of the actual cash transfers.

70. Staff said that administrative costs were expected to fall from 40 percent in the pre-pilot phase to 25 percent by 2012, a reasonable level.

71. **Internally Displaced Persons**. Given the large number of internally displaced persons (IDPs) in Kenya, a speaker asked why they were excluded from the project and how the term "resettled" was to be understood in this respect.

72. Staff said that the program would not directly support IDP/OVC households unless they had returned to their original homes or resettled elsewhere. The selection was based on surveys and community validation. Many IDPs lived in camps and did not have settled communities around them.

73. **Food Crisis/Nutrition**. In view of the food crisis, a speaker wondered why nutrition was not prominent in the program, including in the results framework. He asked about the nutritional aspects of the program and the prospects for a resurgence of a food crisis in Kenya.

74. Staff said that nutrition was an important part of the country program. The Bank was working somewhat on nutrition in Kenya in the context of the drought and the food crisis.

75. **Implementation Capacity**. A speaker called on the authorities to intensify their efforts to build up implementation capacity to extend this operation to the additional districts, as projected. He asked how the Bank could help with this task.

76. **Sustainability**. Some speakers asked about the project's sustainability. One of them asked at what stage the OVCs were expected to go off the CT program. Some speakers asked about the government's commitment to the program over the next few years. A different speaker urged the Bank to coordinate with other development partners and the government on long-term funding mechanisms for the program.

77. Staff said that the program had clear exit criteria when the household no longer had at least one OVC under 18 or when it failed to comply with co-responsibilities defined within the program. Efforts were being made to enhance the linkage with other support programs, including youth employment promotion activities.

78. **Replication**. A number of speakers were pleased to note that staff was considering a possible replication of this project. Some speakers appreciated the emphasis on learning lessons, particularly from expertise in implementing CCT arrangements in other countries. Some speakers asked if staff had identified countries potentially interested in setting up a similar operation.

79. Staff was optimistic about replication in other countries. The operation was aligned with regional strategic priorities, and several African countries were piloting CCT projects.

80. **Safeguards/Results Framework**. A number of speakers were pleased that the project contained an extensive set of safeguard measures and strong monitoring and evaluation. Several of them felt that a strong monitoring and evaluation focus should be a key implementation priority and asked how project impact would be evaluated. Another speaker urged vigilance and careful attention to systems and supervision practices to support effective project implementation.

81. Staff said that the program was in its third phase. The evaluation of the second phase was looking at the impact of the early phase on children, and it was showing positive preliminary results.

82. **Donor Coordination**. A number of speakers were pleased to note the involvement of multiple donors in the program. They encouraged staff to work closely with these agencies to strengthen the project's impact. One of them encouraged the Bank to harmonize with the development partners program through a common basket funding mechanism.