

Future Policy Directions

A number of key development challenges have their root causes in poverty. The international development institutions clearly have an essential role to play in reducing poverty through direct interventions and the promotion of sustainable, labour-intensive growth.

- **To better play this role, the country strategies of the MDBs need to be more clearly driven by the poverty reduction strategies of recipient countries. In turn, country strategies should include clear statements of expected progress on key poverty indicators and provide monitorable benchmarks to better judge the success of individual projects.**
- **The MDBs should also give serious consideration to sharply reducing their lending programs in any country that does not clearly demonstrate a firm commitment to poverty reduction. In some cases, this commitment might be assessed against the share of government spending directed to basic social services compared to the share directed to non-productive areas, such as military spending.**

The MDBs have responded well to the challenges of integrating sound environmental principles into their operational policies. Nevertheless, there continues to be concern about the implementation of these policies. This being the case:

- **Comprehensive environmental assessments should be an integral part of the program and project development process and mitigative actions taken as appropriate. Greater attention should also be paid to the environmental impacts of completed projects. Full consultation with relevant parties should be undertaken at various stages of the project cycle.**

There is also considerable public scepticism about the overall quality of MDB projects and whether the MDBs are contributing to effective development, particularly in regions such as sub-Saharan Africa. Clearly, there is a need to better demonstrate results "on the ground" and to continue to press for higher quality projects.

- **One way to achieve this would be for the institutions to take better account of the lessons of experience from their past successes and failures. It would be useful to examine the possibility of introducing common standards and criteria for evaluation across these various institutions. This would not only help improve the exchange of information, but would ensure the consistency of project and program evaluations across different institutions. We would also encourage the IMF to establish its own independent evaluation unit.**