

Interim Guidelines for Systematic Country Diagnostic (SCD)

(Updated: February 21, 2014)

*As part of the Change Management initiatives, the SMT endorsed on July 22nd the proposal of a new Country Partnership Framework (CPF) to define the WBG country engagement. The goal is to build on the current country-driven model, but to strengthen this with a more systematic, evidence-based and selective approach to goal setting and prioritization. Under the new approach, WBG country engagements will continue to draw upon the national development strategies of the country. They will also draw upon a **Systematic Country Diagnostic (SCD)**, which will be prepared by WBG staff in close consultation with national authorities and other stakeholders. The SCD is intended to become a reference point for client consultations on priorities for WBG country engagement. It is intended to help the country, the WBG and other development partners establish a dialogue to focus their efforts around goals and activities that have high impact and are aligned with the global goals of ending absolute poverty and boosting shared prosperity in a sustainable manner.*

Systematic Country Diagnostic (SCD) at a glance

- The SCD is a diagnostic exercise conducted by WBG staff in close consultation with national authorities and other stakeholders. It will identify *key challenges and opportunities* for the country for accelerating progress towards the goals at the country level. It will not be limited *a priori* to areas or sectors where the WBG is currently active or expects government demand.
- The SCD will be conducted *upstream of the CPF* to inform strategic discussions with clients about priority areas for WBG interventions in support of the twin goals. The SCD for every country will be *aligned with CPF preparation* and, where possible, with the preparation of key national development planning documents.
- The SCD will be based on the best possible analysis, drawing on available evidence. It will also identify critical data and knowledge gaps that merit attention.
- WBG staff will seek to involve country partners (private sector, governments, researchers or institutions) in SCD preparation and the SCD will be informed by citizens' input and feedback.
- SCDs will be prepared by WBG country teams¹ – including the appropriate technical experts, led by a Task Team Leader with proven integrative skills, and drawing upon expertise across the appropriate networks or Global Practices and Cross-Cutting Solutions Areas.
- Any CMU taking a Country Strategy to a concept review after June 30, 2014, will be required to produce a CPF that is preceded by a SCD. Any strategy going to the Board after Q2 FY15 must be a CPF.
- SCDs will be subject to a corporate review process similar to high visibility, flagship regional ESW (with Bank-wide concept stage and decision stage review meetings chaired by the Regional Vice-President or delegate). Networks (and in due course Global Practices and Cross-Cutting Solutions Areas) will be expected to participate actively in these review meetings.
- SCDs are expected to be made publicly available following RVP approval, following the Access to Information policy on disclosure of ESW.

¹ For WBG country teams preparing joint SCDs, IFC regional/country teams will lead IFC engagement, providing oversight with the Bank team and private sector perspectives, and drawing on other expertise from IFC staff.

1. **This note sets out interim guidelines** for teams preparing SCDs during calendar year 2014. Country Strategies having a concept note after June 30, 2014 should be Country Partnership Frameworks (CPF) and will thus need an SCD prior to the Concept Note stage. Moreover, any strategy going to the Board after Q2 FY15 must be a CPF (preceded by an SCD).

2. **These interim guidelines lay out some basic principles and objectives, and a set of broad questions that are intended to guide country teams in preparing SCDs.**² In consultations with (and drawing on the experiences of) teams engaged in preparing these first set of SCDs through FY14, a fuller set of guidelines, which will replace these Interim Guidelines, will be developed and finalized by the end of calendar year 2014 (i.e. Q2 FY15).

A. Purpose and process of preparing SCD

3. **The purpose of the SCD is to present a systematic and evidence-based assessment of the constraints a country has to address and the opportunities it can embrace** to accelerate progress toward the goals of ending extreme poverty and promoting shared prosperity in a sustainable way. SCDs should aim to be selective in its conclusions, identifying and (to the extent possible) prioritizing among the top priorities for a country in order to move faster toward development objectives consistent with the twin goals. While a key institutional use of the SCD is to inform the CPF, the SCD is about identifying the country's priorities consistent with the goals. Its scope is not limited *a priori* to areas or sectors where the WBG supports or intends to support a country or by the expected financing envelope. By not limiting the scope of the analysis, the SCD can stimulate an open and forward-looking dialogue between the WBG, client governments and the broader public, with a focus on what is important for the country's development agenda rather than the WBG's portfolio.

4. **SCD will be conducted upstream of the CPF process, in order to provide the analytical foundation for the CPF.** It will be used typically during the design and consultation phase of CPF and inform the discussion with the government and stakeholders over how best the WBG can support the country's efforts to achieve the goals of reducing poverty and increasing shared prosperity in a sustainable manner. However, the insights provided by the SCD will not necessarily be the only factors considered by CPF to design a WBG country program. Other important considerations like WBG's comparative advantage, nature of demand from the country, the financing gaps facing a country, and political realities will be taken into account in defining the WBG country program.

5. **An SCD for every client country will be carried out once every 4-6 years**, since poverty and income data change infrequently and the SCD will typically focus on the country's medium and long-term development agenda. A recent SCD must precede a CPF concept note, so the timing of the SCD will be aligned with CPF preparation. The exact timing of the exercise will also depend on country circumstances and context (including the national planning cycle, where appropriate).

6. **Country Management Units will lead the preparation of the SCD, drawing upon expertise from sectors or Global Practices/Cross-Cutting Solutions Areas as necessary.** Each SCD team will comprise a Task Team Leader (TTL) with *proven integrative skills*, nominated by the Country Management Unit (CMU), and a team pulling needed technical expertise from different sectors or Global

² A technical document with a suggested analytical framework, a more detailed set of guiding questions and possible tools and approaches to address these questions is being produced separately. This working document is intended to be a resource for SCD teams and will be periodically updated to reflect lessons from experiences with actual SCDs.

Practices/Cross-Cutting Solutions Areas.³ The team will typically include experts from joint WBG Global Practices as relevant, and experts from inside and outside of the Country Team (so that established country knowledge and fresh perspectives can be combined). While the analytical approach would be multi-sectoral, there should be no requirement to include representative(s) from every sector, Global Practice or Cross-Cutting Solutions Area in the team.

7. **All SCDs will be joint products of the World Bank Group**, where the extent of collaboration for a particular SCD will depend on the level of IFC and MIGA engagement in that country. The extent to which the IFC and MIGA participates in an SCD will be decided by the Regional Coordination Mechanism for the concerned region, in advance of the SCD exercise.

8. **At least during this interim period, SCDs will be subject to a corporate review process similar to that for high visibility, flagship regional ESW**, with Bank-wide concept review and decision meetings chaired by the Regional Vice-President or his/her delegate (see Annex for details). Networks (and in due course Global Practices and Cross-Cutting Solutions Areas) will be expected to participate actively in these review meetings. As WBG analysis, the IFC and as appropriate MIGA will approve the ROC decision note. Where there is significant IFC engagement, the IFC will co-chair the ROC along with the RVP. SCDs will be expected to be made publicly available following RVP and IFC approval, following the Access to Information Policy on ESW.

9. **Citizen engagement, participation of country partners and consultations for SCD will follow a flexible model, adapting to the country context.** The assessment of a country's development constraints and opportunities in the SCD is expected to be informed by inputs and feedback from country partners and citizens. SCD teams can achieve this through two possible avenues. *Firstly*, in preparing an SCD, collaboration or joint work with government teams, think tanks, private sector and civil society is recommended. *Secondly*, SCD teams are encouraged to elicit the inputs of citizens regarding their priorities and preferences through consultations with various stakeholders, such as civil society and private sector organizations.

B. Key elements of an SCD

10. **The SCD will be a concise report, which will draw upon and synthesize existing knowledge and evidence, complemented by additional analysis as necessary.** Knowledge products it could draw upon include those produced by the WBG (e.g. country, sectoral or thematic reports including poverty, equity, fragility, social, gender or investment climate assessments, country economic memorandums, public expenditure reviews, lending and Technical Assistance programs, and others), the country government (e.g. national or sectoral development plans), as well as national and international researchers, think tanks, the private sector or other development partners, as relevant. To fill existing knowledge gaps in topics that are important for addressing the key questions, the SCD will conduct new analysis, to the extent necessary and to the extent allowed by available data, resources and capacity. Differences in information availability and country characteristics mean that size and scope of SCDs will vary significantly across countries.

11. **The SCD will be candid about the underlying assumptions of analyses and limitations of (or gaps in) the evidence on which conclusions are based.** Furthermore, the SCD will identify: (a) critical data and/or knowledge gaps that cannot be filled immediately, but are crucial to address over time to assist countries achieve their development goals; and (b) future areas of analysis or research where available evidence is inconclusive.

³ For WBG country teams preparing joint SCDs, IFC regional/country teams will lead IFC engagement, providing oversight with the Bank team and private sector perspectives, and drawing on other expertise from IFC staff.

12. **The development vision spelled out by the country authorities and country stakeholders will provide the context in which the SCD will support dialogue on the extreme poverty and shared prosperity goals at the country level.** This would imply interpreting the essence of the WBG goals (and not always literally) in the SCD to align them with the development goals the countries have defined for themselves. In concrete terms this could mean, for example, defining extreme poverty by a yardstick that is different from what is used by WBG (say a national poverty line related to hunger or destitution); or incorporating inequality, social inclusion or improvements in multiple dimensions of welfare (of the less well off) explicitly into indicators to measure and monitor shared prosperity.

13. **Recognizing that there is no blueprint for poverty reduction and income growth, SCD would take into account country context,** including political economy factors, in identifying constraints, solutions and opportunities. By doing so, SCDs would seek to be inputs into an organic engagement with clients, rather than being prescriptive and offering impractical “first-best” solutions.

14. **In taking into account country context and recognizing that solutions to development challenges are context-specific, SCD will not follow a standardized template.** The exact format of an SCD – in terms of its length and choice of sectors/themes for in-depth analysis – can be adapted to what is useful for country dialogue around the CPF and WBG goals.

15. **SCD length and structure will vary across countries.** In countries with a large body of existing analytics, an SCD can distill from the body of work and reference them for the details – a luxury not available to countries that lack such analytics, where the SCD may have to fill many gaps. In countries where WBG has deep engagement in a few specific sectors, SCD can incorporate in-depth assessment of the challenges, opportunities and learning from WBG engagement in those sectors, as a complement to the overall assessment of challenges and opportunities that take into account all sectors. Also, in countries where WBG has very limited engagement, the SCD could be less detailed.

C. Content of an SCD

The objective of the SCD will be to *identify the most critical constraints and opportunities facing a country in accelerating progress toward the goals of ending extreme poverty and promoting shared prosperity in a sustainable manner.*

16. **The content of an SCD is context specific for any given country.** However, consistent with the objective stated above, each SCD should be structured around the following set of questions or sections.

- Frame the issues/challenges with respect to achieving the country’s development goals (ones that are aligned with the WBG goals), in terms of the current trends and patterns in poverty reduction, inclusion and sustainability.
- What are the critical factors driving or constraining aggregate growth?
- What are the critical factors determining the inclusiveness of growth, namely increase in welfare of the poor and less well-off?
- How sustainable (environmentally, socially and fiscally) is the current pattern of growth, distribution and poverty reduction?
- Based on the analyses in sections above, the SCD must identify a select set of priorities or focus areas for a country, in order to maximize its progress toward the goals of poverty reduction and welfare improvements among the less well off.

D. Supporting Country Teams – the role of the SCD Advisory Group

17. **In the next 6-12 months, a first set of countries will prepare SCDs as input for their new CPFs.** An Advisory Group for SCD, chaired by the acting Vice-President of PREM Network and comprising of members bringing technical expertise from diverse perspectives (different sectors and organizations in the World Bank Group) will advise and work closely with these country teams. Since SCD will be a new undertaking for WBG, the development of technical resources and detailed guidelines must rely on a process of collective learning by doing. Accordingly, the first wave of SCDs will constitute “pathfinders” for future SCDs and, in that sense, be a public good for the WBG as a whole.

18. **The SCD Advisory Group will support and be a resource for Country Task Teams preparing SCDs during calendar year 2014.** Deriving lessons from the experiences of the first few SCDs, the Advisory Group will develop technical resources, such as tools, methods and analytical framework, to support country teams in conducting SCDs. Members of the Advisory Group can also be called upon to provide peer reviewing services for the first set of SCDs. These experiences will also inform a full set of guidelines for SCD, which will be developed by the end of calendar year 2014 modifying the interim guidelines provided here.

Annex: Corporate Review process of Systematic Country Diagnostic

ADM for SCD – based on regional ESW, TA, IE.TE- Tier 1 (for high visibility, flagship type reports)

		Roles							
		Team Leader	Practice Manager	Country Director	Peer Reviewer	RVP	Reg. Chief Economist/strategy directors	Bank Chief Economist	GPVP/SDs
Initiation	Should the activity be initiated?	R		D					
Preparation of concept note									
Concept	Concept note approval: Should the team proceed to preparation of output?	R		CN	A	D	D*		A
Preparation of output									
Output	Decision note approval: Should the team deliver and disseminate knowledge output?	R		CN	A	D	D*		A
Dissemination of output									
Completion	Should the task be considered complete?	R		D					

D*: when delegated by the RVP; when RVP is the D, the Regional Chief Economist has an Advisor role (also strategy director). There can be only one D at any stage of the activity.

Legend:	D	<i>Decision</i>	R	<i>Recommendation</i>	Cn	<i>Concurrence</i>	C	<i>Clearance</i>	A	<i>Advisory</i>
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