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**Empowering People**  
**By Transforming Institutions:**  
*Social Development in World Bank Operations*

January 12, 2005



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## Acronyms

CAS	Country Assistance Strategy
CDD	Community-Driven Development
CPIA	Country Policy and Institutional Assessment
DEC	Development Economics Group
DPL	Development Policy Lending
ESSD	Environmentally and Socially Sustainable Development Network
IDA	International Development Association
MDGs	Millennium Development Goals
NGOs	Non-Governmental Organizations
OED	Operations Evaluation Department
OMS	Operational Manual Statement
OP	Operational Policy
OPCS	Operations Policy and Country Services
PRS	Poverty Reduction Strategy
PSIA	Poverty and Social Impact Analysis
QAG	Quality Assurance Group
SD	Social Development
WBI	World Bank Institute
WDR	World Development Report

In this document “the Bank” refers to IBRD and IDA, not to the World Bank Group.



## Foreword

This is the last in the series of papers that set out the World Bank's priorities on sustainable development. Like the other sustainable development papers, it presents the World Bank's approach to ensure responsible and sustainable growth. This paper does not set out a new conceptual agenda but presents a plan to implement the existing agenda more completely and effectively. It recommends no new policies or requirements.

As an operational document, this paper responds to comments from the World Bank's Executive Directors' Committee on Development Effectiveness in December 2004, on an earlier version of the document in December 2003, and on the initial Issues Paper in April 2002. It is also based heavily on recommendations included in the *OED Review of Social Development in Bank Activities*.

The paper was discussed widely in consultations in most regions and at a variety of international conferences. Participants included government, UN and donor agencies (including other international financial institutions), civil society, youth, faith-based organizations and development practitioners. Consultations confirmed the strategic priorities and highlighted that the Bank should outline how it would implement these priorities.

Steen Lau Jorgensen led the preparation of the document from conception to completion. Robert S. Chase task managed the team writing the document, consisting of Nina Bhatt, Susan Jacobs Matzen, Camilla Rossaak, Colin Scott, and Susanna Shapiro. Yoko Eguchi and Mojgan Sami ably coordinated the consultations. Milagros Benedicto, Carmen Martinel and Laurence Nyook Paul provided excellent editorial and logistical support.





## Executive Summary

At the start of the 21<sup>st</sup> century, while many people around the world benefit from increased flows of goods, capital and information, too many others confront seemingly intractable challenges. To reduce poverty and reach the Millennium Development Goals, the World Bank adopts a comprehensive approach that promotes economic growth, improves services and strengthens institutions. Social development is a crucial component of this approach. With the goal of empowering poor and marginalized women and men, social development is a process of transforming institutions for greater inclusion, cohesion and accountability.

Empirical evidence and operational experience show that social development promotes better growth, better projects and better quality of life. The global community has affirmed its commitment to social development in several forums, from the World Summit on Social Development to the Millennium Summit. Further, many regional bodies, such as the South Asia Association for Regional Cooperation and the Africa Development Forum, have confirmed their support for social development as essential to reducing poverty. World Bank policies, strategies and operational documents reflect a similar commitment.

The World Bank has successfully incorporated key social development principles into the preparation of many projects. Based on an Operations Evaluation Department (OED) review of more than 4000 World Bank-funded projects in the last thirty years, attention to social development has improved project impact and sustainability. Over these years, the Bank has increased the proportion of projects that pay attention to social development, reaching about one half in the last decade. However, in its project-by-project approach, the Bank has not been sufficiently systematic in its attention to social development processes, analysis and content. Given recent initiatives to increase lending for infrastructure and agriculture and concerns about high transaction costs, the Bank realizes that it needs to revise its approach to social development.

To enhance impact and improve efficiency, the Bank proposes a new business model for how it will promote social development in its operations. The new model implies a shift towards an integrated, multi-sectoral, upstream approach, which is reflected in three strategic priorities:

- **Strategic Priority 1 – More Macro:** Improve macro-level processes, analysis and content by better supporting countries to incorporate social development into their poverty reduction or development strategies. Enhance policy dialogue, Bank country assistance strategies and Bank-financed policy lending by building on these country-led strategies.
- **Strategic Priority 2 – Better Projects:** Improve development effectiveness of investment lending through more comprehensive and efficient mainstreaming of social development into project-level processes and analyses as well as strengthening the social development thematic portfolio.
- **Strategic Priority 3 – Better Grounding:** Improve research, capacity building and partnerships to solidify the grounding for better operations.

Under **Strategic Priority 1** the Bank will increase support for countries to bring social development processes, analysis and content into their overall poverty reduction or development strategies. This shift implies building government capacity for more effective and representative stakeholder participation while countries prepare and implement their country strategies. Further, the Bank will base its country assistance strategies on the outcome of these processes. It will also build into its country-wide analytic work analyses of social opportunities, constraints and risks. Finally, requiring no additional Bank-imposed conditionality, development policy lending will support government efforts to improve inclusion, cohesion and accountability using countries' own systems. For example, it will support policies that promote greater budget transparency or enable communities to manage public funds.

Under **Strategic Priority 2** the Bank will enhance the impact and reduce the cost of how it approaches social development processes, analysis and content in each of its projects. In project preparation, it will seek to build on the country-level participation that Strategic Priority 1 promotes. The Bank can then allocate some of the resources previously used for participation during project preparation to enhance stakeholder involvement in monitoring and evaluation. Similarly, building on the upstream country-level social analysis, project-level social analysis can be more focused and less costly. Given the Bank's emphasis on more and better agriculture and infrastructure lending, it will increase support for community involvement, participation and understanding of the social context in such projects.

Under **Strategic Priority 3** the Bank will strengthen the grounding for its social development work by enhancing research, capacity building and partnerships. Bank-supported research will build upon existing context-specific analysis to improve understanding of the complex relationship between social development and economic growth with a special emphasis on supporting local research in developing countries. The Bank will also strengthen evaluations of social development impacts of its activities. Similarly, in an effort to collaborate more effectively with local experts, it will scale up efforts to build the capacity of developing country social development practitioners and support networks among them. Finally, the Bank will strengthen its social development partnerships to assure sustained, harmonized support for developing countries in their social development efforts.

The Bank can implement these strategic priorities by better coordination among units that address social development objectives, reallocating resources towards upstream work for key clients, greater involvement of in-country expertise and adjusting its staff's skills. Overall, as the new business model delivers returns to scale, borrowers will enjoy significant savings and improved effectiveness. The Bank will also save resources by working on social development at the country level. It can reallocate those savings for better monitoring and evaluation, as per OED's recommendations. The Bank will measure country outcomes using existing proxy indicators for inclusion, cohesion and accountability. Similarly, it will also track intermediate World Bank and country process improvements using existing indicators.

Given the importance of inclusive, cohesive and accountable institutions in empowering people, the World Bank will transform how it promotes social development to better support the Millennium Development Goals and realize its goal of a "world free of poverty."

## Part I: Social Development Strategic Priorities

*“We believe that the central challenge we face today is to ensure that globalization becomes a positive force for all the world’s people. For while globalization offers great opportunities, at present its benefits are very unevenly shared”, United Nations Millennium Declaration September 2000.*

### Introduction

1. At the start of the 21st century, while many people around the world benefit from increased flows of goods, capital and information, too many others confront seemingly intractable challenges. Patterns of structural inequality often exclude people, such as those in rural areas, women, youth, people with disabilities, and other historically disadvantaged social groups. Many governments have put in place public policies and programs to redress these inequities. Nonetheless, many of these social groups have been unable to tap into the prosperity that others enjoy, often because they are unable to hold those in power accountable. Lack of inclusion and accountability can cause disruptions that discourage investment, reduce growth and threaten the cohesiveness of societies. To reach the Millennium Development Goals (MDGs), we must break this vicious cycle, adopting comprehensive and inclusive strategies that empower poor and marginalized people to take advantage of burgeoning global opportunities.
2. Economic growth is essential for the world to meet the MDGs. Only with the additional resources that growth generates can countries invest in better services for poor women and men. However, this growth needs to be pro-poor and sustainable. For growth to benefit poor people, development agencies need to invest in human and physical assets. In addition, development agencies need to help transform the broad set of institutions<sup>1</sup> that determine the quality of growth, service delivery and human development. The world won’t meet the MDGs without complementary economic and social development efforts.

### What is Social Development?

3. For the purpose of this document, social development means transforming institutions to empower people.<sup>2</sup> But *how* can institutions be transformed for this purpose and *what role* does the Bank have in facilitating this transformation? No single, comprehensive theory captures how to support institutions appropriate for empowerment. Those institutions must respond to the

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<sup>1</sup> We refer to institutions broadly as the set of formal and informal rules, norms and values that operate within societies.

<sup>2</sup> See OED report on Social Development for a discussion of the different definitions of social development among practitioners.

local context. However, the application of some broad principles appear to serve poor and vulnerable women and men well. Based on its experience, the World Bank has identified three operational principles to guide its approach to social development: inclusion, cohesion and accountability.

- **Inclusive institutions** promote equal access to opportunities, enabling everyone to contribute to social and economic progress and share in its rewards.
- **Cohesive societies** enable women and men to work together to address common needs, overcome constraints and consider diverse interests. They resolve differences in a civil, non-confrontational way, promoting peace and security.<sup>3</sup>
- **Accountable institutions** are transparent and respond to the public interest in an effective, efficient and fair way.

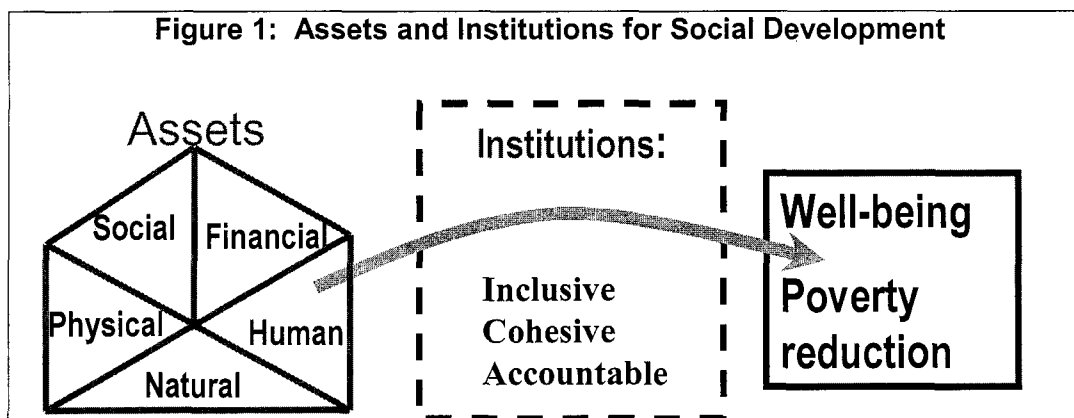
4. These operational principles are consistent with a number of mutually reinforcing frameworks. Amartya Sen’s approach to assets and capabilities, Robert Chambers’ work on sustainable livelihoods, and recent conceptual work on human security (Box 1) all recognize that formal and informal institutions can facilitate or constrain efforts to move people out of poverty. Based on a person-centered approach, they all insist on starting from the perspective of poor people, their families and communities. Sen not only emphasizes the importance of assets but draws attention to their returns—how those assets translate into improved well-being for poor people. To ensure those returns, institutions must allow assets to be used productively and freely, promoting what Sen calls capabilities. Similarly, the sustainable livelihoods framework (Figure 1)<sup>4</sup> identifies five asset classes as important for well-being and livelihoods: physical, financial, human, natural and social. Institutions determine how these assets improve livelihoods. Based on this framework, development interventions need to both build assets and to improve the returns to the assets by transforming social and economic institutions.

**Box 1: Human Security and Japanese Official Development Assistance**

The concept of human security forms the basis for Japan’s Official Development Assistance Charter. Human security focuses on empowering as well as protecting vulnerable people—seeking “freedom from want,” as well as “freedom from fear.” It is a person-centered approach that necessitates a holistic view about people and their society. Based on this approach, Japan has realigned its aid expertise and resources to respond more effectively to the complex crises presently facing the world. The approach presented in this document share many aspects with human security and will enhance the basis for partnerships.

<sup>3</sup> Research from the Bank’s Development Economics Research Group (DEC) has fruitfully articulated the interplay between inclusion and social cohesion. For instance, William Easterly and Michael Woolcock’s work sees social cohesion as “essential for generating trust needed to implement reforms. Inclusiveness of the country’s communities can greatly help to build cohesion...[the authors] propose that key development outcomes (the most widely available being “economic growth”) are more likely to be associated with countries that are socially cohesive and hence governed by effective public institutions”, in “On ‘Good’ Politicians and ‘Bad’ Policies: Social Cohesion, Institutions, and Growth,” DEC, The World Bank, pages 3 & 4.

<sup>4</sup> Figure 1 represents a simplified form of this framework. Chambers’ original work highlights sustainability and risk where the system described in Figure 1 is exposed to shocks. With shocks and vulnerability built in, the framework closely resembles the social risk management framework promoted by the World Bank (Holzmann and Jorgensen, 2000).



## Social Development Works

5. Given the importance of institutions in promoting or constraining development, their transformation through social development promotes better growth, better projects and better quality of life.

### Better Growth

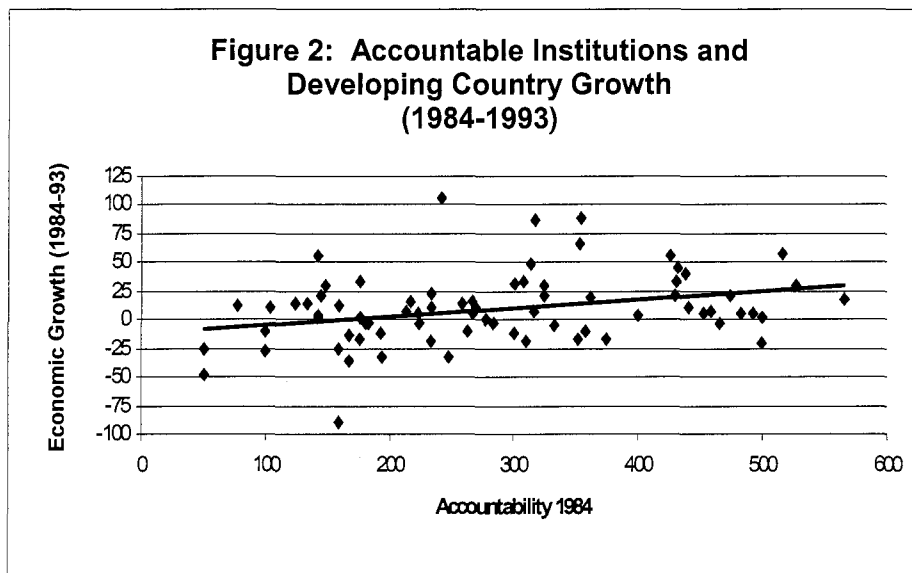
6. By transforming institutions to empower people, social development matters for growth and who benefits from it. Growth depends on efficient use of resources. If institutions systematically exclude certain groups from economic opportunities, so that people are unemployed, or discriminated against, the result is wasted resources and reduced growth. Discussing conditions for a productive investment climate, the 2005 World Development Report highlights the importance of social stability, which requires robust institutions. Research shows that some social development indicators, particularly cohesion indicators, correlate positively with foreign direct investment.<sup>5</sup> Conversely, from a cross-section of 98 countries,<sup>6</sup> Robert Barro found that lower initial conditions of cohesion hampered growth. Conflict, or the extreme absence of cohesion, is detrimental to growth: studies on civil war show that incomes are, on average, 15 percent lower at the end of a conflict than they would have been otherwise. Finally, based on cross-country data of social development indicators, more accountable institutions in a given year correlate with higher growth in the following decade (Figure 2).<sup>7</sup> There is also increasing evidence that more inclusive, cohesive and accountable institutions help ensure that growth is sustainable and benefits the poor.<sup>8</sup> As the recent World Bank Annual Review of Development Effectiveness shows, sustainable growth depends on appropriate policy environments. When countries reform their policies through an inclusive, consensus-driven process, those reforms seem to work better and to be more sustainable than those that are promoted through top-down approaches.

<sup>5</sup> The Christian Michelsen Institute (Kolstad and Tondel, 2002) found that cohesion, measured by political stability, internal conflict and ethnic tension, had significant impact on foreign direct investment. Inclusion and accountability, measured by political rights, civil liberties and democratization, also have a positive, though smaller, effect on foreign direct investment.

<sup>6</sup> Barro, 1996, "Determinants of Growth: A Cross-Country Empirical Study," NBER.

<sup>7</sup> The country accountability index combines publicly available indicators for political rights, civil liberties, bureaucratic quality, press freedom, corruption, democratic accountability, and an index of law and order. In a regression framework, controlling for initial income levels, the accountability index retains its significant positive correlation with growth in the following decade.

<sup>8</sup> For a comprehensive exploration of the local institutions that affect pro-poor growth, see the World Bank's Program on "Pro-poor Growth and Inequality."



### Better Projects

7. Social development promotes better projects. Social development's impact on effectiveness operates across sectors, including in high priority areas for the Bank such as infrastructure and agriculture. The independent Operations Evaluation Department (OED) reviewed over 4,000 projects the World Bank financed during the past 30 years.<sup>9</sup> OED found that 26% of all projects reviewed address some aspect of social development.<sup>10</sup> These projects had better outcomes, have been more sustainable and had greater impact on institutional development than those that do not address social dimensions (Table 1). These data also show that the more comprehensively social development is integrated into a given project, the greater the overall impact: projects that deal with more social development themes progressively improve on each of these output indicators.

<b>Table 1: Ratings for Projects Addressing One or More Social Development (SD) Themes, 1972-02</b>				
Number of SD Overlapping Themes	Outcome (% Satisfactory)	Sustainability (% Likely)	Institutional Development Impact (% Substantial)	Share of Rated Portfolio (%)
Entire Portfolio	68	50	34	100
At least 1	72	53	37	26
At least 2	81	62	45	8
At least 3	84	63	47	5
At least 4	90	64	49	1.5

Source: OED, 2003.

<sup>9</sup> Annex 2 presents the management action record to OED's recommendations.

<sup>10</sup> OED used eight proxy indicators for social development: conflict, culture, gender, indigenous peoples, NGO/civil society participation, resettlement and social funds.

8. Operational staff and managers in the Bank confirm the findings of the OED portfolio review. In an OED survey, 96% of Country Directors and 83% of task managers stated that attention to social development improved the outcomes of Bank-financed operations. Specifically, task managers noted that attention to social development:

- Improves project design through better understanding of the social context;
- Clarifies understanding of project impact;
- Contributes to sustainability; and
- Improves relations with clients.

### **Better Quality of Life**

9. Inclusive, cohesive and accountable institutions promote better quality of life, particularly for poor and vulnerable women and men. Conversely, institutions that do not offer equal access to employment and other economic opportunities keep many in poverty, for employment is the single most crucial path to enhance welfare. For example, an extensive literature on discrimination in Latin America provides evidence that, even after controlling for differences in education, age and experience, Afro-descendants and indigenous people earn lower incomes than people of other ethnic groups, suggesting that existing institutions systematically exclude them. Using social capital as a proxy, evidence suggests that cohesion facilitates broader access to services and correlates with higher income.<sup>11</sup> Finally, as discussed in the World Development Report 2004 on service delivery, service providers are more effective when clients can consistently hold them accountable for their performance.

10. Beyond the instrumental value highlighted here, social development has deep intrinsic value. It matters, in and of itself: people are better off if they are empowered. In fact, many poor people define poverty in terms of powerlessness.<sup>12</sup> Recognition of social development's intrinsic value implies recognition that across nations, cultures, and social systems, there are ethical principles that are virtually universal—such as respect for human dignity, nondiscrimination, equity and solidarity. While conceptual and philosophical debates about ethics and social justice are beyond this paper's scope, these debates will continue to shape the Bank's understanding of development and its role in supporting it.

### **Commitment to Social Development**

11. Given that social development contributes to better growth, better projects and better quality of life, there is a global consensus that social development is essential to reduce poverty. This commitment has been expressed in a variety of international and regional fora (Box 2). These began with the World Summit on Social Development in Copenhagen in 1995, were reaffirmed in the Millennium Development Declaration in 2000 and are highlighted by the World Commission on the Social Dimension of Globalization in 2004<sup>13</sup>. Regional organizations, such as the South Asian Association for Regional Cooperation and the African Development Forum, likewise support social development in ways appropriate for their contexts.

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<sup>11</sup> For access to the very broad literature on social capital and development, see [www.worldbank.org/socialcapital](http://www.worldbank.org/socialcapital).

<sup>12</sup> Narayan, Deepa, et al., *Voices of the Poor: Can Anyone Hear Us?* (2000) New York, NY.

<sup>13</sup> Using language of inclusion and accountability, this report calls for “a focus on people”, a “democratic and effective state”, “sustainable development”, “productive and equitable markets”, “fair rules”, “globalization with solidarity”, and “greater accountability to people.”

## Box 2: Copenhagen to Islamabad – A Decade of International Commitments to Social Development

The 1995 Copenhagen Summit on Social Development pledged to “make the conquest of poverty, the goal of full employment and the fostering of stable, safe and just societies” their overriding objectives, making the following commitments:<sup>14</sup>

*Commitment 1: Enabling environment for social development*

*Commitment 2: Poverty eradication*

*Commitment 3: Full employment*

*Commitment 4: Social integration*

*Commitment 5: Gender equity*

*Commitment 6: Basic services and promotion of culture*

*Commitment 7: Accelerated development of Africa and the least developed countries*

*Commitment 8: Including social dimensions in structural adjustment*

*Commitment 9: Increasing resources for social development*

*Commitment 10: Strengthening cooperation for social development*

In 2000, the Millennium Development Declaration underlines the importance of social development, basing the MDGs on “*certain fundamental values essential to international relations in the twenty-first century.*” These include:

**Freedom.** *Men and women have the right to live their lives and raise their children in dignity, free from hunger and from the fear of violence, oppression or injustice. Democratic and participatory governance based on the will of the people best assures these rights.*

**Equality** *No individual and no nation must be denied the opportunity to benefit from development. The equal rights and opportunities of women and men must be assured.*

**Solidarity** *Global challenges must be managed in a way that distributes the costs and burdens fairly in accordance with basic principles of equity and social justice...*

**Tolerance** *Human beings must respect one another, in all their diversity of belief, culture and language.*

Regional organizations show similar commitment to social development. For example, at the 12<sup>th</sup> South Asian Association for Regional Cooperation (SAARC) Summit, in Islamabad in January 2004, the seven heads of state of South Asia signed the SAARC Social Charter. The Charter commits the member countries to “*maintain a social policy and strategy in order to ensure an overall and balanced social development of their peoples.*” The Charter stresses the importance of poverty alleviation through inclusion and equality of opportunity for all; supports transparency and accountability of institutions; highlights the importance of cultural diversity; and places special emphasis on empowerment of women and youth mobilization to achieve the Charter’s goal.

Similarly, in the 2004 Consensus Document of the African Development Forum, which brings together the UN Economic Commission for Africa, heads of state from the African Union, and the African Development Bank, members stated that “the lack of participation at all levels constitutes a key weakness in governance and serves to marginalize key stakeholders...”

12. The World Bank aligns itself with this global consensus that social development matters to reach the MDGs. A number of Bank documents, strategies and policies reflect different aspects of the Bank’s commitments. The Comprehensive Development Framework discusses why development practitioners must adopt a country-driven participatory framework to address

<sup>14</sup> For the five year anniversary of the summit, the World Bank summarized its alignment with the commitments in *New paths to Social Development*, World Bank, Geneva 2000. A recent draft document summarizes the accomplishments made by the Bank in meeting the commitments: [www.worldbank.org/socialdevelopment](http://www.worldbank.org/socialdevelopment).



the social, economic, human and environmental aspects of development. The Strategic Framework Paper of 2001 focuses the Bank's development support along the two pillars of empowerment and investment climate. Similarly, a number of Bank operational policies<sup>15</sup> reflect the importance of social dimensions of development (Box 3) as do specific sectoral and thematic strategies, particularly strategies for environment, agriculture, gender and social protection.

### **Box 3: Social Development in World Bank Operational Policies and Procedures**

The first policy guidance provided to staff on social development was in the 1984 Operational Manual Statement (OMS)<sup>16</sup> 2.20 section on "Sociological Aspects of Project Appraisal." This defined sociological aspects to include "the social factors bearing on feasibility, implementation and operation of projects; and the pursuit of objectives such as poverty alleviation."

The Bank's overarching directive on poverty links social development with poverty reduction, stating that: "Poverty encompasses lack of opportunities (including capabilities), lack of voice and representation, and vulnerability to shocks."<sup>17</sup>

The Bank has also codified special measures to protect and enhance the well being of indigenous peoples,<sup>18</sup> and involuntarily resettled people.<sup>19</sup> The Bank has a policy for mainstreaming gender in development as well.<sup>20</sup>

The 2001 policy on "Development Cooperation and Conflict" begins with: "The Bank recognizes that economic and social stability and human security are preconditions for sustainable development."<sup>21</sup>

Most recently, the Bank's policy on Development Policy Lending<sup>22</sup> states that "...the Bank advises borrowing countries to consult with and engage the participation of key stakeholders in the country in the process of formulating the country's development strategies."

## **World Bank Progress on Social Development**

13. The World Bank's recognition that social development is critical for poverty reduction has led to an evolutionary process of change in how it approaches development. When the Bank began its work on social development, it focused on safeguards, putting in place mechanisms that ensure the Bank's portfolio would do no harm. As it has sought to identify and implement a broader vision for social development, its agenda and approach has evolved, so that now many parts of the World Bank promote transformation of institutions, including the gender, poverty, empowerment and governance groups. In addition, for almost a decade, the World Bank has had staff dedicated to mainstreaming social development.

14. These efforts have led to increasing project coverage: roughly half of projects completed in the last ten years address at least one of OED's social development themes, up from less than

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<sup>15</sup> A background paper is available summarizing the key social development aspects of World Bank documents, strategies and policies.

<sup>16</sup> OMS, unlike the updated Operational Policies (OP), contain a mix of policy, strategy and good practice. This OMS remains in force.

<sup>17</sup> OP 1.0, 2004.

<sup>18</sup> Operational Directive 4.20, 1991.

<sup>19</sup> OP 4.12, 2001.

<sup>20</sup> OP 4.20, 2003.

<sup>21</sup> OP 2.30, 2001.

<sup>22</sup> OP 8.60, 2004.

a third in the last thirty years.<sup>23</sup> According to the Bank's Quality Assurance Group (QAG), quality at entry reviews of projects showed an improvement in satisfactory ratings for social analysis and participation from 78% in 1999 to 92% in 2002. Supervision of social development issues in projects is also improving, with satisfactory ratings increasing from 80% in 1999 to 90% in 2002. With the increase in attention to infrastructure, agriculture and human development sectors in recent years, the value of community-driven development (CDD) projects has increased from \$247 million in FY90 to over \$1 billion in recent years. A similar effect can be seen on the thematic portfolio<sup>24</sup> for social development, increasing from 2.4% in 1990 to 8.1% in 2004 as the quality and quantity of sectoral portfolios in high-priority areas increase.<sup>25</sup>

15. Integration of social development is less prevalent in country assistance strategies and policy-based lending. Compared to investment operations, a smaller share of these operations benefit from attention to social development. Also, the Bank's QAG has found that the quality of attention is not as good as for investment projects. Considering that the Bank's approach to social development thus far has focused on investment projects, these results at the macro level are not surprising. Social development staff pioneered stakeholder participation in project design processes. Social analysis and social assessments helped to understand projects' social dimensions, with a special focus on mitigating potential negative impacts on both women and men.<sup>26</sup> In a small investment portfolio, activities were focused on directly supporting community-implemented projects that often progressed separately from government systems.

16. The Bank's project-by-project approach to social development hampers further progress towards greater development impact of Bank interventions and greater responsiveness to priority country demands in areas such as infrastructure, agriculture, and HIV-AIDS. Despite the demonstrated benefits to adopting them, there are several reasons why social development approaches are not being adopted more widely. First, the Bank has focused mainly at the project level, as mentioned above. Second, it is often seen as costly to implement social development approaches. Third, social development staff were seen as "policing"<sup>27</sup> and primarily seeking to "do no harm" rather than enhancing quality. Fourth, the knowledge base was weak, and there has not been enough effort to strengthen country capacities for carrying out social development activities. Specifically, we need to understand better the process by which social development inputs (participation, analysis and content) translate into improved development outcomes.

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<sup>23</sup> Source: OED Review of Social Development in Bank Activities, 2003.

<sup>24</sup> Defined as the share of total lending volume that has been tagged as contributing to social development and gender theme (Annex 4).

<sup>25</sup> The World Bank tracks three aspects of its portfolio: sectors, themes and responsible sector boards. Attention to sectoral issues such as infrastructure, energy, education or agriculture is tracked by the sector codes. The thematic codes track attention to themes, including social development. For example, adding an infrastructure project that promotes better sustainability through better participation by user's groups would increase both the sectoral portfolio for infrastructure and the thematic portfolio for social development.

<sup>26</sup> For a discussion of the history of World Bank social development activities, see Gloria Davis, "Who We Are and What We Do", October 2003.

<sup>27</sup> OED, 2003.

## Strategic Priorities

17. The overall strategic direction is to deepen the Bank's support to countries in their efforts to transform social institutions so that they can enhance growth, project effectiveness and quality of life. To address the challenges described above, the Bank needs to: (1) integrate social development processes, analysis and content upstream in strategies and policy support within existing Bank products; (2) through this upstream support, lower the long-term costs of addressing social development in each lending operation; (3) accentuate the role of social analysis and participation to identify social opportunities, constraints and risk at a broad country or sector level, changing "policing" perceptions of social development; and (4) strengthen the basis for operational work by enhancing knowledge, capacity building and partnerships.

18. Accordingly, the World Bank's Strategic Priorities for Social Development are:

- **Strategic Priority 1 – More Macro:** Improve macro-level processes, analysis and content by better supporting countries to incorporate social development into their poverty reduction or development strategies. Enhance policy dialogue, Bank country assistance strategies and Bank-financed policy lending by building on these country-led strategies.
- **Strategic Priority 2 – Better Projects:** Improve development effectiveness of investment lending through more comprehensive and efficient mainstreaming of social development into project-level processes and analyses as well as strengthening the social development thematic portfolio.
- **Strategic Priority 3 – Better Grounding:** Improve research, capacity building and partnerships to solidify the grounding for better operations.

19. Strategic Priorities 1 and 2 seek to incorporate the social development principles of inclusion, cohesion and accountability throughout World Bank operations. To improve results and enhance sustainability, the **process** of developing and implementing strategies and operations must include stakeholders. Further, it is imperative to understand the social context in which programs or strategies operate through **analysis** of social opportunities, constraints and risks. Finally, the Bank will support social development objectives in the **content** of its strategies and operations.

### Outputs

20. Table 2 summarizes how the outputs of World Bank operations will be different as a result of implementing these strategic priorities. Under Strategic Priority 1, the Bank will offer better advice and support to countries in developing their country poverty reduction strategies (PRSS). The Bank will rely on social development operational principles to improve the process, analysis and content of its own country assistance strategies and the resulting support through Development Policy Lending (DPLs) and policy dialogue. This will all build on analyses and processes for the country-led strategies. The Bank will encourage participation during implementation and monitoring, broadening the current focus on preparation.

21. Over the next three years, regions plan to enhance participation in 82 CASs and advise governments on participation in PRSs, so that participation will be of satisfactory quality (according to QAG) in 80% of DPLs.<sup>28</sup> While seeking to promote inclusive processes, the Bank recognizes that participation has costs, both for participants and for the agency facilitating this process. In some cases – such as in formulating monetary policy – participation may not even be desirable.

<b>Table 2: Social Development Outputs</b>			
	<b>Process</b>	<b>Analysis</b>	<b>Content</b>
<b>SP1 More Macro</b>	<p><b>Enhance participation in country strategies and policy dialogue by:</b></p> <ul style="list-style-type: none"> <li>• Promoting participation of groups otherwise excluded because of age, ethnicity or gender;</li> <li>• Expanding participatory efforts beyond preparation to implementation, monitoring and evaluation.</li> </ul>	<p><b>Improve understanding of country social context, opportunities, constraints and risk by:</b></p> <ul style="list-style-type: none"> <li>• Sustaining interdisciplinary PSIAs;</li> <li>• Expanding country-level social analyses, integrating various existing analyses.</li> </ul>	<p><b>Include social development content in policies and strategies to improve the enabling environment for inclusion, cohesion and accountability, e.g.,</b></p> <ul style="list-style-type: none"> <li>• More CAS programs have components that directly promote SD principles;</li> <li>• The policy reforms supported by more DPLs directly promote SD principles.</li> </ul>
<b>SP2 Better Projects</b>	<p><b>Improve impact and lower cost of participation by:</b></p> <ul style="list-style-type: none"> <li>• Integrating project implementation with participatory local planning processes;</li> <li>• Enhance participation downstream especially in monitoring and evaluation.</li> </ul>	<p><b>Improve impact and lower cost of social analysis and safeguards by:</b></p> <ul style="list-style-type: none"> <li>• Reducing project-by-project of social analysis and safeguards activities by relying more on country and sectoral analyses.</li> </ul>	<p><b>Enhance portfolio that focuses specifically on social development objectives, e.g.,</b></p> <ul style="list-style-type: none"> <li>• Link CDD – decentralization;</li> <li>• Improve post-conflict reintegration through CDD;</li> <li>• Expand inclusion projects, e.g. targeting ethnic minorities, disabled people, indigenous peoples or youth;</li> <li>• Expand accountability projects, e.g. capacity building, local participatory planning and community monitoring.</li> </ul>
<b>SP3 Better Grounding</b>			
<b>Operational Research</b>	<ul style="list-style-type: none"> <li>• Deepen understanding of how <b>socio-cultural contexts</b> influence policy and project design;</li> <li>• Explain <b>how inclusion, cohesion and accountability interact</b> with growth and human development;</li> <li>• Improved research on <b>youth, gender, and social exclusion</b>;</li> <li>• <b>Evaluate</b> how Bank operations affect formal and informal institutions so as to empower the poor and vulnerable.</li> </ul>		
<b>Capacity-building</b>	<ul style="list-style-type: none"> <li>• Strengthen in-country and regional <b>networks of SD practitioners</b>;</li> <li>• Build <b>local capacity</b> for civic engagement, <b>voice and accountability</b>, particularly for disadvantaged and vulnerable groups;</li> <li>• Increase emphasis on capacity building as output of SD project lending;</li> <li>• Strengthen understanding of role of context and process in capacity building.</li> </ul>		
<b>Partnerships</b>	<ul style="list-style-type: none"> <li>• Strengthen <b>partnerships</b> with key regional institutions and development partners, media, NGOs, academia, &amp; private sector to promote operational coherence and knowledge sharing.</li> </ul>		

22. Two types of actions will improve macro-level social analysis: Country-level social analyses that investigate broad social development themes and institutions, and poverty and social impact analyses (PSIAs) that consider specific impacts of proposed policy reforms. Both of these types of analysis will be integrated into existing analytic work, such as poverty assessments or country economic memoranda. Concretely, working with local experts, the Bank will sustain and enhance PSIAs by carrying out about 60 analyses in the next three years. In response to requests from client governments and according to the timing of country strategies,

<sup>28</sup> These indicators are summarized in the results framework in Annex 3.

the Bank also plans to carry out between 20 and 40 country-level analyses that build on local research to consider issues of conflict, civil society, gender, caste and indigenous peoples, as appropriate for the country context.

23. Concerning the content of macro-level operations, the Bank will expand the presence of social development in CAS programs<sup>29</sup> as better upstream work on participation and social analysis identify more lending opportunities. The upstream work is also likely to identify policy reforms to be included in DPLs. Examples may include operations to improve the enabling environment for gender-sensitive social accountability, community-driven development, and conflict prevention. The goal is for a 6% of DPLs to have social development among its top three themes.

24. While the Bank increases its attention to macro-level social development work, under Strategic Priority 2 it will simultaneously improve the quality and coverage of social development in its project portfolio. Greater policy attention to social development will allow more comprehensive, efficient attention to inclusion, cohesion and accountability in projects. For example, upstream policies that make local planning processes more inclusive and accountable will enhance participation and accountability for all investment operations. Efficiency gains from upstream work can be used to expand and improve stakeholder participation in project monitoring and evaluation. It is expected that 15 new projects will have participatory monitoring components. The quality of participation as assessed by QAG will remain at 90% satisfactory during preparation and 75% satisfactory during supervision. Likewise, once country or sector analyses are carried out, social analysis for projects will be better targeted, complementing knowledge already available by focusing on a few selected project specific aspects (*e.g.*, opportunities to transform crucial social institutions in the specific project area). This will allow the Bank to maintain the current QAG ratings for quality at entry and supervision at lower cost.

25. An increasing share of the Bank's portfolio will have social development themes among its top three objectives. It is expected that the trend over the last five years will continue and the share will increase to 9% of the total portfolio in fiscal year 2007. This does not necessarily imply more projects, but rather an increasing share of larger projects that address social development themes. Especially in middle income countries, there is little scope for doing more, small projects, which had been the main venue for social development themes in the past.

26. As outlined in Table 2, Strategic Priority 3 supports **better grounding** of the Bank's Social Development work through improved operational research, capacity building, and partnerships. To strengthen its social development **research**, the Bank needs to build on existing understanding of how socio-cultural context influences policy and project design. With their first hand understanding of context, local experts have often produced research on local institutions that can inform Bank operations. Active engagement with these local experts, can serve both to advance knowledge while building their capacity. When looking for operational lessons, the Bank will also seek insights from development partners who may have already explored questions of interest. Given its global perspective, the World Bank has unique opportunities to support research into general social development issues, synthesizing findings

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<sup>29</sup> OED found that CASs mention social development issues more often in the text of the paper, compared to how often they are addressed in the CASs' operational program.

from across contexts. For example, to strengthen its operational approach to social development, it will explore the circumstances where participation is most appropriate; explain how inclusion, cohesion and accountability interact with growth and human development; and evaluate how projects impact social institutions. Finally, as part of its contribution to the global discussion ten years after the Copenhagen Summit on Social Development, the World Bank will produce a paper considering conceptual aspects of social policy for developing countries in a globalizing world.

27. Implementing these social development strategic priorities depends on identifying and building more effective local **capacity**. On the one hand, the Bank will support existing country processes and established institutions in their efforts to promote inclusive, cohesive and accountable societies, allowing mutual learning by doing. On the other hand, the World Bank will continue to build capacity by providing training and supporting regional networks of national social development specialists.

28. Finally, better grounding for the World Bank's social development strategic priorities requires better **partnerships**. Given the global commitment to social development, many multilateral and bilateral development organizations have been working to empower people by transforming institutions. Both through country-focused partnerships and more global efforts, the World Bank will identify how its approach to social development complements and adds to that of its development partners. It will build on successful knowledge partnerships already existing, such as the multi-donor collaboration on PSIA, and contribute to networks of donors already working on social development. (See Annex 5 for more details on existing World Bank social development partnerships.) As an essential step to enhance its social development partnerships, the Bank will more clearly and comprehensively communicate its approach to social development and its state of implementation to other multilateral and bilateral donors. Through these partnerships, the Bank will seek to harmonize donor efforts and lower costs for recipient countries.

### **Regional Examples**

29. The summary of outputs in Table 2 is based on Regional Action Plans.<sup>30</sup> Presented in Annex 1, these plans illustrate how the Bank will implement its social development strategic priorities in each regional context. Drawing from those plans, the following gives examples of the specific innovations that these strategic priorities will support.

Strategic Priority 1 - More Macro:

- All Regions will sustain the delivery of interdisciplinary PSIAs, often as part of other analytical work.
- In Latin America and the Caribbean, the Bank will analyze youth and development, social violence, gender and the impact of migration and remittances.
- Europe and Central Asia and East Asia plan to promote country systems analyses for safeguards on a pilot basis.
- In Africa, country social analyses or conflict analyses will inform policy dialogue in Uganda, Sudan, Liberia, Angola and Kenya.
- In Africa, PRSCs will include measures to support government efforts to engage civil

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<sup>30</sup> As well as the other units represented on the Social Development Sector Board - DEC, ESSD and WBI.

society in policy making, participatory planning, or expenditure management and monitoring.

#### Strategic Priority 2 – Better Projects:

- In East Asia and the Pacific, the Bank will enhance its existing portfolio that promotes CDD and decentralization in Indonesia and the Philippines.
- In Africa, the Region will expand and enhance its CDD portfolio, especially in conflict-affected countries.
- In the Middle East and North Africa, the Region will generate youth and inclusion projects.
- In Latin America and the Caribbean, the Region will enhance its portfolio of indigenous peoples projects.
- In Europe and Central Asia, the Region will bolster youth and post-conflict work.
- In South Asia, the Region will improve efficiency by assessing the effectiveness of risk management for safeguards in three sector portfolios.

#### Strategic Priority 3 – Better Grounding:

- ESSD will support DEC in enhancing social aspects of the 2006 WDR on equity.
- In East Asia and Africa, operational research on impact evaluation of community-driven development will be carried out.
- In the Middle East and North Africa, the existing network of social development experts will be strengthened to allow for their better integration into Bank-supported work.
- Partnerships with bilateral donors (*e.g.*, Finland, Germany, Japan, Norway and the UK) will be further strengthened.





## Part II: Implementation Plan

### A New Business Model

30. This implementation plan proposes a new business model for social development based on a more upstream and integrated approach.<sup>31</sup> This model moves away from current practices that support social development processes, analysis or content on a project-by-project basis. In the longer run, the vision is for social development issues to be well integrated in country-led analyses (*e.g.*, poverty assessments) and participatory processes that inform country poverty reduction or development strategies. Bank support for such analyses and participation will combine topics currently being done in separate efforts. Based on national strategies, the Bank will integrate the most relevant social development processes and analyses into its country assistance strategies and country programs. This country-focused, upstream approach will help integrate better the many parts of the World Bank working to transform institutions and empower people.

31. With an integrated upstream approach to social development articulated in country strategies, participation and social analysis for investment lending and DPLs can be more focused on the specific area the loan covers. This focus can help reduce processing time of economic and sector work.<sup>32</sup> In addition, the upstream analysis and participatory processes informing the PRS and CASs can inform the content of policy reforms (supported by DPLs where relevant) and investment lending. Skilled local social development experts based in-country will do analysis and promote participation. Better partnerships will assure that social development work supported by different donors support similar processes (*e.g.*, around PRSs). Rather than focusing on compliance once a program has been articulated, due diligence would consist of ongoing monitoring of the situation in critical areas (*e.g.*, where there is potential for violent conflict) by tracking key indicators and targeted analyses by local experts. Safeguards will increasingly form a part of the country dialogue. This agenda will focus on building government capacity to move towards a more sustainable partnership for safeguards without abrogating the Bank's ultimate accountability for following its own policies. A strategic research program set out by the Sector Board would make knowledge of what works, when and how more available to countries and Bank operational staff.

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<sup>31</sup> While this document does not cover the IFC, the IFC's sustainability framework similarly focuses on upstream work to facilitate greater positive social development impacts.

<sup>32</sup> The Sector Strategy Implementation Update highlights an increase in processing time for ESW across sectors and themes, including for social development.

32. The change to a more systematic, upstream business model will not happen instantly. For the transition, it will be critical to phase in the new approach. The Bank will take a practical approach to selecting its initial focus countries. It will roll-out its new approach synchronized with country assistance strategy and PRSP development. Priority will be given to countries based on the importance of country social development issues, country capacity, and interest from governments.

## Social Development Activities

33. To implement this model, the World Bank needs to change how it works on social development. There are several parts of the organization that work to promote social development, strengthening institutions that empower people. One of those groups is called the Social Development Network. For that network, currently, social development activities are organized around mainstreaming and portfolio activities.<sup>33</sup> The **mainstreaming** activities include:

- Participation and civic engagement;
- Social analysis;
- Social safeguards (indigenous peoples and involuntary resettlement); and
- Capacity building.

The **portfolio** activities include:

- Community driven development;<sup>34</sup>
- Conflict prevention and reconstruction; and
- Inclusion and accountability projects and components.

34. Table 3 summarizes changes in the Social Development Network's business lines to implement the strategic priorities. For the mainstreaming business lines the Bank will improve efficiency and impact by focusing more on the macro level, integrating social development staff better with task teams,<sup>35</sup> and explicitly focusing on building up country systems through strategic capacity building. The portfolio business lines focus on work to scale up impact through better linkages with the macro agenda and alignment with national poverty strategies (*e.g.*, PRSPs) and Bank CASs.

## Resources

### Financial Resources

35. For **borrowers**, implementing the new business model will reduce costs and improve results. Moving to a more systematic, upstream business model will achieve economies of scale. First, by integrating social development issues into existing analyses, there will be fewer free-

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<sup>33</sup> Many other activities are linked to meeting the social development principles of inclusion, cohesion and accountability such as the PREM network's work on measuring empowerment and vulnerability, public sector management and legal and judicial reform. All these areas have existing action plans and strategies so this paper focuses on these seven.

<sup>34</sup> Most CDD interventions are carried out in the context of human and infrastructure development sectors and thus often do not include SD themes among the top three.

<sup>35</sup> Responding to OED concerns about better making information available to country teams (Annex 2).

standing analytical pieces that will require Government inputs. For example, combining analyses on specific vulnerable groups and understanding of the social context into a poverty assessment or other already planned analytical work will save cost and help integrate social development into the overall country strategy. Second, by building on insights from upstream country-level or sectoral analyses (including regional and country gender analyses) borrowers can do fewer, targeted poverty and social impact analyses and project-level social assessments. Since many opportunities and constraints would have been addressed upstream, these analyses

**Table 3. Changes in Social Development Activities**

	Do more	Do less
<b>Mainstream social development approaches</b>		
<b>Participation and civic engagement</b>	<ul style="list-style-type: none"> <li>• Macro-level work, including promoting an enabling environment for participation;</li> <li>• Work on monitoring and evaluation both at the macro and project levels.</li> </ul>	<ul style="list-style-type: none"> <li>• Setting up of separate participatory processes for each project;</li> <li>• Event-driven participation.</li> </ul>
<b>Social analysis</b>	<ul style="list-style-type: none"> <li>• Policy, sector or country social analysis;</li> <li>• Targeting of project-level operational issues.</li> </ul>	<ul style="list-style-type: none"> <li>• Project by project social assessments as relevant country or sector level analyses are carried out.</li> </ul>
<b>Social safeguards</b>	<ul style="list-style-type: none"> <li>• Systematic approach to building Bank and client capacity;</li> <li>• Country-level work to understand generic safeguard issues for inclusion in policy dialogue;</li> <li>• Team-based, solution-oriented approach.</li> </ul>	<ul style="list-style-type: none"> <li>• Ex-ante assessment for each project;</li> <li>• Asking each project to address policy level safeguard issues;</li> <li>• “Watch dog” role to review projects and identify problems.</li> </ul>
<b>Capacity building</b>	<ul style="list-style-type: none"> <li>• Country Capacity Assessment;</li> <li>• Strategic capacity building programs;</li> <li>• Integration of social and gender issues into training.</li> </ul>	<ul style="list-style-type: none"> <li>• Project by project capacity building not linked to strategic assessment of needs and priorities.</li> </ul>
<b>Portfolio of social development interventions</b>		
<b>Community-driven development</b>	<ul style="list-style-type: none"> <li>• Building of linkages with macro-policies of decentralization;</li> <li>• Integrating local governments.</li> </ul>	<ul style="list-style-type: none"> <li>• By-passing of government structures</li> <li>• Non-CAS programmed interventions.<sup>36</sup></li> </ul>
<b>Conflict prevention and reconstruction</b>	<ul style="list-style-type: none"> <li>• Conflict prevention work;</li> <li>• Country systems analysis;</li> <li>• Policy dialog ;</li> <li>• Reconstruction efforts that help rebuild communities and institutions.</li> </ul>	<ul style="list-style-type: none"> <li>• Interventions isolated from strategies and other programs, as occurred prior to the introduction of transitional support strategies (OP2.30).</li> </ul>
<b>Accountability and inclusion programs and projects</b>	<ul style="list-style-type: none"> <li>• Comprehensive programs of projects designed as part of country assistance dialogue focusing on: <ul style="list-style-type: none"> <li>• Ensuring enabling environment for accountability and inclusion through policy and institutional reform;</li> <li>• Specific investment projects or components to finance implementation of inclusion or accountability programs.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable, not much done in the past.</li> </ul>

and assessments would no longer have to address sector or country-wide issues. Third, as Strategic Priority 3 is implemented and networks of regional social scientists are strengthened, local experts can undertake much of the work now done by international consultants, a change that will lower costs and further enhance capacity. Fourth, promoting inclusion through local and national processes of participation also generates savings, as each project that seeks to involve stakeholders will no longer need to develop those processes from scratch. Fifth, because complying with safeguards is most costly when problems are found late in an operation’s development, the upstream approach outlined here will simultaneously reduce project-specific

<sup>36</sup> OED’s review of social funds noted that this had been a problem for that subset of CDD projects.

processing and costs and enhance protection for indigenous peoples and involuntarily resettled persons. Finally, the shift to upstream work will lead to better policy choices and program designs.

36. The **World Bank** can implement these strategic priorities within its existing budget envelope. In the medium term, individuals will realize net savings. For instance, as social analysis is done upstream and integrated into the country assistance strategy processes, project level social analysis will be much better targeted and less expensive. Estimates show that after five years, the net annual savings on social analysis will be in the order of one million dollars in administrative budgets. These savings result from the reduced cost of project-level preparation work minus the additional cost of country-level work. As country level analysis is carried out as part of the updating of country strategies, the up-front investment in country-level analyses is estimated at two million dollars<sup>37</sup> per year for the first two years. Over the next twelve years, this is equivalent to a 19% internal rate of return on the upfront investment in country-level analysis. This rate of return is a conservative estimate since (1) it only estimates the savings related to social analysis, there would be additional savings from safeguards and participation; (2) it does not consider savings in terms of staff costs nor the savings generated from better targeted PSIAs; and (3) it does not account for savings that result from involving local experts more regularly. Given the evidence from OED that better project-level social development inputs improve project effectiveness, it is likely that the savings will be allocated to better support implementation and evaluation, including capacity-building.

37. The additional cost for better research and capacity building are good candidates for cost sharing with partners. For instance, the Governments of Norway and the UK are financing background research to strengthen the social development content of the 2006 WDR on equity; the trust fund for sustainable development from Finland and Norway will continue to finance operational research and capacity building on social development, with a special focus on Africa; and the Bank Netherlands Partnership Program is financing critical capacity building activities. Part of the additional cost of better capacity building and research will be off-set by better strategic alignment of WBI's, DEC's and ESSD's programs.

38. The **ESSD** anchor expects overall lowered funding as the cuts for the network anchors are projected to continue. Today the anchor raises about five times its annual budget in trust funds for regional work, it is unlikely that this ratio will shift, meaning that there will be fewer trust funds available as the Bank shrinks anchor budgets. Within the budget, there will be a shift to more cross-support to regions and more spending on portfolio activities as compared with the mainstreaming activities. This also reflects a shift away from tool development to regional implementation of existing tools.

## **Human Resources**

39. While the World Bank will identify and work more effectively with local experts, as demand increases for macro-level work and changes for project-level work (*e.g.*, from project review to project management), this implementation plan will require significant shifts in skills-mix for the World Bank's international and local staff. In collaboration with Human Resources, the Sector Board will expand its effort to facilitate retraining, exits and recruitment to enable this shift. As was done for education a decade ago, the Bank is looking to partner with an academic

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<sup>37</sup> Two million dollars is equivalent to about 0.33% of Regional budget for analytical work in fiscal year 2004.

institution to deliver a core training module in macro-level social development. Several other donor agencies have shown an interest in participating and sharing costs. Similarly, the Social Development Sector Board will work with OPCS to integrate social development aspects into basic and advanced operational training courses to support the mainstreaming of social development approaches. WBI is reducing its social development staff resulting in capacity building activities being shifted to ESSD and the Regions.

## **Operational Policy and Strategy Framework**

40. The World Bank's operational policy framework is adequate for implementing the strategic priorities, requiring no new layer of bureaucracy. The recently approved policy on DPLs (OP 8.60) refers to the importance of understanding poverty and social impacts as well as supporting borrowers' participatory processes. This policy will allow a country-focused, flexible implementation of the lending components of Strategic Priority 1, while enhancing the Bank's due diligence at lower cost. As part of its effort to simplify processing, the Bank is looking to update its policies on investment lending. This update is likely to include reference to social analysis, updating the existing OMS 2.20 on "Sociological Aspects of Project Appraisal."

41. Concerning social safeguards, the Bank will learn as much as possible from implementing the country system pilots and applying the interim operational policy that will guide these pilots. With an emphasis on country-level work and capacity building, the social development strategic priorities supports a more systematic, more results-oriented approach to safeguards. The procedural changes introduced in 2003 that delegate safeguard clearances to relevant sector units for lower risk projects will help mainstream social development and change the role of SD staff away from "policing" towards providing constructive solutions as team members.

42. The upstream business model proposed here complements other sectoral and thematic strategies, especially the agriculture and rural development, gender mainstreaming and social protection strategies, as well as the infrastructure action plan. All promote greater reliance on upstream, integrated analytical work. The new business model proposed here will help social development staff better do their part to help implement the strategies and action plan.

## **Facilitating Cross-Sectoral Work**

43. The Bank's responsibility for following through on the implementation of the ten commitments from the World Summit on Social Development (Box 2) currently involves six sector boards and three networks as well as the IFC. As discussed above, many parts of the Bank outside of the Social Development Network address the social development agenda of empowering poor and vulnerable women and men by transforming institutions. Given the need for a multi-sectoral, comprehensive approach to social development objectives, the appropriate role for the Social Development Network is to build substantive knowledge bridges across sectors, ensuring that emerging knowledge from across the Bank is made available for broad operational use.

44. While the collaboration across sector groups functions well in several areas such as PSIA, CDD, empowerment, gender (*e.g.*, in two regions, gender and social development are within the same unit) and QAG work, sometimes this is not supported by proper incentives. There are likely to be significant gains in the longer run by enhancing incentives for cross-sectoral

collaboration to better integrate the social development work of the different Bank units that share an agenda to transform institutions and empower people. These incentive changes are more important than changing the organizational structure, though there are opportunities to enhance collaboration with better internal communication and joint learning events. With its platform approach, the Indonesia CAS attempts to improve organizational incentives. The CAS is structured around different platforms such as community, local government, regional government and central government levels instead of a more traditional sectoral approach. This approach will allow the country team to better integrate thematic activities across sectors to address the MDGs.

## Monitoring Results

45. To implement these strategic priorities effectively and maintain a focus on results, the Bank will rely upon a carefully developed framework to track its progress towards meeting its social development objectives. Consistent with the Bank-wide results monitoring approach (Annex 3), it will track the impact of implementing the strategic priorities at four levels: (1) global/MDG links; (2) intermediate outcomes; (3) country processes; and (4) Bank processes. To monitor outcomes, the Social Development Board has assembled a set of indicators in the social development indicators database<sup>38</sup> that monitor progress on inclusion, cohesion and accountability across more than 120 countries. Taking a pragmatic approach to results, the indicators are all based on existing indicators from the Bank and external sources, so that the Bank can monitor progress without significantly increasing its efforts to collect information. The indicators are being used to inform country-level social analyses as well as the overall preparation of CASs. They are relevant for and are consistent with a number of global monitoring efforts. For example, Annex 3 includes indicators that are also used for monitoring progress towards the MDGs, while others are included in the World Bank's World Development Indicators.

46. For Strategic Priority 1 and 2, intermediate outcome indicators measure how well country policies and expenditure programs promote inclusion, cohesion and accountability. The indicators are based on the Bank's Country Policy and Institutional Assessment as well as existing Bank analytical work such as expenditure reviews. For Strategic Priority 3, progress towards the intermediate outcomes of better research, capacity building and partnerships are measured by reviewing the World Bank Institute's Country Capacity Assessments. The Bank process indicators are based on the volume and quality of the social development thematic portfolio and on measures for how well the mainstreaming into Bank-financed projects is progressing (based on existing Quality Assurance Group and OED reviews). In addition to the indicators in the framework, the Social Development Sector Board will also monitor inputs, including human and financial resources. All the relevant indicators are already available or built into ongoing work-programs. Social development's emphasis on strengthening accountability of institutions is particularly important and relevant to the Bank's broader results agenda.

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<sup>38</sup> <http://esd.worldbank.org/sdstats/>

## Managing Risks

47. Risks surrounding implementing the strategic priorities fall in two categories—implementation risks and reputation risks. The risks to implementation are: (1) that reallocation of resources will happen too slowly; (2) that the resources allocated will not lead to the desired Bank process changes; and (3) that the Bank process changes will occur but will not lead to desired processes/SD outcomes in countries. Reputation risks refer to the danger that, once accepted, the SD Implementation Plan will not live up to its promise, thus reinforcing a perceived gap between Bank rhetoric and operational reality. This section briefly discusses both sets of risks and highlights efforts to mitigate them.

### Implementation Risks

- **Resource allocations:** Based on the experience with implementing other sustainable development strategies, there is a moderate risk that regional resource reallocations will move less rapidly than expected. This risk is mitigated by corporate Bank buy-in to the strategies including by Regional management teams and by building the corporate implementation plan by adding up regional plans. The fact that a range of other stakeholders, including civil society, borrowing governments and donors to IDA, have highlighted the importance of social development combined with the increase in operational effectiveness and sustainability that results from social development inputs, also improve the chances for adequate resource allocation.
- **Inputs to process changes:** There is a moderate to significant risk that resources reallocated will not lead to desired process changes in the Bank and, specifically, that existing staff will not be able to support the upstream macro-level work proposed under Strategic Priority 1. To mitigate this risk, the implementation plan proposes strengthening regional networks of in-country social development practitioners to carry out significant parts of the agenda, as well as enhancing the retraining, exit and recruitment of Bank social development staff.
- **Processes to outcomes:** There is a risk that the Bank process changes will not lead to improved outcomes if governments are reluctant to embrace the importance of social development. This risk is moderate, as participation and social analysis are already incorporated as key elements of many Bank-supported country assistance programs. Actions proposed to mitigate this risk include improving research that links social development work with improved development outcomes; supporting a free-standing social development portfolio of projects and studies that would enhance capacity for social development within governments; working with member governments to build a broader constituency for reform; tailoring social development approaches to each country context; and finally, lowering the transaction costs for borrowers by greater reliance on upstream work.

### Reputation Risks

- There is a low reputation risk of approving an SD implementation plan, if once approved, the document will not fulfill its stated promise, fueling outside groups' argument of a growing rhetoric-reality gap in the Bank. This is a low risk given the very operational nature of the paper and its acknowledgement of past successes and shortcomings.

- There is also a reputation risk that implementing the strategic priorities will be perceived as moving the Bank too far towards interfering in domestic politics of member countries. This is mitigated by focusing the upstream work on supporting existing country participatory processes and focusing upstream analysis on better understanding a country's reality, not on normative aspects. In addition, the Regions and ESSD will collaborate with legal staff at an early stage to consider these issues and seek their advice as new areas and activities open up.

48. Given the substantial Bank public commitments to social development as integral to poverty reduction, the reputation risks to the Bank are lower if the institution puts forth and implements these operational strategic priorities than if it chooses to lessen its attention to social development by dismissing the need for a coherent implementation plan and neglecting to reform its business practices.

## **Conclusion**

49. The Bank finds itself at an important crossroads. It can better operationalize its vision by building on past successes and drawing on emerging opportunities or it can choose to limit its engagement in social development. There are risks in going forward, but the risks to poor and marginalized women and men would be greater if the Bank chose inaction, or a less strategic use of its resources. By implementing these strategic priorities, the Bank will be a more effective partner in delivering the MDGs and pursuing a "world free of poverty."



## **Annex 1: Summaries of Regional, WBI and ESSD Action Plans**

**(FY05 – FY07)**

### **Sub-Saharan Africa Region (AFR)**

**Strategic Priority 1: More Macro - Increase Attention to Social Development in the Bank's policy dialogue and policy-based lending**

#### **Policy Dialogue:**

- CASs and PRSPs include effective multi-stakeholder policy dialogue during preparation, including conflict affected countries;
- Countries include multi-stakeholder processes to monitor PRSP implementation (Ethiopia, Chad, Benin, Kenya, Cameroon);
- Country social analyses or conflict analyses are carried out in order to inform policy dialogue (Uganda, Sudan, Liberia, Angola, Kenya);
- “New Voices for Youth” consultation groups are established/strengthened to advise the Bank on youth friendly policies and programs (Ethiopia, Benin, Chad, Kenya, Mozambique, Rwanda);
- Civil society assessments (Angola, Ethiopia, Malawi, Zambia) and civil society enabling environment studies (Ethiopia, Cameroon, Mozambique) are carried out to inform policy dialogue.

#### **Policy-based lending:**

- Africa Region PRSCs include social development content (e.g. address issues such as civil society capacity building, youth, gender, indigenous or excluded groups, conflict);
- PRSCs include measures to engage civil society in policy making, participatory planning, or expenditure management and monitoring (Ghana, Uganda, Mozambique, Ethiopia, Benin);
- PSIAs are carried out, e.g. to inform PRSCs (Tanzania, Ghana) or sectoral policies (DRC, Madagascar, Mauritania, Botswana);
- PRSCs include CDD enabling environment conditions (Benin, Mozambique, Sierra Leone).

**Strategic Priority 2: Better Projects - Increase Attention to Social Development in the Bank's investment lending**

#### **Own managed operations:**

- Investment loans and grants (e.g. JSDF) managed by AFR Social Development Team in the following themes:
  - (a) Post conflict (Burundi, Rwanda, Angola, Great Lakes Region – MDRP, Sudan);
  - (b) Peace building (Chad), youth (Kenya, Chad, Guinea Bissau);
  - (c) CDD (Ethiopia, Kenya);
  - (d) Civil society (Ethiopia);

- (e) Cultural heritage (Ethiopia, Eritrea);
- (f) HIV/AIDS (Cameroon), confidence building + stakeholder involvement (Nile Basin);
- (g) Natural resources management + SD (Nile Basin, Lake Victoria).

### **Mainstreaming SD content and process in Bank investment lending:**

- All Bank-financed investment projects are reviewed for safeguards; all projects receive technical support to increase SD content and process;
- Bank-financed investment projects include an SD project component (social accountability, civil society capacity building, gender, youth, indigenous or excluded groups, conflict) (Nigeria, Mauritania, Tanzania, Malawi);
- “New Voices for Youth” consultation groups advising the Bank on youth friendly projects (Ethiopia, Benin, Chad, Kenya, Mozambique, Rwanda);
- Portfolio review and database set up on youth interventions in Bank operations in the Africa Region.

<h3><b>Strategic Priority 3: Better Grounding - Improve the Bank’s Research and Capacity-Building</b></h3>
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- **Capacity-building activities and learning events** carried out that are aimed at enhancing:
  - (a) PSIA skills in the region (Mauritania, DRC, Madagascar, Tanzania);
  - (b) Social accountability (Chad, Ethiopia, Benin);
  - (c) Analysis of youth issues (Benin, Ethiopia, Mozambique);
  - (d) Conflict analysis (Uganda, Chad, Niger Delta/Nigeria), and rapid social/conflict analysis (Cote d’Ivoire);
  - (e) In-country capacity to manage safeguards (Multi-country Francophone workshop, Tanzania, Ethiopia, Nile Basin countries).
- **Analytical reports, policy notes, strategies** completed to strengthen the knowledge base of social development in the Africa Region:
  - (a) Analytical studies;
  - (b) Policy notes;
  - (c) Strategies, as required (e.g. FY05 on Youth development);
  - (d) Number of databases established (Youth for FY05).
- **Strategic partnerships established:** LCR and HD Anchor on youth, ECA on cultural heritage/CDD, AFR PREM on poverty and social analysis, AFR HD on CDD and conflict (Sudan, Liberia), MAP on youth development.

## **East Asia & the Pacific (EAP)**

### **Strategic Priority 1: More Macro - Increase Attention to Social Development in the Bank's policy dialogue and policy-based lending**

#### **Policy dialogue:**

- Ensure consultations for CAS function as dynamic processes of shared input (Philippines, Indonesia, Vietnam, China, Cambodia and Lao PDR);
- Increase civil society participation in PRSP process through incentives such as process-mapping (Cambodia, Lao PDR and Mongolia);
- Increase number of countries in which CDD is used as operational platform for two-way communication on governance/policy;
- Possibly one Country Systems Analysis for safeguards & Civil Society mapping;
- PSIA on land reform in Cambodia;
- Conduct regular Civil Society Assessments (CSAs)--survey institutional landscape in Mongolia, Lao PDR and Thailand;
- Country Gender Assessments (Lao PDR, Cambodia, Philippines, China).

#### **Policy-based lending:**

- Increase number of operations that inform decentralization policy and operationalize it on the local level, enhancing inclusion (gender/marginalized groups) and accountability, such as the Kecamatan Development Program (KDP) in Indonesia;
- Focus on decentralization in Cambodia and Philippines (KALAHI);
- Country Gender monitor in Vietnam;
- TA to Government on National Youth Policy and Gender Portfolio Review in the Philippines;
- Assess WTO impacts on rural minorities in China.

### **Strategic Priority 2: Better Projects - Increase Attention to Social Development in the Bank's investment lending**

#### **Own Managed operations:**

- CDD/Poverty Reduction (China, Indonesia, Philippines, Timor L'Este);
- Conflict and Post-Conflict (Indonesia, Philippines, Cambodia);
- Gender, Ethnicity and/or Social Inclusion (China, Indonesia, Lao PDR and Philippines);
- Youth (Indonesia, Philippines, Timor L'Este);
- Capacity-building (Indonesia, Philippines);
- Investment for innovation—Small grants to experiment with new ideas for pro-poor projects (China, Indonesia, Philippines, East Timor, Lao PDR, Cambodia and Mongolia).

**Mainstreaming SD content and process in Investment Lending:**

- Promote Civil Society participation in investment lending through relationship-building, coalition-building and long-term monitoring (Anti-Corruption—Indonesia; Coordination of Mindanao Task Force—Philippines).

**Strategic Priority 3: Better Grounding - Improve the Bank's Research and Capacity-Building**

- Change perspective on safeguards to recognize clients as agents of change (Safeguard capacity-building and urban resettlement in China);
- Use CDD to build coalitions and to strengthen policy-project linkages; experiment with new processes for conducting local level institutional analyses (Poverty Reduction/village level planning through CDD Initiative in China);
- Conduct "Justice for the Poor," a study about who poor turn to for justice (Indonesia and Cambodia);
- Research on groups excluded from CDD, such as women (Philippines);
- Enhance relationships through cross funds and TA programs (Philippines).

## **Europe & Central Asia (ECA)**

### **Strategic Priority 1: More Macro Increase Attention to Social Development in the Bank's policy dialogue and policy-based lending**

#### **Policy dialogue:**

- Increase youth participation and social accountability in PRSP for Georgia and Albania, Moldova;
- Increase efforts to strengthen enabling environment for Roma inclusion (Romania, Bulgaria, FYRof Macedonia);
- Link CDD with a more integrated governance agenda (macro-level framework), (Kyrgyz, Tajikistan, Albania, Georgia, Turkey, Ukraine);
- Increase dialogue on regional disparities in countries (Russia, Central Asia);
- Increase focus on Youth in ECA:
  - (a) “Youth Voices” Initiative to increase employment/reduce risky behavior, human trafficking, prostitution;
  - (b) Policy notes on youth inclusion in Bosnia & Herzegovina, Georgia, Azerbaijan, Romania.

#### **Policy-based lending:**

##### **Youth Inclusion:**

- Youth emphasis in Macedonia, Bosnia, Moldova, Kosovo, Russia, Romania and Southern Caucasus;
- Help government with Youth Strategy and Action Plan (Georgia, Albania, Azerbaijan);
- Outreach to youth in isolated regions in Macedonia, Moldova.

##### **Accountability**

- Social Accountability at Macro level—Ukraine, Moldova, Albania, Kyrgyz;
- Increase transparency of public expenditures (reduce corruption and enhance use of public funds)--Kyrgyz, Georgia, Moldova, Russia;
- Expenditure Tracking (track money flows through interviews and other methods)--Ukraine, Moldova, Kyrgyz, Tajikistan (half funded by PREM).

##### **PSIA**

- At least 2 PSIA on Energy Reform (Kyrgyz Republic, Georgia, Armenia, Azerbaijan, Ukraine, Moldova have already been conducted);
- Farm restructuring (impact on poor)—Ukraine, Moldova, Kazakhstan, Azerbaijan;
- Water and Infrastructure—Albania, Armenia.

#### **Gender/ethnic minorities**

- Gender studies (Ukraine and Tajikistan);
- Analyses of Roma Inclusion—(Albania, Romania, Bulgaria, Macedonia, Slovakia);
- Studies of conflict and internally displaced people—learn about well-being of internally displaced people in (Azerbaijan, Georgia, Serbia and Croatia).

**Strategic Priority 2: Better Projects - Increase Attention to Social Development in the Bank's investment lending**

**Own managed operations: investment loans/grants managed by ECA SD Team in the following themes:**

- Post-conflict work—(Croatia, Kosovo, Bosnia);
- Youth programs—Macedonia, Moldova (youth LIL support linkages and work in holistic fashion; may be Romania and Russia);
- CDD (especially in rural areas and re: cultural heritage)—Romania, Azerbaijan, Macedonia, Georgia, Armenia, Albania.

**Mainstreaming SD content and process in Bank investment lending:**

- Support partnerships between community organizations and local governments in implementing World Bank-financed projects (SIF , Rural development project scaling up);
- Support to Roma Education Fund and implementation of Decade of social inclusion for Roma;
- Provide assistance to governments and community organizations in participatory monitoring and evaluation;
- Mainstream Gender (Tajikistan and Ukraine);
- Support integration of SD in Development Policy Lending.

**Strategic Priority 3: Better Grounding - Improve the Bank's Capacity-Building and Research, and Sustain Advocacy on Social Development**

**Conduct research on:**

- Energy Reform (PSIA)—Kyrgyz Republic, Georgia, Armenia, Azerbaijan, Ukraine, Moldova;
- Farm restructuring (impact on poor)--Ukraine, Moldova, Kazakhstan (maybe Central Europe);
- Water and Infrastructure--Albania. Expenditure Tracking (track money flows through interviews and other methods)--Ukraine, Moldova, Kyrgyz, Tajikistan (half-funded by PREM);
- Roma Inclusion--Albania, Macedonia;
- Social Inclusion policy issues related to EU accession;
- Conflict and internally displaced (Azerbaijan, Georgia, Armenia, Serbia and Croatia);
- Raise awareness on cultural issues;
- Raise awareness on strategic implementation issues/social accountability agenda;
- Brown bag lunches (CDD, social accountability), training workshops;
- Partnerships: LAC (partner with Brazil and cross-regional); PREM--poverty and governance, DEC--Romania/Social Capital; Office of Children and Youth Advisor; HIV/AIDs Team; Rural Development;
- Social capital studies--To what extent this research is linked to policy issues such as peace building, social solidarity.

## Latin America & the Caribbean (LAC)

### **Strategic Priority 1: More Macro - Increase Attention to Social Development in the Bank's policy dialogue and policy-based lending**

#### **Policy dialogue:**

- Increase in the % of CASs and other Bank-led Policy Dialogues that have involved consultations with civil society, parliamentarians and where relevant indigenous peoples, afro-descendant populations, women and youth groups and other stakeholders:
  - (a) PRSP: Guyana, Honduras, Haiti and Nicaragua;
  - (b) CAS: Bolivia, Dominican Republic, El Salvador, Honduras, Jamaica, Nicaragua, Organization of the Eastern Caribbean States (OECS), Venezuela, Ecuador, Colombia;
- Increase number of CASs and Policy Dialogues that include disaggregated analysis of the MDGs vis-à-vis vulnerable and excluded populations;
- Number of PSIAs, Country level analyses and ESWs focusing on Youth and Development (e.g. Argentina, Jamaica, Andean Region) Social Violence, Gender, Impact of Migration and Remittances (e.g. Caribbean, Ecuador, El Salvador, Honduras), Ethnic Minorities, Forced Displaced Population (e.g. Colombia);
- Increased attention in CASs, PSIAs, ESWs and Policy Dialogues to mechanisms conducive to improving national environments for participation and accountability (i.e. strengthening NGOs and Civil Society participation related legal and constitutional frameworks, among others);
- Incorporate lessons learned from CDD and post-conflict operations into government programs and policies (e.g. post-conflict funds in Haiti and Colombia).

#### **Policy-based lending:**

- Support in-country capacity to generate disaggregated poverty information by race and ethnicity in Census, Household Surveys and Poverty analyses;
- Address gender, ethnic and racial diversity and their social and economic inclusion in CASs and relevant operations (e.g. Colombia, Ecuador, Peru, Argentina, Bolivia, Nicaragua, Panama, Venezuela);
- Identify, integrate and evaluate mechanisms of consultation and participation of social groups in Policy based lending; integrate social impact stock taking in policy based lending (specifically with regard to OP8.60 requirements).

### **Strategic Priority 2: Increase Attention to Social Development in the Bank's investment lending**

#### **Own-managed operations:**

- Increase own-managed SD projects, including the thematic lending portfolio (i.e. indigenous peoples, gender, afrodescendents, youth and violence, etc.);

- Improve and expand LCSEO support for countries undertaking poverty and social impact analysis (PSIA), Country Social Analysis, and other social ESWs (monitor the number of PSIAs, Country level analyses, ESWs that are systematically conducted);
- Expand inclusion of CDD approach in LAC Lending Portfolio.

### **Mainstreaming SD content and process in Bank investment lending:**

- Increase the impact of social analysis on investment loans;
- Increase number of LCR projects to which Social Development Indicators are applied, and bring SD themes to bear in cross-sectoral operations;
- Assist in capacity development across all sectors regarding application and evaluation of social safeguard policies;
- Provide support across sectors in the preparation and supervision of projects that trigger social safeguard policies;
- Develop successful LILs into specific investment operations.

### **Strategic Priority 3: Improve the Bank's Capacity-Building and Research, and Sustain Advocacy on Social Development**

- Expand Leadership Programs for Indigenous and Afrodescendants (Andean Region, Central America) to include other countries;
- Strengthen and expand partnership with FLACSO Costa Rica, IADB, CEPAL, Inter-Agency Coalition on Race (IAD), *Red de Organizaciones afro-descendientes LAC*, *Fondo Indigena* and various government institutes and ministries responsible for social development so as to increase impact, add value, exchange information, and increase the number of joint activities;
- Consolidate a regional community of practice and develop in-house capacities on CDD;
- Prepare CDD thematic notes to disseminate knowledge within the Bank and across the region;
- Increase cross-sector collaboration to mainstream social analysis, social participation and social safeguard policies in operations. Internal partners include PREM, FPSI and HD;
- Broaden existing network of consultants to improve service on projects; support networks of local partners who could collaborate in support of Bank operations;
- Improve social development research on youth, social exclusion and urban issues;
- Disaggregate socioeconomic data to measure MDGs by race, ethnicity and gender.



## **Middle East & North Africa (MNA)**

### **Strategic Priority 1: More Macro - Increase Attention to Social Development in the Bank's policy dialogue and policy-based lending**

#### **Policy dialogue:**

##### **Incorporate social development in policy dialogue: PSIA, CAS, CSA and PRSP:**

- Conduct at least 2 PSIA: Morocco Housing Sector Reform and Djibouti Energy;
- Provide social development input in upcoming CASs and increase stakeholders' participation in the preparation process (Morocco, Djibouti, Lebanon, Egypt);
- Carry out at least 4 CSA to inform policy dialogue (Iraq, Morocco, Yemen, Iran);
- Participate in the preparation of and provide social development input to PRSPs (Djibouti, Yemen).

#### **Policy-based lending:**

- Promote participatory country and sectoral social analysis;
- Enhance social development staff participation in policy and country teams;
- Build up in-country social safeguards capacity, promote upstreaming of social safeguards at the national level and establish institutional partnership in social safeguards;
- Measure social development outcomes through indicators.

### **Strategic Priority 2: Better Projects - Increase Attention to Social Development in the Bank's investment lending**

#### **Co-task managed operations:**

##### **Build-up cross-sector operations to promote social inclusion, cohesion and accountability:**

- Post-Conflict project with the HD unit (Iraq);
- HIV/AIDS project with the HD unit (Yemen);
- CDD project with the HD/INF unit (Egypt);
- Youth Inclusion project with HD unit (Morocco).

#### **Mainstreaming SD content and process in Bank investment lending:**

- Mainstream the use of SD approach and tools in key sectors (Transport, Infrastructure, Education, Water, RD) while building-up partnerships with them;
- Involve social "champions" from various sectors within the Bank as well as in the countries;
- Promote active participation of key stakeholders and local ownership, while building-up sustainable institutions;
- Progressively decentralize Bank social development expertise to country and sub-regional levels (Amman, Egypt, Morocco);
- Strengthen task management skills of social development experts and expand skill mix to meet rising social challenges (Conflict, Youth, Gender, Migration, HIV/AIDS, Disability).

<b>Strategic Priority 3: Better Grounding - Improve the Bank's Research and Capacity-Building</b>
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- Strengthen capacity of Bank teams in various sectors (HD, PREM, INF, RD) to address key SD principles of Inclusion, Cohesion and Accountability;
- Build-up regional and sub-regional networks of social development practitioners and local institutions to provide a 2-way process of knowledge sharing (Iran, Morocco, Yemen);
- Align on-going research and analytical work with the specific social development challenges of the region (Conflict, Youth, Gender, Migration, HIV/AIDS, Disability);
- Expand collaboration with key regional partners such as Islamic Development Fund, OPEC Fund for International Development, Arab Fund, as well as with bilateral and multilateral institutions, such as AFD, DFID, JICA, CIDA, KfW, IFAD, FAO and UNDP;
- Disseminate social development good practice through brown bag lunches, workshops, and regional and sub-regional conferences.

## South Asia (SAR)<sup>39</sup>

### **Strategic Priority 1: More Macro - Increase Attention to Social Development in the Bank's policy dialogue and policy-based lending**

#### **Policy dialogue:**

- Engage with broader range of stakeholders (NGOs, as well as the political classes at local, state and federal levels) to plan and monitor:
  - (a) State development policy lending (India);
  - (b) CAS, PRSP and National and provincial Development Policy Lending (Pakistan);
  - (c) PRSP and National Development Policy Lending (Bangladesh, Nepal, Sri Lanka).
- Strengthen analytical base for discussion with stakeholders on future roles and governance framework for civil society—Bangladesh and one other country;
- Expand PSIA Work—Bangladesh (and identify potential future sectors in other countries).

#### **Policy-based lending:**

- Complete Country Gender Assessments (CGA)—Afghanistan, India, Sri Lanka (also social assessment of effects of migration/remittance economy and conflict on gender), Pakistan, Bangladesh;
- Gender and Social Exclusion Assessment (GSEA)—Nepal;
- Implementation of agreed Gender or Social Exclusion recommendations in macro-policies (Nepal, Afghanistan, Sri Lanka);
- Introduce Social Accountability mechanisms in PRSP (Nepal);
- Social Appraisals for programmatic lending in highways and one other sector;
- Assist clients in internalizing accountability approaches (RWSS and one other sector);
- Build recognition and reward mechanisms for accountable programs;
- Engage in policy dialogue on national resettlement and indigenous people's policies (India, Pakistan, Nepal, and Sri Lanka; strengthen social safety nets to complement impact mitigation).

### **Strategic Priority 2: Better Projects - Increase Attention to Social Development in the Bank's investment lending**

#### **Mainstreaming SD content and process in Bank investment lending:**

- Accountability monitoring strategy for civil society in high risk investment operations-- Bangladesh, India, Pakistan;
- Apply findings of participatory monitoring and learning pilots and local organization study in operations – India;
- Assess social constraints and opportunities to increase accountability in individual operations, particularly decentralization, urban, transport, water, power and natural resource operations;

<sup>39</sup> This Action Plan represents initial thinking by the Region and will be revised as the regional strategy is further developed.

- Address gender constraints in development: India-- assess impact of Rural Women's Empowerment Project and agree on best approach for future support in the sector; Women's entrepreneur and project safeguard staff exchange between Afghanistan and India;
- Assess effectiveness of risk management in Safeguards in three sectors (possibly urban, transport and water);
- Assess lessons from Upper Krishna resettlement experience (India) to improve safeguards for future high risk projects;
- Build borrower's capacity to safeguard vulnerable populations in low-risk projects. In medium-risk project, assist government move towards country safeguard measures (eg. Pakistan--training for NHA staff);
- Promote Social Accountability measures within activities of all country teams;
- Identify successful Social Accountability mechanisms globally, then select and pilot in region.

<p><b>Strategic Priority 3: Better Grounding - Improve the Bank's Research and Capacity-Building</b></p>
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- Strengthen borrower system--Sri Lanka R&R policy implementation capacity building and India, Pakistan and Nepal policy dialogue;
- Carry out analytical work to deepen Bank's understanding of ground realities, especially informal systems/institutions, looking specifically at:
  - (a) Indigenous peoples' institutions that can aid their development;
  - (b) Role of patronage, and gender inequities within informal systems.
- Identify social development constraints to service delivery reform, e.g. political economy of farm and labour informal systems;
- Assessment of women's legal position, girls' school attendance, family planning and agricultural income generation opportunities for women in Afghanistan;
- Assess net benefits of inclusion (e.g. the changing caste system in India).

## **Environmentally and Socially Sustainable Development (ESSD)**

### **Strategic Priority 1: More Macro - Increase Attention to Social Development in the Bank's policy dialogue and policy-based lending**

- Enhance integration of existing macro tools including civil society and conflict assessments by supporting regions in piloting and implementing country-level social analysis;
- Maintain close collaboration with PREM on PSIA, draw out lessons learned and disseminate through training. Enhance exchange with sector units as lessons from sector reforms become available;
- Strategic (subsidized) cross support to critical DPLs with social development content
- Enhance knowledge generation and sharing on macro-level social development interventions.

### **Strategic Priority 2: Better Projects - Increase Attention to Social Development in the Bank's investment lending**

- Enhance knowledge sharing on SD business lines;
- Support OPCS in developing OP on investment lending and in including SD aspects in core and advanced operational training for Bank staff;
- Maintain quality enhancement work with QAG and with Social Protection on CDD;
- On-demand cross support.

### **Strategic Priority 3: Better Grounding - Improve the Bank's Research and Capacity-Building**

- Support regional research and conduct global policy research on CDD impacts, social capital, links between social and economic development;
- Support WDR on equity;
- Support the Legal Vice-Presidency on operational research related to human rights and development;<sup>40</sup>
- Support Regions and WBI in establishing and strengthening in-country networks of social development practitioners;
- Develop curriculum for intensive training course in macro-level social development work jointly with other donor agencies;
- Strengthen donor alliance for PSIA;
- Enhance existing Social Development Advisors' Network;
- Maintain and enhance partnerships with donors for the benefit of regional operations.

<sup>40</sup> The Legal Vice-Presidency is currently undertaking a number of research projects designed to further a strategy for exploring the linkages between the Bank's mandate, policies, and activities and human rights. In particular, a detailed analysis of the connection between the respect for and fulfillment of human rights and development effectiveness (or the success of projects) is being explored.

## World Bank Institute (WBI)

### **Strategic Priority 2: Better Projects - Increase Attention to Social Development in the Bank's investment lending**

- Facilitate trainings and learning activities for diverse stakeholder groups to strengthen their ability to hold governments and NGOs accountable and improve service delivery. Examples include:
  - (a) CDD and Natural Resource Management (Nigeria);
  - (b) CDD and community/government partnerships (Tanzania);
  - (c) Social Auditing (Bolivia);
  - (d) Social accountability and performance monitoring (Sri Lanka);
  - (e) Participatory Budgeting (Bosnia).
- Partnerships with targeted CDD projects in Ghana, Tanzania, Bosnia, Sri Lanka to mainstream capacity-building components into community-based/local development lending.

### **Strategic Priority 3: Better Grounding - Improve the Bank's Research and Capacity-Building**

- Foster regional network of social scientists, with focus on building local capacity in social analysis;
- Deliver with local partners a range of learning events, dialogues, and web-based courses to build local capacity for participation in policymaking and investment lending; create and support regional networks and communities of practice to promote knowledge sharing. Examples include:
  - (a) Stocktaking on Social Accountability Tools and Mechanisms (Anglophone Africa and Asia);
  - (b) Regional Course on Social Accountability/WDR 04 (Anglophone and Francophone Africa);
  - (c) Africa Municipal Radio Project, Participation and Participatory Budgeting;
  - (d) CDD On-line Course--Africa;
  - (e) Investing in Communities (private-community linkages)--Anglophone Africa;
  - (f) Francophone CDD TOT; Africa;
  - (g) Francophone CDD Distance Learning (DL) Course;
  - (h) Traditional Authorities in Local Governance--Asia;
  - (i) Access to Information for Good Governance--Southeast Europe;
  - (j) Roma Empowerment and Social Inclusion Network--Southeast Europe.
- Cross-regional comparative research on capacity building in social development; preparation of client/staff training on social development skills.

## Development Economics (DEC)

### Strategic Priority 3: Better Grounding - Improve the Bank's Research and Capacity-Building

- **Enabling environment**
  - (a) Political Economy (Pro-poor growth; Land inequality);
  - (b) Conflict (Civil wars; Crime/inequality in Sth Africa; Local conflict management in Indonesia).
- **Empowerment**
  - (a) Governance (Caste-based affirmative action in India; Measuring empowerment);
  - (b) Culture (Public celebrations in India; 'Culture and Public Action' book);
  - (c) CDD (Review of empirical evidence; Evaluations in Indonesia);
  - (d) Gender (Women's participation in rural India; Persistent son preference in Asia; Constraints on girls' schooling in Pakistan);
  - (e) Social Exclusion (Caste in India; Ethnic diversity in Albania);
  - (f) Social Institutions and Rights-based Approaches (NGO location decisions in Bangladesh; Social rights; Migration and networks in India).
- **Policy Analysis**
  - (a) Survey Research (Subjective welfare measures; Poverty Assessments);
  - (b) Policy/Project Evaluations (Using mixed methods; Strategies for evaluating SD projects; Community-based targeting);
  - (c) Qualitative Research (understanding impact of context and process on project performance).





## Annex 2: Management Action Record to OED Report on Social Development in Bank Activities<sup>41</sup>

OED Recommendation	Management Response
<p>1. Since the study shows the strong positive interaction of some social themes, the Bank (through the Social Development Sector Board) should identify, and promote integration within, the thematic combinations that improve outcomes.</p>	<p>Management welcomes OED's documentation of the strong positive interaction of social themes. The OED report supports and substantiates evidence of the findings emerging from the review of poverty and social aspects in QAG reviews. Management agrees with the need to maximize the use of integrated approaches to social development issues, and is taking up this issue in the draft SPP.<sup>42</sup></p> <p>In addition, the SD Sector Board already has undertaken work, under Management's direction, to develop policy and guidance to task teams on an integrated approach to social development.</p> <ol style="list-style-type: none"> <li>1. The Social Analysis Sourcebook, released in August 2002 after Bankwide review, provides explicit guidance on an integrated approach.</li> <li>2. The work of the SD Sector Board on social analysis issues is an important input into the proposed new effort to clarify and simplify the investment lending process.</li> <li>3. The ongoing update of the Bank's operational policy on adjustment lending (OP/BP8.60) proposes an integrated approach to the treatment of social and poverty impact at the country and operational levels, reflecting SD Sector Board advice.<sup>43</sup></li> </ol> <p>Agreed Actions</p> <ol style="list-style-type: none"> <li>1. Management plans to cover social analysis in its simplified policy framework for investment lending slated for issuance by the end of FY05.<sup>44</sup></li> <li>2. Management has recently revamped the processes for systematic sectoral input, including from social development staff, into CASs and operational products. The draft SD SPP discusses tools and practical steps for improvements in the provision of social development inputs. (See draft SPP, Chapter III, Strategic Priority 1).<sup>45</sup></li> <li>3. The SD Sector Board will continue its strategic collaboration with QAG to monitor operational quality and document good practices on the poverty and social dimensions of Bank-supported operations. This will be covered in the internal business and implementation plan under development.</li> <li>4. Management will support a strategic research agenda on the linkages between social development and poverty, as outlined in the draft SPP. The SD Sector Board is extracting further lessons on integrated SD approaches, summarizing the results from Implementation Completion</li> </ol>

<sup>41</sup> This document was prepared in February 2004. Since then some items have changed, they are reflected in footnotes to this Annex but not included in the original OED report.

<sup>42</sup> At the time of writing the management action record the earlier draft of this document was referred to as Strategic Priorities Paper (SPP)

<sup>43</sup> OP8.60 was issued in September 2004.

<sup>44</sup> The work on an updated investment lending policy framework is still ongoing.

<sup>45</sup> Strategic Priority 1

<sup>46</sup> Strategic Priority 3

OED Recommendation	Management Response
	Reports and OED's Evaluation Summaries for compilation in FY05. <sup>46</sup> (See draft SPP, Chapter III, Strategic Priority 4).
<p>2. The Bank's human capital and the Borrowers' existing institutional capacity need to be employed to provide task and country teams with the relevant social development expertise throughout the project cycle.</p>	<p>Management agrees that effective social development outcomes depend on attention to social development issues throughout the project cycle. To this end, the draft SPP explores the use of SD approaches in upstream ESW to inform the CAS and country programs, and downstream in implementation and M&amp;E. The internal business and implementation plan will explore further the implications for the operational skills of SD staff and the incentives for staff working on SD issues to work across the structural boundaries between PREM, HD and SD. It also addresses the use of local expertise, the demand for investment in client capacity building for social development, and WBI's role in this regard. (See draft SPP, Chapter III, Strategic Priority 2.).<sup>47</sup></p> <p>Agreed Actions</p> <ol style="list-style-type: none"> <li>1. Decentralization of SD experts has yielded benefits in terms of more in-depth and relevant knowledge of countries' social and institutional context, and has also lowered supervision costs. Management will continue to promote decentralization of SD expertise to country offices (or subregions) with significant SD issues where there is a strong business case to do so. In countries with a large portfolio, this may entail placement of international expertise. In others, it may entail deployment of national staff with the skills to provide integrated SD inputs to operations. The internal business plan will address these staff deployment issues and will discuss the use of local expertise to provide SD support to countries, for both upstream work and during the project cycle. (See draft SPP, Chapter III, Strategic Priority 4.)<sup>48</sup></li> <li>2. Management will help to strengthen country capacity by supporting local networks of social scientists (as in ECA and MNA). (See draft SPP, Chapter III, Strategic Priority 4.)<sup>49</sup></li> <li>3. The draft SPP explores how best to promote projects and project components to develop the ability of local government and nongovernmental institutions to address SD issues and enhance project sustainability. (See draft SPP, Chapter III, Strategic Priority 4.)<sup>50</sup></li> </ol>
<p>3. Country teams need to have the capacity to identify critically needed social knowledge and to facilitate its flow.</p>	<p>Management agrees with this recommendation. The draft SPP suggests a major strategic shift from individual projects to the country as the most important unit of analysis and action. This shift is fully consistent with the CDF/PRSP framework, and entails a programmatic, long-term approach to country-owned social development at the national (or in large countries, at subnational) and sectoral levels. We have made significant initial strides at the macroeconomic level by helping countries facilitate participation in PRSP processes and conduct their PSIA analysis, social accountability analysis, and conflict analysis. Assistance related to the first three areas is provided in close collaboration with PREM, reflecting increased efforts to work across sectoral boundaries as well as the benefits</p>

<sup>47</sup> Now Strategic Priority 2 and 3

<sup>48</sup> Strategic Priority 3

<sup>49</sup> *ibid*

<sup>50</sup> *ibid*

OED Recommendation	Management Response
	<p>of a country-driven approach. (See draft SPP, Chapter III, Strategic Priority 1.)<sup>51</sup></p> <p>SDG is developing social development indicators that are being tested and refined through cross-country and in-country research. The indicators will be integrated into the World Development Indicators (WDI), provided as background for Country Policy and Institutional Assessment (CPIA) work, and incorporated into the Country-at-a-Glance data. (See draft SPP, Chapter III, Strategic Priority 4.) Finally, several regions are experimenting with assigning responsibility to staff for integrating social development information and making it available to country teams in a timely manner – similar to the role that country economists play on the economic side. The draft SD SPP takes stock of these experiments; in the next stage, it will examine a generic approach.</p> <p>Agreed Actions</p> <ol style="list-style-type: none"> <li>1. Management will strive to integrate social analysis and gender analysis with poverty assessments, and will take stock of progress annually as part of portfolio monitoring. (See draft SPP, Chapter III, Strategic Priority 2.)<sup>52</sup></li> <li>2. The draft SPP explores how best to: (1) ensure that relevant social development information is made available to country teams in a timely manner; (2) strengthen social analysis at the country level; and (3) strengthen, over time, borrowers' capacity to undertake social assessments as routine inputs into project preparation, while retaining Bank responsibility for due diligence on social development issues in Bank-supported operations. (See draft SPP, Chapter III, Strategic Priority 2.)<sup>53</sup></li> </ol>
<p>4. Sector staff need to ensure that stated Bank or policy priorities receive adequate treatment across Regions and countries, and Bank strategic planning needs to address current skills and monitoring and evaluation gaps.</p>	<p>The formulation of Regional strategies and the draft SPP is helping to clarify and build consensus around strategic priorities. Management has increased its attention to high-priority issues for borrower countries through SDG's recent work on conflict, community-driven development, and the development of PSIA and social accountability tools for use by borrowers. Work in each of these areas has involved creating a new knowledge base, broadening the Bank's own skills mix, and developing partnerships with a new series of institutions for effective implementation. Management agrees with the value of increasing the skills of all Bank operational staff to take account of SD issues. This important topic is being addressed in the internal business and implementation plan under preparation.</p> <p>Agreed Actions</p> <ol style="list-style-type: none"> <li>1. The draft SPP addresses the shift in strategic priorities to the country level in support of country-owned poverty reduction strategies, and the implications of that shift for social development work in the Bank. (See draft SPP, Chapter II and Chapter III, Strategic Priority 1.)<sup>54</sup></li> </ol>

<sup>51</sup> Strategic Priority 1 and Implementation Plan

<sup>52</sup> Strategic Priority 1 and Annex 3

<sup>53</sup> Strategic Priority 1 and 3 plus Implementation Plan

<sup>54</sup> Implementation Plan

<b>OED Recommendation</b>	<b>Management Response</b>
	<p>2. The SD skills mix is being further diversified by recruiting political scientists, policy analysts, institutional specialists and economists within the SD group. Given the institutional and resource constraints within the SD group, other sectors will be encouraged to recruit SD specialists to provide more specialized knowledge and SD inputs relevant to each of those sectors. The skills mix strategy will be an important element of the internal business and implementation plan under preparation.</p> <p>3. The internal business and implementation plan under preparation will cover training issues, including the integration of SD in core learning activities for Bank operational staff.</p>

### Annex 3: Social Development (SD) Results Framework

#### Millennium Development Goals (MDG) Linkage

To reduce poverty and meet the MDGs, practitioners must integrate economic and social development. The *Social Development Implementation Plan* identifies strategic priorities on how the Bank can promote sustainable poverty reduction and empowerment through assisting countries in fostering inclusive, cohesive, and accountable institutions.

Final Outcomes	Country Outcomes			Bank Strategy	Process Indicators	
	Final Indicators	Intermediate Outcomes	Measurement: Intermediate Indicators		Country	Bank
Country outcomes: Results on-the-ground <sup>55</sup>						
Empowerment of poor and marginalized people through inclusive, cohesive, and accountable institutions <sup>56</sup>	Inclusion: Gini index (WDI, Table 2.7) Share of richest/poorest quintiles in total income/consumption (WDI, Table 2.7)  Cohesion: Country political risk rating (WDI Table 5.2) % GDP on health and education (WDI, Table 2.14, 2.9)  Accountability: Civil liberties index, (SDI/ICRG) <sup>57</sup>	Country policies and strategies enable inclusive, cohesive, and accountable institutions (e.g., Nicaragua and Philippines policies on indigenous land titling; conflict-peace transition strategies in 11 post-conflict countries; Bolivia popular participation law; Peru program on participatory budgeting)	Review by the SD Sector Board (SB) of Country Policy and Institutional Assessment (CPIA) show improvement in gender equality, equity in public resource use, building human resources, and property rights and rule-based governance	Strategic Priority 1: Increase attention to SD in Bank's policy dialogue and development policy lending (DPL)  1.1 Support multi-stakeholder participation in PRSP, CAS and DPL (e.g., multi-stakeholder dialogue; policy workshops, etc)          1.2 Improve understanding of social context <sup>60</sup> in CAS and DPL (e.g., country social analysis; country systems; etc.)	1.1 Countries to support policies and strategies enabling multi-stakeholder participation	1.1 No. & % of Bank programs and DPLs applying participatory approaches : <input type="checkbox"/> 42 CASs demonstrate responsiveness to stakeholder concerns and country ownership in SDSB Review  DPLs reviewed rated 80% satisfactory on participation (QAG)  1.2. No. & allocation of completed and planned diagnostics: Up to 40 new country level social analyses including, includes: [2] Country Systems Analyses for Social Safeguards

<sup>55</sup> The outcome indicators are limited in terms of coverage, and impacts cannot be fully measured or attributed solely to Bank supported activities.

<sup>56</sup> To enable countries to develop sustainable poverty reduction programs, their policies, programs, and institutions should be: *inclusive* so that everyone has equal opportunity to gain a return to their assets; *cohesive*, so they facilitate people working together to overcome common obstacles and manage conflict in a non-violent way; and *accountable*, so they respond to the needs and desires of all in a manner that is transparent, fair and just.

<sup>57</sup> World Development Indicators (WDI), Social Development Indicator (SDI); refer to : <http://esd.worldbank.org/sdstats/>; International Country Risk Guide (ICRG); To

Country Outcomes		Bank Strategy		Process Indicators	
Final Outcomes	Final Indicators	Intermediate Outcomes	Measurement: Intermediate Indicators	Country	Bank
	Democratic accountability rating (SDI/ICRG) Index of law and order (WBG) <sup>58</sup> Corruption perception index (SDI, TI) Legislative index of electoral competitiveness <sup>59</sup>			1.3 Countries to improve policies and strategies to reflect social dimension; 50 % of PRSPs refer to inclusion, cohesion and accountability	80 % of DPLs satisfactory on social analyses (QAG)  1.3 No. & allocation of completed and planned country diagnostics: Share of DPLs with SD themes among top three to be at 6% or more CAS review shows increase in SD components of country programs
<b>Country outcomes: Results on-the-ground</b>					
Empowerment of poor and marginalized people through inclusive, cohesive and accountable institutions	Inclusion: Gini index (WDI, Table 2.7) Share of richest/poorest quintiles in total income/consumption (WDI, Table 2.7)  Cohesion: Country political risk rating (WDI Table 5.2) % GDP on health and education (WDI, Table 2.14, 2.9)	Country development programs enable inclusion, cohesion, and accountability	Review of Government's investment programs shows that SD issues are increasingly addressed (e.g., government ownership and project/program effectiveness improves by addressing needs and increasing voice of poor and	<b>Strategic Priority 2: Increase attention to SD in Bank's investment lending</b>  2.1 Countries to support and expand stakeholder participation in projects and promote enabling conditions for stakeholder participation	2.1. Quality assessment of Participatory approaches in Bank assisted projects: <input type="checkbox"/> quality at entry results on stakeholder participation remain above 90% satisfactory ratings <input type="checkbox"/> quality at supervision results on stakeholder participation remain above 75% satisfactory ratings <input type="checkbox"/> participatory M&E developed in [15] projects  2.2. No. and quality of
			2.2.Improve understanding	2.2 Countries to	

strengthen capacities to monitor social development outcomes, the Bank has rolled out a set of social development indicators (SDIs) for 142 countries. These indicators assist countries, and Bank teams, in establishing a baseline for strategy implementation, including the PRS and CAS. These SDIs are available in time series for 21 indicators of inclusion; 6 on cohesion; and 10 for accountability. In addition, these indicators inform the Country Policy and Institutional Assessment (CPIA). There are 16 indicators describing the social context.

<sup>58</sup> World Bank Governance Database (WBG), Transparency International (TI).

<sup>59</sup> Legislative index of electoral participation measures political participation and can be found in the WBG and SDI website. The global indicators have been tested in several countries; see Chr. Michelsen Institute's (CMI) reports on social development, foreign direct investments, and social development outcomes (2003); see: <http://esd.worldbank.org/sdstats/>

<sup>60</sup> Social contexts include the economic, cultural, historical and political conditions in a country.

Country Outcomes			Bank Strategy		Process Indicators	
Final Outcomes	Final Indicators	Intermediate Outcomes	Measurement: Intermediate Indicators	Bank	Country	Bank
	Accountability: Civil liberties index, (SDI/ICRG) Democratic accountability rating (SDI/ICRG) Index of law and order (WBG) Corruption perception index (SDI, TI) Legislative index of electoral competitiveness		marginalized people; providing social accountability	of social context at project level	improve capacities in applying social analysis tools	completed social analyses: <input type="checkbox"/> [6] sector level social analysis <input type="checkbox"/> quality at entry results on social and poverty considerations above 90% satisfactory ratings <input type="checkbox"/> quality at supervision results on social and poverty considerations above 80% satisfactory ratings  2.3 No. & % of projects mapped to SD themes: <input type="checkbox"/> Increased to 9% (from 7%) in FY02 <input type="checkbox"/> Maintain or increase SDSB portfolio currently (\$1.5 billion) <input type="checkbox"/> Invest at least in 6 projects with explicit development objectives (DO) promoting inclusion, cohesion, and accountability
<b>Country outcomes: Results on-the-ground</b>						
Empowerment of poor and marginalized people through inclusive, cohesive and accountable institutions	Civil society index (WBG, SDI) Civil liberties index, (SDI/ICRG) Democratic accountability rating (SDI/ICRG) Index of law and order (WBG) Corruption perception index (SDI, TI)	Global knowledge and capacities strengthened to promote enabling policies and programs for inclusion, cohesion, and accountability  Global, regional, and in-country partnerships strengthened to enable inclusion, cohesion, and accountability	WBI country capacity assessments show improvements. Sector Board review of research and Knowledge products (FY08)	<b>Strategic Priority 3: Improve SD in operational research, and capacity building, and partnerships</b>  3.1 <i>Operational Research and Knowledge</i> : Improve knowledge on how institutions can promote empowerment and improvements in living standards of poor and marginalised groups	3.1 Government strategies reflect best practices on dealing with SD issues	3.1 Types and no. of research and knowledge management: WDR on equity Pro-poor growth and land inequality studies Conflict management Empowerment studies (social exclusion; governance, culture, gender, CDD, ethnic diversity, etc) Policy analysis (survey research, project evaluation, qualitative research, etc)

Country Outcomes			Bank Strategy		Process Indicators	
Final Outcomes	Final Indicators	Intermediate Outcomes	Measurement: Intermediate Indicators	Country	Bank	
			<p>3.2 <i>Capacity Building:</i> Strengthen capacities of countries for dealing with issues of inclusion, cohesion, and accountability (e.g., tools for participatory budgeting, conflict analysis; poverty and social impacts; etc)</p> <p>3.3 <i>Partnerships:</i> More partners pursuing coherent approaches to Social Development issues</p>	<p>3.2 Countries to facilitate capacity building programs to better address issues of inclusion, cohesion, and accountability</p> <p>3.3 Country Governments to strengthen partnerships with non-governmental institutions, media, local groups and private sector and development partners</p>	<p>3.2 No. &amp; allocation of capacity building programs (as per SDSB review ) such as:                      2 networks of SD practitioners established                      2 network strengthened                      Capacity building programs enhanced (per SDSB review) such as:                      CDD and natural resource management program in Nigeria;                      Social auditing capacity building in Bolivia; Social accountability, participatory budgeting, and performance monitoring programs (e.g., Bosnia-Herzegovina, Sri Lanka, Peru, Philippines, etc)</p> <p>3.3 No &amp; allocation to support partnerships:                      Country, regional, global SD partnerships for knowledge sharing, operations and research  <input type="checkbox"/> DGF programs enhanced and sustained  <input type="checkbox"/> Knowledge partnerships with Norway, Finland and Japan sustained  <input type="checkbox"/> Donor safeguards harmonization expanded to include social safeguard  <input type="checkbox"/> Community Foundations pilot successfully mainstreamed (FY08)</p>	

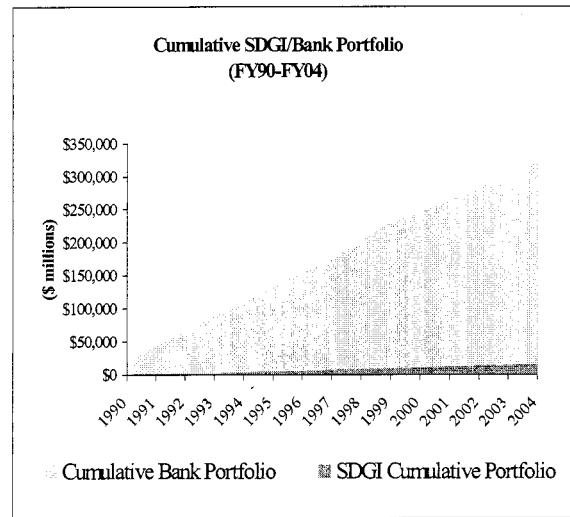
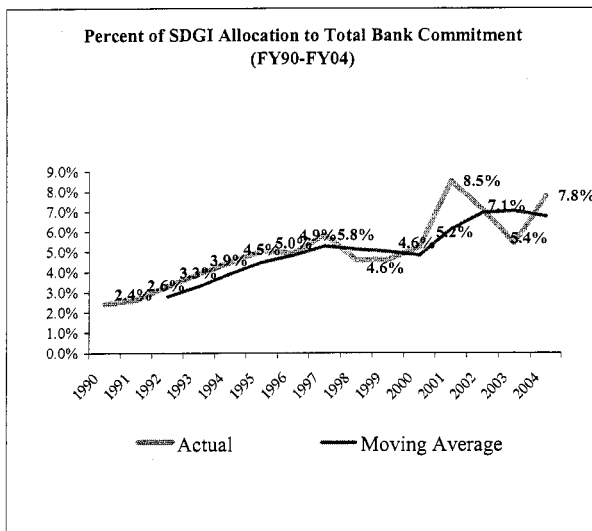


## Annex 4: Social Development, Gender and Inclusion (SDGI) Thematic Portfolio

**Cumulative SDGI Allocation (FY90-FY04): \$15.9 Billion**

**SDGI as percent of total IBRD/IDA commitments in FY04: 8.1%**

**SDGI as percent of cumulative Bank commitments (average FY90-FY04): 4.9%**



Share of of Total IBRD and IDA Lending (FY02-FY04)+						
	SDGI Share IBRD/IDA Lending	IBRD/IDA Lending (\$Billion)	SDGI Share IBRD Lending	IBRD Lending (\$Billion)	SDGI Share IDA Lending	IDA Lending (\$ Billion)
FY02	7.1%	19.5	4.0%	11/5	11.0%	8.1
FY03	5.0%	18.5	3.2%	11.2	10.0%	7.3
FY04	8.1%	20.1	4.0%	11.0	13.2%	9.0

+Reporting of IBRD and IDA lending by thematic categories in the World Bank *Annual Report* started in FY02.

CE&P is Civic Engagement and Participation

CDD is Community Driven Development

CP is Conflict Prevention

G is Gender

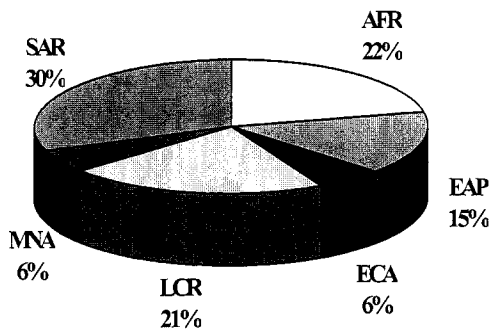
IP is Indigenous Peoples

OSD is Other Social Development

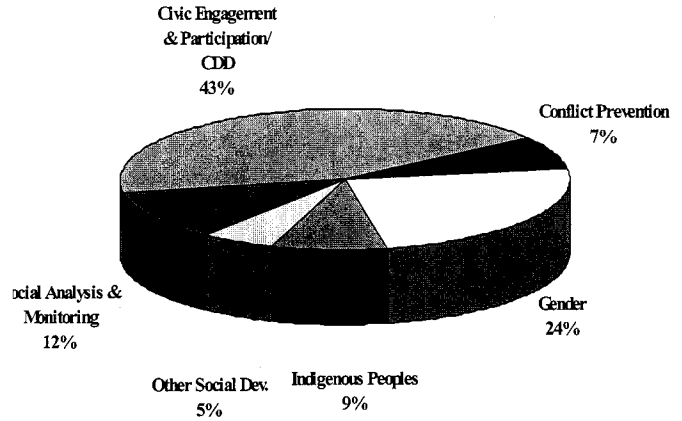
SA&M is Social Analysis and Monitoring

### Number of Operations that include a SDGI Theme among the top three (FY90-04)

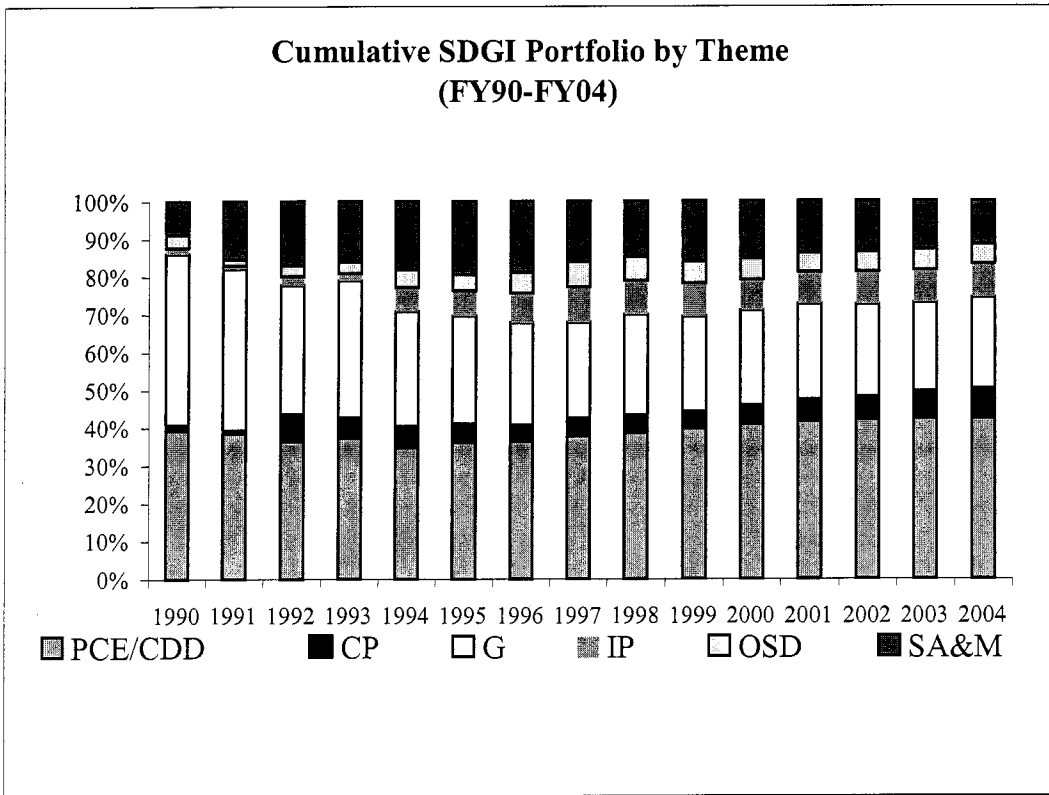
SDGI Allocation by Region (FY90-FY04)

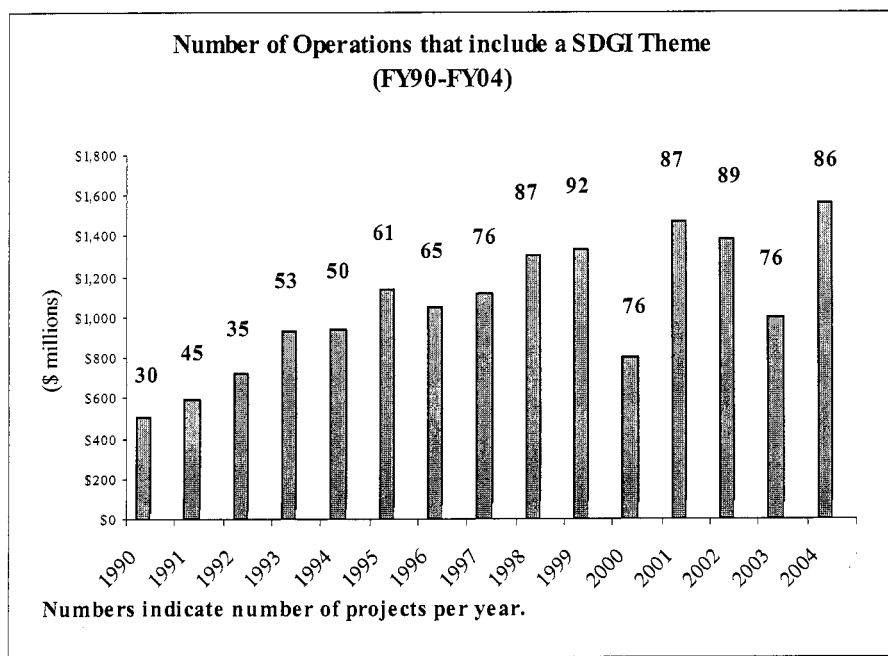


SDGI Allocation by Theme (FY90-FY04)



### Cumulative SDGI Portfolio by Theme (FY90-FY04)





<b>Projects Mapped to the SD Sector Board<sup>61</sup></b>			
<b>Year</b>	<b>No. of Projects</b>	<b>No. Active Projects</b>	<b>Commitment (\$m)</b>
<b>1997-2000</b>	<b>11</b>	<b>5</b>	<b>161.3</b>
<b>2001</b>	<b>6</b>	<b>6</b>	<b>567.7</b>
<b>2002</b>	<b>6</b>	<b>5</b>	<b>91.0</b>
<b>2003</b>	<b>8</b>	<b>8</b>	<b>469.8</b>
<b>2004</b>	<b>7</b>	<b>7</b>	<b>211.3</b>
<b>Total</b>	<b>38</b>	<b>31</b>	<b>1,509.1</b>

<sup>61</sup> Projects mapped to the sector board are projects for which the SD Sector Board has primary responsibility for quality assurance. The Sector Board is also responsible for the quality of SD inputs in other projects.



## **Annex 5: Social Development Partnerships and Harmonization**

Strong partnerships and coordination are necessary to promote good social development outcomes. The Bank needs to rely on a broad range of partners -- including regional and bilateral development agencies, the IMF, the UN, civil society, the private sector and academia -- to implement the Social Development strategic priorities effectively. The Bank's partnerships involve sharing resources, including knowledge, staff and funds. There are several innovative options to developing such partnerships, such as Sector Wide Approaches that seek to harmonize donors' support to a government's sector program.

The Bank has established partnerships with several multilateral development organizations. For example, it has long-standing cooperation with the Interamerican Development Bank on efforts to support indigenous people and to promote accountable institutions. It works with the Asian Development Bank to develop more effective ways to address safeguards and to build local social development capacity. Further, it collaborates with the African Development Bank on community driven development and the local governance agenda. The European Investment Bank has recently launched a social development unit and the World Bank will look to collaborate with its staff. Concerning other international financial institutions, the World Bank is looking to follow the example of harmonizing its work on environmental assessment so that it applies more broadly to social safeguards. Finally, it currently works with the United Nations to address conflict-affected areas. While each of these efforts to work with multilateral partners has been productive, as part of its implementation of these strategic priorities, the World Bank will look to broaden and deepen these operational partnerships.

Many bilateral partners undertake work that complements that of the Bank, such as in the area of PSIA. The Bank already works with the German Technical Cooperation Agency (GTZ), and the Department for International Development of the UK (DFID) on PSIA to ensure consistent approaches that build on each organization's comparative advantage and a donor alliance for PSIA has been established.

The Bank also works very closely with the Governments of Finland and Norway, through the Trust Fund for Environmentally and Socially Sustainable Development. This partnership develops donor and client country capacity for social development, promotes inclusion of these cross-cutting issues into World Bank supported operations, and harmonize cooperation between different units in the World Bank and with the UN. Similar support for capacity building was provided 2003 by the Bank Netherlands Partnership Program.

The Japan Social Development Fund is potentially an important tool to provide direct support to the goals of inclusion, cohesion and accountability, both in terms of investments and capacity building. Examples include the Fund's support to social accountability in the Philippines and Peru.

To support implementation of better and more sustainable CDD efforts, the Bank is engaged in a partnership with several private foundations to explore how the Bank can support community-foundations. This is a very operational partnership with financial and knowledge contributions from both sides. Though this partnership is still in its early phase, it has the potential to be an

important element in supporting implementation. Collaboration is ongoing with the multi-lateral development Banks to harmonize procedures. The good progress on environmental dimensions also holds promise for future work on social development.

Several important global programs partially funded by the Development Grant Facility are strengthening the implementation of social development in the Bank. The Post-Conflict Fund makes grants to a wide range of partners (civil society organizations, UN agencies, transitional authorities and governments) to provide early and broad World Bank assistance to conflict-affected countries. Grants are focused on the restoration of the lives and livelihood of war-affected population, with a premium placed on innovative approaches to conflict, partnerships with donors and executing agencies, and leveraging resources through a variety of funding arrangements. The Fund was recently externally evaluated and found to be a very effective and efficient instrument. The evaluation recommended a significant increase in the size of the Fund (currently about US\$8 million per year). The Fund also administers the implementation of the trust fund for Bank support to low-income countries under stress, most of which are conflict-affected. The Small Grants Program provides block grants to country offices to be allocated to activities in support of civic engagement. While small in scale (about US\$2 million per year and between US\$20,000 and US\$35,000 per country office), a recent evaluation noted the important impact of the program in terms of leveraging other funding and improving the Bank's ability to engage with local civil society. Recently the Bank has also established the Global Fund for Indigenous Peoples, which provides direct grants to indigenous peoples and support to the UN permanent forum of indigenous peoples. A board of indigenous leaders governs the Fund. As part of the implementation of these strategic priorities, the Bank will strengthen its efforts to increase funding for these three programs.

## Annex 6: Responsibilities for Implementing the Social Development Strategic Priorities

Position	Responsibility
President	<ul style="list-style-type: none"> <li>• Continues providing leadership and advocacy on the importance of the social dimensions of development</li> </ul>
Management Committee	<ul style="list-style-type: none"> <li>• Improves incentives for multi-sectoral work</li> </ul>
Regional Vice Presidency	<ul style="list-style-type: none"> <li>• Oversee the implementation of regional strategies and action plans</li> </ul>
Country Directors	<ul style="list-style-type: none"> <li>• Ensure that social development issues are addressed throughout the CAS cycle as appropriate to country circumstances</li> </ul>
Regional ESSD managers	<ul style="list-style-type: none"> <li>• Together with Sector Board and anchor assure quality of Social Development inputs and operations</li> </ul>
Chief Economist	<ul style="list-style-type: none"> <li>• Oversee research work on links between social and economic development including 2006 WDR on equity</li> </ul>
Network VPs	<ul style="list-style-type: none"> <li>• Encourage collaboration among sectoral and SD staff</li> </ul>
Legal VP	<ul style="list-style-type: none"> <li>• Provide guidance and support on legal aspects of SD</li> <li>• Oversee inclusion of SD issues into legal and judicial reform programs</li> </ul>
WBI VP	<ul style="list-style-type: none"> <li>• Enable WBI to be more involved in SD capacity building agenda</li> </ul>
QAG	<ul style="list-style-type: none"> <li>• Continue close collaboration with SDV and inclusion of social aspects in QAG reviews</li> <li>• Provide feed-back on quality of SD board work.</li> </ul>
ESSD VP	<ul style="list-style-type: none"> <li>• Provide vision for integrated sustainable development message and programs</li> <li>• Ensure sufficient funding within envelope to SD activities</li> </ul>
SD Sector Board	<ul style="list-style-type: none"> <li>• Coordinates and monitors implementation of the strategic priorities</li> <li>• Allocates anchor and partner resources to high priority countries, sectors and tool development</li> <li>• Develops and oversees high quality training, research, quality assurance and knowledge program</li> <li>• Reviews SD dimensions in Bank operations by examining share of projects with SD issues in development objectives and monitoring and evaluation.</li> </ul>
ESSD SD Department	<ul style="list-style-type: none"> <li>• As secretariat for Sector Board, responsible for monitoring the implementation plan, development of knowledge products, cross support for critical operations, strategic updates, draft policy revisions, and partnership facilitation</li> </ul>





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