

DISCUSSION DRAFT

Social Development in World Bank Operations: Results and Way Forward

Social Development Department
12 February 2004

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TABLE OF CONTENTS

List of Annexes	iii
Acronyms	iv
Foreword.....	v
Executive Summary	1
Chapter I – Social Development to Address Global Challenges.....	5
Conceptual Framework.....	6
Commitment to Social Development	11
Chapter II – World Bank Progress on Social Development.....	14
Social Development Makes Projects More Effective and Mitigates Risks	15
Where the Bank Can Do More	17
Institutional Constraints to Deepening Social Development Impacts.....	18
Chapter III – Strategic Priorities for Social Development	20
Priority One: Increase Attention to Social Development in the Bank’s Policy Dialogue and Policy-based Lending	20
Priority Two: Continue Mainstreaming of Social Development Activities in Bank Supported Investments.....	22
Priority Three: Enhance the Social Development Portfolio of Lending and Analytic Work.....	24
Priority Four: Improve Bank’s Capacity Building and Research, and Sustain Advocacy on Social Development	26
Good Practice for a Country Program that Systematically Addresses Social Development.....	28
Selectivity and Conclusions	28
Chapter IV – Implementing the Strategic Priorities.....	30
Strengthen External Partnerships	30
Monitoring Results	33
Managing Risks.....	33
Next Steps	35
Chapter V – Conclusion.....	36

LIST OF ANNEXES

Annex 1	Social Development Tools	38
Annex 2	Management Action Record OED Review of Social Development in Bank Activities	41
Annex 3	Social Development Portfolio	44
Annex 4	Brief History of SD in the Bank	49
Annex 5	Social Development Tool by Type of Country	51
Annex 6	Monitorable Indicators.....	52
Annex 7	Good Practice Approaches for Social Analysis in Investment Operations.....	54
	 Bibliography	 56
	 Boxes	
Box 1	Links between Inequality and Inclusion	9
Box 2	Copenhagen to Islamabad – A Decade of International Commitments to Social Development	12
Box 3	Social Development in World Bank Operational Policies and Procedures	13
Box 4	Ratings for Projects Addressing One or More Social Development Themes.....	15
Box 5	OED Recommendations to Improve Bank’s Social Development Activities and Implementation Strategy to Follow up on those Recommendations	18

ACRONYMS

AFR	Africa Region
ARDE	Annual Review of Development Effectiveness
CAF	Conflict Analysis Framework
CAS	Country Assistance Strategy
CDD	Community-Driven Development
CDF	Comprehensive Development Framework
CPIA	Country Policy and Institutional Assessment
CSA	Civil Society Association
DEC	Development Economics Group
DFID	Department for International Development (UK Aid Agency)
EAP	East Asia and Pacific Region
ECA	Europe and Central Asia Region
ESSD	Environmentally and Socially Sustainable Development Network
ESW	Economic and Sector Work
EXT	UN and External Affairs Department
GTZ	Gesellschaft fuer Technische Zusammenarbeit (German Technical Assistance Agency)
HD	Human Development Network
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
LCR	Latin America and Caribbean Region
LEG	Legal Department
MDGs	Millennium Development Goals
MNA	Middle East and North Africa Region
NGOs	Non-Governmental Organizations
OD	Operational Directive
OED	Operations Evaluation Department
OMS	Operational Manual Statement
OP	Operational Policy
OPCS	Operations Policy and Country Services
P&CE	Participation and Civic Engagement
PER	Public Expenditure Review
PPA	Participatory Poverty Assessment
PREM	Poverty Reduction and Economic Management Network
PRSP	Poverty Reduction Strategy Paper
PSIA	Poverty and Social Impact Analysis
QAG	Quality Assurance Group
SAR	South Asia Region
SD	Social Development
SDG	Social Development Group
SDGI	Social Development, Gender & Inclusion
TSP	Thematic Strategy Paper
UN	United Nations
WBI	World Bank Institute
WDI	World Development Indicators
WDR	World Development Report

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

FOREWORD

Thematic and sectoral strategy papers define the World Bank's approach to important global themes and sectors such as gender, water resources, environment, education and forestry. In April 2002, World Bank Executive Directors endorsed preparation of a strategy paper for social development in their discussion of the *Issues Paper for a Bank-wide Social Development Strategy*. The paper presented here builds on this discussion and provides suggestions for how the Bank can improve its support to social development as a key component of its mission to reduce poverty. A draft of the paper was discussed by World Bank Executive Directors in December 2003 together with the Operations Evaluations Department's (OED's) review (see <http://www.worldbank.org/oed/socialdevelopment/>) of social development activities at the Bank. At this meeting, Executive Directors recommended that Management prepare a paper more along the lines of an implementation plan for mainstreaming of social development in Bank operations. This draft reflects feedback from the Executive Directors and forms the basis for consultations.

The preparation of this paper was a highly iterative process of broad based *involvement*, *dialogue*, and *consensus building* with internal and external partners. Drafts of the strategy were widely circulated internally; and the corporate draft was prepared in dialogue with the regional social development strategies. The Social Development Sector Board led the process of formulating the strategy. Inside the World Bank, the strategy was discussed with Sector Boards across the Networks as well as with Country Directors and members of Regional Management Teams. The contributions of our external partners (United Nations, civil society, donors and bilateral agencies) provided an essential building block for the broad strategic directions. Steen Lau Jorgensen managed the preparation of the strategy written by a team consisting of Nina Bhatt, Robert Chase, Susan Jacobs Matzen, and Colin Scott. Laurence Nyook Paul, Milagros Benedicto and Carmen Martinel edited the document and provided logistical support.

EXECUTIVE SUMMARY

Today we live in a world of sharp contrasts. There has been great progress in human and economic development. There are now great opportunities for poverty reduction in the globalizing economy. Information flows more freely than ever before. At the same time, there are deep-seated imbalances that threaten socio-political sustainability. With more than a billion people living on less than a dollar a day, the gap between the rich and the poor is wide. Millions are affected by war and other forms of violence, and many men and women are powerless and excluded from opportunities because they lack the capabilities to make the system work on their behalf.

In the general development debate it is agreed that economic growth is necessary, but not sufficient, to improve human well-being and reduce poverty. Instead, poverty reduction efforts must address the economic, human, environmental, financial and *social* dimensions of development. In particular it has become clear that economic and social development are inextricably linked. This has been most clearly articulated in the Millennium Development Goals, which are grounded in “fundamental values ... essential to international relations in the twenty-first century” such as freedom, equality, solidarity and tolerance. International commitment to social development has been solid, from the 1995 Copenhagen Declaration to the Social Charter agreed upon at the 2004 South Asian Association for Regional Cooperation. The World Bank’s vision and public commitments are consistent with this comprehensive approach to poverty reduction. This paper shows how the Bank has strengthened its operations through attention to the social dimensions of development, and what it will do to intensify those efforts.

What definitions and principles guide the Bank’s attention to social development?

Just as economic development is positive economic change, social development is **positive social change**. Positive social change refers to transformation that better equips society to reduce poverty. It is based on a deep knowledge of local context, which informs understanding of how the perspectives and constraints of men, women, and children living in, say, the slums of Calcutta differ from those of people living in Bosnian villages, or in Brazilian rainforests. It requires an understanding of power dynamics, culture, and value systems, as well as the informal and formal structures of societies.

Because social development is so context-driven, the international community has neither recognized one universal definition nor ascribed uniformly to one of the several useful conceptual frameworks associated with social development. The Bank has built its social development strategic priorities on the principles revealed by operational experience. Our work has shown us that **inclusion, cohesion, and accountability** make development operations more effective and sustainable.

- *Inclusive societies* promote equal access to opportunities. To move toward this goal, societies must alter formal and informal rules that limit the capabilities of the disempowered and encourage the participation of diverse individuals and groups in development activities.
- *Cohesive societies* are willing and able 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.
- *Accountable institutions* are transparent and serve the public interest in an effective, efficient and fair way. They are responsive to people's needs. Accountability is the obligation of power-holders (those who can exercise political, economic or other forms of power) to account for, or to take responsibility for, their actions.

Inclusive, cohesive societies with accountable institutions are better able to sustain lasting development.

How has the Bank addressed social development so far?

Social development is extremely important to the World Bank. The institution has demonstrated its commitment through the Comprehensive Development Framework, work with clients on their own Poverty Reduction Strategies, public statements, and operational strategies and policies. The Bank has made good progress on many fronts during its 30-year history of social development work, helping clients strengthen the nexus of formal and informal institutions, norms, and values. Most Bank-financed projects now include participation and civic engagement; social analysis is carried out fairly routinely; the portfolio of projects dealing with conflict is increasing; and the Bank is increasing its commitments for community-driven development. The Bank's approach to safeguard policies aims to ensure that vulnerable people are protected from potential negative impacts of development. The Bank's emphasis on social development in recent years has meant:

- Focusing explicitly on conflict in Bank financed-projects. The Bank has begun to examine the sources of conflict, seeking to promote cohesion in ways responsive to local social contexts;
- Lending more than one billion dollars per year for community driven development projects to include communities in development decisions and actions, and to empower people to control development resources; and
- Using the Bank's operational safeguard policies on indigenous peoples and involuntary resettlement to improve project design and implementation. More than 460 ongoing projects now rely on these policies.

This attention to the social dimensions of development has improved Bank-financed operations. In its 2003 review of social development activities, the Bank's independent Operations Evaluation Department (OED) found that almost half of all projects financed by the Bank over the past decade address some social dimensions of development and that such projects meet their objectives more often, their impacts are likely to be more sustainable, and they do better on

institutional development than the portfolio as a whole.¹ OED found that when projects address two or more social dimensions, the improvement is even greater.

What more is needed?

The Bank is always striving to improve its products and services. Through the OED review, the Bank has identified ways to better meet its goal of more inclusive, cohesive and accountable societies by:

- Identifying and promoting the use of comprehensive approaches to social development that improve development outcomes and use resources better to meet social development goals;
- Providing increased social development capacity in the field by making better use of in-country institutions;
- Ensuring country team access to essential social information to build social development into project design and ensure that social development concerns are addressed during implementation; and
- Ensuring consistent attention to social development across all regions.

The strategic priorities set out in this paper are a combination of mainstreaming the use of social development tools throughout the Bank's business models and innovating in the way we use social development approaches in order to find new ways to tackle age-old problems such as fighting corruption, engaging in post-war rehabilitation, or helping farmers sell their crops. The strategic priorities have been selected because of their fit with the Bank's comparative advantage in the development arena. Each Bank regional team will tailor its application of priorities in response to its clients' specific contexts, capacities and demands.

- **Priority One: Increase and improve attention to social development in the Bank's *policy dialogue and policy-based lending*.** Actions associated with this priority include:
 - o Improving the process of preparing and implementing policy dialogue and lending to put greater emphasis on social accountability;
 - o Supporting expansion of countries' poverty and social impact analysis (PSIA); and
 - o Encouraging freestanding country-level social analysis to inform the policy dialogue.
- **Priority Two: Complete mainstreaming of social development activities in Bank-supported *investment projects*.** The focus of action here is on:
 - o Expanding the use of social analysis;
 - o Expanding the use of participation, social accountability and empowerment; and
 - o Implementing safeguards more effectively.

¹ *An OED Review of Social Development in Bank Activities* (May 2003) Operations Evaluation Department (OED). The World Bank, Washington D.C.

- Priority Three: Enhance the *portfolio* of investments and analytic work focused on social development. Here it is important that content be decided on the basis of regional need. In general, the focus will be on:
 - o Increasing social inclusion of disenfranchised populations;
 - o Improving cohesion in society, through initiatives that enhance social capital, reduce crime and violence, prevent conflict or reconstruct areas destroyed through conflict; and
 - o Fostering accountable institutions, through initiatives such as linking technical assistance loans to adjustment lending in order to encourage social accountability.

- Priority Four: Improve the Bank’s *capacity building, advocacy* and *research* on social development to build a stronger platform for implementing Priorities One, Two and Three. Work here will focus on:
 - o Improving capacity building;
 - o Improving social development research; and
 - o Sustaining advocacy on social development.

How will the strategic priorities be implemented?

This paper lays out the broad principles of how to build on past successes to better scale up the Bank’s social development work. In their planning processes, each Bank regional team will determine the details of implementing this strategy so that it balances both regional and corporate strategic priorities. This paper outlines actions to strengthen how the Bank operates.

How to monitor progress and manage risks?

Implementation of the strategic priorities will include monitoring country outcomes and Bank actions, inputs and operational change. Bank actions can be monitored using the Bank’s portfolio database, internal evaluation and quality assurance results, and Social Development Sector Board assessments of the progress on each priority action.

Implementing the strategic priorities support and enhance the ongoing corporate direction towards more upstream, country-level strategic approaches. It does not layout new requirements or new mandates, but presents a menu of options for the Bank to improve further its support for the achievement of the Millennium Development Goals in a country-driven framework. While there are risks inherent in any venture, the risks to the poor and marginalized would be greater if the Bank chose inaction or a less strategic use of its resources. The strategic priorities presented here open an important window of opportunity for the Bank. Its progress on assisting clients in the area of social development is good. With efforts to scale up and improve its investment in social development, the Bank will be better-positioned to achieve its vision for a “world free of poverty.”

CHAPTER I: SOCIAL DEVELOPMENT TO ADDRESS GLOBAL CHALLENGES

1. At the start of the 21st century, while many people around the world benefit from the increased flows of goods, capital and information, too many others still confront seemingly intractable challenges, particularly in developing countries.
2. Examples are all too easy to find of where disease and poverty are limiting access to opportunity. In Africa, for example, HIV/AIDS infects more than 10,000 new people each day, which equals four million new cases a year. The human and economic costs of the disease threaten the region's social fabric and political stability. In South Asia, – home to a quarter of the world's population – the number of people living on less than a dollar a day is about equal to the total population of Sub-Saharan Africa.
3. Insecurity and crime keep millions of people in poverty and can corrode established economic and social norms. For example, open conflict affects 35 of the world's poorest countries. At least 11 countries in Europe and Central Asia (ECA) have endured, or are presently in the midst of, conflict and war, often along ethnic lines.² In the ECA region, most countries in transition have moved towards informal institutions. As formal systems collapsed, informal systems (and the use of social capital) became the primary way by which individuals and groups functioned within their economies. For example, barter trade between enterprises and people, the development of illegal and illicit activities, and connections using old communist party or enterprise network to access services and goods have grown. This highlights the importance of understanding how interactions shape broader socio-economic transformations in the region.
4. Financial insecurity caused by ethnic inequalities and external financial shocks also remain pervasive. A link between poverty and inequality, and the high correlation between race, gender, youth and poverty is evident in much of the world. In some countries in Latin America and the Caribbean, the income of the wealthiest quintile of households is 30 times greater than that of the poorest quintile. The rapid expansion of poorly-serviced urban peripheries in the Middle East and North Africa (MNA) parallels the socio-economic decline of some urban centers. In East Asia, while the recovery from the financial crisis has been encouraging, today more than 700 million people in the region live on less than two dollars per day. Often, rural economies fail to keep pace with urban counterparts due to under-investment, periodic but persistent droughts and rural out migration - especially of youth.

² Ethnic tensions present complex and problematic challenges for many countries. For example, the collapse of the former socialist systems in many parts of Europe and Central Asia has resulted in the assertion of identity along nationalism and ethnicity. Such coping mechanisms often have socio-political, cultural and economic underpinnings which have to be understood for development effectiveness.

5. Development challenges and their responses are necessarily multiple and inter-connected. When development practitioners help strengthen economic policies and build infrastructure, they allow more people access to increased flows of goods and services. Support for education opens opportunities to access new information and ideas. Managing natural resources more effectively allows people in developing countries both to make better use of available assets and to limit the sources of conflict. Funds for health systems can both improve people's health and help address the AIDS crisis. Each of these development efforts can and does improve peoples' lives. But maximum development effectiveness requires these multi-sectoral interventions to be lodged in the social context: the societal dimensions of development.

6. Attention to the prevailing social context has been proven to enhance development results. It means that development projects should take into account, within any given society, its formal and informal norms, value systems and institutions. Within the societal context, interventions should promote principles of **inclusion, cohesion** and **accountability**. To be comprehensive, development has to incorporate economic, environmental, human and **social** dimensions.

7. Moreover, there are aspects of social development that are important as stand-alone outcomes. Several studies, including *Voices of the Poor*, show that in addition to increased consumption and income, people value access to opportunities, a secure social environment and the power to hold others accountable for their actions. The *World Development Report 2000/1: Attacking Poverty* clearly articulates the multi-faceted dimensions of poverty. In this context, social development carries intrinsic value: it is a form of poverty reduction as well as a means to development effectiveness.

Conceptual Framework³

8. Increases in income are not enough for sustainable poverty reduction. *Sustainable change* requires *social change* – with systematic attention to the challenges of embedded social, political and economic exclusion; to social tensions that can lead to conflict – whether it is domestic violence, civil war or urban street crime; and to the challenges of supporting transparent and responsive institutions. A comprehensive development vision sees social development as the necessary and inseparable counterpart to economic development. In other words, they are the two sides of the same coin. Sustainable social development can only be achieved on the basis of social inclusion, cohesion and accountability while relying on the market as the principal means of realizing the productive energies of poor people.

9. Just as economic development is positive economic change, social development is positive social change. Positive social change refers to transformations that better equip society to reduce poverty. Preparation of this draft included many months of discussions with

³ Much of the thinking presented here has been articulated in key World Bank documents from the last several years – particularly in the WDR 2000/1 *Attacking Poverty* and in various documents that lay out the comprehensive development framework and PRSP approaches. See bibliography for details on Bank sources that informed the development of this paper.

development practitioners, from various disciplines and across the world, to explore theoretical principles and to understand the institutions that help reduce poverty.^{4 5}

10. Conceptually this paper borrows from the work of Amartya Sen, particularly his assets and capabilities framework for understanding well being⁶. This framework takes measures of poverty beyond consideration of physical, natural, financial, and human assets as necessary for development by recognizing that peoples' capabilities and environment for action and success are equally necessary. Social development focuses on ways to influence the formal and informal rules that govern peoples' capabilities to use and access assets, as well as the social environment in which people strive to make a livelihood.

11. To facilitate positive social change that enhances peoples' capabilities, development strategies must be informed by an understanding of power dynamics, culture and value systems, as well as the informal and formal norms of the societies in which they work. Social reality exists at the intersection between formal and informal rules. Focus on this intersection, sometimes called the "rules of the game," is the comparative advantage of the social development approach. This attention to what makes up capabilities distinguishes social development from approaches that focus on assets available to individuals. Further, it puts relatively greater influence on informal rules that govern individual interactions within the formal system.

12. There are few universal characteristics accounting for social dynamics. Relevant rules and principles necessarily vary by the character of the actors involved, by constraints facing each individual person and each social entity and by the history of past interactions. As a result, context is vitally important to understanding social interactions and by extension, to working on social development. In essence, a prerequisite to social development and to supporting positive social change is a deep understanding of the "rules" operating within a specific context. The rules of how to get things done are very different from the perspectives of a woman subsistence farmer in Kenya, a young day laborer in the urban sprawl of Jakarta, and a villager trying to rebuild a society shattered by warfare in the Balkans. Development efforts must be aware of, and respond to, the specific context in which they operate.

13. A social development approach begins by focusing on the perspectives and realities of poor and marginalized individuals and groups. This means paying attention to a variety of

⁴ In this document, poverty is understood to be the multi-dimensional deprivation of well-being, including for example material deprivation, low levels of health and education, vulnerability, exposure to risk, voicelessness and powerlessness. See the World Bank's World Development Report 2000/1, *Attacking Poverty*.

⁵ The anthropological focus on human culture, its varieties and transformations, and the sociological study of the causes and consequences of social action are among the disciplinary traditions that pay attention to social contexts, relationships and rules. Several branches of economics, such as game theory, institutional economics, and the economics of the family pioneered by Gary Becker (see for example, *A Treatise on the Family*, 1991, Harvard University Press) apply formal economic models to social interactions. Social development approaches rely on insights from each of these disciplines.

⁶ Sen has published a great deal of work based on this framework, including Sen, 1985, *Commodities and Capabilities*, Amsterdam: Elsevier; Sen, 1988, "The Concept of Development" in *Handbook of Development Economics*, H. Chenery and T.N. Srinivasan, eds., Amsterdam: Elsevier; Sen, *Development as Freedom*, 1999, New York: Knopf Press.

stakeholders, and to issues including gender relations, ethnicity, nationality and religion. Development practitioners can thus work toward positive changes that are more likely to be sustained because they are rooted in our ultimate stakeholders' aspirations.

The operational principles of social development

14. The question that guided background discussions on theoretical frameworks for social development was: how do these frameworks for understanding positive social change lead to clear operational applications? The answer put forth by this strategy is that theory meets practice through operational principles. The three operational principles that guide social development are: inclusion, cohesion and accountability.

- ***Inclusive societies*** promote equal access to opportunities. To move toward this goal, societies must alter formal and informal rules that limit the capabilities of the disempowered and encourage the participation of diverse individuals and groups in development activities.
- ***Cohesive societies*** are willing and able 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.⁷
- ***Accountable institutions*** are transparent and serve the public interest in an effective, efficient and fair way. They are responsive to people's needs. Accountability is the obligation of power-holders (those who can exercise political, economic or other forms of power) to account for, and take responsibility for, their actions.

Inclusion

15. Inclusive societies promote equal access to opportunities for all people. Absence of inclusion fuels peoples' perception of their own poverty and powerlessness. Given this direct link between a sense of exclusion and poverty, promoting inclusion can directly reduce poverty.

16. Formal and informal social norms that are inclusive facilitate efforts to achieve the MDGs. For example, universal primary education will require that all children attend school. However, in many contexts, social norms and values constrain young girls from being educated, because societies do not value girls' education. In an effort to achieve this MDG, it is essential to understand the formal and informal rules of society that exclude young girls, to work with those rules, and to develop creative ways to alter them to provide equal access to educational opportunities. Practitioners must promote inclusion as part of a comprehensive development approach.

⁷ Research from 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.

17. Inclusion also promotes sustainability. When all members of society can participate in activities relevant to their welfare, they are more likely to support or at least tolerate those activities. So long as social rules allow all relevant stakeholders to be included over time, the activities they participate in will continue as well. Under inclusive operational principles, positive efforts to reduce poverty can last beyond donor contributions.

18. Because inclusion is both a valuable means to poverty reduction, and end in itself, many development problems result from its absence. The poor and marginalized experience exclusion and discrimination on an everyday basis. For example, many studies in Latin America have found that ethnic minorities, such as Afro-descendants or indigenous peoples, have lower standards of living than people of European descent, even controlling for education, work experience and age (see Box 1). In the MNA region, youth exclusion presents a serious social development challenge. Representing 60 percent of the population, youth are excluded from economic opportunities and political processes. They suffer from a disconnect between their high expectations and the willingness or ability of their governments to deliver. Such exclusion could potentially be the source of instability and tension in the region as seen in the “hittist” phenomenon, a North African slang term for male youth who have nothing to do and aimlessly hang around public places.

Box 1: Links between Inequality and Inclusion

“Such enormous differences in the incomes of citizens of the same country clearly imply correspondingly different degrees of access to the goods and services that people consume in order to satisfy their needs and wants. However, disparities extend much beyond private consumption. Following the terminology of Amartya Sen, there are profound differences in the freedom, or capability, of different individuals and groups to follow lives of their choosing – to do things that they have cause to value. Private resources and patterns of public provisioning affect such capabilities, while social and political arrangements affect the capacity to *participate meaningfully in society, influence decision making, or live without shame.*”⁸ *Source: Inequality in Latin America and the Caribbean: Breaking with History?, David de Ferranti, Francisco Ferreira, Guillermo E. Perry, Michael Walton, February 2003, World Bank.*

Cohesion

19. Cohesive societies are willing and able to work together to address common needs and overcome constraints. A variety of social institutions enable people to come together into cohesive groups, such as active formal or informal organizations that facilitate people working together, promote norms and values of mutual trust, and open channels of information to share perspectives. Cohesion requires attention to social factors such as inclusion, rule of law, access and equality of opportunity, an efficient and non-corrupt bureaucracy and an open society. It is especially important to foster cohesion where there may be competing groups, ethnic or otherwise, that are subject to exploitation. Here, ‘bridging’ or cross-cutting interactions can foster continued cooperation and mitigate potential conflict.

20. The principle of cohesion overlaps importantly with social capital, for both concepts seek to understand what social factors enable groups to work together for mutual benefit. Efforts

⁸ Italics ours.

to understand and measure social capital consider associational behavior, trust and collective action within developing communities. At micro-, meso- and macro- levels, studies show social capital assets increase well being.⁹ Insofar as cohesive groups enjoy more social capital, cohesion can facilitate poverty reduction. Without cohesion, societies are unable to manage their conflicts, leading to insecurity and violence. Given this relationship between a lack of cohesion and violence, it is clear that promoting cohesion is imperative to reducing poverty and achieving the MDGs. Societies split by conflict cannot provide basic services to their citizens and usually generate more extreme poverty and dislocation than existed prior to conflict.

Accountability

21. Accountability contributes to more effective poverty reduction by improving governance, enhancing service delivery and empowering the poor. In many developing countries, where vertical mechanisms of accountability such as elections have proven weak, social accountability mechanisms allow ordinary citizens to access information, voice their needs, influence decisions that affect them and demand accountability between elections. Social accountability mechanisms aim to improve the effectiveness of service delivery and make public decision-making more transparent, participatory and pro-poor by enhancing the availability of information, strengthening citizen voice, promoting dialogue and consultation between policy makers, service providers and clients, and creating incentives for improved performance.¹⁰ This enhanced voice empowers poor, disadvantaged and vulnerable groups and increases the chances of greater state responsiveness to their needs.

22. For example, in many developing countries, patients complain about their own powerlessness in the face of arrogant and unresponsive health care workers. To address these concerns, CARE Malawi, together with the Ministry of Health, launched an initiative to improve accountability by asking people about the quality of services and satisfaction with health care providers. This method, called the “community score card,” greatly empowered poor rural communities in Malawi. It represented the first time patients had the opportunity to provide their collective feedback directly to service providers. As a result, the quality of health care significantly improved and changed staff attitudes and behavior towards patients, establishing trust between patients and service providers.

23. The most recent World Development Report (WDR 2004) describes accountability as a relationship that is governed by the power distribution among actors in the relationship.¹¹ The Report highlights the central importance of strengthening institutional accountability to reduce poverty and achieve the MDGs. This is entirely consistent with the social development operational principle that accountable institutions are necessary for positive social change.

⁹ See, for example, the *Social Capital Initiative* working paper series.

¹⁰ MNA’s recent report “Better Governance for Development in the Middle East and North Africa – Enhancing Inclusiveness and Accountability” is an example of the MNA region’s attention to good governance and accountability issues.

¹¹ At the Bank, the WDRs have played a key role in providing direction and support on a given area. For instance, the WDR on attacking poverty (2000/1) engaged the Bank in discussions regarding the non-economic dimensions of poverty. Likewise, the WDR 2002 and 2003 have been instrumental in furthering debates on markets and institutions as linked to poverty reduction and sustainable development.

The social development approach

24. Social development promotes positive social change by supporting norms, values, and formal and informal rules that, taken together result in social structures that are inclusive, cohesive and accountable. The social dimensions of development govern dynamics between people, whether that interaction is within a community, market or political space. Because these dynamics mediate people's capabilities to use their assets, the social dimensions of development must be understood to cut across all aspects of development practice. Obviously, application of a social development perspective can improve efforts to empower local communities. Equally significant from the perspective of achieving results, however, is that efforts to facilitate more inclusive, cohesive and accountable institutions can also improve the efficacy and productivity of: (1) new infrastructure investments by ensuring access to service for the poorest; or (2) macro-economic policies, by minimizing or mitigating negative impacts on social cohesion. Insofar as social development is instrumental in nearly all efforts to reduce poverty and achieve the MDGs, it is an approach that must be brought to bear across all development interventions.

Commitment to Social Development

25. In line with its mission to reduce poverty, the Bank is aligning itself more closely with the international community's commitment to social development. This commitment has been expressed in a variety of fora, beginning with the Copenhagen Summit on Social Development in 1995, in the Millennium Development Declaration (2000) and at the regional level, most recently in the Social Charter approved at the South Asian Association for Regional Cooperation meeting held in Islamabad, Pakistan in January 2004 (see Box 2). While the meaning of the term 'social' has been debated (and remains unresolved) in the international development community,¹² there is a consensus that a comprehensive view of development - including principles of inclusion, cohesion and accountability - matters for sustainable positive change.

26. The World Bank agrees with the international commitment to promote social development as a key component of sustainable poverty reduction. In his 2002 Annual Meeting speech, World Bank President James D. Wolfensohn stated "[if] we continue to exclude the disenfranchised – women, indigenous peoples, the disabled, street children - from playing their rightful role in society, and if we ignore their human rights, we will not have sustainable development." In these and other statements, the World Bank commits to a comprehensive development approach specifically tied to meeting the MDGs. To implement this approach, the Bank supports not only economic policies and assets, but also engages with the social institutions that limit or enhance peoples' capabilities to take advantage of those assets.

¹² Ibid. OED 2003.

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:

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.*

This type of commitment also occurs at the regional level. Most recently, for example, in January 2004 the heads of the state of seven South Asian countries signed the SAARC (South Asian Association for Regional Cooperation) Social Charter. The Charter states:

To achieve its goals, the charter urges all the SAARC member states to attach high importance to social development and economic growth. It also stresses that legislative, executive and administrative frameworks should be provided for the progressive realization of social and economic goals.

The charter particularly deals with poverty alleviation, health issues, education, human resource development and youth mobilization, promotion of the status of women, promotion of the rights and well-being of the child, population stabilization and drug-addiction, rehabilitation and reintegration.

27. Given the broad definition of social development presented in the Copenhagen and other social development Summits, all of these commitments by many of its member countries are relevant to World Bank’s operations. Much of the World Bank’s support to developing countries includes activities that help countries meet these goals. For instance, sectoral strategies for health and education address basic services and poverty eradication. Work under the gender thematic strategy supports country efforts to achieve gender quality. The Bank’s support for private sector development and social protection promotes unemployment reduction goals. As a complement to existing approaches to helping countries in their efforts to promote social development themes in the Bank addresses several of the Copenhagen commitments. For

instance, with its approach to helping countries in their efforts to promote social change to enhance inclusion, cohesion and accountability, it supports an enabling environment for social development and support countries in working towards their goals of poverty eradication, social integration, and gender equity.

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

The first guidance provided to staff in the 1984 Operational Manual Statement (OMS)¹³ 2.20 section on “Sociological Aspects of Project Appraisal” 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-reduction projects targeted to specific beneficiaries must be **designed with sensitivity to the social organization, traditions, and values** that affect the feasibility, implementation, and operation of projects.”¹⁴

The Bank has also codified special measures to protect and enhance the well being of indigenous peoples,¹⁵ and involuntarily resettled people.¹⁶ The Bank has a policy for mainstreaming gender in development as well.¹⁷ 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.”¹⁸

28. As evidence of the institution’s response to Copenhagen, several key World Bank documents and strategies reflect the institution’s commitment to the centrality of social development to sustainable poverty reduction in client countries. The WDR 2000/1 presents a multidimensional approach to poverty that speaks of the need to enhance social institutions that empower poor people. The CDF discusses why development practitioners must adopt a country driven participatory framework to address the social, economic, human and environmental aspects of development. More recently, the Bank’s strategic planning process aligns Bank development support along the two pillars of empowering and investing in poor people and fostering a positive investment climate. Similarly, Bank operational policies reflect the importance of social aspects of development (See Box 3).¹⁹

¹³ OMS, unlike the updated Operational Policies (OP), contain a mix of policy, strategy and good practice.

¹⁴ Operational Directive (OD) 4.15, 1991.

¹⁵ OD 4.20, 1991.

¹⁶ OP 4.12, 2001.

¹⁷ OP 4.20, 2003.

¹⁸ OP 2.30, 2001.

¹⁹ A background paper is available summarizing the key social development aspects of World Bank documents, strategies and policies.

CHAPTER II: WORLD BANK PROGRESS ON SOCIAL DEVELOPMENT

29. The World Bank has made significant progress in bringing an awareness of social development to its operations and promoting inclusion, cohesion and accountability. From its earliest attention to development issues, it showed clear awareness of the importance of social institutions to reducing poverty.²⁰ In the 1970s, the Bank hired its first social scientists to strengthen its emerging agricultural portfolio. At that time, staff recognized that understanding how socio-cultural perspectives informed development would help support changes to how farmers and agricultural markets operated. Over time, Bank support for social development principles spread through its work in several sectors and across networks, most notably in project preparation. The Bank has successfully developed, tested and applied instruments and approaches that fall generally into five thematic areas: participation and civic engagement, social analysis, conflict prevention and reconstruction, community-driven development (CDD) and social safeguards.²¹

30. As a complement to the Bank's effort to draft a social development strategy, OED conducted a thorough review of social development activities within the Bank.²² That independent evaluation considered how the Bank has defined and addressed social development to date, the impact on project effectiveness of paying attention to social development, and what changes, based on OED analysis, the Bank should make in how it addresses social development. This strategy very consciously responds to the OED analysis and recommendations.

31. As the OED report points out, increasingly in recent years, many parts of the Bank have promoted the value of social development by using it to inform their work. Organizationally, social development is a theme that cuts across sectors and networks. For example, networks such as Human Development address issues of vulnerability and community management of services by focusing on individual assets and formal service delivery to the poor. Many other areas of the Bank focus on formal institutions and the enabling environment, for example, in their work on gender, poverty, empowerment and governance.

32. This paper complements such work by focusing on the relationships and interactions among individuals, societies and states. It focuses on a set of complementary activities that address how the nexus of informal and formal institutions work to enhance or constrain development towards inclusion, cohesion and accountability. In the Bank, these activities are

²⁰ For example, the Fourth Annual Report of the Bank in 1949 describes "the difficulties arising from the social structure of many underdeveloped nations where there are wide extremes of wealth and poverty. In such cases, strong vested interests often resist any changes which would alter their position. In particular, the maintenance in a number of countries of inefficient and oppressive systems of land tenure militates against increase in agricultural output and improvement in the general standard of living."

²¹ Davis, Gloria. 2002. "Who We Are and What We Do: A Contribution to the Social Development Strategy." The World Bank, Washington D.C.

²² That OED report is available online at <http://www.worldbank.org/oed/socialdevelopment/>

often referred to as “social development” activities. As evidence of how the Bank addresses social development, more than two thirds of Bank-financed projects involve civil society when preparing or implementing projects. The preparation of Country Assistance Strategies (CAS) and Poverty Reduction Strategy Papers (PRSP) also involves broad stakeholder participation. For instance, OED found 76 CASs with significant attention to social development activities in the past ten years. According to the Bank’s internal Quality Assurance Group (QAG), during project preparation, more than 85 percent of investment operations incorporate social analysis and participation in a satisfactory way. Recent efforts to incorporate the social dimensions of development include:

- Explicit focus on conflict in Bank financed-projects. The Bank has begun to examine the sources of conflict, seeking to promote cohesion in ways responsive to local social contexts;
- Lending more than one billion dollars per year for CDD projects to include and empower communities. In these cases, communities make decisions to design and implement projects and, in many cases, control project resources; and
- Using the Bank’s operational safeguard policies on indigenous peoples and involuntary resettlement to improve project design and implementation. More than 460 ongoing projects now rely on these policies.

33. While the Bank has made significant progress in taking account of social institutions when designing projects, several studies, including the OED’s evaluation of participation, have reported that the quality of its efforts is uneven.²³

Social Development Makes Projects More Effective and Mitigates Risks

34. Recent evaluations show that projects work better when they respond more fully to the social dimensions of development. The 2003 OED assessment of the Bank’s social development work analyzed the portfolio, surveyed relevant documents, and reviewed the social development literature to assess the social aspects of operations in Bank work.²⁴

Box 4: Ratings for Projects Addressing One or More Social Development Themes (compared with the average for the portfolio of all rated projects)				
No. of SD overlapping themes	Outcome (% Satisfactory)	Sustainability (% Likely)	Institutional development impact (% Substantial)	Share of Rated Portfolio (1972 – 2002)
Entire Portfolio	68	50	34	100% (4,123 projects)
At least 1	72	53	37	26 - % (1,060 out of 4,123)
At least 2	81	62	45	8 - % (327 out of 4,123)
At least 3	84	63	47	5 - % (205 out of 4,123)
At least 4	90	64	49	1.5% (61 out of 4,123)

Source: OED, 2003.

²³ World Bank Operations Evaluation Department. 2000. *Review of Participation in Development Assistance*. See OED Precis #209, Fall 2001.

²⁴ World Bank Operations Evaluation Department. May 2003. “An OED Review of Social Development in Bank Activities.”

35. OED has shown that projects with social development activities have better development outcomes. In its review of the entire Bank portfolio, OED identified a “Social Development Portfolio” of projects and programs that incorporated one or more social development activities. Over a 30-year period, projects in this portfolio have had better **outcomes**, have been more likely to be **sustained**, and were more likely to develop institutions **effectively** than Bank-financed projects overall. Further, projects that included multiple social development activities performed even better (see Box 4). Operational staff and managers support the findings of the portfolio review. Ninety-six percent of Country Directors participating in the OED survey said that attention to social development improved the outcomes of Bank-financed operations, as did 83 percent of task managers. Specifically, task managers responded 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.

36. As can be seen from the OED ratings on sustainability, applying social development principles not only improves how projects work, it also lowers project **risks**. Many risks to projects result from an inadequate understanding of how things actually work on the ground. This includes insufficient understanding of power dynamics, norms and values, and formal and informal rules, relevant to project objectives. By contrast, projects built upon a firm understanding of the social context will likely have taken into account these project risks. Further, inviting stakeholders to participate reduces risks to sustainability by promoting ownership. Finally, projects that encourage transparent and responsive formal organizations will be less likely to encounter concerns about how those organizations operate. This is confirmed by the QAG’s findings that projects that deal well with social dimensions have better risk ratings.

37. In addition to these project benefits, the World Bank becomes a more effective and credible **partner** when it incorporates social development principles systematically into its operations. As the OED review shows, many Bank partners recognize the multidimensional nature of poverty. When the Bank works explicitly to address issues of social development, its efforts complement those of its partners.

38. Social development activities fit well with the Bank’s comparative advantage. The Bank’s comparative advantage lies in its ability:

- To *discuss policies* with ministries of finance and planning as well as with sectoral agencies, local government and communities;
- To *leverage finances* at a large scale; and
- To access, generate, and *disseminate global knowledge*.

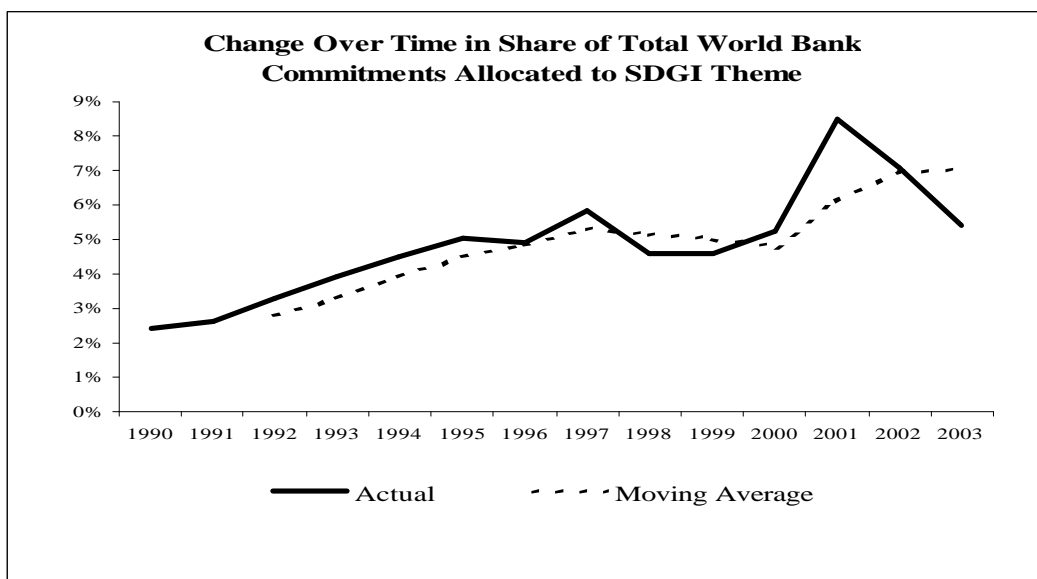
39. While social development activities make projects more effective, they have benefits beyond projects. They can improve how the Bank addresses the macro or policy-level concerns raised in the CDF and understood to be the institution’s comparative advantage among development partners. The Bank’s global, cross-sectoral knowledge also makes it uniquely placed to address cross-sectoral (and often cross-boundary) social development challenges.

Where the Bank Can Do More

40. The Bank has recognized the importance of social development for the effectiveness of the operations it supports. Some external groups have noted where the Bank's actions, in their view, do not fully meet the vision articulated in its public statements. They refer to this as the "rhetoric-reality" gap.

41. The OED report on social development provides evidence that, while the Bank has made progress to pay systematic attention to social development in its operations, there exist several areas where it can do more. For example, while Box 3 illustrates that projects incorporating progressively more social development themes performed better, there were relatively few operations that included extensive attention to social development. Yet, the largest increases in effectiveness came from projects that incorporated several social development themes. The OED data are not disaggregated by time period; they cover the entire set of evaluated projects that existed the portfolio between 1972 and 2002. Much has changed with regard to social development activities within the Bank in the last 30 years. While not directly comparable, analysis of the World Bank portfolio focused on social development (a different time series produced by Management) shows that recent projects have progressively more attention to social development, based on the Social Development, Gender, and Inclusion (SDGI) thematic portfolio of projects. Figure 1 reports the percentage of approved resources devoted directly to SDGI increased from 2.8% in 1992 to 7.0% in 2003 (based on a moving average).

Figure 1



42. The Bank is taking seriously the OED recommendations for how to better integrate social development into operations. Box 5 summarizes OED recommendations and the Bank's efforts to act on them.

Box 5. OED Recommendations to Improve Bank’s Social Development Activities and Implementation Strategy to Follow up on those Recommendations	
Summary of OED Recommendations	Implementation Strategy
<i>Since the study shows the strong positive interaction of some social themes, the Bank (through the Social Development Sector Board) should identify and promote the use of social thematic combinations that improve outcomes.</i>	<p>This Strategy looks to integrate social themes by promoting the use of overlapping social development activities, such as:</p> <ul style="list-style-type: none"> • Poverty and social impact analysis and integrated country social analysis (Chapter 3, Strategic Priority One). • Integrated approach to analyzing social constraints, opportunities and risks in investment projects (Chapter 3, Strategic Priority Two); civil society assessments in conflict countries. • Better application of CDD approaches and civil society assessments in conflict affected countries (Chapter 3, Strategic Priority Three).
<i>The Bank’s human capital and the borrowers’ existing institutional capacity need to be better employed to provide task and country teams with the relevant social development expertise throughout the project cycle.</i>	<p>The strategy proposes support for a network of social scientists in borrowing countries and capacity building for governments and civil society (Chapter 3, Strategic Priority Four).</p> <p>The Bank plans to discuss how to promote the use of staff and local expertise with relevant social development skills as members of task teams throughout the project cycle.</p>
<i>Country teams need to have the capacity to identify critically needed social knowledge and to facilitate its flow.</i>	<p>The promotion of integrated country and sector analyses and generic templates for safeguards work will help identify generic social issues and help ensure that such knowledge flows to relevant task teams. Management will explore how best to organize staffing in this regard.</p>
<i>Sector staff needs 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.</i>	<p>The World Bank plans to address skills and monitoring and evaluation gaps through tool development and improved knowledge sharing and learning programs.</p>

Institutional Constraints to Deepening Social Development Impacts

43. Though many outside voices feel the Bank has not adequately incorporated its social development vision into its policy and practice, the Bank has made progress, as OED notes. Several institutional constraints help explain why it has not yet gone further and why it needs a clearly articulated strategy to follow up on OED’s recommendations.

44. Some widely held **perceptions** and **interpretations** within the Bank do not always favor efforts to engage in promoting social development. The general focus on sectoral projects and sectoral operational excellence diminishes attention to thematic areas like social development that cut across sectors. In addition, while it is clear to most Bank staff that all projects benefit from attention to local context, norms, power dynamics, formal and informal rules, whichever task manager chooses to study these factors carries the burden of gathering that information, though once collected, the information offers benefits to all other task managers. So, from the perspective of this task manager, understanding the social dimensions is a “local public good.” Further, many Bank staff equate social development with social safeguards,

generating a widespread misperception that social development staff are “police,” only involving themselves to ensure compliance with safeguards. Also staff perceive that working on social development, which is cross-cutting and supports other sectors, offers fewer opportunities for task management and thereby impedes career growth. Such factors create a set of disincentives to integrating social development into how the Bank does business.

45. The Bank is also constrained by the **skills** available within the institution. Many social development staff were hired to provide the necessary deep knowledge of local context to enhance project effectiveness or to liaise with NGOs. While critical, those skills do not always transfer easily to the newer agendas of policy-focused social development, comprehensive social analysis including project monitoring and evaluation, and support for a freestanding portfolio. While the Social Development Sector Board is beginning to address these constraints through training and proactive human resource management, the dearth of available skills hinders the Bank’s ability to integrate social development fully into its operations.

46. Perceptions about the **political** implications of social development may create another potential constraint. The rationale for supporting inclusion, cohesion and accountability has a sound economic basis, as the OED review confirms. In fact, many legitimate Bank activities such as policy dialogue, public expenditure reviews, land reform and fighting corruption, may have potential political impacts. However, to avoid undue constraints to the pursuit of the Bank’s mission of supporting poverty reduction while staying within the spirit of the Articles of Agreement of the Bank, some of those activities may need to be assessed on their broader merits.

CHAPTER III: STRATEGIC PRIORITIES FOR SOCIAL DEVELOPMENT

47. The World Bank agrees with the international development community at large that it needs to better integrate the social and economic dimensions of development, so that its efforts will be more effective. The previous chapter described the good progress made to date and outlined where the Bank can further this agenda. This chapter presents strategic priorities and actions to promote inclusion, cohesion and accountability. It focuses on broad strategic priorities to guide detailed regional work on *what* the Bank can do differently. This chapter has six sections, four of which present strategic priorities and specific actions to support them. The fifth section illustrates how implementing the priorities may play out in different country settings, and the final section outlines the process for selecting priority countries and sectors.

48. The four strategic priorities are:

- **Priority One:** Increase attention to social development in the Bank's *policy dialogue and policy-based lending*;
- **Priority Two:** Continue mainstreaming social development activities in Bank-supported *investment projects*;
- **Priority Three:** Enhance the *portfolio* of investments and analytic work focused on social development; and
- **Priority Four:** Improve the Bank's *capacity building, advocacy* and *research* on social development to build a stronger platform for implementing Priorities One, Two and Three.

49. The first three priorities are operational, and it is important to note that their application will vary across Bank regions. While there is agreement across regions on these priorities, it is clear that each region will decide details regarding emphasis, mode and speed of implementation based on their specific operational realities.

Strategic Priority One: Increase Attention to Social Development in the Bank's Policy Dialogue and Policy-Based Lending

50. The Bank will better incorporate the social dimensions of development into its policy and country-level work. In the past, most of the Bank's social development inputs have been at the project level, to ensure they fit with the local institutional setting and to encourage broad stakeholder participation. As the Bank increasingly incorporates social analysis and participation into its policy dialogue and lending, it improves the impact of both project²⁵ and programmatic support through a deeper knowledge of social context and broader stakeholder ownership. The Bank has a clear comparative advantage working with clients to improve policies. This priority has three areas of action.

²⁵ Op Cit. 2003 OED Review.

- Action 1.1: Improve the process of preparing and implementing policy dialogue and lending to put greater emphasis on social accountability.
- Action 1.2: Support expansion of countries' poverty and social impact analysis (PSIA).
- Action 1.3: Encourage country-level social analysis.

Action 1.1: Improve the process of preparing and implementing policy dialogue and lending to put greater emphasis on social accountability

51. The Bank promotes and facilitates participation and attention to social development issues in its CASs and in client countries' PRSPs. Thus, it encourages broad stakeholder commitment to programs and policies.

52. The Bank can do more to ensure that its policy dialogue and lending systematically incorporates participatory feedback and monitoring. It will encourage the use of **social accountability tools** that involve civil society and other relevant stakeholders in these processes, as done in the Peru Programmatic Social Reform loans and in work in Malawi, Argentina and the Philippines.

Action 1.2: Improve and expand the Bank's support for countries undertaking poverty and Social Impact Analysis (PSIA)

53. The Bank will build on successful early²⁶ experiences to incorporate social analysis into the existing main diagnostic tools to guide CASs, policy advice and investment choices and priorities. If these tools systematically include social analysis, the strong foundation of knowledge of the social context will influence implementation and results at all levels. The umbrella tool for such work is the Poverty and Social Impact Analysis (PSIA).

54. PSIA promotes evidence-based policy choices and fosters debate on policy reforms.²⁷ It analyzes the distributional impact of reforms on different stakeholder groups, with a particular focus on the poor and vulnerable. PSIA already informs poverty analyses and Country Economic Memoranda (CEM). As of October 2003, the World Bank, in conjunction with other partners, has supported the completion of 15 PSIAs. An additional 73 PSIAs are ongoing, while approximately nine are in the concept stages.²⁸ For example, PSIA influenced policy reforms in the cotton sector in Chad and the fertilizer marketing system in Zambia. Future challenges include: (i) supporting country PSIA with clients and the International Monetary Fund (IMF) for macroeconomic reforms such as fiscal and exchange rate reform; (ii) streamlining monitoring of the impacts of policy reform following PSIA, so a given reform package may be adjusted over time; and (iii) integrating inclusion, cohesion, and accountability indicators when monitoring social impacts on and of reform packages.

²⁶ Earliest incorporation of social analysis into diagnostic tools was through the participatory poverty assessment (PPA). See Robb, Caroline M. 2002. *Can the Poor Influence Policy?* World Bank: Washington, D.C. (second edition). Also see Annex 2 on social development tools.

²⁷ A User's Guide to Poverty & Social Analysis. 2003. The World Bank, Washington D.C.

²⁸ It is important to point out that PSIA is not a product, but an approach.

Action 1.3: Encourage country-level social analysis to inform policy dialogue.

55. An integrated *country social analysis* framework offers the optimal way to coordinate country and policy-level social development inputs. Practical experience shows that it is difficult and inefficient to separate social development issues into separate analytical pieces. Therefore, the social development sector board is assembling a framework for country social analysis that consists of a number of flexible “modules” for use within the Bank’s existing set of main diagnostic tools. Those modules can include existing country analysis approaches, depending on the context, as well as new modules to be developed. Modules with demonstrated track records include:

- *Conflict analysis* assesses the underlying causes of conflict in a country to ensure that policy reforms do not increase the likelihood of conflict. The Bank completed the first such analysis in Nigeria and is incorporating its results into the CAS. Considering the high number of conflict-ridden or conflict-threatened client countries, such analysis is critical to assessing and avoiding risk from and to Bank investments.
- *Civil society assessments* analyze the strengths and weaknesses of civil society and elements of the institutional environment that impede or promote civil society effectiveness. They propose focus areas for policy and legal reforms to make this environment more “enabling”, and to strengthen and harness civil society capacity. In early work in Senegal and Albania, the Bank facilitated assessments of the enabling environment. In addition, a number of low-income countries under stress (LICUS) in Africa have applied the tool to increase capacity.

Priority Two: Continue Mainstreaming Social Development Activities in Bank-supported Investments

56. To make its work more effective, the Bank will complete the mainstreaming of social development activities into the projects and programs it supports. The Bank has made most progress in incorporating social development activities when it helps governments to prepare projects. It is less successful when it supports project implementation and even less successful when it supports monitoring and evaluation. To address this shortcoming, a recent guidance note from the Environmentally and Socially Sustainable Development Network (ESSD) and Operations Policy and Country Services (OPCS) Vice Presidents states that “task teams will include qualified social development staff, in accordance with project needs, complexity, and risks.” Extending their participation throughout the entire project cycle, including supervision, will ensure that social analysis and participatory processes support activities from beginning to end. The mainstreaming of social development work will build synergies between country- and policy-level work and project- and program-level work. Three areas of activity will ensure this:

- Action 2.1: Expand use of social analysis;
- Action 2.2: Expand work in participation, social accountability and empowerment; and
- Action 2.3: Implement safeguards more effectively.

Bank Management agrees with OED as to the importance of drawing on local social development expertise for project support.

Action 2.1: Expand use of social analysis

57. The analysis of the social aspects of projects serves several purposes. It enhances the understanding of the socio-cultural, institutional, political and historical context in which a project is to be carried out; it identifies social opportunities, constraints, risks and outcomes of a project; and it assists the Borrower to achieve agreed outcomes through appropriate project design and implementation. These issues are delineated in the recently published *Sourcebook on Social Analysis*²⁹ and the OMS 2.20 section on the sociological aspects of project appraisal, which is currently being updated. These provide guidance to task teams as well as to clients and partners on how to improve the content and quality of social development issues in operations.

Action 2.2: Expand use of participation, social accountability and empowerment

58. Participation promotes inclusion, accountability and empowerment. Most Bank-supported projects use participatory approaches to define priorities and implementation measures. Some, such as many Community Driven Development (CDD) operations, also rely on community groups to manage and implement projects. To ensure that these community groups continue to function after donor support ends, and to promote knowledge exchange and replicability, recent operations have sought to strengthen links between CDD and local government programs. To this end, the Bank will enhance its support of fiscal decentralization, budget accountability and other supplementary measures outside specific investment projects. For example, Ghana is testing a broad approach to efficient participation through donor coordination and sectoral harmonization.

59. The Bank has successfully mainstreamed participation in the preparation of projects and programs. The next step is consistent use of participatory methods in monitoring and evaluation. While participation is widely accepted, some stakeholders in client countries are concerned that participation ends with project preparation. This can lead them to become frustrated and mistrustful, negating otherwise positive impacts on local ownership. Where stakeholders monitor projects in a participatory way, for example, through beneficiary assessments,³⁰ project managers get fast, reliable, and relevant feedback that can improve project impacts and outcomes.³¹ Malawi, the Philippines and Argentina offer good examples of using social accountability tools for participatory monitoring through citizen report cards or community scorecards. The Bank will build on these positive experiences and apply participatory monitoring and social accountability tools consistently across the operational portfolio it finances.

²⁹ The Sourcebook was released in 2002 and is available at <http://www.worldbank.org/socialanalysissourcebook>.

³⁰ See Salmen, Lawrence F. 1989. *Beneficiary Assessment: improving the Design and implementation of Development Projects*. World Bank, Washington D.C.

³¹ See Owen, Daniel and Julie Van Domelen. 1998. *Getting an Earful: A Review of Beneficiary Assessments of Social Funds*. Social World Bank Social Protection Discussion Paper No. 9816.

Action 2.3: Implement safeguards more effectively

60. By moving from transaction-based social development inputs for each project to a more systematic country-wide or sector-wide approach, the Bank will improve cost-effectiveness. The Bank has learned this from its work on social safeguards and has taken steps to become more efficient as it applies its safeguard policies.³² Social safeguard policies are designed to protect vulnerable groups from the negative impacts of Bank financed projects and ensure that they benefit from them.³³ The problem inherent in implementing safeguards on a project-by-project basis is that each project must then bear the cost of addressing these issues instead of mainstreaming them within national systems. The solution lies in focusing on improvements in country policies, policy implementation and local capacity to deal with safeguards. In this regard, the proposed safeguards reform program recommends relying on country or sectoral social analysis to scale up safeguards, as well as to capture opportunities for social development, upstream of project work. In India, for example, sector notes have been prepared on difficult sector-wide safeguards issues such as how to address complex resettlement issues in rural roads projects, or how to undertake social analysis and participation and develop a communications strategy in urban development projects.

61. The Bank will apply this same model – of creating more systemic country-wide or sector-wide approaches – broadly to social development. It will incorporate country or sector-wide social analysis “upstream” into national CAS and/or PRSP dialogues and “downstream” into evaluation of projects and programs. Again, the goal is to lower costs for individual projects and to enhance impacts.

Priority Three: Enhance the Social Development Thematic Portfolio of Lending and Analytic Work

62. A third element of mainstreaming social development in the Bank's work is to enhance its existing portfolio of investments and analytic work that focuses primarily on social development objectives. Having understood the intrinsic value of social development, most regions already have such a portfolio, albeit small. Between 1990 and 2003, 4.7 percent of the Bank's lending has identified social development themes as objectives. For 2002 and 2003, the figures are 7.1 percent and 5.4 percent respectively (see Annex 4 on portfolio).

63. Many social development operations test different ways to promote inclusion, cohesion and accountability in different social contexts. It is important to pilot approaches, but it is also important to ensure that such projects do not remain “niche” operations to showcase the Bank's

³² The safeguards reform program is piloting an enhanced focus on capacity building and the use of capacity-enhanced country systems (e.g., in Vietnam), lowering the burden on individual operations and allowing them to focus more on improving the benefits that could be shared among the affected populations. Another step towards efficiency of application of the social safeguards would be harmonization across development agencies, as has been done with the environmental safeguards.

³³ In FY03, 467 operations (almost one third) of the Bank's portfolio involved involuntary resettlement; the total number of persons affected by land acquisition or displacement was more than two million. In parallel, half as many operations (230) affected indigenous peoples. The total number of indigenous peoples exceed 200 million globally, most of them living in poverty.

attention to values, culture, or the informal sector. Freestanding projects offer an opportunity to achieve legitimate social development objectives that might otherwise be lost in other sector projects or policy lending. The Bank must enhance this portfolio strategically, aiming to replicate or scale up successful approaches. Because social objectives and principles often do not fall neatly within one development sector, the Bank will support strong cross-sectoral partnerships to manage this portfolio, as has been done for rural projects.

64. Increasingly, this portfolio will test better integration of several SD themes. OED analysis suggests that there is a positive relation between attention to more social development themes and development effectiveness (see Box4). The Bank needs to pilot different approaches that adopt several SD themes, integrating efforts to, e.g., combine social analysis, CDD, Conflict, and participation. Based on an ongoing series of learning events among borrowing countries, the SDG will support the expansion of the role of CDD in conflict-affected countries, to better address issues of lack of cohesion and inclusion. Similarly Bank teams are working with borrowers to assess the enabling environment for and capacity of civil society in conflict-affected countries and is mainstreaming concerns for social capital into CDD and conflict reconstruction operations.

65. The Bank is not proposing identical offerings across sectors or regions. The portfolio is growing based on demand, opportunity and context. It generally falls into three categories.

- **Increasing social inclusion** by focusing on groups such as youth, rural women, internally displaced peoples, indigenous peoples, Afro-descendants, and Roma. Examples include the India Rural Women's Empowerment and Ecuador PRODEPINE projects.
- **Improving cohesion in society**, through initiatives that enhance social capital, reduce crime and violence, prevent conflict or reconstruct areas destroyed through conflict. Many CDD operations explicitly aim to strengthen local organizational capacity and build trust within communities. For example, many operations such as those funded by the Post Conflict Fund and the Proposed Croatia Social and Economic Recovery Project, seek to build cohesion in post-conflict areas. In Sri Lanka, the Northeast Irrigated Agriculture Program worked even during the active conflict years to help sustain survival strategies and promote community mobilization.
- **Fostering accountable institutions**, through initiatives such as linking technical assistance loans to adjustment lending to encourage social accountability. The Bank has a growing portfolio of CDD operations that link local capacity building, decision making and resources with local, regional and even national institutional strengthening. Examples include the series of Indonesia Kecamatan Development projects and the First and Second Palestinian NGO Projects.

66. Investment in a thematic portfolio has the potential for returns well beyond each specific initiative. It is capacity building for the future. For example, empowered women and youth can set priorities for the future, strong social capital can create cohesion in the face of new challenges, and institutional linkages, once established, can be the foundation for increased effectiveness.

67. In addition to building social development into existing diagnostic work, each Bank Region proposes to expand its freestanding social development analytical and advisory activities to build the knowledge it needs most urgently. Regional Social Development Strategies³⁴ discuss the specific forthcoming work in detail, but three themes emerge common to all Regions: inclusive policies; local level institutions and social capital; and governance and accountability.

Priority Four: Improve the Bank’s Capacity Building and Research, and Sustain Advocacy on Social Development

68. To work towards a future where poverty reduction efforts fully integrate attention to the social dimensions of development, the Bank will bolster the foundation of its operations by strengthening its capacity building, research and advocacy. This priority has three areas of action:

- Action 4.1: Improve capacity building;
- Action 4.2: Improve social development research; and
- Action 4.3: Sustain advocacy on Social Development.

Action 4.1: Improve capacity building

69. The Bank is taking a number of specific actions to build capacity for social development activities so that civil society is better able to work with governments *and* vice versa. Given the large demand and limited financial and human capacity in the Bank to meet that demand, expanding such programs will require strong partnership with other donors, universities and NGOs. World Bank Institute (WBI) staff is currently preparing a detailed proposal on social development capacity building for inclusion in the thematic strategy paper. Early discussions indicate that it will include initiatives to:

- Build or strengthen national or regional *networks of social development specialists*.³⁵ Such networks can become essential partners to implement the social development strategy, for example, by conducting independent or joint country and policy-level analytical work or by strengthening the capacity of local consultants to perform project work;
- Build *coalitions to promote inclusion* through dialogues such as those that have taken place in the Latin America and Caribbean Region (LCR);
- Work with local consultants, NGOs, and others to increase their capacity to provide *project input* (including work on safeguards);
- *Build capacity among marginalized* groups to improve accountability, such as the Capacity Building Program for Change in support of Afro-Descendants in Latin America or the support to the Permanent Forum for Indigenous Peoples at the UN. These programs strengthened the dialogue between the Bank and a set of marginalized groups, and made those groups more visible in their national societies; and

³⁴ Link to these strategies available at <http://essd.worldbank.org/essdint.nsf/62ByDocName/RegionalStrategies>

³⁵ In some cases these may build on informal groupings of WBI alumni.

- Include social development in *country capacity assessments* to ensure that they cover civil society capacity to partner with and make governments more accountable. Based on such assessments, WBI could focus on building social development capacity in its priority countries.

Action 4.2: Improve social development research

70. The Bank will increase its research and dissemination of findings on social development. The Development Economics Unit (DEC), the Social Development network anchor and the Regions already sponsor much of the research related to social development. A few pieces align very well with operational priorities, such as the work on social capital and conflict. Going forward, it will be important to ensure that more of this research directly addresses the needs of operations. Therefore, discussions are underway to establish a committee to develop and review a social development research program. This committee's role would be to advise the Bank's research committee and discuss what work will be done by DEC, by others in the Bank, or by outside organizations. Key areas for further research are likely to include measures to:

- Explore *the core hypothesis of this strategy*, i.e. that *inclusive, cohesive and accountable institutions* are essential for sustainable development. There is clear evidence that context, process and institutions matter. More work is needed to show what aspects and types of institutions, process and context matter most for both the instrumental and intrinsic value of social development, describing the various relationships between inputs and outputs;
- Improve the outcome *indicators of social development* to support project and policy level evaluation. Early efforts have identified a set of possible indicators. Further research related to topics such as measuring empowerment and other non-income aspects of well-being³⁶ is needed to ensure that these are indeed leading indicators for outcomes, and to understand how they interact;
- *Better evaluate the impact of the social development portfolio*. Work is continuing to evaluate the impact of CDD, how to invest in social capital, and how to sustain participation. The Bank will strengthen this research area and encourage better communication among the different research projects; and
- *Improve learning across and coordination among research activities on specific topics such as* social mobility, migration, and identity as they relate to Bank investments.

71. A possible *2006 WDR on inclusion* would present an opportunity to consolidate Bank knowledge on social development and would allow the Bank to establish itself firmly as a leading advocate for inclusion based on solid research. Such a WDR would also present a timely response³⁷ to the ten year anniversaries of the World Conference on Women in Beijing and the World Summit on Social Development in Copenhagen, both held in 1995.

³⁶ As a background for this strategy Anand Swamy (Williams College), Phil Keefer (DECRG) and Stephen Knack (DECRG) have analyzed the current proposal for social development indicators in a paper called "Empowerment and Social Development." Social Development Department. The World Bank. (Draft).

³⁷ Similar to the Bank's contribution to the Rio +10 Summit in Johannesburg on sustainable development.

Action 4.3: Sustain advocacy on social development

72. The Bank plays a key role as an advocate of development issues. Going forward, it will maintain its advocacy of social development and the importance of supporting inclusive, cohesive and accountable institutions. The Bank's public statements build on empirical evidence to show that social and economic development are inseparable for sustainable poverty reduction. Such messages carry weight when they come from the Bank, an institution that has traditionally emphasized economics and support for "productive activities." Going forward, the Bank will be clearer in its messages about what its mandate and comparative advantage allow it to support operationally.

73. It is also valuable to clarify within the Bank how and why social development is important. As the Bank garners more evidence of the value of social development to clients (as shown by the 2003 OED report), the instrumental value of social development will receive internal attention, as will the results of well-evaluated social development projects and successful policy lending grounded in robust analysis of the relevant social context.

Good Practice for a Country Program that Systematically Addresses Social Development

74. As the Bank implements these strategic priorities, country programs will change. The local social context will determine how each country chooses to support inclusive, cohesive and accountable institutions. Annex 7 gives an idea of how country programs will evolve. It presents a generic typology of good practice country programs according to level of development and Bank engagement (conflict-affected countries, core IDA countries, middle-income borrowing and middle-income non-borrowing countries). In a conflict setting, for example, the country team could tailor standardized terms of reference and approaches for conflict analysis so it could include them as the main areas of economic or sector work. Or a country seeking to scale up the impact of CDD operations could develop reform packages that address the policy and institutional constraints to scaling up.

Selectivity and Conclusions

75. The Bank will phase in its strategic priorities, starting with *countries of emphasis* selected by balancing strategic importance and opportunity. Regions will identify these emphases by: the degree of risk to the country strategy and Bank portfolio posed if social development factors are not addressed; the risk of spill-over, for example, through conflict or migration from one country to another; the significance or urgency of lessons in social development for other countries; and the existence of especially serious issues that have disproportional effects on global goals such as the MDGs (for example, female exclusion from primary education in one of the Education for All priority countries).

76. It will measure opportunity by whether: 1) there is client buy-in to addressing social dimensions of development; 2) other development actors/partners have a comparative advantage over the Bank for such work; 3) other priorities crowd out more attention to social development; and 4) the Bank's own need to prioritize social development attention across countries within a

region limits its capacity to do the job well. The Africa Region (AFR), for example, has taken an explicit decision to focus on Uganda, Ghana, Benin and Ethiopia, where they have the opportunity to intervene at both the project and policy levels. WBI is focusing on Kenya, Nigeria, Ghana, Burkina Faso, Laos, Tajikistan, Guatemala and Sri Lanka.

77. Some sectors and themes, such as rural development through CDD, HIV/AIDS and urban development, are particularly good potential candidates for social development investment because of their cross-sectoral nature and the importance of informal networks and institutions in these contexts.

78. The strategic priorities outlined above will deepen the Bank's support to its clients to build inclusive, cohesive and accountable institutions. There is already much progress to build on, and most social development tools have been developed and tested. The following chapter presents initial ideas for how each Region will implement these strategic priorities.

CHAPTER IV: IMPLEMENTING THE STRATEGIC PRIORITIES

79. The World Bank will strengthen its support to promoting inclusive, cohesive and accountable institutions. Such support increases the effectiveness of Bank assistance, and mitigates risks to the Bank's portfolio. The strategic priorities in Chapter III outlined *what* the Bank will do to incorporate social development throughout the operations it supports and better implement its vision. This chapter discusses initial ideas of how the Bank will implement the priorities. The Bank's Regions³⁸ will work out more detailed implementation plans in the course of their own planning processes. As part of its plan to implement these strategic priorities the Bank will consider appropriate measures to:

- Sustain and deepen ongoing corporate directions;
- Align World Bank policies, procedures and practices;
- Strengthen external partnerships;
- Improve internal collaboration; and
- Reallocate financial, human and managerial resources.

80. To complement these Bank-wide changes, the Social Development group will adjust how it operates, as outlined in the next section of this chapter. The chapter concludes with three sections discussing how to monitor implementation, manage risk and take the strategy forward (next steps).

Strengthen External Partnerships

81. Strong partnerships and coordination will be necessary to promote good social development outcomes.³⁹ 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 these 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.

82. Many partners support complementary or analogous work, such as that on PSIA. The Bank already works with the German Technical Cooperation Agency (GTZ), and the Department for International Development of the UK (DFID), building on each organization's comparative advantage to ensure consistent approaches in PSIA.

³⁸ DEC, WBI, LEG and other Bank units may decide to do the same.

³⁹ The recently established Global Programs and Partnership Council and secretariat is intended to help the Bank take a more strategic approach to global issues

83. 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 harmonizes cooperation between different units in the World Bank and with the UN.

84. 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 support to social accountability in the Philippines and Peru.

85. 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 partnership is still in its early phase, it has the potential to be an important element in supporting the implementation the strategy. Collaboration is ongoing with the multi-lateral development Banks to harmonize procedures. The good progress on environmental dimensions holds promise for future work on social development.

86. Several important global programs 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) to assist in the implementation of the Bank's approach to low-income countries under stress, many 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\$40,000 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 will provide 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 this strategy, the Bank will strengthen its efforts to increase funding for these three programs.

87. **Operational partnerships** are best built in country. From its social development experience, the Bank has learned that it is challenging and often counter-productive for development agencies' headquarters to devise generic divisions of labor for in-country work. Smarter partnerships require the details of partnership to be developed in country and informed by issues of comparative advantage, history, and staffing of each agency working on that country. In this way, smarter partnerships are like good development interventions: they grow from the expressed demands and needs of client countries. They promote client ownership by

involving them from the earliest planning stage through monitoring and evaluation so the targeted institutions and communities judge their success. For implementing Strategic Priority One on better integration of social development in policy and country-level work, the IMF will be a critical partner, especially in PRSP countries, where poverty and social impact analysis offer good opportunities for fruitful collaboration.

88. **Knowledge partnerships** will be expanded, building on existing successful models, such as the Trust Fund for Environmentally and Socially Sustainable Development between the governments of Finland and Norway and the World Bank. This partnership allows for knowledge and resource exchange and new joint work in areas of mutual interest within an operational, country-driven paradigm. The partnership has been instrumental in the development of this strategy for social development. For its effective implementation, the partnership could deepen its focus on policy-level work, and on the in-country implementation of studies and pilot activities related to key social development issues. Some donors have expressed an interest in a “**social development alliance**”, building on the model of the rural alliance to promote better coordination and alignment of strategies and procedures. This will be explored further as the strategy is implemented.

89. The Bank needs to **strengthen in-country and regional networks of social scientists** to ensure the effective mainstreaming of social development into project preparation and implementation. In client countries, good examples exist for the environment in the MNA region, and for poverty analysis with the Africa poverty network and the North-East Brazil Poverty Network. Partnerships with local research and higher education institutions could form the basis for capacity building managed either by WBI or contracted out to other interested parties. Several regions have good experience carrying out joint analytical work with regional experts and research institutions. The Bank will strengthen networks of eminent social scientists to inform its overall social development agenda. In that vein, it will consider creating a global advisory panel.

90. The Bank will also consider expanding partnerships with the **private sector**, such as those the International Finance Corporation (IFC) has pioneered. The Bank, often in collaboration with the IFC, can take advantage of private sector interest in corporate social responsibility, especially as it applies to CDD and social accountability. The Bank could also learn from leading private sector firms how to ingrain concerns for social development issues deeply across the organization.

91. This paper has focused on strategic priorities and actions to improve Bank operations. However, inclusive, cohesive and accountable institutions are not just important within nations, they also affect **global issues**. Global challenges and issues get widespread media coverage, and global advocacy has become a fixture of international economic and development policy discussions. Traditional inter-governmental processes and institutions do not handle these challenges well. In recent years, attempts have been made to look for alternatives that better reflect the increased influence of civil society, such as in the International Assessment of Climate Change. Even though beyond the scope of this strategy, it will be important for the Bank to deepen its understanding of these emerging trends and reflect on what it means for the organization and its clients.

Monitoring Results

92. To improve the Bank's monitoring of social development outcomes in countries, the Social Development Board is developing a set of indicators to measure progress on inclusion, cohesion and accountability as well as to provide information on the social context. The indicators often represent proxies, since few indicators available over time for many countries directly track social development outcomes. The indicators include some that overlap with Millennium Development indicators (the background indicators for the eight main indicators). Some are already included in the World Bank's World Development Indicators (WDI). Examples include indicators of transparency, governance and gender inclusion. The Social Development indicators are currently available in draft form for all the Bank's borrowing countries and have begun to inform the development of PSIA's (e.g., in Zambia) and country social analyses. Discussions are ongoing between the Social Development group, OPCS and DEC to include the final set of indicators in the WDI and as background for assessing country performance by the World Bank for purposes of IDA and internal budget allocations.

93. In addition to monitoring country outcomes, the Bank will also monitor Bank outputs and inputs as detailed in Annex 6. Sources include OED and QAG, as well as regular monitoring by the Social Development Sector Board.⁴⁰

94. Many parts of the organization will share responsibility for implementing the strategic priorities. The Social Development Sector Board will play a key role in making available opportunities for learning, practical tools, approaches, and expertise. Other thematic and sector groups will continue to integrate social development inputs, where appropriate. Headed by the Sector Board, Social Development sector staff will make available high-quality inputs and approaches at appropriate times.

Managing Risks

95. Risks associated with the strategic priorities are of two kinds: (i) risks to implementation of the strategic priorities; and (ii) risks arising from the strategic priorities (e.g. that divert attention away from getting results and towards negative perceptions).

96. The risks to the implementation of the strategic priorities fall in three categories: (i) risks related to the availability of inputs; (ii) risks that inputs will not result in desired outputs; and (iii) risks that outputs will not result in desired outcomes.

⁴⁰The requisite information will be provided to OPCS for input into the proposed periodic *Sector Strategy Implementation Update* (SSIU) Operations Policy and Country Services (OPCS). *Sector Strategy Papers: Stocktaking and Future Directions* (CODE, 2003-0067), August 21, 2003, p. 19-20.

Inputs:

- The risk that regional resource reallocations would move less rapidly than expected is mitigated by strong regional buy-in to this strategic vision and by the fact that the business plan for implementing the strategic priorities will build on regional business plans. It will also help that other stakeholders, including civil society and donors to IDA, have highlighted the importance of systematically addressing the social dimensions of development in pursuit of poverty reduction. Most importantly, the evidence is strong that operational effectiveness and sustainability improves when social development inputs are provided. Over the last year, the MNA Region has demonstrated how the reallocation can be done.
- There is a risk that existing Social Development staff will not be able to deliver on the new agenda spelled out here. This risk is significant. The implementation plan will propose continuing the aggressive external recruitment, a targeted crash course in social development and other human resource actions by the SD Sector Board as measures to mitigate this risk. In addition, the ESSD council and human resource units will act to improve incentives for Social Development staff.

From inputs to outputs:

- There is a risk that good social development inputs will not be integrated into the design and implementation of relevant operations and studies. This risk is relatively low in that the vast majority of task team leaders and country directors already see the value-added of good social development work. Remaining risk would be reduced by appointing country social development specialists, good internal communications, better research on evaluating outcomes, continued Social Development Board support to QAG, and the inclusion of social development issues in core Bank operational training.

From outputs to outcomes:

- The main risk lies in the acceptance in governments of the need to address social development issues both in policies and projects. This risk is moderate. Participation and social analysis are already incorporated as key elements of many Bank-supported country assistance programs. Remaining risks are mitigated by: linking good social development work and positive 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; and tailoring social development approaches to each country context.

Risks arising from the strategy:

- The main risk of diverted attention arises from the possibility that implementation difficulties following adoption of the strategic priorities lead outside groups to argue that there is a growing gap between rhetoric and reality. This is mitigated by showing that the Bank accepts there is more to do and will build on the progress already made. There is a

risk that perceptions about the political implications of social development activities needed to support growth and poverty reduction may constrain implementation of the strategic priorities. The Legal Department (LEG) will collaborate with ESSD in a process that considers these issues and will advise management as new areas and activities open up. Overall, the risks to the Bank with respect to social development are lower if the institution puts forth and implements a strategy, than if it does not lay out actions to enhance its performance.

Next Steps

97. To get the broadest possible input from the development community, the World Bank will partner with governments, NGOs, international organizations and bilateral development agencies to consult on the principles and approaches put forward in this paper. Simultaneously, within the Bank the regions and other Bank units are including implementation in their planning process and refining indicators. Based on these external and internal consultations, later in 2004, a revised paper will be prepared and discussed by Bank Management and Executive Directors.

CHAPTER V: CONCLUSION

98. The Bank and the international development community recognize that social and economic development complement each other. There is also a consensus that a comprehensive view of development, such as that embodied in the MDGs, is necessary if the development community is serious about delivering benefits for poor women and men. The Bank embraces the importance of a socio-cultural perspective, one that emphasizes the importance of power dynamics, norms and values, and how these determine the way that societies can best sustain development efforts and nurture the well being of all people. Despite the wide array of socio-cultural and economic conditions in which the Bank operates, there is shared understanding that the Bank's social development efforts are aimed at helping societies become more inclusive, cohesive and accountable. This vision is reflected in Bank statements, policies and strategies.

99. The vision has been translated into the Bank's business practices. Many parts of the Bank have contributed. For example, work by Social Protection on better understanding vulnerability and community-management of services supports this vision. Work on gender and poverty analysis, empowerment and governance is also oriented towards the same goals. This strategy focuses on the remaining aspects of the Bank's social development agenda, understanding how informal and formal institutions work to enhance or constrain development efforts. The Bank's progress in this area has been good so far. In its operations, the Bank has productively used participation to involve stakeholders. Social analysis helps it to understand relevant social institutions and mitigate risks. Accountability approaches promote transparent and flexible organizations. Conflict-focused efforts help the Bank understand and mitigate social tensions. Community driven development empowers communities and improves local governance. Ensuring implementation of safeguards help to ensure that the Bank manages social and due diligence risks.

100. Such social development efforts have significantly improved the quality of the World Bank's portfolio by helping to make projects more effective and sustainable. Today, senior Bank managers and staff agree that addressing the social dimensions of development is necessary to Bank effectiveness. Different Regions have piloted innovations to promote social development further. These accomplishments pave the way for the Bank to take advantage of a number of opportunities to scale up its work to better meet the goals of inclusion, cohesion and accountability.

101. This paper outlines four key strategic priorities that will enable the Bank to take advantage of these opportunities.

- It will improve its country and policy-level work by better integrating social dimensions.
- It will continue to mainstream social development in investment operations.
- It will enhance its social development thematic portfolio.
- It will do this on an improved base of research, capacity building and advocacy.

102. The Bank finds itself at an important crossroads. It can better operationalize its vision by building on past successes and drawing on emerging opportunities. There are risks in going forward, but the risks to the poor and marginalized 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 other dimensions of a “world free of poverty.”

Annex 1: Social Development Tools

As experience in the social development field has grown, so has the range of social development tools. This annex is by no means exhaustive, nor is it meant as the exclusive list of Social Development tools used in Bank work. Rather, it is intended to familiarize the reader with the basic principles and most common applications of social development tools. Social development practitioners combine and tailor these tools as needed to match the needs of the Bank and its clients. Other parts of the Bank have also developed tools that address social dimensions.

Fundamentals

Social Analysis Methods and Tools. Social analysis is the systematic investigation of the social processes and factors that affect development impacts and results. Objectives of social analysis are to (a) identify key stakeholders and establish the appropriate framework for their participation, (b) ensure that project objectives and incentives for change are appropriate and acceptable to beneficiaries, (c) assess social impacts and risks, and (d) minimize or mitigate adverse impacts. A broad range of analytical methods from desk reviews to poverty maps to stakeholder analyses has been used for social analysis. For more information see the Bank's Gender and Social Assessment website at <http://www.worldbank.org/gender/assessment/>.

Participation Methods and Tools. Participation is the process through which stakeholders influence and share control over development initiatives and the decisions and resources which affect them. The many methods to foster collaboration among a broad range of stakeholders in the selection, design, and implementation of development projects, and in CAS and (Economic and Sector Work (ESW) level work include: stakeholder workshops, beneficiary assessment, and participatory rapid appraisal. For more information see *The World Bank Participation Sourcebook*, 1996.

Country and Policy Level Tools

Country (or sub-national in large countries) or **sector-wide social analysis** examines a range of social issues and relationships between people and institutions in a given country or sector context, and identifies the key opportunities, constraints, likely impacts and social risks in economic and social development. Social analysis clarifies the legal, institutional and political environment, and the social priorities of the country. It relies on a *menu approach*, addressing only the relevant issues, examples of which may be corruption, local institutions, conflict, sub-populations-of particular relevance to the country among others. Country or sector social analysis can stand alone or be linked with CAS, poverty assessments and ESW such as country environmental analysis, or sectoral studies, at the national or sub-national level. For more information, see *The World Bank Social Analysis Sourcebook* at <http://lnweb18.worldbank.org/ESSD/sdvext.nsf/61ByDocName/SocialAnalysis Sourcebook>.

Participatory poverty assessments uncover aspects of poverty that quantitative analysis simply does not provide, such as vulnerability, aspects of gender, crime and violence, seasonality and powerlessness. PPAs have three key elements. First, they increase the understanding of the multidimensional nature of poverty and enable the perspectives and priorities of poor people to be included in poverty analysis and formulation of policies. Second, they promote wider ownership of researchers' findings and increase the influence of those findings on policy makers by including a cross-section of other groups (e.g. NGOs, policy makers, administrators, civic groups). Third, they increase countries' capacity to analyze and monitor poverty and policy impacts. The PPA tool has been used in many poverty assessments since the early 1990s. It was used in the Bank's assessment of the social impacts of financial crisis in East Asia, to understand the secondary (how people coped) and tertiary impacts (how coping strategies affected social capital) of the crisis. PPAs have relied heavily on the **beneficiary assessment** methodology, a qualitative method of investigation and evaluation that relies primarily on three data collection techniques:

- In-depth conversational interviewing around key themes or topics
- Focus group discussions
- Direct observation and participant observation (in which the investigator lives in the community for extended periods of time)

Social and public accountability tools such as **public expenditure monitoring surveys and report cards** facilitate civic engagement in the process of managing and monitoring public expenditures and services. In participatory public expenditure monitoring, users, clients and citizens are involved in the process of allocating, reviewing, tracking and monitoring public expenditures in activities such as budget formulation, budget analysis, expenditure tracking and performance monitoring. The report cards enable citizens to have a credible, collective voice that can influence policy makers and service delivery institutions. This tool solicits user perceptions of the *quality*, *efficiency*, and *adequacy* of public services, and provides collective feedback on user satisfaction and ways to improve services intended to benefit them.

PSIA is an analysis of the distributional impact of policy reforms on the well-being or welfare of different stakeholder groups, with particular focus on the poor and vulnerable. PSIA has an important role in the elaboration and implementation of poverty reduction strategies in developing countries. It promotes evidence-based policy choices and fosters debate on policy reform options by helping to:

- Analyze the link between policy reforms and their poverty and social impacts
- Consider trade-offs among reforms on the basis of their distributional impacts
- Enhance the positive impacts of reforms and minimize their adverse impacts
- Design mitigating measures and risk management systems
- Assess policy reform risks
- Build country ownership and capacity for analysis

PSIA starts with the ex-ante analysis of expected poverty and social impacts of policy reforms, with a view to helping to design the reforms, and then advocates monitoring results during implementation. Finally, where possible, PSIA suggests evaluating ex-post the poverty and social impacts of reforms.

The **Country Gender Assessment (GCA)** is a collaborative process through which the Bank and borrowing countries identify gender-responsive policies and actions important for poverty reduction, economic growth, and development effectiveness. CGAs are a component of the new World Bank strategy, “Integrating Gender into the World Bank’s Work: A Strategy for Action”, which requires borrowing countries to prepare periodic multisector assessments that analyze the gender dimensions, identify gender-responsive policies and actions important for poverty reduction economic growth, human well-being and development effectiveness in the country, and integrate these policies and actions into policy dialogue and the country assistance program.

Specialized Tools

The **Conflict Analysis Framework (CAF)** focuses on six areas influencing conflict: social and ethnic relations; governance and political institutions; human rights and security; economic structure and performance; environment and natural resources; and external factors. A better understanding of what affects the level and dynamics of conflict can help country teams ensure that development interventions do not instigate, exacerbate or revive situations of violent conflict --- but instead they help reduce conflict. CAF is designed for country, provincial, or regional level analysis and is expected to contribute to PRSP and other country strategies. It can be used as stand-alone analysis or as part of upstream macro-social analysis.

The **Social Capital Assessment Tool (SOCAT)** is a survey-based instrument that measures the opportunities and constraints faced by individuals and groups by focusing on the social assets and networks that determine their access to resources. Analysis of social networks leads to an understanding of the transaction costs associated with acquiring information (e.g. price levels, production innovation) and actions by members to overcome imperfect markets through social sanctions or mutual support. SOCAT is useful for estimating likely changes in productive behavior at the household and community level in response to policy change and allows analysts to identify how networks and norms affect this behavioral response. It can be tailored to specific policy domains or used as a complement to give depth to other methods of data gathering and analysis.

Annex 2: Management Action Record

OED Review of Social Development in Bank Activities

<i>OED Recommendation</i>	<i>Management Response</i>
<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.</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"> 1. The Social Analysis Sourcebook, released in August 2002 after Bankwide review, provides explicit guidance on an integrated approach. 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. 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. <p>Agreed Actions</p> <ol style="list-style-type: none"> 1. Management plans to cover social analysis in its simplified policy framework for investment lending slated for issuance by the end of FY05. 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.) 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. 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 Reports and OED’s Evaluation Summaries for compilation in FY05. (See draft SPP, Chapter III, Strategic Priority 4.)

<i>OED Recommendation</i>	<i>Management Response</i>
<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&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.)</p> <p>Agreed Actions</p> <ol style="list-style-type: none"> 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.) 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.) 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.)

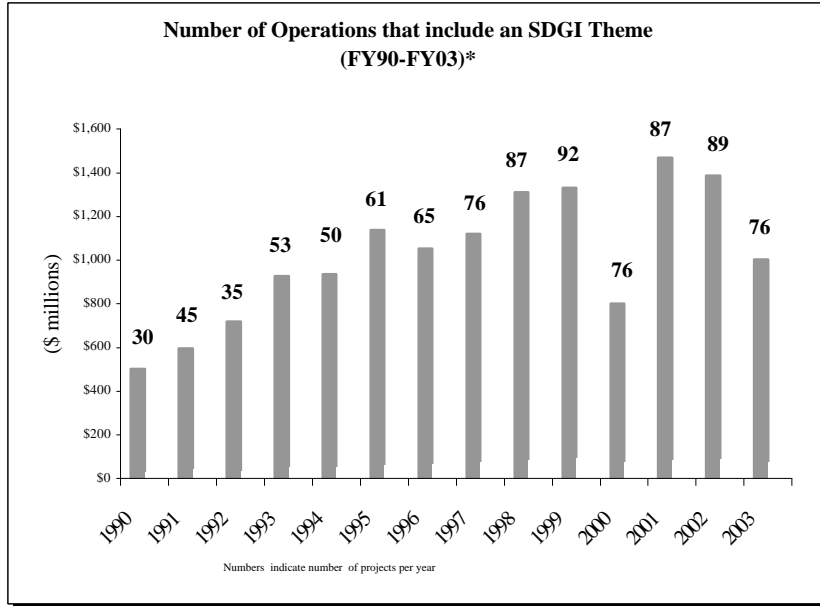
<i>OED Recommendation</i>	<i>Management Response</i>
<p>3. Country teams need to have the capacity to identify critically needed social knowledge and to facilitate its flow.</p>	<p>Management agrees with this recommendation. The draft SPP suggests a major strategic shift from individual projects to the 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 of a country-driven approach. (See draft SPP, Chapter III, Strategic Priority 1.)</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"> 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.) 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.)

<i>OED Recommendation</i>	<i>Management Response</i>
<p><i>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.</i></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.</p> <p>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"> 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.) 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. 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.

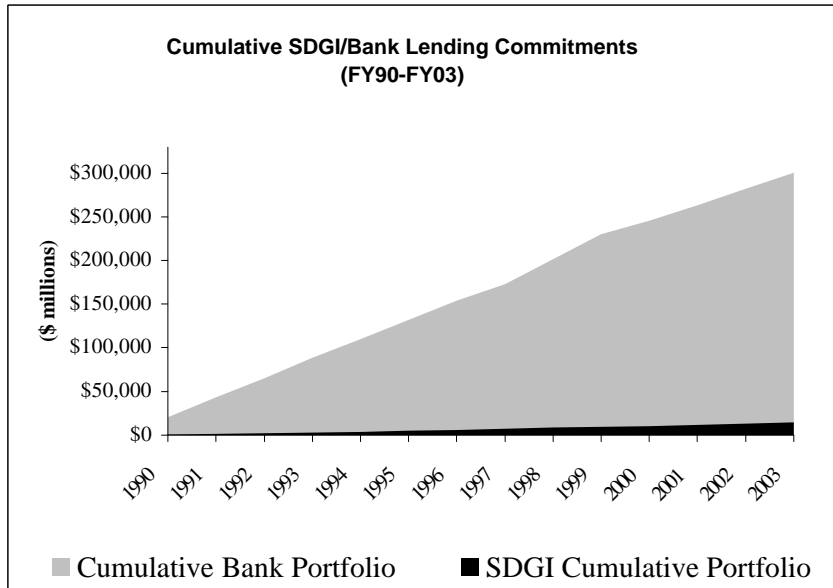
Annex 3: Social Development, Gender and Inclusion (SDGI) Thematic Portfolio

Number of Operations (cumulative as of FY03): 922
 Total Allocation with SDGI component: \$54.25 billion
 Cumulative SDGI Allocation (FY90-FY03): \$14.29 billion

Annual Average (FY00-FY03): \$1,020.55 million
 Annual Average (FY94-FY99): \$1,147.69 million
 SDGI as percent of cumulative Bank commitments: 4.7%

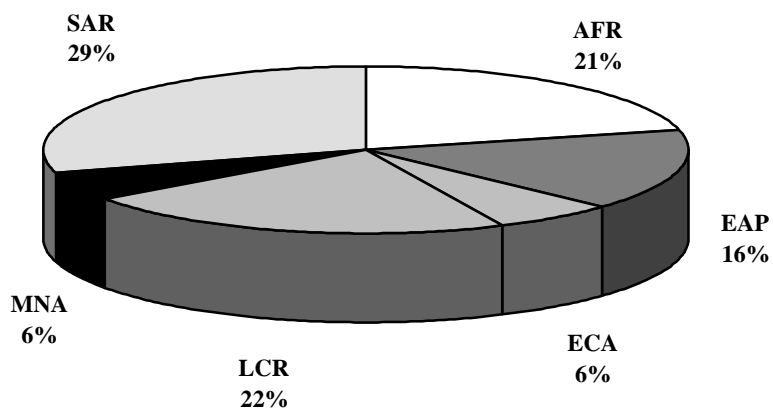


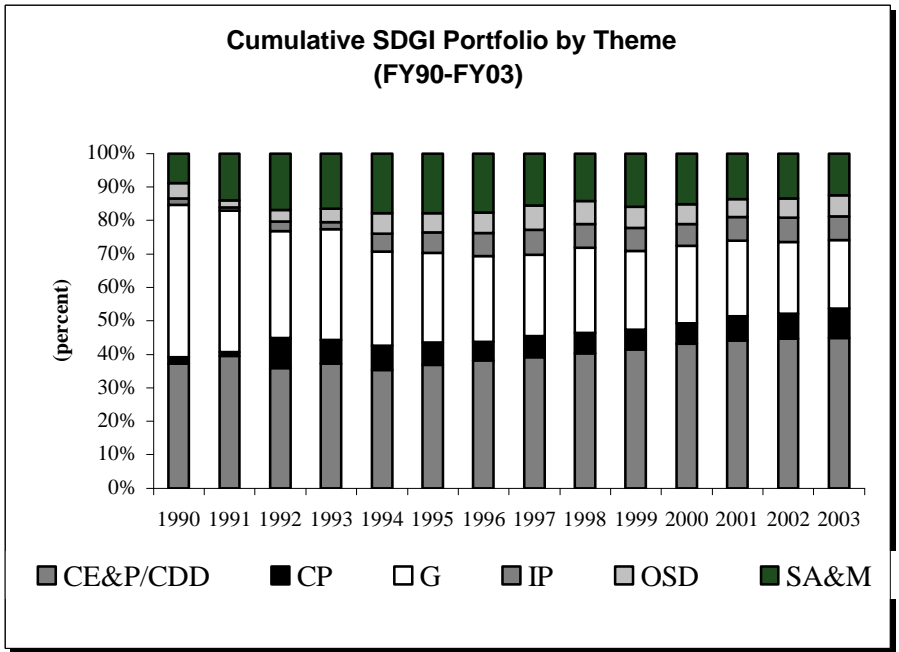
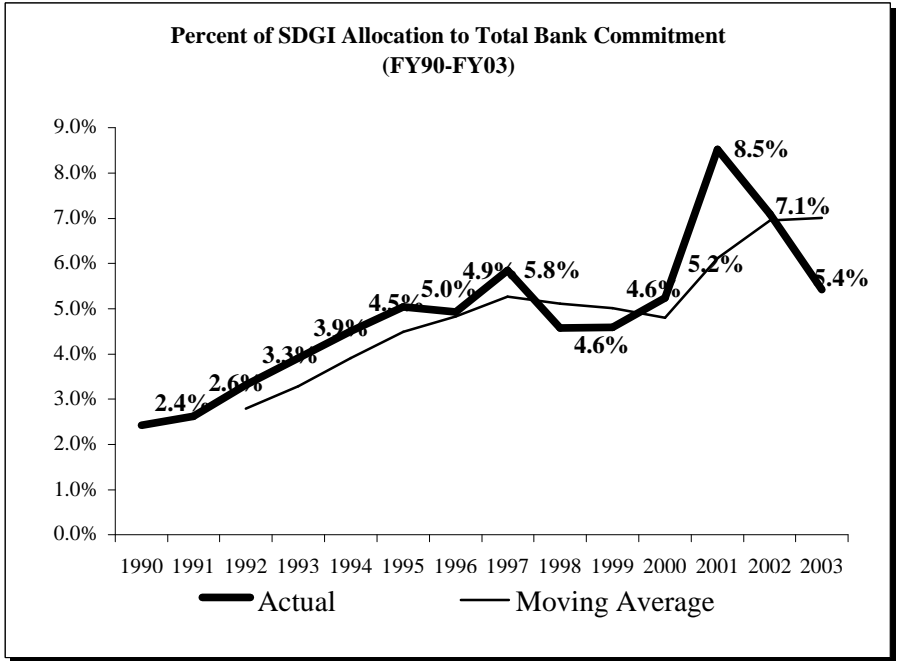
*These counts are not apportioned but are the number of operations that include an SDGI theme.



SDGI Allocation by Region FY90-FY03 (\$ millions)					
Themes	# of Projects	SDGI Allocation	Total Allocation with SDGI Component	SDGI/Total Allocation	SDGI as % of Bank Commitments
Africa	286	3,034.59	10,638.46	28.5%	1.0%
East Asia & Pacific	116	2,254.96	9,423.57	23.9%	0.7%
Europe & Central Asia	109	873.58	3,142.82	27.8%	0.3%
Latin America & the Caribbean	191	3,124.49	12,794.82	24.4%	1.0%
Middle East & North Africa	78	809.25	3,066.62	26.4%	0.3%
South Asia	142	4,190.47	15,188.88	27.6%	1.4%
TOTAL	922	14,287.34	54,255.17	26.3%	4.7%

SDGI Allocation by Region (FY90-FY03)





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

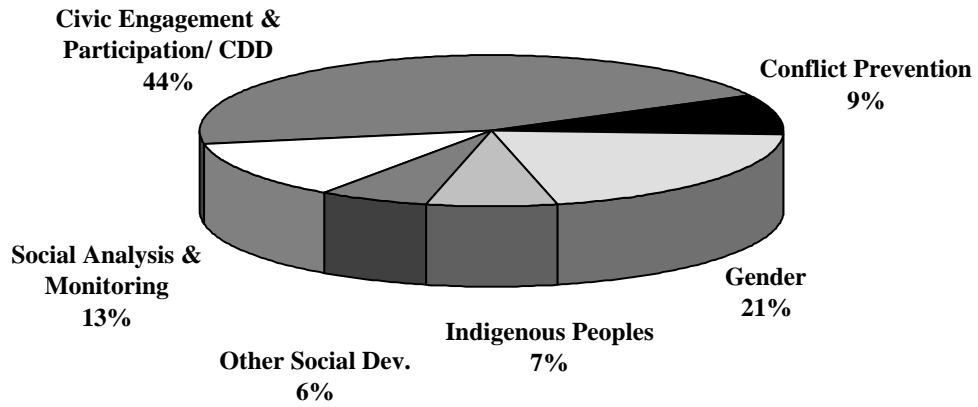
SDGI Allocation by Theme FY90-FY03 (\$ millions)

Themes	# of Projects**	SDGI Allocation	SDGI as % of Cumulative Bank Commitments
CE&P/CDD	589*	6,425.57	2.1%
Conflict Prevention	104*	1,249.94	0.4%
Gender	260*	2,930.72	1.0%
Indigenous Peoples	67*	1,009.52	0.3%
Other Social Dev.	125*	881.17	0.3%
Social Analysis and Monitoring	39*	1,790.75	0.6%
TOTAL	922	14,287.68	4.7%

*Note: Some projects are counted more than once due to the fact that some projects have more than one SDGI theme allocation;

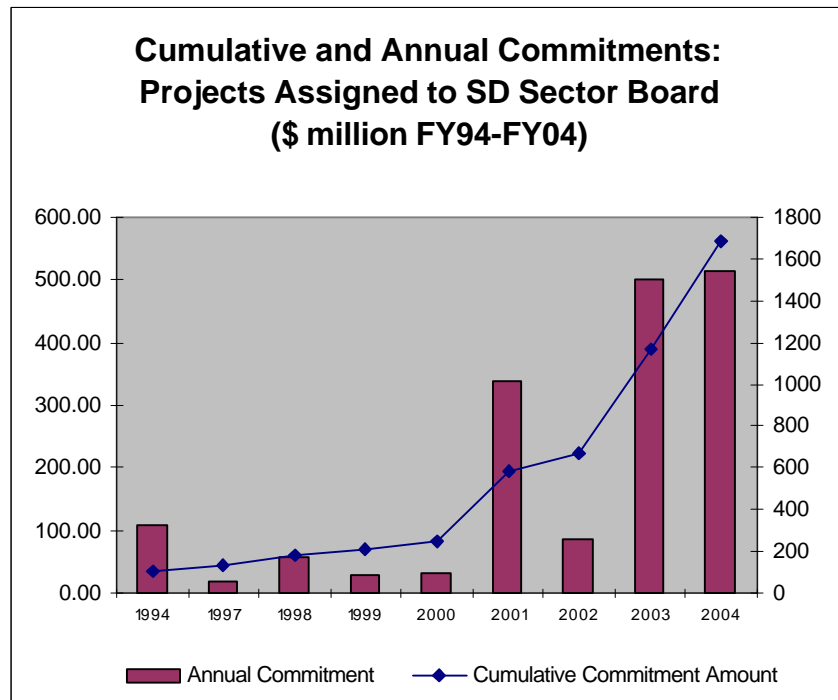
**Note: These counts are not apportioned but are the number of operations that include an SDGI theme.

SDGI Allocation by Theme



Projects Assigned to the Social Development Sector Board (FY90-FY04)

SD Sector Board Summary (FY94-FY04)			
Year	# of Projects	Cumulative Commitment Amount	Annual Commitment
1994	1	110	110.00
1997	1	129.5	19.50
1998	4	185.5	55.99
1999	3	212.79	27.30
2000	2	246.29	33.50
2001	5	583.99	337.70
2002	5	669.99	86.00
2003	10	1,169.79	499.80
2004	18	1,685.09	515.30
TOTAL	49	1,685.09	1,685.09



Annex 4: Brief History of Social Development in the Bank

1974 – 1987: Establishing a sociological perspective

The first social development specialists (then termed “social scientists”) joined the World Bank in the 1970s. As represented in the policy on *sociological aspects of appraisal* discussed earlier, these new staff were tasked with achieving better results for rural development projects by modifying them to better suit local conditions. After highly publicized events in the following decades demonstrated the potential for negative development outcomes, the Bank developed a special focus on vulnerable groups. This led to operational manual statements on *tribal people* which established principles of avoiding or mitigating harm. The 1980s also saw the introduction of beneficiary assessments as a management tool to gain feedback from potential beneficiaries. In the area of civic engagement, this period also saw the first Bank-financed projects implemented by NGOs.

1987 – 1997: Rapid growth of social development agenda

In this period, the Bank aligned parts of the social development agenda and the environmental agenda. It brought together environmental assessments with social assessments and policies on resettlement⁴¹ and indigenous peoples.⁴² Accepting the importance of beneficiary participation and the close involvement of NGOs throughout the project cycle, it increased its participation and civic engagement work. Finally, it build the foundations of much of the work on community-based projects.

1997 to the present: Consolidation and clear business lines

In 1997 the Bank articulated a new institutional vision and commitment to social development, formally establishing the Social Development Thematic Family. It has consolidated an integrated social development agenda along five business lines (or work program):

- **Social analysis** of opportunities, constraints and risks has been formalized and accepted as a requirement alongside economic and institutional analysis of projects. Recently, social analysis has been applied to policy reforms through PSIA, a tool that was introduced as part of the PRSP framework.
- The Social Development family merged the **participation and civic engagement** agendas, now widely accepted and implemented in projects. According to the OED Evaluation of Social Development (2003), 74 percent of the CASs mention participation.⁴³ Like social analysis, participation and civic engagement have also been applied to broader policy reforms (formalized as part of the PRSP processes) and Bank

⁴¹ Operational Directive 4.30 on *Involuntary Resettlement*. 1990.

⁴² Operational Directive 4.20 on *Indigenous Peoples*. 1991.

⁴³ Operations Evaluations Department, World Bank, Washington, D.C. May 2003 (Draft). Page 56.

strategies. Most recently, a number of countries have also implemented social accountability measures, which empower poor people to hold the public sector accountable for their actions.

- Early work on community-based development led to analytical work on social capital, in which the World Bank took the lead to put the concept into practice and develop tools to measure it. These activities have proven a useful complement to efforts to support CDD, in which Bank-financed interventions are driven by community priorities and often implemented by communities themselves. Today, CDD investments make up around 12 per cent of the World Bank’s annual investments.
- The social development focus on institutions – both formal and informal – led to work on post-conflict reconstruction, including both physical and social reconstruction. In this work, the Bank has been able to focus on its original mandate to promote reconstruction, as its name implies (International Bank for Reconstruction and Development). Facilitated by a post-conflict fund that finances grants for start-up activities in conflict-affected countries, the agenda has expanded to a broad set of interventions covering both **conflict prevention and reconstruction (CPR)**.
- Concern for vulnerable groups such as indigenous peoples and involuntary resettlers has meant continued work to ensure compliance with **safeguard policies**.

	1974-1987	1987 – 1997	1997-2003
Overall Focus	Improving operational effectiveness, especially in rural development	Putting people first; developing methods and tools; social dimensions of adjustment.	Poverty Reduction, Socially Sustainable Development
Social Analysis*	<ul style="list-style-type: none"> • Sociological aspects of project appraisal with focus on understanding social conditions • Beneficiary assessments 	Social assessment to parallel environmental assessments	<ul style="list-style-type: none"> • Social Analysis Sourcebook clarifies social analysis as part of Bank’s due diligence appraisal; • PSIA, Country level social analysis
Participation and civic engagement*	<ul style="list-style-type: none"> • Consultations • NGOs as implementers 	Participation Working Group on deepening participation; NGOs as partners; participation action plans	<ul style="list-style-type: none"> • Participation and Civic Engagement (e.g. in PRSPs); • From NGOs to civil society; • PPAs, Participatory public expenditure monitoring.
Vulnerable groups*	Policies on indigenous people and involuntary resettlement (social safeguard policies) establish mandatory mitigation strategies	<ul style="list-style-type: none"> • Concern with gender, vulnerable groups (poorest of the poor, response to natural disasters, post-conflict recovery); • Safeguards linked with environmental work 	<ul style="list-style-type: none"> • Social safeguard policies more vigorously enforced; • Broader concern with vulnerability at conceptual level (e.g. WDR 2000/1); • Conflict Prevention and Reconstruction included in agenda; • Conflict analysis as part of social analysis
Communities and social institutions*	Social organization of production	<ul style="list-style-type: none"> • Institutions, mainly local; • Community based development 	<ul style="list-style-type: none"> • Social Capital (SOCAT); CDD; • Local level institutions

* Denotes major SD Tools

Annex 5: Draft Suggested Social Development Tools by Type of Country

<i>World Bank Product</i>	<i>Conflict-affected Countries</i>	<i>Low Income Countries</i>	<i>Middle-income country (MIC) – borrowing</i>	<i>MIC – non borrowing</i>
World Bank Assistance Strategy	Conflict analysis and social analysis focused on enabling environment for CDD as input to transition support strategy or watching brief	Participation and civic engagement (P&CE) for preparation, implementation and evaluation of PRSP and CAS. PSIA carried out as part of PRSP feeding into CAS. Country social analysis (CSA) feeding into CAS Identification of major safeguard risks and action plan to address them	Participation for preparation, implementation and evaluation of CAS CSA feeding into CAS Identification of major safeguard risks and action plan to address them	Participation for preparation, implementation and evaluation of CAS
Analytical and Advisory work	Conflict analysis and social analysis focused on enabling environment for CDD and P&CE	CSA covering full range of issues. Sector social analysis where appropriate based on size or quality of portfolio	CSA with special emphasis on conflict analysis, social inclusion and enabling environment for CDD and social accountability	CSA – with narrow focus probably on social inclusion or social capital (e.g. EU accession or MNA countries)
Development policy support lending	NA	PSIA especially for PRSCs P&CE focused mainly on accountability and evaluation of impacts Components could address disablers and enhance enablers of CDD and conflict prevention (e.g. fiscal devolution and judicial reform)	PSIA P&CE focused mainly on accountability and evaluation of impacts Components could address disablers and enhance enablers of CDD and conflict prevention (e.g. fiscal devolution and judicial reform)	NA
Investment lending	PCF grants to focus on conflict resolution and rebuilding of society. CDD projects with build in capacity enhancement for participation and civic engagement	Participation in preparation implementation and <i>evaluation</i> – more emphasis than currently on evaluation	CDD projects with more focus on enabling environment not only on assets and capacities	NA

Annex 6: Monitorable Indicators

Impact monitoring will be done using country-level indicators as discussed in Chapter IV. This Annex presents output and input indicators. These are all **tentative**, pending the development of regional business strategies.

Monitorable Indicators for Strategic Priorities

<i>Strategic Priority</i>	<i>Indicators</i>	<i>How measured</i>	<i>Goal</i>
Overall Goal of the Strategy: Scale up Social Development work of the World Bank to better meet global challenges	OED assessment rating of performance of the SD strategy	OED/QAG evaluation (ratings) of the strategy's implementation	Assessments indicating progress after three years of implementation
	Share of Bank-assisted operations addressing SD issues in World Bank portfolio	OPCS-SSIU evaluation	
Strategic Priority 1: Strengthen the Bank's policy dialogue and policy-based lending with increased attention to social development			
Impact on Portfolio	Share of CAS, lending and ESW that address SD policy issues	Annual review by Social Development Board	To be identified based on regional business strategies
	Share of CDD and conflict operations that address enabling environment	Annual review by CPR and CDD anchor	To be identified based on regional business strategies
Impact on Bank processes and application of SD tools	Share of policy-based operations with satisfactory SD inputs	QAG quality-at-entry and joint SD/Poverty Board assessments	Ratings increase to 85% or higher satisfactory
	Share of policy-based operations using macro tools such as PSIA and social accountability	Annual tracking by SD and Poverty Boards (for PSIA)	12 PSIAs with SD engagement in FY03 move to 30 in FY06
Strategic Priority 2: Improve the effectiveness of Bank-supported projects and programs with a systematic approach to social development and stronger follow-through			
Impact on Portfolio	Share of satisfactory ratings on SD issues in QAG quality of supervision and quality of entry assessments	QAG quality-of-supervision and entry	Quality ratings increase to 90% for QAG ratings; 80% for OED ratings
	Share of satisfactory ratings in OED evaluation of Bank performance on SD components	QAG portfolio evaluation OED portfolio evaluation reports	
Impact on Bank processes and application of SD tools	Number of country and sectoral social analyses completed in Bank operations	Annual tracking by SD Sector Board	SD tools developed and applied in countries in most regions

<i>Strategic Priority</i>	<i>Indicators</i>	<i>How measured</i>	<i>Goal</i>
	Number of Bank assisted projects and programs that include participatory monitoring and evaluation	Annual tracking by SD Sector Board	Increase from current level, no ideal number
Strategic Priority 3: Enhance the social development thematic portfolio			
	Share of SD and gender thematic (SDGI) portfolio	Bank's portfolio tracking	To be identified based on regional business strategies.
Strategic Priority 4: Improve Bank's capacity building and research, and sustain advocacy for social development			
Advocacy	WB public statements and commitments continue to emphasize the importance of social issues to development while improving clarity on what the WB will do	SD board analysis	Advocacy sustained and clarified
Research	Better understanding of linkages between social and economic development Improved indicators for social development impacts. WDR on social inclusion Research better aligned with operational priorities	SD SB reporting, joint DEC and SD SB assessments	Research carried out and influencing advocacy and operations
Capacity Building	Capacity building program implemented in three of the six regions focusing on building local networks of social development experts	SD SB reporting based on feed-back from regional operational staff and network members	Three regions have operating networks by FY06

Annex 7: Good Practice Approaches for Social Analysis in Investment Operations

Over the last few years, a consensus has emerged among practitioners of social development about the essential elements and approaches to social analysis in investment operations. In this context, it is useful to distinguish between social analysis, undertaken by the Bank as part of its normal appraisal process, and social assessment, which is done by the Borrower, generally with technical assistance and guidance from the Bank.

The social assessment uses participation to determine needs and determine needs and priorities of key stakeholders, to obtain their views on the design and proposed implementation mechanisms of a particular project, and to build capacity and involvement. The social assessment process helps the Borrower formulate explicit social development outcomes, design appropriate organizational arrangements, and monitor and evaluate progress and achievement of outcomes.

The Bank's role in social analysis is described comprehensively in the 2002 Sourcebook on social analysis (www.worldbank.org/socialanalysis/sourcebook). The Bank is revising OMS 2.20 on sociological aspects of project appraisal as part of the overall reform of investment lending policy. While this work is still at a preliminary stage, there is convergence around a set of core principles and key issues laid out in the Social Analysis Sourcebook.

Objective of Social Analysis

- (a) The Bank analyzes the social aspects of projects proposed for its support in order to (i) enhance its understanding of the socio-cultural, institutional, political and historical context in which a project is to be carried out; (ii) identify possible social opportunities, constraints, risks, and outcomes of the project; and (iii) assist the Borrower to achieve social development outcomes agreed by the Borrower and the Bank through appropriate project design and implementation. Social analysis complements economic and institutional analyses of projects in assessing the likelihood that the project will be sustainable and will contribute to the country's development objectives.

Key Considerations

Social analysis is a flexible process which is adapted to the circumstances of the particular project. In carrying out social analyses of projects, the Bank may draw, as appropriate, on existing work undertaken by the Bank or others. Social analysis involves examination of the following aspects of the project:

- (a) **Social diversity:** The analysis examines the relevant social context of the project. This focuses on assets, access to goods and services, and ability to participate in decision-making of different social groups. It also looks at their traditions, customs, values and beliefs, as well as dimensions of social exclusion or discrimination.

- (b) **Institutions, rules and behavior:** The analysis examines the formal and informal institutions that are likely to affect project outcomes, including their rules and behavior patterns, their interests in and likely influence on the project, and the relationships within them, among them, and with the social groups referred to in (a) above.
- (c) **Stakeholder analysis:** The analysis examines the interests, concerns and influence of groups that are affected by, or can affect the project. These stakeholders include different levels of government (political and administrative), organized interest groups, civil society and grassroots organizations, and project beneficiaries and other project-affected persons.
- (d) **Participation:** The analysis assesses the nature, scope and extent of existing or proposed participation mechanisms in the different phases of a project.
- (e) **Social risks:** The analysis examines the following risks to achievement of the project's objectives: (i) vulnerability risks, (ii) country risks, (iii) political economy risks, (iv) institutional risks and (v) exogenous risks.

Based on its analysis of the social aspects of the project, the Bank satisfies itself that (a) the social context is taken into account; (b) social risks are adequately considered; (c) the analysis adequately identifies measures to promote the sustainability of intended social benefits, particularly for poor and vulnerable groups; and (d) appropriate mechanisms, including monitoring and evaluation, to achieve the social development outcomes agreed between the Borrower and the Bank are in place.

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