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DEVELOPMENT DIALOGUE ON VALUES AND ETHICS  
Human Development Network, World Bank

STRATEGY NOTE FOR 2009 & 2010

**1. Background**

Faith and ethics play an important role in the development process. The recognition of this fact led to the creation in 2000 of DDVE – the Development Dialogue on Values and Ethics, a small unit in charge of overseeing the Bank’s work on ethics, faith and development. The unit initially focused mostly on outreach. Flagship initiatives included meetings between faith and development leaders co-chaired by World Bank President James D. Wolfensohn and Lord Carey, the Archbishop of Canterbury. The unit helped the Bank develop relations with faith leaders, but it did not focus explicitly on how to engage faith-based organizations in Bank activities or donor and government programs and policies.

In 2008, a World Bank group with Vice Presidential level representation recommended hiring an Adviser to lead the unit and focusing more on work directly relevant for development program and policy issues, including service delivery by faith-based organizations (FBOs). The Adviser was hired in mid-November 2008 and a small team (Program Assistant and core consultants) is now operational. This note proposes a new vision and thematic areas of focus for the unit, as well as key components for its work program.

**2. Vision**

Within two years, DDVE will become a recognized center of excellence for evidence-based analysis of issues related to faith, ethics and development that contributes to better policies and programs for poverty reduction, with a focus on the most vulnerable populations. The unit will:

- Conduct high quality empirical research on faith, ethics and development that will be disseminated broadly within and outside of the World Bank;
- Provide advisory services to Bank staff, governments, FBOs and donors on how to better take into account faith and ethics in development policies and programs;
- Implement outreach and capacity development programs to serve learning needs of Bank staff and external stakeholders including FBOs.

**3. Clients and Demand-Driven Approach**

DDVE has two main clients: (i) World Bank country teams, regions and networks, and through them governments and donors; and (ii) FBOs and to a lesser extent faith leaders for some of the unit’s services as explained below. To ensure operational relevance of DDVE within the Bank, a substantial part of the unit’s work will support the Bank’s regional and network units, as well as other units within the Bank’s Human Development Network. Support to regions will focus on contributions to technical assistance, economic and sector work, and operational tasks. Support to networks will focus on innovative analytical work and capacity development through joint training events for Bank staff and external stakeholders. Support to FBOs and faith leaders will consist of technical assistance related to service delivery and capacity development, including on ways to improve monitoring and evaluation of their programs.

#### **4. Thematic Areas of Focus**

DDVE will focus its work on three complementary thematic areas: (i) conducting operationally relevant empirical research on service delivery by FBOs in order to inform development policy and projects in developing countries; (ii) exploring how faith and religion affect the perceptions and behavior of individuals, households and organizations and how this in turn affects development; and (iii) conducting on a selective basis empirical work on ethical dilemmas in development policy with an initial focus on the distributional implications of development policies and on the relationship between governance and ethics and the role that faith leaders can play in this area. It is expected that 50 percent of the work of the unit will be devoted to the first thematic area, and 25 percent to each of the other two areas.

Two of these three areas deal with faith and development while the third deals with ethics and more specifically distributional analysis. In terms of strategic positioning within the Bank and for external stakeholders, DDVE's branding is and will remain mainly located in the nexus between faith and development. The unit has a unique niche in this area and a clear mandate. Yet as its name indicates, the unit should also work on selected areas related to ethics and development, such as distributional analysis and governance, recognizing that other and larger units within the Bank have the lead in these areas.

##### ***4.1 First Thematic Area: Service Delivery by FBOs***

It is often assumed that FBOs provide a substantial share of education, health, social protection and other services in developing countries and that those services are of better quality, better targeted to the poor, and more cost effective than other private and public services. If this is correct, donors and governments should be more inclined to support FBOs in their service delivery activities. Even if this is not correct, public private partnerships for service delivery between governments and faith-based providers are growing and provide opportunities for learning on both sides of the partnerships. Unfortunately, good data to document FBO performance are often missing, and existing data are rarely analyzed in depth.

In order to assess the role and performance of FBOs in service delivery, DDVE will: (i) estimate the market share of FBOs using existing household surveys and administrative data, measure the satisfaction of households using their services, compute the private cost for households of the services provided by FBOs, and compare the overall performance of FBOs with private and public service providers; and (ii) develop new pilot survey instruments as required to better document the role and performance of FBOs. This work will also include analysis of the forms of public-private partnerships that are used in various countries between FBOs and governments as well as the funding mechanisms used by FBOs. In terms of geographic focus, DDVE will initially work more on Africa where FBOs tend to have an especially large market share of education, health and social protection services especially in post-conflict countries.

In addition, as part of its capacity development programs, DDVE will collaborate with selected FBOs to write case studies on their service delivery programs in a way similar to business school case studies, so that the experience acquired by some FBOs can be useful to others. The objective will be to document in a practical way the programs that FBOs are managing, the challenges they face in running these programs, and the solutions they implement to solve their challenges. The case studies are likely to be useful to smaller FBOs that do not benefit from the management expertise of multi-country FBOs.

##### ***4.2 Second Thematic Area: Faith, Perceptions and Behavior***

Faith plays a key role in the perceptions and behaviors of individuals, households, organizations and even countries. Two of the most significant policy issues are the role of faith in household behaviors related to livelihoods and human development, and the interaction between faith and conflict or violence. DDVE's analytical work will first aim to inform issues related to faith and household behavior. At a later stage, depending on opportunities, the unit could also consider work on the issues of faith, conflict and violence.

On faith and household behavior, DDVE will initially work in two main areas: (1) the impact of faith on labor force participation and time use by gender (DDVE is preparing two studies with funding from the Gender Action Plan, one on infrastructure, gender and time use, and one on gender disparities in African labor markets in collaboration with the Africa Chief Economist Office); and (2) the impact of faith on social capital and charitable contributions/transfers (among others through zakat in the Muslim world, on which DDVE will conduct analytical work in collaboration with the MENA region). The unit may also, on a case by case basis, conduct work on the interaction between faith, education, and health.

#### **4.3 Third Thematic Area: Ethics (Distributional Analysis and Governance)**

There are three main reasons for DDVE to focus part of its work program, despite its limited means, on distributional analysis rather than concentrating solely on faith and development. First, as the unit's name indicates, DDVE should be able to contribute to ethical debates on development policy which focus in large part on distributional and governance issues. Second, work on distributional analysis and governance should be an integral part of DDVE's work on faith and development for several reasons:

- Objections from faith communities to Bank or government policies often stem in part from distributional or governance concerns, so that work in these areas can lead to fruitful dialogue;
- FBOs often aim to target the poor in their programs, hence technical assistance can be provided to them by DDVE in the area of distributional analysis and targeting, and the same is true for work on governance which can help FBOs fight corruption in their own programs;
- Distributional and governance analysis is required as part of the assessment of the role of FBOs in service delivery since two key arguments used by FBOs to seek support from donors and governments is that they may be serving the poor better than other providers, and may also be less subject to corruption;
- Initial work on distributional analysis and governance may provide a point of entry (in terms of identification of policy issues, knowledge of survey or other data, contacts made, etc.) for later work on faith and development in specific countries or sectors, and would make it easier to assess the role of FBOs in a broader framework of service provision and programs for poverty reduction.

### **5. Research, Publications and Capacity Development**

To disseminate its analytical work and the work of other Bank units on issues related to faith, ethics and development, DDVE is creating four sets of publications to be available on its web site:

- Studies will be major pieces of work such as monographs and books;
- Working Papers will be research papers on specific issues, typically of 20-40 pages in length;
- Notes will be policy-oriented notes of 4-6 pages in length written in easily accessible language;
- Briefs will be data-based briefs of 5-10 pages in length also written in easily accessible language;

To the extent feasible, DDVE publications will be disseminated through existing Bank products (such as Directions in Development and the World Bank Working Papers for Books, the Policy Research Working Papers for working papers, and the PREM Notes for notes). DDVE publications will be advertised through the unit's electronic newsletter, and some will be the focus of DDVE monthly seminars. DDVE will also aim to publish journal articles and book chapters that benefit from external peer review and have larger impacts on research in DDVE's areas of focus and longer shelf-life than working papers and notes.

In addition, DDVE will work on one major study per year. In FY09, the unit will co-task manage with the Africa Chief Economist Unit a report on the impact of the economic crisis in Africa. This study will rely on both macro and microeconomic analysis with substantial distributional analysis to assess the impacts of shocks and the efficiency of alternative government strategies to help households deal with shocks. Some attention will be given to faith-based coping mechanisms used by households.

In FY10, DDVE will produce a report on the role of FBOs in service delivery with country case studies assessing the performance of various types of service providers (public, private for-profit, private non-

profit including FBOs) and document the institutional, legal, and financial mechanisms that are used to organize service delivery. Preliminary findings will be presented at a faith and development leaders meeting in July 2009.

The unit's capacity development activities will target both Bank staff and external stakeholders. DDVE will (i) publish easily accessible material based on its analytical work on faith, ethics and development; (ii) organize training events both in Washington, DC and in developing countries; (iii) collaborate with FBOs to write case studies on their programs so that their experience can be useful to others; (iv) make available tools to facilitate work on faith, ethics and development, including distributional analysis (DDVE has a expertise in constructing Excel-based sophisticated yet user-friendly tools that can be used for policy simulations); and (v) organize monthly seminars for World Bank staff in Washington, DC.

## **6. Communication and Outreach**

DDVE will develop and maintain a high quality website and produce an electronic newsletter to alert individuals and organizations of new products, studies and services available on its website. The site and newsletter will showcase DDVE products, as well as work by other Bank units and other organizations. Through its website and newsletter (as well as through seminars and workshops), the unit will serve as a clearinghouse to promote work on faith, ethics and development by other Bank units.

The unit will also create a "Faith Stats" database and website based on household surveys and other data, probably with a pilot on Africa as a start. The site would provide basic statistics on religion that would be combined with statistics on education, labor force participation, consumption and poverty, etc. (taking into account sensitivity of such information in some countries). Faith Stats would also include links to empirical papers and to many other resources on faith, ethics and development.

The unit will continue to manage external partnerships related to faith, represent the Bank in selected fora, meet with faith leaders and FBOs, handle correspondence to the President and senior management that relates to faith leaders and FBOs, etc. This external affairs function will however be carried in a different way than in the past by making a closer connection between external representation and the unit's core analytical and operational work program. The unit will organize with the World Faiths Development Dialogue a faith and development leaders meeting in July 2009 in Accra. Co-chaired by Graeme Wheeler and Lord Carey, the meeting will include participation from 80 faith and development leaders. Given the unit's new emphasis on service delivery by FBOs, especially in fragile states, this theme will be the focus of the Accra meeting.

The unit will continue to collaborate with UN agencies, bilateral donor agencies (such as USAID's Center for Faith-Based and Community Initiatives), interfaith networks (such as the Women, Faith and Development Alliance, the World Conference of Religions for Peace, or the World Council of Churches), and prominent think tanks or research centers. DDVE will participate in workshops, conferences and seminars to disseminate its work and learn from others. These events will be selected based on strategic importance, impact to cost ratio, and evidence of strong demand for DDVE's contribution.

## **7. Staffing and Funding**

The DDVE unit is headed by an Adviser/Program Manager (Quentin Wodon), with a Program Assistant (Sukanya Venkataraman), and a small group of core consultants (Prospere Backiny-Yetna, Harold Coulombe, George Joseph, Juan Carlos Parra Osorio, and Clarence Tsimpo). In addition, the unit has short term consultants performing specific tasks, including Katherine Marshall, the former head of the unit, who advises on outreach activities and strategy. The Resource Management Analyst is Bilkiss Dhomun. The Transaction Processor is Marie Madeleine Ndaw. The unit will actively raise trust fund and other resources so that it can leverage its limited core Bank budget.