

## THE POVERTY AND SOCIAL IMPACT ANALYSIS MULTI-DONOR TRUST FUND

The PSIA MDTF is an approximately \$20 million fund, spread over a period of three years. The MDTF became operational in February 2010, and is supported by Germany, the Netherlands, Norway, Switzerland, and the United Kingdom. As described in more detail below, resources are shared among the six regional units and two anchor units, and fund multisectoral PSIA in various countries across the six Regions.

The PSIA are funded in line with the overarching goal of the MDTF: to help partner governments and the World Bank consider the poverty, social, and distributional impacts of key policy reforms and operational activities. To this end, the MDTF has two objectives:

- (1) support the effective use of poverty, social, and distributional analysis in guiding the Bank's policy dialogue and program lending; and
- (2) strengthen client country capacity to implement and use the results of poverty, social, and distributional analysis to inform national policies.

The MDTF supports:

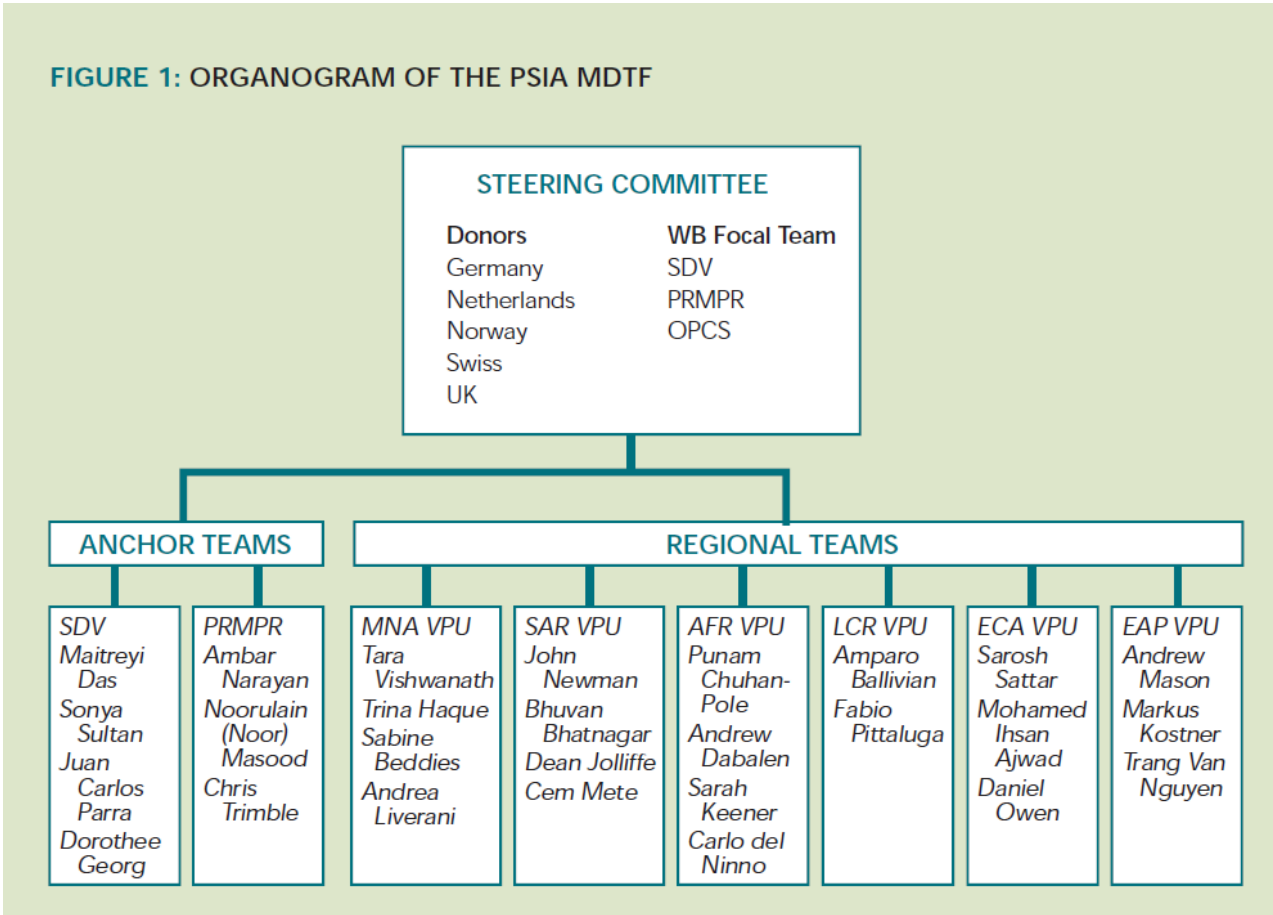
- the effective use of PSIA in guiding policy dialogue and program lending;
- capacity development in the areas of poverty, social, and distributional analysis for a wide range of actors (parliaments, central and local governments, civil society, research institutes, media, and the private sector) to inform national policies; and
- the application of lessons learned from recent reviews of PSIA implementation in the Bank and partner countries.

The MDTF has an innovative decentralized structure (figure 1). Representatives from MDTF donors and the Bank's Social Development Department (SDV), Poverty Reduction and Equity Group (PRMPR), and Operations Policy and Country Services (OPCS) are part of a Steering Committee that provides input on strategic planning, advice on priorities, and overall substantive guidance regarding the MDTF. SDV and PRMPR co-manage the MDTF and hold 20 percent of its resources. Management of the remaining 80 percent of the resources is decentralized to the six regional units, with Africa receiving twice the resources as other Regions. In addition to overall management of the TF, SDV and PRMPR create and disseminate knowledge and provide support to the Regions as necessary. The Regions use MDTF funds to carry out PSIA-type work based on proposals that go through a selection process set up by each Region, while the Anchors provide a monitoring and advisory role for the regional work programs. Regions also use resources to encourage increasing country leadership of PSIA and capacity building to make this possible.

To ensure clarity on the PSIA approach, and in keeping with the commitment that management made in response to the IEG evaluation of the World Bank's PSIA portfolio, the Poverty Reduction and Economic Management (PREM) and Social Development (SDV) departments organize frequent PSIA-related learning programs and manage a Web site (called Poverty and Social Impact Analysis) that clearly frames

the main objectives and potential benefits of PSIA as well as highlights the need for a flexible approach. The recent IEG evaluation of the World Bank’s TF portfolio concluded that by avoiding a multistage Bank-wide selection process, the PSIA MDTF’s decentralized structure operates more efficiently than other TF models. It was also found to have the potential for offering adequate Bank management accountability for the allocation of TF resources. The evaluation recommended that if the experience with this innovative model is positive, it should be used as the principal approach to “allocating non-country specific trust funds.”<sup>1</sup>

**FIGURE 1: ORGANOGRAM OF THE PSIA MDTF**



<sup>1</sup> Independent Evaluation Group, *An Evaluation of the World Bank’s Trust Fund Portfolio: Trust Fund Support for Development*, World Bank, 2011, accessed May 18, 2011, [http://ieg.worldbankgroup.org/content/ieg/en/home/reports/trust\\_funds.html](http://ieg.worldbankgroup.org/content/ieg/en/home/reports/trust_funds.html).