

# THE WORLD BANK AND THE COPENHAGEN DECLARATION: TEN YEARS AFTER

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## Table of Contents

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Acronyms and Abbreviations	
Introduction.....	1
Commitment 1: Enabling Environment for Social Development .....	2
Commitment 2: Eradicate Poverty .....	3
Listening to the Poor and Attacking Poverty.....	3
Social Protection.....	4
Poverty Reduction Strategies .....	4
Commitment 3: Full Employment.....	5
Pro-Poor and Labor Intensive Growth.....	5
Core Labor Standards.....	6
International Migration .....	6
Commitment 4: Social Integration .....	6
Community-Driven Development .....	7
Participation and Civic Engagement.....	7
Conflict and Development.....	8
Commitment 5: Gender Equality and Equity.....	8
Commitment 6: Universal and Equitable Access to Education and Primary Health Care .....	9
Improving Service Delivery .....	9
Education.....	10
Health.....	12
Culture.....	13
Commitment 7: Africa and the Least-Developed Countries .....	13
Commitment 8: Structural Adjustment Programs .....	14
Commitment 9: Resources for Social Development .....	15
Commitment 10: Cooperation for Social Development .....	16
Table	
Ratings for Projects Addressing One or More Social Development (SD) Theme: 1972-02 .....	2

## ACRONYMS AND ABBREVIATIONS

SD	Social development
CDD	Community-driven development
CGA	Country Gender Assessment
CSA	Country Social Analysis
CSO	Civil society organization
DFID	Department for International Development (UK)
ECD	Early childhood development
EFA	Education for All
FTI	Fast-Track Initiative
HIPC	Highly-Indebted Poor Country
IDA	International Development Association (World Bank)
IMF	International Monetary Fund
MAP	Multi-country HIV/AIDS Program
MDGs	Millennium Development Goals
NGO	Non-governmental organization
OED	Operations Evaluation Department (World Bank)
PCF	Post-Conflict Fund
PSIA	Poverty and Social Impact Assessment
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
TB	Tuberculosis
UNICEF	United Nations Children's Fund
WDR	World Development Report
WHO	World Health Organisation

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## Introduction

In the broadest sense, social development is about putting people at the center of development efforts. In terms of the Bank's poverty reduction mission, social development is a critical factor in making poverty reduction effective and sustainable. Development must be sustainable as much in social as in economic and environmental terms.

Because social development is especially context-driven, the international community has not adopted a single universal definition nor ascribed uniformly to one conceptual framework on social development. The Bank views social development as a theme that cuts across the sectors of Bank activity. After a brief discussion of the Bank's social development strategy, the remainder of this paper reviews Bank progress in meeting the commitments agreed in the Copenhagen Declaration, presented following the ten key commitments embodied in the Declaration. The review does not attempt to be comprehensive, since virtually all aspects of Bank work contribute directly or indirectly to these commitments—rather, the aim is to highlight key aspects of Bank activities that relate to these commitments and their links with the Bank's social development agenda.

The Bank has built its social development strategy based on its experience and the principles that emerge from its operational work. The Bank's experience shows that inclusion, cohesion and accountability make development interventions more effective and sustainable. Inclusive, cohesive societies with accountable institutions are better able to sustain lasting development:

- ***Inclusive*** societies promote more equal access to opportunities.
- ***Cohesive*** societies are able to organize for collective action, to address common needs, overcome constraints, bridge social divides, and resolve differences without recourse to violence.
- ***Accountability*** implies institutions that are transparent, responsive and serve their clients in an effective, efficient and fair way.

The key elements of social development articulated in the Copenhagen Declaration form an integral part of the Bank's support for sustainable development and the eradication of poverty in its client countries. Emphasis on social development in the Bank has included: continued support to strengthen human capital and service delivery, especially in terms of education, health and social protection; a focus on mainstreaming gender in Bank operations and strategies; greater attention to the social dimensions of policy reforms and structural adjustment; increased support for community-driven development; a more comprehensive approach to conflict and the links with development; continued emphasis on pro-poor growth and employment generation; greater attention to social and environmental safeguards to protect vulnerable populations; emphasis on vulnerable groups such as indigenous populations, those suffering from physical and mental disabilities, and children and youth; mainstreaming participatory approaches in projects and strategies; and strong support for accountability and transparency in service delivery.

This attention to the social dimensions of development has improved Bank-financed operations. The Bank's independent Operations Evaluation Department (OED) reviewed over 4,000 Bank projects during the past 30 years. OED found that about 40% of all Bank projects address some social dimension of development and that such projects have better outcomes, sustainability is more likely and have greater impact on institutional development than projects that do not address social dimensions (Table 1).<sup>1</sup> Project performance improves the higher the number of social development dimensions addressed.

Operational staff and managers in the Bank confirm the findings of the OED portfolio review. Ninety-six percent of Country Directors participating in the OED survey stated that attention to social development improved the outcomes of Bank-financed operations, as did 83% of task managers. Task managers noted that attention to social development:

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

**Table:** Ratings for Projects Addressing One or More Social Development (SD) Theme, 1972-02

Number of SD Overlapping Themes	Outcome (% Satisfactory)	Sustainability (% Likely)	Institutional Development Impact (% Substantial)	Share of Rated Portfolio (%)
At least 1	72	53	37	26
At least 2	81	62	45	8
At least 3	84	63	47	5
At least 4	90	64	49	2
Entire Portfolio	68	50	34	100

Source: OED, 2003.

The OED findings provide powerful evidence of the importance of social development. Building on these findings, the Bank is consolidating its approach to social development into a Bank-wide strategy to better integrate the various dimensions of social development across its activities, deepen progress in addressing social development and charting the way forward. The strategy, currently in draft, *Social Development in World Bank Operations: Results and Way Forward*, outlines how the Bank proposes to work with countries to address their social development challenges and ensure that Bank projects and programs integrate principles of social sustainability. It sets a vision, objectives, and course of action for the longer term and suggests specific actions, targets, and institutional measures for the next five years.

### **Commitment 1: Enabling Environment for Social Development**

*We commit ourselves to creating an economic, political, social, cultural and legal environment that will enable people to achieve social development.*

Development practitioners have long acknowledged that economic growth is necessary, but not sufficient, to improve human wellbeing and sustainably reduce poverty. Instead, poverty reduction efforts must address the economic, legal, human, environmental, financial and social dimensions of development. In particular it has become clear that economic and social development are inextricably linked. This is most clearly articulated in the Millennium Development Goals, which are grounded in fundamental values such as freedom, equality, solidarity and tolerance. The World Bank's vision and commitment are consistent with this comprehensive approach to poverty reduction.

Creating an enabling environment for social development is central to all the World Bank's work and its mission to fight poverty. The Bank is committed to operating within a framework that is based on partnerships, country ownership, and a more comprehensive and long-term vision of 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 the 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.

The strategic priorities set out in the Bank's Social Development Strategy aim to mainstream social development tools throughout the Bank's business models and support innovations in the way social development approaches address development challenges. The strategic priorities have been selected because of their fit with the Bank's mandate and comparative advantage in the development arena. The Strategy does not aim to be prescriptive or inflexible—each Bank regional team will tailor its application and priorities in response to country contexts, capacities and demands. Key strategic priorities are:

- **Priority One:** Increase attention to social development in the Bank's policy dialogue and development policy lending by:
  - Strengthening multi-stakeholder participation in development and monitoring of macro strategy documents (Poverty Reduction Strategies, Poverty Reduction Credits, and Country Assistance Strategies);
  - Ensuring social development content in macro strategy documents; and
  - Encouraging freestanding country-level social analysis to inform the policy dialogue and strategies.
- **Priority Two:** Increase attention to social development in Bank project lending by:
  - Strengthening multi-stakeholder participation in the development and monitoring of projects;
  - Strengthening the analytical underpinnings through social analysis of projects; and
  - Designing freestanding or specific social development components in projects (e.g., social capital, conflict and development, inclusion of marginalized groups, accountability).
- **Priority Three:** Improve the Bank's own capacity and that of its external partners to address social development by:
  - Improving staff capacity on social development;
  - Increasing research on social development; and
  - Sustaining in-house and corporate advocacy on social development.

The strategy calls for more upstream, country-level approaches to social development, not as an add-on to existing programs and approaches, but fully integrated across Bank activities. It does not lay out new requirements or new mandates, but presents a menu of options for the Bank to support country-led efforts to achieve the Millennium Development Goals.

## **Commitment 2: Eradicate Poverty**

*We commit ourselves to the goal of eradicating poverty in the world through decisive national actions and international cooperation, as an ethical, social, political and economic imperative of humankind.*

### **Listening to the Poor and Attacking Poverty**

In 2000, the World Bank published a ground-breaking study *Voices of the Poor*. The study was based on an unprecedented effort to gather the views, experiences, and aspirations of more than 60,000 poor men and women from 60 countries. The work was undertaken as background for the 2000/01 World Development Report (WDR) *Attacking Poverty*. The project was very different from all other large-scale poverty studies. Using participatory and qualitative research methods, the study presents very directly, through poor people's own voices, the realities of their lives. What the study showed starkly is that poverty has to do with much more than income. Within this multidimensionality of poverty, aspects of social development resonated loudly, including social fragmentation and declining social cohesion, gender inequality, exclusion, accountability of institutions and service providers, and security. For the Bank, the study validated the approach to socially sustainable development embedded in the Copenhagen Commitments, as well as the need to continue to address these dimensions in its development efforts.

The 2000/01 WDR articulated a strategy for reducing income and non-income poverty based on three broad imperatives:

- ***Promoting opportunity for the poor***, by stimulating overall economic growth and helping poor people participate more fully in the economy by building their assets and addressing inequality. Creating stable macroeconomic conditions; encouraging trade policies that foster openness, innovation and entrepreneurship; and deepening financial markets all spur growth and create gainful and productive employment.
- ***Facilitating poor people's empowerment***, by promoting inclusive development and accountable institutions in which poor people have voice, by attacking corruption, and by supporting decentralization, community-driven development, and gender equity. Empowerment strengthens the capacity of poor people to have a say in decisions that affect their lives. Empowerment is important in itself: many poor people identify their lack of voice and representation as a dimension of poverty. But empowerment can also improve how politics and institutions respond to the needs of the poor and the services they receive.
- ***Enhancing poor people's security***, by helping them manage risk and shocks, by addressing conflict, and by tackling epidemics such as HIV/AIDS. Poor people are especially vulnerable to illness, violence, economic crises, and natural disasters. These add to their material poverty, threaten their assets, weaken their bargaining position, and reinforce their sense of ill-being. Actions that reduce the likelihood of shocks and manage their consequences need to be integral parts of our fight against poverty. The Bank helps governments implement a variety of social protection programs to enable the poor and vulnerable groups to better cope with economic crises and natural disasters.

### **Social Protection**

While elements of social protection have always been present in Bank activities, economic developments during the 1990s—including the difficulties faced by the transition economies of Eastern Europe and the financial crises in East Asia and other regions—highlighted the need to strengthen social safety nets, including the provision of financially viable pension systems to protect the aged. As a result, Bank lending for social protection and risk management has increased nearly six-fold since 1992, accounting for 12% of total bank lending in fiscal 2003.<sup>2</sup>

The social protection agenda has begun to focus on three new areas: physical disability, children and youth, and mental health. Disabled populations in developing countries are especially disadvantaged and vulnerable. In 2003, the Bank appointed a special Advisor on Disabilities and is developing practical approaches to better reach this disadvantaged group in its development interventions. In the same year, the Bank also appointed a Children and Youth Advisor to develop a strategic approach for the Bank to better integrate children and youth issues throughout its strategies, programs and projects. Mental health and psychosocial wellbeing is increasingly recognized as an important factor in the sustainability of development efforts. This is especially the case in conflict-affected countries, where large parts of the population are unable to participate fully in development activities due to mental and psychosocial distress brought about by violence and conflict-induced trauma.

### **Poverty Reduction Strategies**

In September 1999, the World Bank and the International Monetary Fund (IMF) agreed that nationally-owned participatory poverty reduction strategies should provide the basis for all Bank and IMF concessional lending. The goal has been to support country-driven efforts to define and implement effective strategies to reduce poverty and to increase the support by external partners. At about the same time, the 2000 UN Millennium Summit led to the adoption of the Millennium Declaration and the Millennium Development Goals (MDGs), by which the international community could measure progress on key dimensions of development. Although the MDGs are global, their implementation must occur at

the country level, through country-owned and -led strategies that respond to local conditions and priorities. For low-income countries, their poverty reduction strategies (PRSs) are the vehicle through which country policies, programs and resource requirements are linked to the a country's development goals. The PRS approach also provides a framework to make operational the responsibilities and accountabilities—for low-income countries as well as their development partners—agreed in the Monterrey Consensus.

In just over four years, the PRS process has gained broad currency among developing countries and their external partners as a framework for development and poverty reduction. The PRS approach is now seen as the country-level operational framework for progressing toward the MDGs. As of mid-2004, there were 42 countries implementing their PRSs, and 23 countries had a Poverty Reduction Strategy Paper (PRSP) Progress Report.

As the PRS process has matured, improvements are evident in a number of areas, including: the multidimensional analysis of poverty; building poverty reduction strategies around stable macroeconomic frameworks that foster growth; defining appropriate progress indicators; and sharpening the focus on poverty-related expenditures. Important challenges remain, however, including: improving the analysis of sources and constraints to growth; building up strong and country-owned monitoring systems; costing and prioritizing PRS programs; and balancing the tension between the need for realism in the PRS and the need to aspire to more ambitious results related to the MDGs. In addition, the low-income countries that have not completed a poverty reduction strategy pose a more formidable challenge as the majority are either conflict-affected or have extremely low capacity and governance levels.

### **Commitment 3: Full Employment**

*We commit ourselves to promoting the goal of full employment as a basic priority of our economic and social policies, and to enabling all men and women to attain secure and sustainable livelihoods through freely chosen productive employment and work.*

### **Pro-Poor and Labor Intensive Growth**

Economic growth is essential to create employment, but the type of growth also matters in terms of who benefits. The importance of broad-based growth for development, employment generation and poverty reduction is not a new concept. The need for labor intensive growth, coupled with investments in agriculture and human capital, was a core theme of the 1990 WDR, a key lesson emerging from the rapid growth and poverty reduction in East Asia, and again underscored in the 2000/01 WDR with its emphasis on expanding opportunities for the poor. Although we have much to learn still about operationalizing pro-poor growth,<sup>3</sup> it is clear that sustainable job creation is central to ensuring that the poor participate in economic growth.

Improving the investment climate is essential for expanding employment and income opportunities for the poor and for improving the productivity of their resources. Bank lending to support the private sector and improve investment climates averaged \$2.4 billion annually over 1995-02. Direct lending and investments in private sector ventures by the International Finance Corporation (IFC), the Bank's private sector arm, peaked at \$2.3 billion in 2003. The 2005 WDR, under preparation, *Improving the Investment Climate for Growth and Poverty Reduction*, looks at what governments can do to create better investment climates to benefit society at large. In addition, the now annual World Bank/IFC reports *Doing Business*—which benchmark across countries key investment climate indicators, including regulatory environments and protection of property rights—are proving a powerful tool for opening and guiding policy dialogue on needed reforms to attract higher levels of domestic and international investments, facilitate entry into the formal economy, and expand job opportunities—all crucial to attainment of economic and social development objectives.

Although the private sector is key to growth and employment generation, there is also growing evidence that the way in which growth translates into poverty reduction is correlated with the level of inequality—the extent of inequality in a society affects how much growth is shared by the poor. In turn, inequality can be associated with weaker social cohesion and political instability, which both negatively affect the investment climate and makes it harder to reduce poverty and meet the MDGs. The 2006 WDR, *Equity and Development*, will focus on inequality and ways in which it can be reduced while benefiting economic efficiency and growth. The WDR will complement the two prior reports which focused on service delivery to the poor (2004) and improving the investment climate (2005).

### **Core Labor Standards**

Although the private sector must be the engine of growth and employment creation, the Bank also understands the need to protect fundamental labor rights and adhere to agreed core labor standards. Core labor standards have emerged as an important issue for the Bank within its broad mandate and mission of poverty reduction and social development. Working conditions and labor market issues were the focus of the 1995 WDR, *Workers in an Integrating World*. The Bank has since undertaken analysis to better understand the economic effects of freedom of association and collective bargaining, labor market discrimination, and child labor and the links to poverty reduction. The Bank is also actively involved in an international dialogue on core labor standards with unions, employers, governments, and other stakeholders. Our guidelines for low-income countries require consideration of core labor standards in Bank country assistance strategies and country performance in implementing the standards considered in the Country Policy and Institutional Assessment tool.

### **International Migration**

International migration is increasingly being recognized as one of the major development issues of the 21<sup>st</sup> century. A strong dynamic exists for the number of international migrants, presently estimated at 175 million, to increase significantly in coming years. The development impact of this migration is neither well researched nor fully understood. While migration potentially leads to economic improvement for migrants and their families, and serves as a conduit for knowledge, technology and capital transfer from developed to developing countries, it can potentially extract high economic, social and political costs at the individual, family and national levels for sending and receiving countries. To enhance knowledge of the economic, social and political development impact of international migration on developing countries, particularly migrants, the Bank has launched a research program targeted on five areas: remittances; brain drain/gain/circulation; temporary movement of persons; trade, foreign direct investment and migration; and demographic disequilibria, skills gaps and social protection. The results will be widely disseminated and are expected to better inform migration policy in all countries. The Bank is also participating in the Global Commission on International Migration, in which the Senior Advisor to the Bank's President serves as co-chair.

### **Commitment 4: Social Integration**

*We commit ourselves to promoting social integration by fostering societies that are stable, safe and just and that are based on the promotion and protection of all human rights, as well as on non-discrimination, tolerance, respect for diversity, equality of opportunity, solidarity, security and participation of all people, including disadvantaged and vulnerable groups and persons.*

The World Bank's Social Development group promotes social integration and supports efforts to incorporate social development issues in Bank operations. Approaches and tools include social analysis, participation and civic engagement, safeguard policies and compliance on involuntary resettlement, indigenous peoples, and cultural property, and Bank-wide initiatives on conflict-affected countries, social capital and culture in development.

Social analysis instruments have been refined over the past decade from the social assessments of the 1990s to macro-level analytical approaches—Poverty and Social Impact Analysis (PSIA) and Country Social Analysis (CSA). (PSIA's are discussed under Commitment 8.) Social analysis has grown from an appraisal tool for investment projects to upstream analytical work to inform country strategies, policies, programs and investment projects. The CSA analyzes the social, political and institutional context to understand the opportunities, constraints and social risks of development assistance. The results are intended to assist the Bank and borrower countries to design policies, programs and projects with greater impact on the three pillars of social development—inclusion, social cohesion and accountability. CSA work is in a pilot stage with 8 CSAs underway, which is expected to be substantially scaled up over the coming year.

In addition to a greater understanding of social dynamics, the Bank's social development agenda focuses on three interrelated themes or approaches: community-driven development and social capital; civic engagement and participation; conflict prevention and reconstruction.

### **Community-Driven Development**

Drawing on a rich history of participatory approaches, the Bank increasingly supports approaches that put the community at the center of the development effort. Projects, analytical work and research are exploring the links between community-driven development (CDD) and the enhancement of social capital. The existence of positive horizontal and vertical social capital is an indication that a society is better able to organize for collective action, hold authorities and service providers accountable, and build inclusive relations of trust across society. By empowering communities, encouraging participation and inclusion in decision making, and by developing accountability mechanisms CDD approaches support the development of communities that are more socially integrated, inclusive and cohesive. Bank lending for CDD approaches has grown rapidly in recent years, from about \$320 million in 1996 to \$2 billion in 2003. Increasingly, the Bank is exploring the scope for CDD approaches in conflict-affected countries, especially in supporting communities become more resilient and better manage conflict, as well as to assist them rebuild physical and social capital devastated by conflict.

### **Participation and Civic Engagement**

Participation promotes inclusion, accountability and empowerment. The Bank has successfully mainstreamed participation in the preparation of projects and programs; most Bank-supported projects now use participatory approaches to define priorities and implementation measures. Although participation is widely accepted, there are concerns that participation ends with project preparation. To address these concerns, the Bank has been supporting the use of social accountability tools for participatory monitoring through citizen report cards or community scorecards, as in Argentina, Malawi and The Philippines.

Civil society organizations (CSOs) have a major role to play in social development by: giving a greater voice to and representing the poor and excluded; promoting public sector accountability and transparency; and increasing the capacity for service delivery, especially where the public sector is weak. The Bank first started to interact with CSOs in the 1970s around environmental issues, and interaction and cooperation on a range of areas has increased steadily. The Bank interacts with thousands of CSOs every day. It funds some of their poverty reduction efforts, employs their technical assistance and training services, and partners with them to jointly manage programs. There are many examples of active partnerships between the Bank and CSOs in areas as diverse as forest conservation, HIV/AIDS, rural poverty, and micro-credit. CSO involvement in Bank-financed projects increased from 21% of total projects in 1990 to an estimated 71% today. The Bank also provides resources, training, technical support

and often brokers consultations to improve relations between CSOs and governments. This work is best illustrated by a growing level of consultation involved in developing country-owned PRSs.

The Bank has steadily increased its funding of CSOs through several global funding mechanisms, and through social fund projects. The Bank also provides support through a number of small-grants programs in more than 60 countries, which have reached more than \$4 billion over the past 15 years. Through these programs, CSOs are supporting efforts to make governments more accountable, build relations of trust and social cohesion in poor communities, and contribute to more inclusive societies.

### **Conflict and Development**

Conflict is the extreme manifestation of social breakdown—once widespread violence erupts, it undermines interpersonal and communal trust, destroys the norms and values that underpin cooperation and collective action, and depletes positive social capital. Over the past seven years, the Bank has increasingly focused on improving its interventions to support conflict-affected countries. In 1997 it created a dedicated unit to study and develop practical approaches to post-conflict reconstruction, complemented by a grant facility (the Post-Conflict Fund—PCF) to increase the bank’s flexibility in conflict countries. In 2001, it adopted a broader approach to conflict, and redefined its operational policy to encompass conflict prevention, reflecting a more comprehensive approach to the links between conflict and development. To date, the PCF has disbursed \$60 million in grants for over 100 projects in 50 countries and territories affected by conflict. The majority of these grants are implemented by NGOs and UN agencies. The Bank has also encouraged greater research into the causes of conflict, expanded its menu of conflict related projects, and increased the flexibility of its funding mechanisms to support countries emerging from conflict.

### **Commitment 5: Gender Equality and Equity**

*We commit ourselves to promoting full respect for human dignity and to achieving equality and equity between women and men, and to recognizing and enhancing the participation and leadership roles of women in political, civil, economic, social and cultural life and in development.*

World Bank attention to gender equality in development began in the 1970s, but the Bank’s emphasis on this issue has increased markedly since the Copenhagen Declaration and the 1995 Beijing Fourth World Conference on Women. Gender equality is now a core element of the Bank’s strategy to reduce poverty. There is a clear understanding that unless women and men have equal capacities, opportunities and voice, the poverty-reduction agenda set out in the Millennium Declaration, and the resulting MDGs, will not be achieved.

In September 2001, the Bank adopted a strategy to bring gender equality issues into the mainstream of its country assistance, *Integrating Gender into the World Bank’s Work—A Strategy for Action*. The strategy rests on a country-led, country-specific approach, and recommends three basic steps to integrate gender equality issues into Bank operations:

- Conduct periodic assessments of gender-based barriers to economic growth and poverty reduction in each of the Bank’s active client countries, through a Country Gender Assessment (CGA);
- Use the assessment findings in country dialogue to identify priority gender-responsive interventions; and
- Integrate gender analysis and gender-responsive interventions into projects in the priority sectors identified in the assessment and agreed to in the country dialogue.

In 2001, the Bank also published a comprehensive policy research report *Engendering Development—Through Gender Equality in Rights, Resources, and Voice*, that is recognized throughout the development community as a major contribution to the understanding of gender and development issues.

By the end of fiscal 2004, a total of 41 CGAs had been completed, with more than three-quarters of countries likely to have CGAs completed by the end of fiscal 2005. Attention to gender in the Bank's core diagnostic analytical work has increased, especially in poverty assessments where over 80% include gender analysis, and in its country assistance strategies. More than 80% of the Bank's country assistance strategies approved in fiscal 2004 proposed actions to address gender issues in at least one sector. Gender issues are also receiving greater attention in Bank reviews of countries' PRSs—in fiscal 2003 and 2004, over one-half of all staff assessments of PRSs provided concrete advice to improve attention to gender inequality and one half recommended further steps in sex-disaggregated data collection and monitoring. Attention to gender issues in project design and supervision also increased. Recent internal reviews of projects have found that a significantly larger proportion of projects paid attention to gender issues in project design and supervision in fiscal 2003 and 2004 compared to two years earlier. The reviews also found that operations that initially identify gender outcomes as project objectives subsequently pay greater attention to such outcomes and score higher on supervision than projects that do not identify gender outcomes.

In addition, the Bank is involved in a wide range of global and local activities that support increased gender equality. Over the past 10 years, the Bank has provided \$6.3 billion to support girls' education projects. More than two-thirds of Bank lending in health, nutrition and population have included gender-related objectives, with particular emphasis on women's reproductive health and HIV/AIDS. Supported by grants from the Governments of Norway and The Netherlands, the Trust Fund for Gender Mainstreaming in the World Bank has backed many innovative activities such as providing for the different needs of men and women in the post-conflict reconstruction of the Democratic Republic of Congo, creating a sex-disaggregated statistical database for Latin American and Caribbean countries, and targeting high-risk male groups in HIV/AIDS prevention projects in Burkina Faso, The Gambia and Senegal.

#### **Commitment 6: Universal and Equitable Access to Education and Primary Health Care**

*We commit ourselves to promoting and attaining the goals of universal and equitable access to quality education, the highest attainable standard of physical and mental health, and the access of all to primary health care, making particular efforts to rectify inequalities relating to social conditions and without distinction as to race, national origin, gender, age of disability, respecting and promoting our common and particular cultures; striving to strengthen the role of culture in development; preserving the essential bases of people-centered sustainable development; and contributing to the full development of human resources and to social development. The purpose of these activities is to eradicate poverty, promote full and productive employment and foster social integration.*

Strongly committed to these goals, the Bank intensified its country support to enhance education at all levels; strengthening health systems for improved access to high quality primary health care and assisting countries to position themselves to successfully address key health issues, such as health financing, controlling communicable diseases, reproductive health and nutrition; and to better understand and integrate culture in its development activities. A critical and overarching need in this context is significant improvement in delivery of services to poor people. Many governments are falling short on their obligation to ensure improved health and education outcomes, especially for the poor. No amount of increased investment will be effective in ensuring equitable access to quality education and primary health care for the poor unless service delivery can be substantially improved.

#### **Improving Service Delivery**

The 2004 WDR *Making Services Work for Poor People*, shows that services can be improved by strengthening the relationships of accountability between clients, providers and policy makers. It focuses

on putting poor people at the center of service provision. This inevitably involves examining carefully public sector institutions and how and they deliver, finance, and regulate such services.

The 2004 WDR provides a practical framework for enhancing service delivery. It delineates specific actions that citizens, governments, and donors can take to accelerate poverty reduction and achievement of the MDGs. Novel in its heavy emphasis on the demand side of service provision, the report documents three principal paths to improve service accountability:

- By increasing poor people's choice and participation in service delivery, they can monitor and hold service providers accountable. School voucher schemes—such as a program for poor families in Colombia, or a girls' scholarship program in Bangladesh (that paid schools based on the number of girls they enrolled)—increase poor subgroups' power over providers, and substantially increased enrollment rates. Community-managed schools in El Salvador lowered teacher absenteeism and raised student test scores.
- By raising poor citizens' voice and making information widely available, they can put pressure on service providers. Service delivery surveys in Bangalore, India, that compared quality of water, health, education and transport services across neighboring districts, induced poor people to demand better public services, and forced politicians to act.
- By rewarding the effective delivery of services and penalizing the ineffective, policymakers can encourage providers to serve poor people better. In the aftermath of a civil war, Cambodia paid primary health providers in two districts based on the health status of local households (as measured by independent surveys). Health indicators—and usage by the poor—improved relative to other districts.

## **Education**

Since its first education investment in 1963, the Bank has evolved into the largest single external financier of education worldwide. Lending for education reached a near-record \$2.3 billion in fiscal 2003. The fiscal 2004 portfolio spans 142 projects in 89 countries and represents \$8.4 billion in commitments. This financing is complemented by policy advice and sector analysis; sharing of global knowledge and promising practices; and technical assistance and capacity building.

The Bank is fervently committed to assisting countries to attain the MDG of providing all children the opportunity to complete a high quality primary education by 2015. This underlies its strong partnership with the global Education for All (EFA) initiative.

To accelerate international community momentum and commitment to EFA, the Bank worked closely with EFA partners to launch in June 2002 the Fast-Track Initiative (FTI). Consistent with the March 2002 Monterrey Consensus, FTI requires complementary actions and commitments by developing countries and donors, including performance-based aid.

Promising signs of increased momentum toward EFA have emerged post-Dakar. In Africa, the gross enrollment rate increased from 75% in 1998 to 87% in 2001, representing the first substantial enrollment increase since the late 1970s; and the primary completion rate rose from 43% in 2000 to 48% in 2002. Further, in the first two years of FTI implementation, 12 Fast-Track countries have met agreed prerequisites for participation—formulation of sound, viable sector development plans, as agreed with donors, and firm policy commitments. Importantly, FTI has redirected the focus from increasing enrollments to ensuring all students complete a high quality primary education; and to education system efficiency and sustainability. It also has stimulated increased domestic financing for EFA. Donors have reviewed and endorsed country proposals for FTI support; pledged over \$200 million in additional support for the first seven FTI countries over 2003-05 (representing an increase of about 40% in development assistance for primary education); agreed on a framework to guide the FTI process; and

committed to supporting additional countries. A new Catalytic Fund is expected to help close the education gap in countries seriously lagging in coverage and quality and without major donor support to date, by focusing on strengthening institutional capacity and governance, crucial to successfully pursue EFA.

Integral to the Bank's support to EFA and development more broadly has been increased country assistance in recent years to expand and upgrade services for children under six. Worldwide experience underscores the positive long-term impact of investments in early childhood development (ECD) that integrate selected education, health and nutrition interventions, thereby enhancing opportunities for children and youth to succeed in school, the labor market and society. ECD most profoundly impacts those poor and at high risk of late school entry, repetition and dropout, as well as those suffering from ill health and malnutrition. Strengthening ECD program design, implementation and evaluation capacity, working closely with civil society and communities, and training families and caregivers are key components of this strategy.

Notwithstanding these advances, overall progress toward EFA remains too slow. Some 58 countries—the vast majority low income—are presently off-track to meet the universal primary completion goal by 2015. Today an estimated 104 million children are out of school, over one-half of whom are girls and most are from poor or otherwise disadvantaged families. Many of those who complete primary school fail to attain minimum competencies. Widespread problems including HIV/AIDS and population displacement due to armed conflicts further undermine EFA progress. Addressing these challenges will require urgent, often difficult reforms, strengthened sector management capacity, better targeting of public expenditures, and improved monitoring and evaluation. Concomitantly, donors must better harmonize aid procedures and fully and timely deliver on existing commitments to increase overall financial and technical assistance for primary education.

Moreover, the 21st century and its highly competitive, global knowledge economy are placing significant new demands on education systems. Average levels of educational attainment must be raised significantly if individuals and nations are to compete successfully in this world. To this end, in recent years the Bank has invested substantially in the analysis and identification of promising practices to guide member country policies and in project financing required to expand access to quality secondary and tertiary education. Key outputs include the 2002 report *Constructing Knowledge Societies: Challenges for Tertiary Education*, and a secondary education policy paper, presently under preparation, that builds on regional secondary education conferences and seminars, including those held in Africa in recent years.

Ensuring greater equity of educational opportunities for those at highest risk of not entering or successfully completing primary education, including girls, the disabled and minorities remains a high priority. To address girls' needs, the Bank has collaborated closely with other donors, including via two major international public-private partnerships. The Partnership for Strategic Resource Planning for Girls' Education in Africa, launched in 1997 with the Governments of Ireland and Norway, the Rockefeller Foundation, the Forum of African Women Educationalists, and the Association for the Development of Education in Africa, financed research in six African countries on major constraints and opportunities to expand girls' enrollments, including financing options. The Partnership on Sustainable Strategies for Girls' Education, co-financed with DFID, UNICEF, and the Nike Foundation, has pursued windows of opportunity to close the gender gap at the primary level, selectively targeting those countries with an Interim or full PRSP in place; already identified as an FTI country; and with a large Bank-supported operation in preparation. Emphasis also has been on provision of technical support to large countries facing gender gaps to promote demand-side interventions, including improved targeting, provision of complementary inputs needed to support girls' enrollment and attendance—e. g., sanitation and water, and gender sensitization of teachers, administrators, and textbooks.

## Health

Bank financial commitments for health support national efforts to improve health outcomes through projects focused on specific diseases and population groups, or through broader health sector-wide approaches and multisectoral operations. The MDGs are increasingly providing the strategic foundation for Bank assistance to countries for programs in health. During 1995-03, the Bank committed \$13.4 billion to improve health service delivery, including child health, communicable and non-communicable diseases, improvements in health systems, nutrition and food policy, population and reproductive health. In addition, the Bank works with a number of partners on critical health issues, from communicable diseases to reproductive health and population, to the strengthening and financing of health systems. Some of the more well-known include the Global Fund to Fight AIDS, Tuberculosis and Malaria, and the Global Alliance for Vaccines. The large number of health-related partnerships attests to the increased focus on health as a development issue, and for good reason. The burden of disease is largely borne by the world's poorest countries. In 2001, of a global total of 1.5 billion disability-adjusted life years (a measure of how many years of life are lost due to disease or injury), 93% occurred in developing countries. Of this amount, almost one-half of the total disease burden was due to communicable diseases. A staggering 99% of the world's 11 million under-five deaths occurred in poor countries, 42% in Sub-Saharan Africa alone. Around 3 million deaths occur annually due to HIV/AIDS, while 2 million lives are lost due to tuberculosis (TB).

The MDG for child health is to reduce child mortality by two-thirds, a reduction of 4.3% annually. About half of all deaths in children under five are due to five preventable and treatable communicable diseases—pneumonia, diarrhea, measles, malaria and HIV/AIDS. There are a number of risk factors for childhood morbidity and mortality, including malnutrition, poverty, parents' education level and inadequate access to health services. The Integrated Management of Childhood Illness for Child Health Program, developed by WHO and UNICEF, and strongly supported by the Bank at the policy and operational levels, is a target-specific program that yields high returns to government spending at the margin. Immunization is acknowledged to be among the most cost-effective and highest-impact health interventions. Nearly 3 million deaths are prevented each year by immunization, and an even greater amount of illness and disability, but nearly 2 million children still die each year of vaccine-preventable diseases. Among many of its partnerships, the Bank is working with the Global Alliance for Vaccines and Immunization to increase access to immunization in developing countries.

The MDGs also call for a halt and beginning to reverse the spread of HIV/AIDS, TB and malaria. Over the past five years, the Bank has provided \$1.5 billion in grants, loans and credits to fight HIV/AIDS, most of which has come through the Multi-Country HIV/AIDS Program (MAP). The MAP for Africa has made available \$1 billion to scale up national and sub-regional HIV/AIDS programs and \$155 million for the Caribbean. In 2002, the Bank established a Global HIV/AIDS Program to address the HIV/AIDS pandemic from a cross-sectoral perspective, and is supporting efforts to develop an HIV/AIDS vaccine, through its partnership in the International AIDS Vaccine Initiative.

The TB epidemic is worsening worldwide and killed over 2 million people last year. It is a top cause of death among HIV+ individuals, and is becoming more dangerous with the spread of drug-resistant strains. The Bank has financed TB control in over 30 countries, with total commitments of over \$560 million, including large projects in India and China—together home to over 40% of the world's TB patients. The Bank is also among the leaders in the Stop TB Partnership which involves over 200 governments and organization, including its Global Drug Facility, which is improving supply of TB drugs to nearly 50 low-income countries.

Malaria is one of the world's most important public health concerns, causing over a million deaths and up to 500 million clinical cases each year. Most of the 3,000 deaths each day—10 new cases every second—

are in Africa and more than a third of the world's total population now lives in malaria-endemic areas. The Bank supports more than 40 malaria control projects in more than 35 countries and is a founding partner of the Global Partnership to Roll Back Malaria. Bank commitment surpasses \$300 million, much of this focused on sub-Saharan Africa. In addition, Bank supports research to find a malaria vaccine and develop more effective anti-malarial drugs through the Medicines of Malaria Venture and the Multilateral Initiative on Malaria.

In April 2003, in partnership with the Gates Foundation, Rotary International and the UN Foundation, the Bank launched a new attempt to eradicate polio by 2005. Through the Investment Partnership for Polio the Bank is providing concessional loans to countries to fight polio. Rotary International and the Gates Foundation have created a \$50 million trust fund to buy down the loans at the completion of successful programs.

## **Culture**

Cultural resources are important as sources of valuable historical and scientific information, as assets for economic and social development, and as integral parts of a people's cultural identity and practices. The loss of such resources is irreversible, but it is often avoidable. The Bank's Culture and Sustainable Development thematic program aims to make the Bank's work more effective by integrating cultural dimensions and respect for diversity into key development sectors and PRSs. The protection of cultural property is one of the Bank's 10 mandatory safeguard policies. The Bank also has a small portfolio of projects related to culture, with at least one project in each of its regions. Examples include:

- The China Yunnan Earthquake Reconstruction Project includes a component in Lijiang (a World Heritage Site) to repair earthquake damage to traditional homes of low-income residents, restoration of the historic Mu Family Complex for tourism, and improved sanitation facilities for visitors.
- The Indonesia Bali Urban Project includes a cultural heritage component to improve the area surrounding the Besakih Complex, provide new signage at heritage sites, upgrade museums, inventory historic sites, fund community conservation activities, strengthen conservation capacities, and establish a Heritage Trust.
- The Second Tourism Development Project in Jordan supports environmental protection and infrastructure at Petra, Wadi Rum, and the historic towns of Jerash and Karak; and is helping the Government formulate a longer-term tourism development strategy.

## **Commitment 7: Africa and the Least-Developed Countries**

*We commit ourselves to accelerating the economic, social and human resource development of Africa and the least developed countries.*

Although there has been encouraging progress in Africa in recent years—especially in ending protracted wars, managing a number of peaceful political transitions—the continent continues to face enormous challenges. Addressing these challenges requires adequate resources, but also increased country ownership. The Bank's *Strategic Framework for Assistance to Africa* (2004) sets out our vision stressing results and stronger partnerships with African countries. The Framework calls for a focus on four pillars: reducing conflict and improving governance; investing in people; increasing economic growth and enhancing competitiveness; and improving the effectiveness of aid.

Bank development assistance to Africa is determined by the availability of concessional funds provided by donors as replenishments to the International Development Association (IDA). The Africa region received 51% of IDA commitments during fiscal 2003, and has averaged about \$7.4 billion over the past three years.

Debt relief has been a key priority for the Bank in Africa. It has continued efforts to have African countries fully benefit from debt relief through the Heavily Indebted Poor Countries (HIPC) Initiative and to ensure that resources released through debt relief are directed toward poverty reduction efforts. Under the HIPC Initiative, 22 African countries have reached the decision point (when the amount of debt relief is decided and begins to flow), and 5 have reached the completion point (when relief of future debt service becomes irrevocable). As of mid-2003, HIPC debt relief for World Bank debt was \$2.3 billion, of which \$2.1 billion was for Africa. Debt service payments to the Bank have been reduced by more than 60%. The ratio of social expenditure to government revenue in these countries has steadily increased, from 33% in 1999 to 54% in 2002.

Developing Africa's human capital is critical to reducing poverty. The Bank's development assistance to Africa is increasingly focusing on supporting countries to meet the MDGs. In fiscal 2003, 45% of total commitments supported the social sectors (education, health, water and sanitation, and other social services) while commitments to finance energy, mining, industry and trade fell. Support to control HIV/AIDS has been a special focus, with about \$600 million committed through MAP in 20 countries. The Bank is active in 41 education projects in Africa, with priority on primary education and countries with low enrollments. Education commitments in fiscal 2003 were \$424 million with a strong emphasis on EFA. Social protection has also been a growing area of attention (with commitments of \$544 million in fiscal 2003). Social funds account for 60% of the region's current social protection portfolio and have become an important tool to support community-driven development.

The Bank increased support to African countries emerging from conflict by developing an operational agenda to better tackle post-conflict issues. There are 95 projects under implementation in conflict-affected countries in Africa. The Bank also administers the Multi-donor Trust Fund for Demobilization and Reintegration for the Great Lakes region, set up to provide a comprehensive framework for disarmament, demobilization, and reintegration efforts in the sub-region.

The Bank is also focusing on support for regional integration in Africa. It has formulated regional integration assistance strategies for West and Central Africa, with planned strategies for Eastern and Southern Africa. These strategies support harmonization of macroeconomic policies, liberalization of intraregional trade, and promotion of regional investment, as well as development of regional projects in infrastructure and the strengthening of the capacity of regional institutions. The Bank also supports initiatives to increase cooperation on regional issues, such as the Nile Basin Initiative, and the prevention of HIV/AIDS along regional transportation corridors.

In January 2004, the Bank established a \$25 million Trust Fund to support Bank re-engagement in the more severe Low Income Countries Under Stress—countries affected by extremely low capacity, poor governance and facing urgent social needs.

### **Commitment 8: Structural Adjustment Programs**

*We commit ourselves to ensuring that when structural adjustment programs are agreed to they include social development goals, in particular eradicating poverty, promoting full and productive employment, and enhancing social integration.*

Structural adjustment has been one of the most contentious forms of support provided by the World Bank to developing countries. Its emphasis on macroeconomic and structural reforms has often been perceived as generating short-term social costs in the interest of promoting economic growth. In response to these concerns and since the emergence of the PRS process, the Bank has been reconsidering its policy on adjustment lending. It has recently revised its policy to make it more consistent with the principles of country ownership, and linking policy-based lending to programmatic support as laid out in the PRS or a

medium-term expenditure framework. Structural adjustment has thus been replaced by development policy lending.<sup>4</sup>

Development policy lending draws on analytical underpinnings, such as the PSIA and environmental impact analysis, as well as participatory processes to ensure that the policy reforms they support are pro-poor and sustainable. The growth agenda is thus balanced by attention to the social, economic and environmental costs of such reforms. PSIA and environmental analyses help to increase the positive effects of projects and policy reforms, and minimize or mitigate the negative effects by assessing and, where necessary, strengthening country systems and policies to deal with those effects.

The PSIA framework was developed in 2001 by the Social Development Department and the Poverty Reduction and Economic Management Network of the Bank, to support PRSs by examining potential distributional effects of reforms supported by Bank operations. However, the approach was also found relevant for middle-income borrowers, culminating with its integration into the revised operational policy on development policy lending (Operational Policy 8.60 *Development Policy Lending*). PSIA thus evolved into an approach that responds directly to the commitments made at the Social Summit to address the social costs of adjustment.

Since the Spring of 2003, the Bank has enhanced its efforts to mainstream the use of PSIA approaches by dedicating budget resources to country teams undertaking PSIA analysis. This supplemental financing has supported close to 70 PSIA-type activities (over 80% in PRS countries) and is expected to support over 40 additional activities in the coming year. Early PSIA were focused mainly on utilities, agriculture, public sector and selected macroeconomic reforms. Over the past year, however, the sectoral coverage of PSIA has broadened to consider trade and social sector reforms, and additional work is expected to cover decentralization, housing, fuel and urban development.

### **Commitment 9: Resources for Social Development**

*We commit ourselves to increasing significantly and/or utilizing more efficiently the resources allocated to social development in order to achieve the goals of the Summit through national action and regional and international cooperation.*

Significantly increasing resources allocated to social development needs to be seen as part of a global effort to increase resources for development and the fight against poverty. As pointed out by World Bank President Wolfensohn, the world today spends well over \$800 billion on defense, about \$300 billion on direct and indirect agricultural subsidies and only about \$50-60 billion on development aid. Increasing resources to assist countries meet the MDGs would seem to require rethinking these global spending priorities.

Research shows that developing countries could productively use at least twice the \$16 billion a year pledged by the rich nations up to 2006.<sup>5</sup> In the longer term, as developing countries deepen their policy reforms and enhance their absorptive capacity, a doubling of current aid levels could be productively used to accelerate progress toward the MDGs. Not only is more aid needed, but also better aid, a greater proportion of which is in cash, and which is more predictable, better aligned with country priorities, and more harmonized with country processes.

Increasing aid volumes and improving the quality of aid to low-income countries implementing sound poverty strategies is critical to their efforts to achieve the MDGs. However, despite international commitments to increased aid, there are signs of pessimism on the part of low-income countries. Many do not reasonably expect any further substantial near-term increase in available financing. Aid pessimism needs to be overcome by a concerted effort by both donors and recipient countries in order to achieve the MDGs. There is also substantial scope for increasing the effectiveness of aid by better aligning aid with

country-owned development priorities as articulated in PRSSs, and by harmonizing and simplifying donor policies and practices. There are more than 63,000 donor-funded development projects worldwide, each governed by countless demands, guidelines, and donor- and project-specific procedures. During the past year there has been growing momentum for harmonization and alignment, with almost 60 partner countries and 40 bilateral and multilateral agencies now engaged in harmonization and alignment efforts.

As part of the effort to improve the effectiveness of aid, the Bank is also looking to simplify its own procedures. The Simplification Agenda falls under five categories: policies and processes; project documentation; resources and incentives; fiduciary and safeguard requirements; and lending products. Since its launch, the Bank has cut the processing time for 'simple' projects from 24 to 12 months, emphasized borrower capacity in fiduciary and procurement processes, and introduced electronic monitoring of internal clearances to identify bottlenecks and reduce delays. Although not covered in this report, the Bank is also supporting increased aid effectiveness through its fight against corruption, both in terms of the delivery of the Bank's own operations as well as by strengthening the capacity of client countries to improve governance and anti-corruption efforts.

### **Commitment 10: Cooperation for Social Development**

*We commit ourselves to an improved and strengthened framework for international, regional and sub-regional cooperation for social development, in a spirit of partnership, through the United Nations and other multilateral institutions.*

The Bank is engaged in 236 regional and global partnerships. Many of the problems countries face today know no boundaries. For this reason, the international community has undertaken concerted action against disease, environmental degradation, barriers to trade and barriers to knowledge. Selectivity at the global level reflects the Bank's global public goods priorities: communicable diseases, the environment, trade and integration, information and knowledge, and the international financial architecture. Whether in countries, at the regional level, or at the global level, the World Bank works with other international institutions and donors, the private sector, civil society, and professional and academic associations, to achieve the MDGs.

Adoption of the MDGs in 2000 represents one of the most important global partnership ever attempted by the international community. Included as one of the MDGs is the development of a global partnership for development. It is clear that without an effective global partnership all the other MDGs will not be attained. At the Financing for Development Conference held in Monterrey, Mexico in March, 2002, consensus was reached on a new partnership between developed and developing countries: developing countries take responsibility for their own development programs and set in place the policies that will put them on track to achieve the MDGs, and international agencies will work together to support them and create a global environment conducive to poverty reduction and growth. The Bank will continue to be a strong supporter of the MDGs and the Monterrey Consensus, assisting countries to reach the targets imbedded in the MDGs, supporting country-owned development and poverty reduction strategies, but also continuing to call global attention to the funding gaps, which if not closed will continue to constrain developing countries and the poor that live within them from attaining the MDGs.

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<sup>1</sup> Operations Evaluation Department (OED). 2003. *An OED Review of Social Development in Bank Activities*. Washington, D. C.: World Bank.

<sup>2</sup> The Bank's fiscal year ends on June 30.

<sup>3</sup> Despite the acknowledged importance of broad-based growth for employment generation and poverty reduction, we continue to know very little about the impact of different growth patterns and strategies on poverty, about how to adapt the policy messages of broad-based growth to different country contexts, and about whether there are trade-offs between pro-growth and pro-poor strategies. A two-year research project currently underway in the Bank is examining ways to operationalize pro-poor growth, based on 14 country case studies, six sectoral/thematic papers, literature reviews and cross-country empirical analysis on the determinants of pro-poor growth.

<sup>4</sup> The new Operational Policy 8.60 *Development Policy Lending* was approved by the Bank's Board of Executive Directors in July 2004, replacing Operational Directive 8.60 *Adjustment Lending Policy*.

<sup>5</sup> World Bank. 2004. *Partnership in Development: Progress in the Fight Against Poverty*. Washington, D. C.: World Bank.