

ANNEX 2: MANAGEMENT ACTION RECORD TO
OED REPORT ON SOCIAL DEVELOPMENT IN BANK ACTIVITIES

| OED Recommendation | Management Response |
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| <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.⁴¹</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.⁴² <p><u>Agreed Actions</u></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 FY05.⁴³ 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).⁴⁴ <p>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.</p> <ol style="list-style-type: none"> 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 |

⁴¹ At the time of writing the management action record the earlier draft of this document was referred to as Strategic Priorities Paper (SPP)

⁴² OP8.60 was issued in September 2004.

⁴³ The work on an updated investment lending policy framework is still ongoing.

⁴⁴ Strategic Priority 1

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| | Implementation Completion Reports and OED's Evaluation Summaries for compilation in FY05. ⁴⁵ (See draft SPP, Chapter III, Strategic Priority 4). |
| <p>2. The Bank's human capital and the Borrowers' existing institutional capacity need to be employed to provide task and country teams with the relevant social development expertise throughout the project cycle.</p> | <p>Management agrees that effective social development outcomes depend on attention to social development issues throughout the project cycle. To this end, the draft SPP explores the use of SD approaches in upstream ESW to inform the CAS and country programs, and downstream in implementation and M&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.)⁴⁶</p> <p><u>Agreed Actions</u></p> <p>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.)⁴⁷</p> <p>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.)⁴⁸</p> <p>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.)⁴⁹</p> |
| <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</p> |

⁴⁵ Strategic Priority 3

⁴⁶ Now Strategic Priority 2 and 3

⁴⁷ Strategic Priority 3

⁴⁸ *ibid*

⁴⁹ *ibid*

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| | <p>boundaries as well as the benefits of a country-driven approach. (See draft SPP, Chapter III, Strategic Priority 1.)⁵⁰</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><u>Agreed Actions</u> 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.)⁵¹</p> <p>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.)⁵²</p> |
| <p>4. Sector staff need to ensure that stated Bank or policy priorities receive adequate treatment across Regions and countries, and Bank strategic planning needs to address current skills and monitoring and evaluation gaps.</p> | <p>The formulation of Regional strategies and the draft SPP is helping to clarify and build consensus around strategic priorities. Management has increased its attention to high-priority issues for borrower countries through SDG's recent work on conflict, community-driven development, and the development of PSIA and social accountability tools for use by borrowers. Work in each of these areas has involved creating a new knowledge base, broadening the Bank's own skills mix, and developing partnerships with a new series of institutions for effective implementation.</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><u>Agreed Actions</u></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.)⁵³ 2. The SD skills mix is being further diversified by recruiting political scientists, |

⁵⁰ Strategic Priority 1 and Implementation Plan

⁵¹ Strategic Priority 1 and Annex 3

⁵² Strategic Priority 1 and 3 plus Implementation Plan

⁵³ Implementation Plan

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