

## PART 1: SOCIAL DEVELOPMENT STRATEGIC PRIORITIES

*“We believe that the central challenge we face today is to ensure that globalization becomes a positive force for all the world’s people. For while globalization offers great opportunities, at present its benefits are very unevenly shared.”*

**United Nations Millennium Declaration  
September 2000**

### Introduction

1. At the start of the 21st century, while many people around the world benefit from increased flows of goods, capital and information, too many others confront seemingly intractable challenges. Patterns of structural inequality often exclude people, such as those in rural areas, women, youth, people with disabilities, and other historically disadvantaged social groups. Many governments have put in place public policies and programs to redress these inequities. Nonetheless, many of these social groups have been unable to tap into the prosperity that others enjoy, often because they are unable to hold those in power accountable. Lack of inclusion and accountability can cause disruptions that discourage investment, reduce growth and threaten the cohesiveness of societies. To reach the Millennium Development Goals (MDGs), we must break this vicious cycle, adopting comprehensive and inclusive strategies that empower poor and marginalized people to take advantage of burgeoning global opportunities.

2. Economic growth is essential for the world to meet the MDGs. Only with the additional resources that growth generates can countries invest in better services for poor women and men. However, this growth needs to be pro-poor and sustainable. For growth to benefit poor people, development agencies need to invest in human and physical assets. In addition, development agencies need to help transform the broad set of institutions<sup>1</sup> that determine the quality of growth, service delivery and human development. The world won’t meet the MDGs without complementary economic and social development efforts.

### What is Social Development?

3. For the purpose of this document, social development means transforming institutions to empower people.<sup>2</sup> But *how* can institutions be transformed for this purpose and *what role* does the Bank have in facilitating this transformation? No single, comprehensive theory captures how to support institutions appropriate for empowerment. Those institutions must respond to the local context. However, the application of some broad principles appear to serve poor and vulnerable women and men well. Based on its experience, the World Bank has identified three operational principles to guide its approach to social development: inclusion, cohesion and accountability.

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<sup>1</sup> We refer to institutions broadly as the set of formal and informal rules, norms and values that operate within societies.

<sup>2</sup> See OED report on Social Development for a discussion of the different definitions of social development among practitioners.

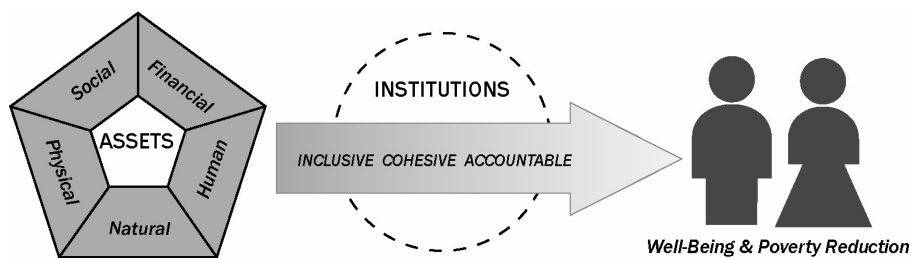
- *Inclusive institutions* promote equal access to opportunities, enabling everyone to contribute to social and economic progress and share in its rewards.
- *Cohesive societies* enable women and men to work together to address common needs, overcome constraints and consider diverse interests. They resolve differences in a civil, non-confrontational way, promoting peace and security.<sup>3</sup>
- *Accountable institutions* are transparent and respond to the public interest in an effective, efficient and fair way.

4. These operational principles are consistent with a number of mutually reinforcing frameworks. Amartya Sen's approach to assets and capabilities, Robert Chambers' work on sustainable livelihoods, and recent conceptual work on human security (Box 1) all recognize that formal and informal institutions can facilitate or constrain efforts to move people out of poverty. Based on a person-centered approach, they all insist on starting from the perspective of poor people, their families and communities. Sen not only emphasizes the importance of assets but draws attention to their returns—how those assets translate into improved well-being for poor people. To ensure those returns, institutions must allow assets to be used productively and freely, promoting what Sen calls capabilities. Similarly, the sustainable livelihoods framework (Figure 1)<sup>4</sup> identifies five asset classes as important for well-being and livelihoods: physical, financial, human, natural and social. Institutions determine how these assets improve livelihoods. Based on this framework, development interventions need to both build assets and to improve the returns to the assets by transforming social and economic institutions.

#### Box 1: Human Security and Japanese Official Development Assistance

The concept of human security forms the basis for Japan's Official Development Assistance Charter. Human security focuses on empowering as well as protecting vulnerable people—seeking “freedom from want,” as well as “freedom from fear.” It is a person-centered approach that necessitates a holistic view about people and their society. Based on this approach, Japan has realigned its aid expertise and resources to respond more effectively to the complex crises presently facing the world. The approach presented in this document share many aspects with human security and will enhance the basis for partnerships.

**Figure 1: Assets and Institutions for Social Development**



<sup>3</sup> Research from the Bank's Development Economics Research Group (DEC) has fruitfully articulated the interplay between inclusion and social cohesion. For instance, William Easterly and Michael Woolcock's work sees social cohesion as “essential for generating trust needed to implement reforms. Inclusiveness of the country's communities can greatly help to build cohesion... [the authors] propose that key development outcomes (the most widely available being “economic growth”) are more likely to be associated with countries that are socially cohesive and hence governed by effective public institutions”, in “On ‘Good’ Politicians and ‘Bad’ Policies: Social Cohesion, Institutions, and Growth,” DEC, The World Bank, pages 3 & 4.

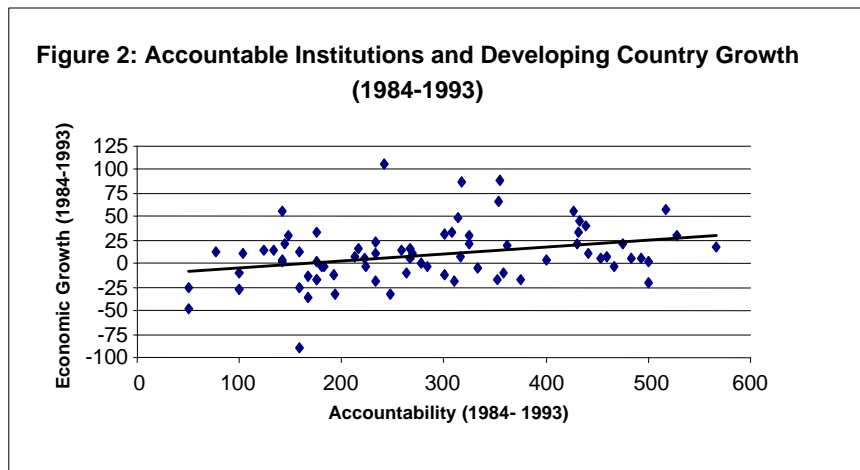
<sup>4</sup> Figure 1 represents a simplified form of this framework. Chambers' original work highlights sustainability and risk where the system described in Figure 1 is exposed to shocks. With shocks and vulnerability built in, the framework closely resembles the social risk management framework promoted by the World Bank (Holzmann and Jorgensen, 2000).

## Social Development Works

5. Given the importance of institutions in promoting or constraining development, their transformation through social development promotes better growth, better projects and better quality of life.

### Better Growth

6. By transforming institutions to empower people, social development matters for growth and who benefits from it. Growth depends on efficient use of resources. If institutions systematically exclude certain groups from economic opportunities, so that people are unemployed, or discriminated against, the result is wasted resources and reduced growth. Discussing conditions for a productive investment climate, the 2005 World Development Report highlights the importance of social stability, which requires robust institutions. Research shows that some social development indicators, particularly cohesion indicators, correlate positively with foreign direct investment.<sup>5</sup> Conversely, from a cross-section of 98 countries,<sup>6</sup> Robert Barro found that lower initial conditions of cohesion hampered growth. Conflict, or the extreme absence of cohesion, is detrimental to growth: studies on civil war show that incomes are, on average, 15 percent lower at the end of a conflict than they would have been otherwise. Finally, based on cross-country data of social development indicators, more accountable institutions in a given year correlate with higher growth in the following decade (Figure 2).<sup>7</sup> There is also increasing evidence that more inclusive, cohesive and accountable institutions help ensure that growth is sustainable and benefits the poor.<sup>8</sup> As the recent World Bank Annual Review of Development Effectiveness shows, sustainable growth depends on appropriate policy environments. When countries reform their policies through an inclusive, consensus-driven process, those reforms seem to work better and to be more sustainable than those that are promoted through top-down approaches.



<sup>5</sup> The Christian Michelsen Institute (Kolstad and Tondel, 2002) found that cohesion, measured by political stability, internal conflict and ethnic tension, had significant impact on foreign direct investment. Inclusion and accountability, measured by political rights, civil liberties and democratization, also have a positive, though smaller, effect on foreign direct investment.

<sup>6</sup> Barro, 1996, "Determinants of Growth: A Cross-Country Empirical Study," NBER.

<sup>7</sup> The country accountability index combines publicly available indicators for political rights, civil liberties, bureaucratic quality, press freedom, corruption, democratic accountability, and an index of law and order. In a regression framework, controlling for initial income levels, the accountability index retains its significant positive correlation with growth in the following decade.

<sup>8</sup> For a comprehensive exploration of the local institutions that affect pro-poor growth, see the World Bank's Program on "Pro-poor Growth and Inequality."

### Better Projects

7. Social development promotes better projects. Social development's impact on effectiveness operates across sectors, including in high priority areas for the Bank such as infrastructure and agriculture. The independent Operations Evaluation Department (OED) reviewed over 4,000 projects the World Bank financed during the past 30 years.<sup>9</sup> OED found that 26% of all projects reviewed address some aspect of social development.<sup>10</sup> These projects had better outcomes, have been more sustainable and had greater impact on institutional development than those that do not address social dimensions (Table 1). These data also show that the more comprehensively social development is integrated into a given project, the greater the overall impact: projects that deal with more social development themes progressively improve on each of these output indicators.

<b>Number of SD Overlapping Themes</b>	<b>Outcome (% Satisfactory)</b>	<b>Sustainability (% Likely)</b>	<b>Institutional Development Impact (% Substantial)</b>	<b>Share of Rated Portfolio (%)</b>
Entire Portfolio	68	50	34	100
At least 1 theme	72	53	37	26
At least 2 themes	81	62	45	8
At least 3 themes	84	63	47	5
At least 4 themes	90	64	49	1.5

*Projects were evaluated on nine OED-identified thematic "portfolios": Community-driven development, conflict, culture, gender, indigenous peoples, NGOs/civil society, participation, resettlement, and social funds.*

Source: OED, 2003.

8. Operational staff and managers in the Bank confirm the findings of the OED portfolio review. In an OED survey, 96% of Country Directors and 83% of task managers stated that attention to social development improved the outcomes of Bank-financed operations. Specifically, 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.

<sup>9</sup> Annex 2 presents the management action record to OED's recommendations.

<sup>10</sup> OED used eight proxy indicators for social development: conflict, culture, gender, indigenous peoples, NGO/civil society participation, resettlement and social funds.

### **Better Quality of Life**

9. Inclusive, cohesive and accountable institutions promote better quality of life, particularly for poor and vulnerable women and men. Conversely, institutions that do not offer equal access to employment and other economic opportunities keep many in poverty, for employment is the single most crucial path to enhance welfare. For example, an extensive literature on discrimination in Latin America provides evidence that, even after controlling for differences in education, age and experience, Afro-descendants and indigenous people earn lower incomes than people of other ethnic groups, suggesting that existing institutions systematically exclude them. Using social capital as a proxy, evidence suggests that cohesion facilitates broader access to services and correlates with higher income.<sup>11</sup> Finally, as discussed in the World Development Report 2004 on service delivery, service providers are more effective when clients can consistently hold them accountable for their performance.

10. Beyond the instrumental value highlighted here, social development has deep intrinsic value. It matters, in and of itself: people are better off if they are empowered. In fact, many poor people define poverty in terms of powerlessness.<sup>12</sup> Recognition of social development's intrinsic value implies recognition that across nations, cultures, and social systems, there are ethical principles that are virtually universal—such as respect for human dignity, nondiscrimination, equity and solidarity. While conceptual and philosophical debates about ethics and social justice are beyond this paper's scope, these debates will continue to shape the Bank's understanding of development and its role in supporting it.

### **Commitment to Social Development**

11. Given that social development contributes to better growth, better projects and better quality of life, there is a global consensus that social development is essential to reduce poverty. This commitment has been expressed in a variety of international and regional fora (Box 2). These began with the World Summit on Social Development in Copenhagen in 1995, were reaffirmed in the Millennium Development Declaration in 2000 and are highlighted by the World Commission on the Social Dimension of Globalization in 2004<sup>13</sup>. Regional organizations, such as the South Asian Association for Regional Cooperation and the African Development Forum, likewise support social development in ways appropriate for their contexts.

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<sup>11</sup> For access to the literature on social capital and development, see [www.worldbank.org/socialcapital](http://www.worldbank.org/socialcapital).

<sup>12</sup> Narayan, Deepa, et.al., *Voices of the Poor: Can Anyone Hear Us?* (2000) New York, NY.

<sup>13</sup> Using language of inclusion and accountability, this report calls for “a focus on people”, a “democratic and effective state”, “sustainable development”, “productive and equitable markets”, “fair rules”, “globalization with solidarity”, and “greater accountability to people.”

### Box 2: Copenhagen to Islamabad – A Decade of International Commitments to Social Development

The 1995 Copenhagen Summit on Social Development pledged to “make the conquest of poverty, the goal of full employment and the fostering of stable, safe and just societies” their overriding objectives, making the following commitments:<sup>14</sup>

*Commitment 1: Enabling environment for social development*

*Commitment 2: Poverty eradication*

*Commitment 3: Full employment*

*Commitment 4: Social integration*

*Commitment 5: Gender equity*

*Commitment 6: Basic services and promotion of culture*

*Commitment 7: Accelerated development of Africa and the least developed countries*

*Commitment 8: Including social dimensions in structural adjustment*

*Commitment 9: Increasing resources for social development*

*Commitment 10: Strengthening cooperation for social development*

In 2000, the Millennium Development Declaration underlines the importance of social development, basing the MDGs on “*certain fundamental values essential to international relations in the twenty-first century.*” These include:

**Freedom.** *Men and women have the right to live their lives and raise their children in dignity, free from hunger and from the fear of violence, oppression or injustice. Democratic and participatory governance based on the will of the people best assures these rights.*

**Equality.** *No individual and no nation must be denied the opportunity to benefit from development. The equal rights and opportunities of women and men must be assured.*

**Solidarity.** *Global challenges must be managed in a way that distributes the costs and burdens fairly in accordance with basic principles of equity and social justice...*

**Tolerance.** *Human beings must respect one another, in all their diversity of belief, culture and language.*

Regional organizations show similar commitment to social development. For example, at the 12<sup>th</sup> South Asian Association for Regional Cooperation (SAARC) Summit, in Islamabad in January 2004, the seven heads of state of South Asia signed the SAARC Social Charter. The Charter commits the member countries to “*maintain a social policy and strategy in order to ensure an **overall and balanced social development** of their peoples.*” The Charter stresses the importance of poverty alleviation through inclusion and equality of opportunity for all; supports transparency and accountability of institutions; highlights the importance of cultural diversity; and places special emphasis on empowerment of women and youth mobilization to achieve the Charter’s goal.

Similarly, in the 2004 Consensus Document of the African Development Forum, which brings together the UN Economic Commission for Africa, heads of state from the African Union, and the African Development Bank, members stated that “the lack of participation at all levels constitutes a key weakness in governance and serves to marginalize key stakeholders...”

12. The World Bank aligns itself with this global consensus that social development matters to reach the MDGs. A number of Bank documents, strategies and policies reflect different aspects of the Bank’s commitments. The Comprehensive Development Framework discusses why

<sup>14</sup> For the five year anniversary of the summit, the World Bank summarized its alignment with the commitments in *New paths to Social Development*, World Bank, Geneva 2000. A recent draft document summarizes the accomplishments made by the Bank in meeting the commitments: [www.worldbank.org/socialdevelopment](http://www.worldbank.org/socialdevelopment).

development practitioners must adopt a country-driven participatory framework to address the social, economic, human and environmental aspects of development. The Strategic Framework Paper of 2001 focuses the Bank's development support along the two pillars of empowerment and investment climate. Similarly, a number of Bank operational policies<sup>15</sup> reflect the importance of social dimensions of development (Box 3) as do specific sectoral and thematic strategies, particularly strategies for environment, agriculture, gender and social protection.

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

The first policy guidance provided to staff on social development was in the 1984 Operational Manual Statement (OMS)<sup>16</sup> 2.20 section on "Sociological Aspects of Project Appraisal." This defined sociological aspects to include "the social factors bearing on feasibility, implementation and operation of projects; and the pursuit of objectives such as poverty alleviation."

The Bank's overarching directive on poverty links social development with poverty reduction, stating that: "Poverty encompasses lack of opportunities (including capabilities), lack of voice and representation, and vulnerability to shocks."<sup>17</sup>

The Bank has also codified special measures to protect and enhance the well being of indigenous peoples,<sup>18</sup> and involuntarily resettled people.<sup>19</sup> The Bank has a policy for mainstreaming gender in development as well.<sup>20</sup>

The 2001 policy on "Development Cooperation and Conflict" begins with: "The Bank recognizes that economic and social stability and human security are preconditions for sustainable development."<sup>21</sup>

Most recently, the Bank's policy on Development Policy Lending<sup>22</sup> states that "...the Bank advises borrowing countries to consult with and engage the participation of key stakeholders in the country in the process of formulating the country's development strategies."

## **World Bank Progress on Social Development**

13. The World Bank's recognition that social development is critical for poverty reduction has led to an evolutionary process of change in how it approaches development. When the Bank began its work on social development, it focused on safeguards, putting in place mechanisms that ensure the Bank's portfolio would do no harm. As it has sought to identify and implement a broader vision for social development, its agenda and approach has evolved, so that now many parts of the World Bank promote transformation of institutions, including the gender, poverty, empowerment and governance groups. In

<sup>15</sup> A background paper is available summarizing the key social development aspects of World Bank documents, strategies and policies.

<sup>16</sup> OMS, unlike the updated Operational Policies (OP), contain a mix of policy, strategy and good practice. This OMS remains in force.

<sup>17</sup> OP 1.0, 2004.

<sup>18</sup> Operational Directive 4.20, 1991.

<sup>19</sup> OP 4.12, 2001.

<sup>20</sup> OP 4.20, 2003.

<sup>21</sup> OP 2.30, 2001.

<sup>22</sup> OP 8.60, 2004.

addition, for almost a decade, the World Bank has had staff dedicated to mainstreaming social development.

14. These efforts have led to increasing project coverage: roughly half of projects completed in the last ten years address at least one of OED's social development themes, up from less than a third in the last thirty years.<sup>23</sup> According to the Bank's Quality Assurance Group (QAG), quality at entry reviews of projects showed an improvement in satisfactory ratings for social analysis and participation from 78% in 1999 to 92% in 2002. Supervision of social development issues in projects is also improving, with satisfactory ratings increasing from 80% in 1999 to 90% in 2002. With the increase in attention to infrastructure, agriculture and human development sectors in recent years, the value of community-driven development (CDD) projects has increased from \$247 million in FY90 to over \$1 billion in recent years. A similar effect can be seen on the thematic portfolio<sup>24</sup> for social development, increasing from 2.4% in 1990 to 8.1% in 2004 as the quality and quantity of sectoral portfolios in high-priority areas increase.<sup>25</sup>

15. Integration of social development is less prevalent in country assistance strategies and policy-based lending. Compared to investment operations, a smaller share of these operations benefit from attention to social development. Also, the Bank's QAG has found that the quality of attention is not as good as for investment projects. Considering that the Bank's approach to social development thus far has focused on investment projects, these results at the macro level are not surprising. Social development staff pioneered stakeholder participation in project design processes. Social analysis and social assessments helped to understand projects' social dimensions, with a special focus on mitigating potential negative impacts on both women and men.<sup>26</sup> In a small investment portfolio, activities were focused on directly supporting community-implemented projects that often progressed separately from government systems.

16. The Bank's project-by-project approach to social development hampers further progress towards greater development impact of Bank interventions and greater responsiveness to priority country demands in areas such as infrastructure, agriculture, and HIV-AIDS. Despite the demonstrated benefits to adopting them, there are several reasons why social development approaches are not being adopted more widely. First, the Bank has focused mainly at the project level, as mentioned above. Second, it is often seen as costly to implement social development approaches. Third, social development staff were seen as

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<sup>23</sup> Source: OED Review of Social Development in Bank Activities, 2003.

<sup>24</sup> Defined as the share of total lending volume that has been tagged as contributing to social development and gender theme (Annex 4).

<sup>25</sup> The World Bank tracks three aspects of its portfolio: sectors, themes and responsible sector boards. Attention to sectoral issues such as infrastructure, energy, education or agriculture is tracked by the sector codes. The thematic codes track attention to themes, including social development. For example, adding an infrastructure project that promotes better sustainability through better participation by user's groups would increase both the sectoral portfolio for infrastructure and the thematic portfolio for social development.

<sup>26</sup> For a discussion of the history of World Bank social development activities, see Gloria Davis, "Who We Are and What We Do", October 2003.

“policing”<sup>27</sup> and primarily seeking to “do no harm” rather than enhancing quality. Fourth, the knowledge base was weak, and there has not been enough effort to strengthen country capacities for carrying out social development activities. Specifically, we need to understand better the process by which social development inputs (participation, analysis and content) translate into improved development outcomes.

## Strategic Priorities

17. The overall strategic direction is to deepen the Bank’s support to countries in their efforts to transform social institutions so that they can enhance growth, project effectiveness and quality of life. To address the challenges described above, the Bank needs to: (1) integrate social development processes, analysis and content upstream in strategies and policy support within existing Bank products; (2) through this upstream support, lower the long-term costs of addressing social development in each lending operation; (3) accentuate the role of social analysis and participation to identify social opportunities, constraints and risk at a broad country or sector level, changing “policing” perceptions of social development; and (4) strengthen the basis for operational work by enhancing knowledge, capacity building and partnerships.

18. Accordingly, the World Bank’s Strategic Priorities for Social Development are:

- **Strategic Priority 1 - More Macro:** Improve macro-level processes, analysis and content by better supporting countries to incorporate social development into their poverty reduction or development strategies. Enhance policy dialogue, Bank country assistance strategies and Bank-financed policy lending by building on these country-led strategies.
- **Strategic Priority 2 - Better Projects:** Improve development effectiveness of investment lending through more comprehensive and efficient mainstreaming of social development into project-level processes and analyses as well as strengthening the social development thematic portfolio.
- **Strategic Priority 3 - Better Grounding:** Improve research, capacity building and partnerships to solidify the grounding for better operations.

19. Strategic Priorities 1 and 2 seek to incorporate the social development principles of inclusion, cohesion and accountability throughout World Bank operations. To improve results and enhance sustainability, the **process** of developing and implementing strategies and operations must include stakeholders. Further, it is imperative to understand the social context in which programs or strategies operate through **analysis** of social opportunities, constraints and risks. Finally, the Bank will support social development objectives in the **content** of its strategies and operations.

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<sup>27</sup> OED, 2003.

## Outputs

20. Table 2 summarizes how the outputs of World Bank operations will be different as a result of implementing these strategic priorities. Under Strategic Priority 1, the Bank will offer better advice and support to countries in developing their country poverty reduction strategies (PRSs). The Bank will rely on social development operational principles to improve the process, analysis and content of its own country assistance strategies and the resulting support through Development Policy Lending (DPLs) and policy dialogue. This will all build on analyses and processes for the country-led strategies. The Bank will encourage participation during implementation and monitoring, broadening the current focus on preparation.

21. Over the next three years, regions plan to enhance participation in 82 CASs and advise governments on participation in PRSs, so that participation will be of satisfactory quality (according to QAG) in 80% of DPLs.<sup>28</sup> While seeking to promote inclusive processes, the Bank recognizes that participation has costs, both for participants and for the agency facilitating this process. In some cases – such as in formulating monetary policy – participation may not even be desirable.

	<i>Process</i>	<i>Analysis</i>	<i>Content</i>
<b>SP1</b> <i>More Macro</i>	<p><b>Enhance participation in country strategies and policy dialogue by:</b></p> <ul style="list-style-type: none"> <li>▪ Promoting participation of groups otherwise excluded because of age, ethnicity or gender;</li> <li>▪ Expanding participatory efforts beyond preparation to implementation, monitoring and evaluation.</li> </ul>	<p><b>Improve understanding of country social context, opportunities, constraints and risk by:</b></p> <ul style="list-style-type: none"> <li>▪ Sustaining interdisciplinary PSIAs;</li> <li>▪ Expanding country-level social analyses, integrating various existing analyses.</li> </ul>	<p><b>Include social development content in policies and strategies to improve the enabling environment for inclusion, cohesion and accountability, e.g.,</b></p> <ul style="list-style-type: none"> <li>▪ More CAS programs have components that directly promote SD principles;</li> <li>▪ The policy reforms supported by more DPLs directly promote SD principles.</li> </ul>

<sup>28</sup> These indicators are summarized in the results framework in Annex 3.

<b>Table 2: Social Development Outputs</b>			
<b>SP2 Better Projects</b>	<b>Improve impact and lower cost of participation by:</b>	<b>Improve impact and lower cost of social analysis and safeguards by:</b>	<b>Enhance portfolio that focuses specifically on social development objectives, e.g.,</b>
	<ul style="list-style-type: none"> <li>■ Integrating project implementation with participatory local planning processes;</li> <li>■ Enhance participation downstream especially in monitoring and evaluation.</li> </ul>	<ul style="list-style-type: none"> <li>■ Reducing project-by-project of social analysis and safeguards activities by relying more on country and sectoral analyses.</li> </ul>	<ul style="list-style-type: none"> <li>■ Link CDD – decentralization;</li> <li>■ Improve post-conflict reintegration through CDD;</li> <li>■ Expand inclusion projects, e.g. targeting ethnic minorities, disabled people, indigenous peoples or youth;</li> <li>■ Expand accountability projects, e.g. capacity building, local participatory planning and community monitoring.</li> </ul>
<b>SP3 Better Grounding</b>			
<b>Operational Research</b>	<ul style="list-style-type: none"> <li>■ Deepen understanding of how <b>socio-cultural contexts</b> influence policy and project design;</li> <li>■ Explain how inclusion, cohesion and accountability interact with growth and human development;</li> <li>■ Improved research on youth, gender, and social exclusion;</li> <li>■ <b>Evaluate</b> how Bank operations affect formal and informal institutions so as to empower the poor and vulnerable.</li> </ul>		
<b>Capacity-building</b>	<ul style="list-style-type: none"> <li>■ Strengthen in-country and regional <b>networks of SD practitioners</b>;</li> <li>■ Build <b>local capacity</b> for civic engagement, <b>voice and accountability</b>, particularly for disadvantaged and vulnerable groups;</li> <li>■ Increase emphasis on capacity building as output of SD project lending;</li> <li>■ Strengthen understanding of role of context and process in capacity building.</li> </ul>		
<b>Partnerships</b>	<ul style="list-style-type: none"> <li>■ Strengthen <b>partnerships</b> with key regional institutions and development partners, media, NGOs, academia, &amp; private sector to promote operational coherence and knowledge sharing.</li> </ul>		

22. Two types of actions will improve macro-level social analysis: Country-level social analyses that investigate broad social development themes and institutions, and poverty and social impact analyses (PSIAs) that consider specific impacts of proposed policy reforms. Both of these types of analysis will be integrated into existing analytic work, such as poverty assessments or country economic memoranda. Concretely, working with local experts, the Bank will sustain and enhance PSIAs by carrying out about 60 analyses in the next three years. In response to requests from client governments and according to the timing of country strategies, the Bank also plans to carry out between 20 and 40 country-level analyses that build on local research to consider issues of conflict, civil society, gender, caste and indigenous peoples, as appropriate for the country context.

23. Concerning the content of macro-level operations, the Bank will expand the presence of social development in CAS programs<sup>29</sup> as better upstream work on participation and social analysis identify more lending opportunities. The upstream work is also likely to identify policy reforms to be included in DPLs. Examples may include operations to improve the enabling environment for gender-sensitive social accountability, community-driven development, and conflict prevention. The goal is for a 6% of DPLs to have social development among its top three themes.

24. While the Bank increases its attention to macro-level social development work, under Strategic Priority 2 it will simultaneously improve the quality and coverage of social development in its project portfolio. Greater policy attention to social development will allow more comprehensive, efficient attention to inclusion, cohesion and accountability in projects. For example, upstream policies that make local planning processes more inclusive and accountable will enhance participation and accountability for all investment operations. Efficiency gains from upstream work can be used to expand and improve stakeholder participation in project monitoring and evaluation. It is expected that 15 new projects will have participatory monitoring components. The quality of participation as assessed by QAG will remain at 90% satisfactory during preparation and 75% satisfactory during supervision. Likewise, once country or sector analyses are carried out, social analysis for projects will be better targeted, complementing knowledge already available by focusing on a few selected project specific aspects (*e.g.*, opportunities to transform crucial social institutions in the specific project area). This will allow the Bank to maintain the current QAG ratings for quality at entry and supervision at lower cost.

25. An increasing share of the Bank's portfolio will have social development themes among its top three objectives. It is expected that the trend over the last five years will continue and the share will increase to 9% of the total portfolio in fiscal year 2007. This does not necessarily imply more projects, but rather an increasing share of larger projects that address social development themes. Especially in middle income countries, there is little scope for doing more, small projects, which had been the main venue for social development themes in the past.

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<sup>29</sup> OED found that CASs mention social development issues more often in the text of the paper, compared to how often they are addressed in the CASs' operational program.

26. As outlined in Table 2, Strategic Priority 3 supports **better grounding** of the Bank's Social Development work through improved operational research, capacity building, and partnerships. To strengthen its social development **research**, the Bank needs to build on existing understanding of how socio-cultural context influences policy and project design. With their first hand understanding of context, local experts have often produced research on local institutions that can inform Bank operations. Active engagement with these local experts, can serve both to advance knowledge while building their capacity. When looking for operational lessons, the Bank will also seek insights from development partners who may have already explored questions of interest. Given its global perspective, the World Bank has unique opportunities to support research into general social development issues, synthesizing findings from across contexts. For example, to strengthen its operational approach to social development, it will explore the circumstances where participation is most appropriate; explain how inclusion, cohesion and accountability interact with growth and human development; and evaluate how projects impact social institutions. Finally, as part of its contribution to the global discussion ten years after the Copenhagen Summit on Social Development, the World Bank will produce a paper considering conceptual aspects of social policy for developing countries in a globalizing world.

27. Implementing these social development strategic priorities depends on identifying and building more effective local **capacity**. On the one hand, the Bank will support existing country processes and established institutions in their efforts to promote inclusive, cohesive and accountable societies, allowing mutual learning by doing. On the other hand, the World Bank will continue to build capacity by providing training and supporting regional networks of national social development specialists.

28. Finally, better grounding for the World Bank's social development strategic priorities requires better **partnerships**. Given the global commitment to social development, many multilateral and bilateral development organizations have been working to empower people by transforming institutions. Both through country-focused partnerships and more global efforts, the World Bank will identify how its approach to social development complements and adds to that of its development partners. It will build on successful knowledge partnerships already existing, such as the multi-donor collaboration on PSIA, and contribute to networks of donors already working on social development. (See Annex 5 for more details on existing World Bank social development partnerships.) As an essential step to enhance its social development partnerships, the Bank will more clearly and comprehensively communicate its approach to social development and its state of implementation to other multilateral and bilateral donors. Through these partnerships, the Bank will seek to harmonize donor efforts and lower costs for recipient countries.

## Regional Examples

29. The summary of outputs in Table 2 is based on Regional Action Plans.<sup>30</sup> Presented in Annex 1, these plans illustrate how the Bank will implement its social development strategic priorities in each regional context. Drawing from those plans, the following gives examples of the specific innovations that these strategic priorities will support.

### *Strategic Priority 1 - More Macro:*

- All Regions will sustain the delivery of interdisciplinary PSIAs, often as part of other analytical work.
- In Latin America and the Caribbean, the Bank will analyze youth and development, social violence, gender and the impact of migration and remittances.
- Europe and Central Asia and East Asia plan to promote country systems analyses for safeguards on a pilot basis.
- In Africa, country social analyses or conflict analyses will inform policy dialogue in Uganda, Sudan, Liberia, Angola and Kenya.
- In Africa, PRSCs will include measures to support government efforts to engage civil society in policy making, participatory planning, or expenditure management and monitoring.

### *Strategic Priority 2 - Better Projects:*

- In East Asia and the Pacific, the Bank will enhance its existing portfolio that promotes CDD and decentralization in Indonesia and the Philippines.
- In Africa, the Region will expand and enhance its CDD portfolio, especially in conflict-affected countries.
- In the Middle East and North Africa, the Region will generate youth and inclusion projects.
- In Latin America and the Caribbean, the Region will enhance its portfolio of indigenous peoples projects.
- In Europe and Central Asia, the Region will bolster youth and post-conflict work.
- In South Asia, the Region will improve efficiency by assessing the effectiveness of risk management for safeguards in three sector portfolios.

### *Strategic Priority 3 - Better Grounding:*

- ESSD will support DEC in enhancing social aspects of the 2006 WDR on equity.
- In East Asia and Africa, operational research on impact evaluation of community-driven development will be carried out.

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<sup>30</sup> As well as the other units represented on the Social Development Sector Board - DEC, ESSD and WBI.

- In the Middle East and North Africa, the existing network of social development experts will be strengthened to allow for their better integration into Bank-supported work.
- Partnerships with bilateral donors (*e.g.*, Finland, Germany, Japan, Norway and the UK) will be further strengthened.