

PART 2: IMPLEMENTATION PLAN

A New Business Model

30. This implementation plan proposes a new business model for social development based on a more upstream and integrated approach.³¹ This model moves away from current practices that support social development processes, analysis or content on a project-by-project basis. In the longer run, the vision is for social development issues to be well integrated in country-led analyses (*e.g.*, poverty assessments) and participatory processes that inform country poverty reduction or development strategies. Bank support for such analyses and participation will combine topics currently being done in separate efforts. Based on national strategies, the Bank will integrate the most relevant social development processes and analyses into its country assistance strategies and country programs. This country-focused, upstream approach will help integrate better the many parts of the World Bank working to transform institutions and empower people.

31. With an integrated upstream approach to social development articulated in country strategies, participation and social analysis for investment lending and DPLs can be more focused on the specific area the loan covers. This focus can help reduce processing time of economic and sector work.³² In addition, the upstream analysis and participatory processes informing the PRS and CASs can inform the content of policy reforms (supported by DPLs where relevant) and investment lending. Skilled local social development experts based in-country will do analysis and promote participation. Better partnerships will assure that social development work supported by different donors support similar processes (*e.g.*, around PRSs). Rather than focusing on compliance once a program has been articulated, due diligence would consist of ongoing monitoring of the situation in critical areas (*e.g.*, where there is potential for violent conflict) by tracking key indicators and targeted analyses by local experts. Safeguards will increasingly form a part of the country dialogue. This agenda will focus on building government capacity to move towards a more sustainable partnership for safeguards without abrogating the Bank's ultimate accountability for following its own policies. A strategic research program set out by the Sector Board would make knowledge of what works, when and how more available to countries and Bank operational staff.

32. The change to a more systematic, upstream business model will not happen instantly. For the transition, it will be critical to phase in the new approach. The Bank will take a practical approach to selecting its initial focus countries. It will roll-out its new approach synchronized with country assistance strategy and PRSP development. Priority will be given to countries based on the importance of country social development issues, country capacity, and interest from governments.

³¹ While this document does not cover the IFC, the IFC's sustainability framework similarly focuses on upstream work to facilitate greater positive social development impacts.

³² The Sector Strategy Implementation Update highlights an increase in processing time for ESW across sectors and themes, including for social development.

Social Development Activities

33. To implement this model, the World Bank needs to change how it works on social development. There are several parts of the organization that work to promote social development, strengthening institutions that empower people. One of those groups is called the Social Development Network. For that network, currently, social development activities are organized around mainstreaming and portfolio activities.³³ The **mainstreaming** activities include:

- Participation and civic engagement;
- Social analysis;
- Social safeguards (indigenous peoples and involuntary resettlement); and
- Capacity building.

The **portfolio** activities include:

- Community driven development;³⁴
- Conflict prevention and reconstruction; and
- Inclusion and accountability projects and components.

34. Table 3 summarizes changes in the Social Development Network's business lines to implement the strategic priorities. For the mainstreaming business lines the Bank will improve efficiency and impact by focusing more on the macro level, integrating social development staff better with task teams,³⁵ and explicitly focusing on building up country systems through strategic capacity building. The portfolio business lines focus on work to scale up impact through better linkages with the macro agenda and alignment with national poverty strategies (*e.g.*, PRSs) and Bank CASs.

Resources

Financial Resources

35. For **borrowers**, implementing the new business model will reduce costs and improve results. Moving to a more systematic, upstream business model will achieve economies of scale. First, by integrating social development issues into existing analyses, there will be fewer free-standing analytical pieces that will require Government inputs. For example, combining analyses on specific vulnerable groups and understanding of the social context into a poverty assessment or other already planned analytical work will save cost and help integrate social development into the overall country strategy. Second, by building on insights from upstream country-level or sectoral analyses (including regional and country gender analyses) borrowers can do fewer, targeted

³³ Many other activities are linked to meeting the social development principles of inclusion, cohesion and accountability such as the PREM network's work on measuring empowerment and vulnerability, public sector management and legal and judicial reform. All these areas have existing action plans and strategies so this paper focuses on these seven.

³⁴ Most CDD interventions are carried out in the context of human and infrastructure development sectors and thus often do not include SD themes among the top three.

³⁵ Responding to OED concerns about better making information available to country teams (Annex 2).

poverty and social impact analyses and project-level social assessments. Since many opportunities and constraints would have been addressed upstream, these analyses and assessments would no

Table 3. Changes in Social Development Activities		
	Do More	Do Less
<i>Mainstream Social Development Approaches</i>		
<i>Participation and Civic Engagement</i>	<ul style="list-style-type: none"> ■ Macro-level work, including promoting an enabling environment for participation; ■ Work on monitoring and evaluation both at the macro and project levels. 	<ul style="list-style-type: none"> ■ Setting up of separate participatory processes for each project; ■ Event-driven participation.
<i>Social Analysis</i>	<ul style="list-style-type: none"> ■ Policy, sector or country social analysis; ■ Targeting of project-level operational issues. 	<ul style="list-style-type: none"> ■ Project by project social assessments as relevant country or sector level analyses are carried out.
<i>Social Safeguards</i>	<ul style="list-style-type: none"> ■ Systematic approach to building Bank and client capacity; ■ Country-level work to understand generic safeguard issues for inclusion in policy dialogue; ■ Team-based, solution-oriented approach. 	<ul style="list-style-type: none"> ■ Ex-ante assessment for each project; ■ Asking each project to address policy level safeguard issues; ■ “Watch dog” role to review projects and identify problems.
<i>Capacity Building</i>	<ul style="list-style-type: none"> ■ Country Capacity Assessment; ■ Strategic capacity building programs; ■ Integration of social and gender issues into training. 	<ul style="list-style-type: none"> ■ Project by project capacity building not linked to strategic assessment of needs and priorities.

Table 3. Changes in Social Development Activities		
	Do More	Do Less
<i>Portfolio of Social Development Interventions</i>		
<i>Community-Driven Development</i>	<ul style="list-style-type: none"> ■ Building of linkages with macro-policies of decentralization; ■ Integrating local governments. 	<ul style="list-style-type: none"> ■ By-passing of government structures ■ Non-CAS programmed interventions.³⁶
<i>Conflict Prevention and Reconstruction</i>	<ul style="list-style-type: none"> ■ Conflict prevention work; ■ Country systems analysis; ■ Policy dialog ; ■ Reconstruction efforts that help rebuild communities and institutions. 	<ul style="list-style-type: none"> ■ Interventions isolated from strategies and other programs, as occurred prior to the introduction of transitional support strategies (OP2.30).
<i>Accountability And Inclusion Programs And Projects</i>	<ul style="list-style-type: none"> ■ Comprehensive programs of projects designed as part of country assistance dialogue focusing on: ■ Ensuring enabling environment for accountability and inclusion through policy and institutional reform; ■ Specific investment projects or components to finance implementation of inclusion or accountability programs. 	<ul style="list-style-type: none"> ■ Not applicable, not much done in the past.

longer have to address sector or country-wide issues. Third, as Strategic Priority 3 is implemented and networks of regional social scientists are strengthened, local experts can undertake much of the work now done by international consultants, a change that will lower costs and further enhance capacity. Fourth, promoting inclusion through local and national processes of participation also generates savings, as each project that seeks to involve stakeholders will no longer need to develop those processes from scratch. Fifth, because complying with safeguards is most costly when problems are found late in an operation's development, the upstream approach outlined here will simultaneously reduce project-specific processing and costs and enhance

³⁶ OED's review of social funds noted that this had been a problem for that subset of CDD projects.

protection for indigenous peoples and involuntarily resettled persons. Finally, the shift to upstream work will lead to better policy choices and program designs.

36. The **World Bank** can implement these strategic priorities within its existing budget envelope. In the medium term, individuals will realize net savings. For instance, as social analysis is done upstream and integrated into the country assistance strategy processes, project level social analysis will be much better targeted and less expensive. Estimates show that after five years, the net annual savings on social analysis will be in the order of one million dollars in administrative budgets. These savings result from the reduced cost of project-level preparation work minus the additional cost of country-level work. As country level analysis is carried out as part of the updating of country strategies, the up-front investment in country-level analyses is estimated at two million dollars³⁷ per year for the first two years. Over the next twelve years, this is equivalent to a 19% internal rate of return on the upfront investment in country-level analysis. This rate of return is a conservative estimate since (1) it only estimates the savings related to social analysis, there would be additional savings from safeguards and participation; (2) it does not consider savings in terms of staff costs nor the savings generated from better targeted PSIA's; and (3) it does not account for savings that result from involving local experts more regularly. Given the evidence from OED that better project-level social development inputs improve project effectiveness, it is likely that the savings will be allocated to better support implementation and evaluation, including capacity-building.

37. The additional cost for better research and capacity building are good candidates for cost sharing with partners. For instance, the Governments of Norway and the UK are financing background research to strengthen the social development content of the 2006 WDR on equity; the trust fund for sustainable development from Finland and Norway will continue to finance operational research and capacity building on social development, with a special focus on Africa; and the Bank Netherlands Partnership Program is financing critical capacity building activities. Part of the additional cost of better capacity building and research will be off-set by better strategic alignment of WBI's, DEC's and ESSD's programs.

38. The **ESSD** anchor expects overall lowered funding as the cuts for the network anchors are projected to continue. Today the anchor raises about five times its annual budget in trust funds for regional work, it is unlikely that this ratio will shift, meaning that there will be fewer trust funds available as the Bank shrinks anchor budgets. Within the budget, there will be a shift to more cross-support to regions and more spending on portfolio activities as compared with the mainstreaming activities. This also reflects a shift away from tool development to regional implementation of existing tools.

Human Resources

39. While the World Bank will identify and work more effectively with local experts, as demand increases for macro-level work and changes for project-level work (*e.g.*, from project

³⁷ Two million dollars is equivalent to about 0.33% of Regional budget for analytical work in fiscal year 2004.

review to project management), this implementation plan will require significant shifts in skills-mix for the World Bank's international and local staff. In collaboration with Human Resources, the Sector Board will expand its effort to facilitate retraining, exits and recruitment to enable this shift. As was done for education a decade ago, the Bank is looking to partner with an academic institution to deliver a core training module in macro-level social development. Several other donor agencies have shown an interest in participating and sharing costs. Similarly, the Social Development Sector Board will work with OPCS to integrate social development aspects into basic and advanced operational training courses to support the mainstreaming of social development approaches. WBI is reducing its social development staff resulting in capacity building activities being shifted to ESSD and the Regions.

Operational Policy and Strategy Framework

40. The World Bank's operational policy framework is adequate for implementing the strategic priorities, requiring no new layer of bureaucracy. The recently approved policy on DPLs (OP 8.60) refers to the importance of understanding poverty and social impacts as well as supporting borrowers' participatory processes. This policy will allow a country-focused, flexible implementation of the lending components of Strategic Priority 1, while enhancing the Bank's due diligence at lower cost. As part of its effort to simplify processing, the Bank is looking to update its policies on investment lending. This update is likely to include reference to social analysis, updating the existing OMS 2.20 on "Sociological Aspects of Project Appraisal."

41. Concerning social safeguards, the Bank will learn as much as possible from implementing the country system pilots and applying the interim operational policy that will guide these pilots. With an emphasis on country-level work and capacity building, the social development strategic priorities support a more systematic, more results-oriented approach to safeguards. The procedural changes introduced in 2003 that delegate safeguard clearances to relevant sector units for lower risk projects will help mainstream social development and change the role of SD staff away from "policing" towards providing constructive solutions as team members.

42. The upstream business model proposed here complements other sectoral and thematic strategies, especially the agriculture and rural development, gender mainstreaming and social protection strategies, as well as the infrastructure action plan. All promote greater reliance on upstream, integrated analytical work. The new business model proposed here will help social development staff better do their part to help implement the strategies and action plan.

Facilitating Cross-Sectoral Work

43. The Bank's responsibility for following through on the implementation of the ten commitments from the World Summit on Social Development (Box 2) currently involves six sector boards and three networks as well as the IFC. As discussed above, many parts of the Bank outside of the Social Development Network address the social development agenda of empowering poor

and vulnerable women and men by transforming institutions. Given the need for a multi-sectoral, comprehensive approach to social development objectives, the appropriate role for the Social Development Network is to build substantive knowledge bridges across sectors, ensuring that emerging knowledge from across the Bank is made available for broad operational use.

44. While the collaboration across sector groups functions well in several areas such as PSIA, CDD, empowerment, gender (*e.g.*, in two regions, gender and social development are within the same unit) and QAG work, sometimes this is not supported by proper incentives. There are likely to be significant gains in the longer run by enhancing incentives for cross-sectoral collaboration to better integrate the social development work of the different Bank units that share an agenda to transform institutions and empower people. These incentive changes are more important than changing the organizational structure, though there are opportunities to enhance collaboration with better internal communication and joint learning events. With its platform approach, the Indonesia CAS attempts to improve organizational incentives. The CAS is structured around different platforms such as community, local government, regional government and central government levels instead of a more traditional sectoral approach. This approach will allow the country team to better integrate thematic activities across sectors to address the MDGs.

Monitoring Results

45. To implement these strategic priorities effectively and maintain a focus on results, the Bank will rely upon a carefully developed framework to track its progress towards meeting its social development objectives. Consistent with the Bank-wide results monitoring approach (Annex 3), it will track the impact of implementing the strategic priorities at four levels: (1) global/MDG links; (2) intermediate outcomes; (3) country processes; and (4) Bank processes. To monitor outcomes, the Social Development Board has assembled a set of indicators in the social development indicators database³⁸ that monitor progress on inclusion, cohesion and accountability across more than 120 countries. Taking a pragmatic approach to results, the indicators are all based on existing indicators from the Bank and external sources, so that the Bank can monitor progress without significantly increasing its efforts to collect information. The indicators are being used to inform country-level social analyses as well as the overall preparation of CASs. They are relevant for and are consistent with a number of global monitoring efforts. For example, Annex 3 includes indicators that are also used for monitoring progress towards the MDGs, while others are included in the World Bank's World Development Indicators.

46. For Strategic Priority 1 and 2, intermediate outcome indicators measure how well country policies and expenditure programs promote inclusion, cohesion and accountability. The indicators are based on the Bank's Country Policy and Institutional Assessment as well as existing Bank analytical work such as expenditure reviews. For Strategic Priority 3, progress towards the intermediate outcomes of better research, capacity building and partnerships are measured by reviewing the World Bank Institute's Country Capacity Assessments. The Bank process indicators

³⁸ <http://esd.worldbank.org/sdstats/>

are based on the volume and quality of the social development thematic portfolio and on measures for how well the mainstreaming into Bank-financed projects is progressing (based on existing Quality Assurance Group and OED reviews). In addition to the indicators in the framework, the Social Development Sector Board will also monitor inputs, including human and financial resources. All the relevant indicators are already available or built into ongoing work-programs. Social development's emphasis on strengthening accountability of institutions is particularly important and relevant to the Bank's broader results agenda.

Managing Risks

47. Risks surrounding implementing the strategic priorities fall in two categories—implementation risks and reputation risks. The risks to implementation are: (1) that reallocation of resources will happen too slowly; (2) that the resources allocated will not lead to the desired Bank process changes; and (3) that the Bank process changes will occur but will not lead to desired processes/SD outcomes in countries. Reputation risks refer to the danger that, once accepted, the SD Implementation Plan will not live up to its promise, thus reinforcing a perceived gap between Bank rhetoric and operational reality. This section briefly discusses both sets of risks and highlights efforts to mitigate them.

Implementation Risks

- **Resource allocations:** Based on the experience with implementing other sustainable development strategies, there is a moderate risk that regional resource reallocations will move less rapidly than expected. This risk is mitigated by corporate Bank buy-in to the strategies including by Regional management teams and by building the corporate implementation plan by adding up regional plans. The fact that a range of other stakeholders, including civil society, borrowing governments and donors to IDA, have highlighted the importance of social development combined with the increase in operational effectiveness and sustainability that results from social development inputs, also improve the chances for adequate resource allocation.
- **Inputs to process changes:** There is a moderate to significant risk that resources reallocated will not lead to desired process changes in the Bank and, specifically, that existing staff will not be able to support the upstream macro-level work proposed under Strategic Priority 1. To mitigate this risk, the implementation plan proposes strengthening regional networks of in-country social development practitioners to carry out significant parts of the agenda, as well as enhancing the retraining, exit and recruitment of Bank social development staff.
- **Processes to outcomes:** There is a risk that the Bank process changes will not lead to improved outcomes if governments are reluctant to embrace the importance of social development. This risk is moderate, as participation and social analysis are already incorporated as key elements of many Bank-supported country assistance programs. Actions proposed to mitigate this risk include improving research that links social development work with improved development outcomes; supporting a free-standing

social development portfolio of projects and studies that would enhance capacity for social development within governments; working with member governments to build a broader constituency for reform; tailoring social development approaches to each country context; and finally, lowering the transaction costs for borrowers by greater reliance on upstream work.

Reputation Risks

- There is a low reputation risk of approving an SD implementation plan, if once approved, the document will not fulfill its stated promise, fueling outside groups' argument of a growing rhetoric-reality gap in the Bank. This is a low risk given the very operational nature of the paper and its acknowledgement of past successes and shortcomings.
- There is also a reputation risk that implementing the strategic priorities will be perceived as moving the Bank too far towards interfering in domestic politics of member countries. This is mitigated by focusing the upstream work on supporting existing country participatory processes and focusing upstream analysis on better understanding a country's reality, not on normative aspects. In addition, the Regions and ESSD will collaborate with legal staff at an early stage to consider these issues and seek their advice as new areas and activities open up.

48. Given the substantial Bank public commitments to social development as integral to poverty reduction, the reputation risks to the Bank are lower if the institution puts forth and implements these operational strategic priorities than if it chooses to lessen its attention to social development by dismissing the need for a coherent implementation plan and neglecting to reform its business practices.

Conclusion

49. The Bank finds itself at an important crossroads. It can better operationalize its vision by building on past successes and drawing on emerging opportunities or it can choose to limit its engagement in social development. There are risks in going forward, but the risks to poor and marginalized women and men would be greater if the Bank chose inaction, or a less strategic use of its resources. By implementing these strategic priorities, the Bank will be a more effective partner in delivering the MDGs and pursuing a "world free of poverty."