

Monitoring the Social Impacts of Crisis

June 11 - World Bank - Washington, DC

Brief summary

Governments around the world are struggling to put together policy packages aimed at addressing the variety of impacts which result from crisis – food, fuel, financial, environmental. Their ability to design and implement effective policy responses will depend, to a large extent, on the quality and timeliness of information on social impacts of the crisis. World Bank teams are working closely with government counterparts to gather and/or produce this type of information using a multiplicity of sources and approaches. Their experiences are extremely varied and reflect existing cross-country differences in terms of economic realities, institutions, statistical capacity and other factors.

On June 11, 2009, the Human Development Network, Poverty Reduction and Economic Management Network and the Social Development Department organized a conference on Monitoring the Social Impacts of Crises with the objective of promoting knowledge sharing and coordination across World Bank teams involved in crisis monitoring activities. The conference aimed at presenting an overview of the rapidly evolving monitoring tools and strategies being pursued, as well as promoting discussion on the way forward. Sessions focused on: (i) review of monitoring tools menu and discussion of appropriateness and applicability in different contexts; (ii) discussion of implementation challenges through country examples; and (iii) implications for World Bank work in MICs and LICs.

This note briefly summarizes the main messages arising from the various presentations and subsequent discussions. All relevant workshop materials (i.e. agenda, copies of the presentations and a video of the complete event) can be found at <http://go.worldbank.org/MMZ3NQ8WH0>.

Session 1a and 1b. Monitoring Tools

Introduction/Moderator – Louise Cord (PRMPR)

Presenters:

- Bringing the pieces together: Building a Monitoring System in EAP– Andrew Mason (EAP)
- Rapid Assessment Household Surveys – Ihsan Ajwad (ECA)
- Rapid Qualitative Assessments – Carolyn Turk (SDV)
- Monitoring Service Delivery – Jishnu Das (DECRG)
- Firm/business surveys – Rita Ramalho (IFC)
- Using Web-Based Technology to Monitor Impacts – Jishnu Das (DECRG)

Main messages: The session focused on monitoring systems and the various tools that can be/are being used to measure the magnitude and impact of the current crisis. The main messages can be summarized as follows:

1. In most countries, existing systems and tools are insufficient to adequately monitor the evolution of the crisis and its impact. The lack of high frequency data on key indicators appears to be one of the most important problems.

2. At the same time, governments in client countries are under enormous pressure to put together policy response packages that aim to mitigate the impact of the crisis.
3. In this context, World Bank teams are making creative use of all available sources of information and, in some instances, collecting new information through a variety of means, in order to assess the impact of the crisis and inform the policy debate (albeit sometimes with a lag).
4. Balancing short term data needs and a longer term imperative to build strong statistical systems over the medium term is a key concern. Several participants noted the importance of ensuring that systems were established that could last until the next crisis emerges.

Summary of discussion: Throughout the morning, presenters noted that governments around the world are under tremendous political pressure to take action to lessen the negative social effects of the current financial crisis. The needs of governments are immediate, but without the necessary data, many governments are acting on hunch and intuition in designing stimulus and packages and policy responses. Thus the process is often working backwards at the moment – policy decisions come first, and the monitoring and data gathering follow.

In East Asia, the Bank is both working with both country and regional level needs in mind – countries need data for policy while at the regional level we tend to focus on public information for tracking crisis impacts. Unfortunately there is no current data source that meets these needs. Under these less than ideal circumstances, the East Asia Region is bringing together various information sources in order to get a complete picture. Sources include the more traditional quantitative surveys, qualitative surveys, and administrative data, along with quick, high frequency assessments based on various rapid quantitative and qualitative surveys to fill the gaps left by existing data sources.

Like the efforts in East Asia, the team in the Europe and Central Asia region is using multiple sources to fully understand both the effects of these crises, particularly the financial crisis, and transmission mechanisms. Sources include:

- Micro-simulations of household welfare and HD outcomes using existing household and labor force surveys;
- Labor market monitoring systems (administrative systems and LFS);
- Social benefits monitoring; and
- Rapid response surveys (HD outcomes, coping strategies).

These monitoring tools are in wide use, in different combinations and different stages of completion across the region. Summarizing lessons learned in their experience thus far, the ECA team recommends first taking a serious look at whether there is genuine need for the data and if it will actually serve the crisis related policy agenda. They also advise using existing data collection methods and tools while collaborating with in country statistical offices as much as possible. They have also seen in their own work that having a staff person or consultant dedicated to this task is absolutely essential given the amount of time involved in these activities and the need for rapid action and response on the part of the World Bank.

Using qualitative methods, to add depth to quantitative surveys and to help better understand transmission mechanisms, is an important tool for understanding the social impacts of crisis. The qualitative surveys grew partly out of the need for information on impacts of the crisis on people, the urge to put human faces and stories behind the numbers coming from quantitative assessments. Initially intended as a one time effort to provide information ahead of the G20 meeting in London this past spring, the Social Development Department is now responding to demand for this kind of assessment from the regions. Eight assessments are now taking place across various regions, all with different levels of funding, partners, and intended audiences. What they tend to have in common is the combination of focus group discussions & in-depth interviews, participatory techniques, local research partners, and an emphasis on rapid results rather than highly-polished products. The SDV team is careful to point out that findings illustrative & indicative but not representative, and as such, most useful when supplemented with other data. They also point out that one of the benefits of these surveys is that they can be relatively rapid – taking as little as three to six weeks from start to finish. The plan is now to develop ongoing qualitative monitoring exercises in a number of countries, which will involve following a panel of communities and individuals throughout the duration of the crisis.

A presentation on service delivery and public spending reminded us that evidence from public expenditure surveys and recent work on service delivery shows that expenditures do not always reach the intended recipients and that expenditures rarely relate to outcomes. In relation to the crisis, this means that it is not entirely clear how declines in government social spending will affect service delivery. There may be room for quality improvements and efficiency gains, even in the face of declining spending, just by rationalizing the spending already taking place. A new idea in this area is to institute sentinel surveillance sites – a limited number of surveys sites that would provide high frequency quantitative data at the household and facility level. This would provide close to real time data and assist governments in figuring out where in the chain there are large inefficiencies and in using the crisis to push through reforms.

Adding to our understanding of the social impacts of this crisis is data on firms and firm surveys. Colleagues at the IFC are carrying out firm surveys in order to better understand how firms are being affected, inform policy makers of how firms and the manufacturing sector are reacting to the crisis, to learn about firm perceptions and expectations for the near future and to make inferences about how the crisis is affecting the private sector. The intention is to carry out these firm surveys every six months. These firm surveys offer important indicators of the social impacts of crisis as firms need workers and demand for products influences demand for labor.

The final presentation of the morning focused on a very different source of data – people. Traditional monitoring tools tend to be top-down. A bottom-up approach was taken during the aftermath of the October 2006 earthquake in Pakistan. The overwhelming donor response to the disaster demanded data on conditions in villages, a coordinated response and constant updating on local conditions. One group decided to try meeting this challenge by setting up a public system for information and coordination. A web-site, www.risepak.com, was set up which used the most recent portal technology to integrate demographic, geographical and satellite images and was overlaid with distances from major roads and

epicenter. This web-site was then continuously updated with information received via fax, phone, and text-messaging and through the internet on local conditions. The site was searchable at village level and had just an 8 hour turnaround, providing nearly real time data on conditions and aid efforts. RisePak organizers theorize that this bottom-up method may not be the best method for long term service delivery monitoring, but may work well for monitoring and feed back from participants in programs like conditional cash transfers.

What came through from these morning sessions was the sense that in this less-than-perfect-world-for-monitoring-social-impacts-of-crisis, the World Bank is exploring many different methods to arrive at a complete picture of how a crisis can affect people. We are gathering numbers at all levels, listening to stories, figuring out transmission and coping mechanisms, all in the hope of better assisting our government clients and partners when asked the toughest question – not, ‘what are the impacts?’, but ‘what do you recommend we do about the impacts?’

Session 2. Country Examples

Introduction/Moderator – Andrew Norton (SDV)

Presenters:

- Lessons from the Asian Financial Crisis – Caroline Kende-Robb (ECA)
- Mexico – Samuel Freije (LAC)
- Perspectives from Africa – Quentin Wodon (HDNDE)

Main messages: The session reviewed the experience of the 1997-8 East Asian crisis and provided a comparative view of crisis monitoring efforts and challenges in MICs and LICs, through the experience of Mexico and Africa. The main messages can be summarized as follows:

1. The use of multiple information sources for the purpose of monitoring can shed significant light on the channels through which crises propagate and, ultimately on their (sometimes unexpected) impact on various groups.
2. Information availability and quality, and institutional capacity are, on average, better in MICs than in LICs. Consequently monitoring strategies and efforts have to be tailored to the specific country context. Examples as to how this can/has been done in the context of Mexico and selected African countries were provided and the main challenges associated with doing so were discussed.

Summary of discussion: The session began with a discussion about the East Asian Financial Crisis. Initially considered a financial crisis, there was little awareness at the start that it was also very much a social crisis. Several qualitative participatory assessments were conducted in order to hypothesize about the nature, scale and distribution of the impacts, as well as to link the macroeconomic shocks to the micro-level community impacts. Although such assessments are not comprehensive, they can raise an awareness of the issues at stake, on which other analytical methodologies can then build. They are also important because they include the poor in the policymaking process. In the case of the Asian crisis, the assessments revealed that despite a diversity of impacts across countries, job losses, price increases, and increasing poverty were seen across the board, along with an erosion of social capital.

Next were discussions about the Bank's approaches to the crisis in Mexico and Africa. In Mexico, unemployment has risen to its highest level since the Peso crisis of 1995, and labor participation rates have been falling since 2008. Africa may see eventually experience even more harmful impacts, particularly due to rising food prices, falling prices of export commodities, lower remittances, wealth effects, and decreases in foreign aid.

The presentations highlighted the huge disparities in capacity between the two regions. The Bank's response to the crisis in Mexico has been spurred by the availability of detailed and high-frequency data from the Mexican Statistics Institute (INEGI), a wealth of information from previous crises, and a strong sense of urgency on the part of the Mexican Ministry of Labor. By contrast, most African countries have underfunded statistical offices and very few surveys. Those that do exist are lacking in details about income and employment, and economic indicators are not always nationally representative or comparable over time. There is also very limited capacity to analyze the available data.

The problems associated with working in each region are also quite different. Working with high-frequency data such as in Mexico requires regular monitoring of the realities on the ground to make allowances for the evolution of the labor market. There are also conceptual issues to consider when dealing with local statistical agencies with well-developed pre-existing methodologies. As a result, there is a need to use more sophisticated models to build on back-of-the-envelope calculations, and to assemble more data and develop better forecasting instruments.

In Africa, it is important to make the best of what little data is available, including using simulation-based M&E, implementing light data collection mechanisms, and relying on qualitative data. In the longer term, however, it is necessary to progressively build stronger mainstream statistical systems and analytical capacity.

Session 3. Looking Forward: Challenges and Opportunities for Strengthening Monitoring Systems

Introduction/Moderator – Michal Rutkowski (SAR)

Panelists:

- Lessons from World Bank responses to the food, fuel, and financial crises – Indermit Gill (ECA)
- Perspectives from low-income countries – Sudhir Shetty (IEGWB)
- Perspectives from middle-income countries – Manny Jimenez (EAP)
- Building the knowledge base and monitoring tools for the future – Martin Ravallion
- Monitoring the effectiveness of World Bank responses – Arup Banerji

Main messages: The panelists focused on the role of the World Bank in improving and strengthening monitoring systems in client countries. The main messages can be summarized as follows:

1. World Bank efforts should primarily focused on working within and strengthening existing systems. Where these systems are weak and information scarce, it was

- suggested that alternative approaches to monitoring (e.g. simulation-based approaches) were used, while new data collection efforts, including those of a more innovative nature, should be as integrated as possible in existing systems.
2. Questions from the audience referred to the discussion in sessions 1 and 2, which had emphasized the need for a creative approach that combines multiple (and in some cases new) sources of information. Panelists were also asked to express their views on the trade-off between working within and strengthening existing systems and the need for timely information that can then be fed into the policy discussion.

Summary of discussion: The final session of the day examined what is required to move forward with the analysis of the crisis. There was consensus that the relevant data requirements are to collect consumption-based poverty measures, price data and appropriate price indices, as well as information on distribution within households and indicators on education and health. It is important to think carefully about transmission mechanisms and counterfactuals, and to tailor the response to each country's particular situation. Even in middle-income countries, high-frequency data is not readily available. It was highlighted that the crisis presents an opportunity to harness increasing political will among governments to bring them on board with the Bank's development goals. A number of other issues were also raised, such as the need to evaluate within projects and to coordinate across departments to ensure that there is no duplication of projects leading to overspending.

There was a lengthy discussion about whether it is better to develop new methods of data collection, such as ad-hoc rapid response surveys, or to use pre-existing Bank surveys with new analytical techniques, such as simulations. The former allows for more flexibility at the expense of accuracy, whereas the latter is more comprehensive but not quick enough to capture the rapidly spreading effects of the current crisis. A related issue was whether the Bank should continue its focus on building capacity among governments, or try to devise more innovative and direct approaches to this particular problem. A tentative conclusion was reached by realizing that new techniques should be used to fill the gaps in what is already available, with the caveat that these techniques be well-linked and incorporated into existing methodologies with the involvement of client governments.