

**The World Development Report for 2000**

***"WDR2000": Poverty and Development***

**An Overview of the Work Program**



***Draft: For Comments Only***

**The World Bank**

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## **I. Basic Approach and Organization**

### ***1.1 Introduction***

The World Bank's Year 2000 World Development Report will be on Poverty and Development. This follows the practice established in the World Development Reports of 1980 and 1990, of preparing a major report every decade on poverty reduction--the institution's overarching priority. The report will be produced in time for the Bank/Fund Annual meetings, in September, 2000. The intensive synthesis and writing phase of the report will be in FY2000 (July 1, 1999 to June 30, 2000), but background work and preparation for the report, throughout the Bank and outside, will start in FY99.

This note proposes, for discussion and comment, an approach to WDR2000 in the context of current policy and analytical concerns. It encompasses the general approach and organization, a program of research and analysis, and a set of proposed consultation mechanisms.

### ***1.2 An Approach to WDR2000: Five Propositions***

The approach suggested here is best summarized by five propositions which reflect current policy concerns and the current analytical literature. They may serve to frame a program of analysis and dialogue in the run up to WDR2000.

1. The standard of living is multidimensional. In discussing poverty and inequality, therefore, alongside the standard, and important, measures based on the levels of income and consumption have to be put other measures which reflect such dimensions as health and education, vulnerability and risk, crime and violence, integration into the mainstream of society, and other factors highlighted by the poor themselves as being important. Moreover, not only must the measurement of the standard of living go below the level of the household to investigate the conditions facing women and children, it must also go above the household level to take into account community level considerations.

2. There has indeed been significant progress in poverty reduction in the last half century. But (i) this progress has been uneven, across countries and across the different dimensions, and (ii) whatever the progress, poverty in its many manifestations persists to an unacceptable degree.

3. The evolution of technology, trade and political systems means that the world stands on the brink of extraordinary opportunity for development and poverty reduction over the next twenty years. Like never before, the potential clearly exists for meeting and

even exceeding the various targets around which the international community is beginning to form a consensus.

4. However, the extent of broad based sharing in the fruits of development is a complex matter, depending on economic, social, political, demographic, environmental, institutional and policy factors. The other side of the coin of extraordinary opportunity, and because of the very same processes, is the risk of increased inequality, increased vulnerability, social exclusion and marginalization of different groups, and social dissolution. These risks are present at the international, national, sub-national (regional and ethnic) , community, household and individual levels.

5. The key issue for the early part of the next century is how to bridge this gap between opportunity and risk. The challenge for policy makers is the design and implementation of institutions, mechanisms and policies at various levels to harness the potential for poverty reduction, by setting a long term course which will access global and local opportunity but allow broad sharing of the gains from development, while managing the short term risks of inequality, vulnerability, marginalization and social dissolution. This is not an easy task, and crucially important will be learning from a detailed evaluation of experiences with actual interventions in the past. It is important to go beyond broad strategies, to draw lessons for implementation which take into account time horizons and social constraints that policy makers actually face.

It should be clear that these propositions are nothing more than the headings for a program of analysis and dialogue. But they do have three very clear implications on the methodological stance of WDR2000. First, it will have to take a micro-level perspective in analysis, as opposed to a purely macro/national level perspective, bringing in poor peoples' own experiences of poverty and responses to it. This will be needed to illuminate the nature of risk and vulnerability, for example, as well as to investigate in detail the processes of sharing in development. Second, it will have to face up to the question of inequality, between persons and between broadly defined groups. This will be needed, for example, if we are to bring in social cohesion as a key determinant of development and poverty reduction. Third, it will have to go beyond standard economic analysis and reach out to the insights and contributions of other social sciences, if we are to better understand the design and implementation of successful institutions, mechanisms and policies for resolving the tension between opportunities for poverty reduction and the risks associated with these very same opportunities.

The heart of WDR2000 will be the analysis and dialogue around proposition 5, drawing implications for policymakers. The 1990 WDR, it will be recalled, also synthesized the then current literature and experiences, and proposed a two part strategy: labor intensive growth and investing in the assets of the poor (especially their human capital). WDR2000 will assess the experience with this strategy, especially how it was implemented in detail, and how the short run consequences were managed. Whatever the outcome of this assessment, it should already be clear that the policy conclusions of WDR2000 will have to be nuanced, finely textured, attuned to the management of

economy, society and polity in real time, and reflect the detail of implementation experience across a range of institutions, mechanisms and policies.

### ***1.3 Organization***

The Year 2000 World Development Report, and the processes leading up to it, will be under the general direction of Joseph Stiglitz, Senior Vice President and Chief Economist of the World Bank. More than ever, WDR2000 will be the result of collaboration and consultation inside and outside the Bank. The report itself will be prepared by a core team (Director: Ravi Kanbur, Cornell University). The process of preparation will be integrated into the World Bank's network structure ( Michael Walton, Director, Poverty Reduction, will be the key contact) and into the research program (Manny Jimenez, Research Manager, Poverty, is the key contact for this). Any one of the these will be able to represent and speak for WDR2000 at the working level.

It is expected that all of the Bank's networks will play a role in the preparation of the report, and many sector families (e.g. social development, rural development, social protection, gender, etc.) are already orienting significant parts of their work program to contribute to WDR2000. Some of the Operational Regions are planning their own region-specific analysis of poverty reduction strategies to coincide with the WDR2000 timetable. The Operations Evaluation Department is launching a major evaluation of the Bank's contribution to poverty reduction since WDR90, and the output from this will feed into WDR2000. The World Bank's Economic Development Institute will be centrally involved in the consultation and dissemination process. In fact, the WDR process will be highly consultative, establishing early and ongoing dialogue contact with the main constituencies outside the Bank, as discussed in the final section of this note.

The WDR2000 core team will come together physically and full time in FY2000. But the Director has already been announced, and the core team will be announced shortly. In FY99 the team will operate as a "virtual team", each individual continuing with their normal work. However, the early announcement of the Director and the team should facilitate closer integration of the preparatory processes--the program of analysis and consultation--with the writing of the report.

## **II. A Program of Analysis and Research**

### ***II.1 Introduction***

The five propositions listed above serve to provide a framework for a program of research and analysis. But the detailed nature of this program depends on the terrain of existing work. In some cases, merely synthesis is required; in other cases, major work programs need to be launched. And the structure should be capable of evolving and adapting as the consultation process progresses, and in fact be integrated into the consultation process. In view of these interlinkages, the strategy proposed here is one of proceeding on three tracks.

(i) The first component is essentially a “topics and subtopics checklist” to ensure that key issues are being covered, through commissioning a number of papers which undertake synthesis of the current literature and some new work.

(ii) The second component of the strategy is a greater emphasis in the early preparatory phase of the report on original research in areas which clearly demand it, where we need to know more, given the current state of knowledge.

(iii) And the third component is a program of workshops at which papers and research findings are presented and discussed, with wide groups of scholars and practitioners, with this program being integrated into the broader program of consultation which will underpin WDR2000, and which is discussed further in the next section.

### ***II. 2 A List of Topics and Subtopics***

In light of the five propositions listed above, the following broad topics and sub-topics are suggested for consideration. As noted above, some of these will require more than one or two commissioned papers--rather, they may involve major research programs themselves, and this is discussed later. It should also be emphasized that there is no implication at this stage for the relative importance of the various topics. This will depend in part on the outcome of the research and the consultation process. At this stage the topics and subtopics serve rather as a check list to get the work program started. The list starts with concepts and measurement, goes on to the analysis of different dimensions of the standard of living and poverty which will also discuss policy issues as they come up, and ends with topics specifically on the design and implementation of institutions, mechanisms and policies. It might look a little like a list of chapter headings for the report--it may be useful to think of it in this way, but it is of course far too early to decide how exactly the material generated will be organized into a chapter sequence.

## 1. Concepts and Measurement

- 1.1 The poor's own perception of the standard of living and poverty.
- 1.2 Social norms, values, conventions and the measurement of poverty.
- 1.3 Frontiers of income/consumption-based measurement of poverty, including poverty lines.
- 1.4 Non-income and non-standard measures of the standard of living and poverty , including risk and vulnerability, crime and violence, and social exclusion.
- 1.5 Conceptual and practical problems in handling multi-dimensionality.
- 1.6 Characteristics of the poor in different parts of the world.
- 1.7 Intra-household , gender and age dimensions of poverty and inequality.
- 1.8 Global evolution of standard and non-standard measures of poverty over the last fifty years.

## 2. Microdynamics of Sharing in the Fruits of Development

- 2.1 Microdynamics of income change in poor households--short and long run patterns and implications for poverty and inequality.
- 2.2 Asset and geographic inequalities and the microdynamics of income change.
- 2.3 Micro-level evidence on the evolution of health and education variables.
- 2.4 Credit markets and access to opportunity.
- 2.5 Intra-household and gender factors in household access to growth opportunities.
- 2.6 Child labor.

## 3. Vulnerability and Risk

- 3.1 Risk and vulnerability as key determinants of poverty.
- 3.2 Special risks and vulnerabilities faced by women and by children.
- 3.3 Responses and coping mechanisms at the individual, household and community levels.
- 3.4 The evolution of risk and vulnerability over the last twenty years.

## 4. Demography and Poverty

- 4.1 Fertility transitions and poverty reduction in different parts of the world.
- 4.2 Age composition evolution: growth and poverty effects.
- 4.3 Alternative patterns of household formation and poverty.
- 4.4 Aids and the poor.
- 4.5 Migration (national and international) and poverty.

## 5. Rural Development and Poverty

5.1 Characteristics of the rural poor.

5.2 Agricultural Productivity, share of agriculture in GDP, and poverty reduction

5.3 Gender inequalities and productivity and distribution in agriculture.

5.4 Evolution of land tenure systems and the prospects for land reform.

5.5 Rural labor markets and the landless poor.

5.6 Biased technological change in agriculture and the poor.

5.7 Agricultural development as a way of tackling urban poverty.

## 6. Urban Poverty

6.1 Urbanization trends and poverty trends.

6.2 Characteristics of the urban poor, including housing and impact of physical insecurity.

6.3 Formal sector urban labor markets.

6.4 Urban crime and violence.

6.5 Productivity growth and distribution in the urban informal sector.

## 7. Environment, Ecology and the Poor

7.1 Common property resources and the microdynamics of poverty.

7.2 Women, environmental resources and poverty.

7.3 Global climate change, poor countries, and poor people.

7.4 Biodiversity and the long-term implications for poverty reduction.

## 8. Inequality, Social Cohesion and Poverty

8.1 Growth, inequality and poverty (Kuznets and post-Kuznets).

8.2 The concept of social cohesion.

8.3 Social exclusion and poverty.

8.4 Social capital, inequality and community.

8.5 Ethnic (and interregional) inequality and social stability.

8.6 Group level vulnerabilities and social stability.

8.7 Social stability and the prospects for development.

## 9. Global Trends and the Poor

9.1 Openness, inequality and poverty.

9.2 Foreign direct investment, inequality and poverty.

9.3 Globalization, risk and vulnerability at the national and sub-national levels.

9.4 Global technical change and inequality between and within countries.

## 10. Lessons from Interventions (Bank and non-Bank)--National Level.

10.1 Overall assessment of the WDR1990 two-part strategy.

10.2 Getting specific on the labor intensive part of the WDR1990 strategy.

10.3 Getting specific on the social investment part of the WDR1990 strategy.

10.4 Incidence of public taxation and expenditure, sectoral reallocations, and the effect on poverty.

10.5 Experiences with retargeting of food and fuel subsidies.

10.6 Macrostabilization, structural adjustment: gender and poverty effects.

10.7 Dealing with macroeconomic shocks--the East Asia case.

10.8 National level safety nets--experiences and cautionary tales.

10.9 Maintaining ethnic and regional balance.

10.10 Aid and poverty reduction

## 11. Lessons from Interventions--Sectoral and Micro

11.1 Education, including reducing the gender gap.

11.2 Health, including the impact of cost recovery.

11.3 Agricultural extension, especially in relation to women's productivity.

11.4 Microcredit and support for microenterprises--monitoring and group incentives.

11.5 Public works schemes and self targeting mechanisms.

11.6 Assessment of Social Funds.

11.7 Famine and refugee relief.

11.8 Urban housing and infrastructure

11.9 Transport--poverty and gender.

11.10 Public interventions and the evolution of common property resources.

11.11 Donor interventions at the sectoral and micro levels.

## 12. Political Economy, Institutional Functioning and Interventions

12.1 The political economy of macro policy making.

12.2 Public sector governance and incentives for efficient anti-poverty interventions.

12.3 Assessment of interventions by civil society.

12.4 Public-private-civil society partnerships for implementing interventions.

12.5 Interactions between community action, local institutions, and outside assistance.

12.6 Voice, participation and empowerment of the poor.

## 12.7 War, conflict and the poor.

## 13. Final Overview

13.1 What is poverty and what has happened to it over the last fifty years?

13.2 What are the technical prospects for achieving international targets for poverty reduction?

13.3 What combination of institutional and policy intervention will best reduce poverty while maintaining social cohesion?

13.4 What are the international prerequisites, and what are the implications for transnational governance structures?

13.5 What is the role of international institutions like the World Bank.?

It should be emphasized once again that these topics and subtopics are nothing more than a check list to ensure adequate coverage during the preparation phase of the report. The sub-topics are not necessarily equivalent in importance, nor will everything necessarily find its way into the report. But at this stage it pays to be inclusive. Thus, for example, the investigations under topics 1-10 will no doubt lead to policy lessons--topics 10-12 are there to make doubly sure that policy and implementation issues are covered adequately. Much of what is listed here is already being worked on in the Bank and elsewhere, and this list may provide a convenient peg on which to hang the different efforts. At the end of the day, WDR2000 will have to present a clear storyline, drawing on, but not being drowned by, the detail that it is essential to have available to formulate strategies for the situations actually faced by policymakers. But if each of the subtopics listed above has one or two background papers prepared on it during the preparatory phase (by a range of contributors inside and outside the Bank), the synthesis phase will have a baseline of materials to draw on.

### *II.3 Some possible areas of early emphasis*

The above list is intended to convey the sense that "a paper or two" will certainly be needed as a minimum in each subtopic. But the overall storyline, and the detailed list of topics, suggest some areas for concerted early effort, in the form of self-standing research projects, to capitalize on the lead time for this WDR. These areas may or may not cut across several topics, but they are certainly areas in which a major effort is likely to be needed--a simple synthesis of existing literature may not be enough. There are already some areas in which substantial work is underway or planned in the Bank, and these will be tapped for inputs to WDR2000. These include major research programs on microdynamics of income distribution, panel studies on dynamics of individuals, groups and communities, geography and poverty, cross-country surveys on social capital, and social exclusion. What follows are suggestions for some other areas--they can be thought of simply as giving greater weight in the initial preparatory phases to certain of the sub-

topics listed above because the analysis and dialogue would benefit from such early emphasis on basic research in that topic.

1. **Poor people's perceptions of poverty**, and their assessment of interventions intended to help them. This is a fundamental consideration for WDR2000, and a two-part approach is proposed. The first is an engagement with in-depth participatory poverty work underway or planned in the Bank. The second is the implementation of a comparable cross country survey of the poor--say in 30 or so countries--which collects information, through structured interview techniques, on the reality of poor people's lives, and the interventions which they themselves consider to be the best to improve their own standard of living. The collation and presentation of this data will be central to the choice of issues to be tackled by WDR2000. Added to this might be a complementary survey on elite perceptions of the same issues.

2. The compilation of an internationally comparable and **consistent data base on different dimensions of the standard of living**, including standard household surveys but also data on health and education and non-standard measures of the standard of living, like vulnerability, physical violence, etc., and disaggregated by gender to the extent possible.

3. A systematic study of **social capital** across countries and how this influences outcomes for the poor. There is increasing evidence that social capital--the norms and values of societies and communities, and informal social networks--can play an important influence on outcomes for the poor (and non-poor) and the effectiveness of interventions. However, there has been little systematic comparative analysis across a significant number of countries. It is proposed to complement ongoing in-depth micro studies with a series of country-level surveys that both assesses social capital for different groups in these societies, and relates this to measures of the standard of living.

4. A series of country studies to see how the **WDR1990 two-part strategy** has played out, and how it needs to be modified. This program of work can be done jointly with country teams in the context of poverty assessments, and in a complementary fashion to the ongoing OED evaluation.

5. Lessons to be learnt from the **microcredit experience**. Clearly, an in-depth study of the global experience with microcredit, using quantitative and qualitative techniques, will be very important for WDR2000. The study would focus on the capacity of these schemes to reach poor people, especially women, to increase productivity and reduce risks, and the institutional reasons for success or failure.

6. The design of responses to the **East Asia crisis** with a view to minimizing short and long term impact on the poor and on ethnic and regional tensions.

7. An assessment of the feasibility of achieving recently agreed international **poverty reduction targets**.

8. **Global changes in trade and technology** and the impact on poverty and social cohesion. There is some work on trade, technical change and inequality, but there is very little on the impact on the incomes and vulnerability faced by the very poor on the one hand, and by competing ethnic and social groups on the other.

9. Evaluations of **non-Bank ground level anti-poverty interventions**, by NGOs, bilaterals, etc. This will complement a major OED study evaluating Bank interventions in light of the WDR90 two part strategy.

10. Assessments of **national level safety nets** as devices for managing short terms risks and vulnerabilities. The focus would be on the lessons learnt from the failures of the 1960s and 1970s in OECD and developing countries, including political economy and implementation problems, and drawing on success stories to propose design principles for the future.

#### *II.4 A Program of Research Workshops*

The output of the work program outlined above will be in the form of papers which can be used as inputs to WDR2000. It is important, however, to have a process of interaction between those working on these topics and subtopics, with each other, with the WDR2000 team, with the research community (in developed and developing countries) and with those outside the world of research and analysis--practitioners and policy makers. The next section discusses in detail a program of consultation which will underpin the WDR2000 process. This consultation will be done through many instruments and media, including conferences and workshops. The output of the work program for WDR2000 will be an important input into this consultation process. But it would be useful to have a series of workshops, integrated into the consultation process but primarily focusing on the research program.

It is proposed that six such workshops be held over the two fiscal years FY99 and FY2000, roughly one workshop every four months or so. These will serve as useful staging posts on the road to the final report, as well as devices for authors to present papers and get feedback from other researchers and from practitioners. Broadly speaking, these workshops would last two to three days, with presentations of fifteen to twenty papers. There could be as many as 30 to 40 participants, including authors and discussants. Most of the workshops would be held outside of Washington, half of them in developing countries, organized by local research institutes, and designed to link into the broader consultation process discussed in the next section. The process would also be closely linked to, and contribute to, capacity building efforts for research in developing countries currently underway.

The content of the workshops would be dictated somewhat by the timing and rhythm of the various research efforts that will get underway. But the earlier workshops

would focus more on concepts and measurement, partly to set the stage and agree on common standards, and partly because much has already been done in this area. The later workshops would focus more on the results of policy evaluations, and in formulating a strategy of poverty reduction for the first decades of the next century.

### **III. Consultation and Dialogue**

#### ***III.1 Introduction***

It is a given that WDR2000 process will be highly consultative--the nature of the topic and the evolving nature of development dialogue demand it. The question is how to design a process which will be comprehensive and responsive, yet efficient and feasible given the constraints on time and budget. This section will first of all list the key constituencies and stakeholders to be consulted, and then discuss some possible instruments for consultation and dialogue.

#### ***III.2 Audiences and Constituencies***

1. The Poor Themselves. The fundamental constituency for WDR2000 are the poor themselves. The process will need to listen to their concerns, through their representatives but also directly, in their own words. The instruments for doing this are discussed in the next sub-section.

2. Civil Society. This is a very broad range of groups which may eventually have to be subdivided into its constituent categories. It includes (in developed and developing countries), community organizations and NGOs, religious groups, the private sector, trade unions, journalists and academics. A range of tailored instruments and modalities will be needed to engage the different parts of this disparate group.

3. Developing Country Governments. This includes the executive branch, but going beyond the usual contacts with the Ministry of Finance to the sector ministries which are key to implementation of poverty reduction strategies. It also includes the legislative branch, especially in newly democratizing countries.

4. Official Agencies. These include agencies of the UN system, other multilaterals, and bilateral aid agencies. The year 2000 will occasion many strategic evaluations by these agencies, and WDR2000 will have to maintain a dialogue with the different efforts that will be underway.

5. Within the World Bank. Finally, WDR2000 will have to keep an ongoing dialogue with different constituencies within the Bank itself--the Regions, the Networks, and the Executive Board.

### *III.3 Instruments and Modalities*

There are a number of instruments and modalities to ensure that the WDR2000 process has the benefit of consultation and dialogue with a broad range of constituencies and stakeholders. Some of these instruments are targeted at certain groups; others have a broader reach. The following are proposed for comment, focusing primarily on constituencies outside the Bank.

1. Direct and participative surveys of the poor, to discover their perceptions of poverty and their assessments of interventions to help them. This is discussed as an important part of the work program in the previous section.
2. Use of alternative media--visual, theatrical, etc.--to reach the poor and to convey their experience to the broader world.
3. The Director and core members of the WDR2000 team will spend some time during the preparation phase in poor areas, talking to poor people directly and through their representatives.
4. A program of country specific interactions, run through the Bank Resident Missions, often in countries where This would cover interactions with governments and parliaments, local academics and journalists, and other parts of civil society.
5. EDI-organized internet based international dialogue, with civil society and others, perhaps through an interactive website, and using existing dialogue networks on the internet.
6. EDI-organized regional fora, reaching regional academics and civil society, and also the Bank's operational and network staff.
7. EDI-organized senior policy seminars, to dialogue on early drafts of the report.
8. A sequence of global level meetings with religious leaders, and with other civil society representatives.
9. Consultation with academics will be targeted through the research program, the program of workshops discussed in the last section, and through the EDI instruments listed here.
10. A program of consultation with official agencies, individually and through common fora.

11. A high level advisory committee of people outside the Bank, drawn from different walks of life, to provide guidance on the report.

12. Frequent seminars and meetings within the Bank, operating through the network families and directly with the regions, and through the corporate secretariat, to keep the Bank on board during the process.

It should be clear that this program of consultation and dialogue is no easy task. But it is essential if the report is to draw on a wide range of experiences and expertise. Each of the above components will be developed in detail over the next few weeks, as a prelude to implementation during FY99 and FY2000.

#### **IV. WDR2000: Products and Processes**

The most visible product of the WDR2000 will most likely be the report itself, providing a synthesis of the relationship between development strategy, structural and social development, and poverty. But there will be other products, not least of which will be the intensive process of consultation set out above, especially the process of interaction with poor communities directly and through participatory research and projects. The research program will produce a combination of conferences and also research papers and volumes, with strong participation of researchers from developing countries. There will be a compilation of data sources on poverty, made available for general use. Inside the Bank, WDR2000 could be accompanied by a World Bank strategy statement with strong institutional ownership. Finally, the material generated during the preparation and consultation could also be converted into training modules for Bank staff and others by EDI.

#### **V. Next Steps**

There is not much time to be lost in getting the preparatory phase of the WDR2000 process. This short overview note is being circulated for comments and discussion. Based on the feedback, the different components, and the division of labor, will be spelt out in greater detail even as certain activities which can await no longer are launched in preliminary fashion. It is hoped that by July 1, 1998 the work program and consultation process will be well and truly launched, with the first of the consultation workshops scheduled for the early Fall and the first of the research workshops to take place in the late Fall. The institutional home within the World Bank for the process during FY99 will be PRMPO (under Michael Walton, Director, Poverty Reduction). The

WDR2000 core team will be announced as a virtual team on July 1, 1998, and come together physically for the writing of the report itself on July 1, 1999.