



**Social Funds as an Instrument  
of Social Protection:  
An Analysis of Lending Trends**

**FY2000-2007**

**Samantha de Silva and June-wei Sum**

**July 2008**

**SOCIAL FUNDS AS AN INSTRUMENT OF SOCIAL PROTECTION:  
AN ANALYSIS OF LENDING TRENDS**

**FY2000-2007**

**Samantha de Silva and June-wei Sum**  
HDNSP

**July 2008**

**Keywords:** Social protection, community-driven development, social funds, lending

**JEL Classification:** I3, I38, Z13

---

**Acknowledgements**

This paper was written as part of the Social Protection Sector Strategy Implementation Update. It was reviewed by Adolfo Brizzi (Sector Manager SASAR), Laura Frigenti (Country Director LCR), Steen Lau Jorgensen (Director SDV), and Laura Rawlings (Lead Specialist LCSHD).

The paper benefited from inputs and advice from Julie Van Domelen. The authors would also like to acknowledge the contribution of Randa El-Rashidi for analysis of ICR data, Ravi Cherukupalli and Feruza Abduazimova who helped with data retrieval and compilation, Task Team Leaders who provided information about individual projects, the Social Funds team in HDNSP and the CDD Group in SDN.

## TABLE OF CONTENTS

<b>1. Introduction.....</b>	<b>1</b>
<b>A. Objectives .....</b>	<b>1</b>
<b>B. Definition of Key Terms .....</b>	<b>1</b>
<b>C. Evolution of the Social Fund Model .....</b>	<b>2</b>
Evolution of Social Fund Objectives .....	2
Evolution of the Institutional Model .....	4
<b>D. Social Funds as Part of the Social Risk Management Framework .....</b>	<b>5</b>
Role of Social Funds within the Social Protection Sector Strategy .....	6
<b>2. Methodology .....</b>	<b>10</b>
<b>3. Review of Social Fund Portfolio, FY2000-2007 .....</b>	<b>11</b>
<b>A. Overall Levels of Social Fund Lending .....</b>	<b>11</b>
Social Fund Lending within the Social Protection Portfolio.....	13
<b>B. Distribution of Social Fund Lending by Region.....</b>	<b>15</b>
<b>C. Distribution of Social Fund Lending by Lending Instrument .....</b>	<b>18</b>
<b>D. Social Fund Lending within the broader CDD Portfolio .....</b>	<b>18</b>
<b>E. Long-Term Stability of the Model.....</b>	<b>19</b>
<b>F. Results and Lessons Learned from Implementation of the FY2000-07 Portfolio .....</b>	<b>20</b>
Assessing Portfolio Quality .....	20
Measuring Performance.....	22
<b>4. Key Messages and Implications for the Future .....</b>	<b>25</b>
<b>A. Key Lessons .....</b>	<b>25</b>
<b>B. Implications for the Future .....</b>	<b>26</b>
<b>REFERENCES .....</b>	<b>28</b>
<b>Annex 1: List of Projects Reviewed FY00-07 .....</b>	<b>31</b>
<b>Annex 2: Implementation Status of Social Fund Projects, 1987-2007.....</b>	<b>33</b>
Table 1: Integration of Social Fund Activities within the Social Risk Management Matrix .....	8
Table 2: Social Fund Lending FY00-07 by Region (in US\$ million) .....	12
Table 3: Social Fund Lending as Percentage of Social Protection Lending FY00-07 .....	14
Table 4: Estimated Lending for Multi-sector CDD Projects Mapped to other Sectors, FY00-07 (in US\$ millions).....	19
Table 5: ICR Outputs and Outcomes FY02-06.....	23

Box 1: Strategic Directions for Social Protection Products, SP Sector Strategy Paper 2001.....	6
Box 2: Poverty and Vulnerability Targeting Methods in Social Funds.....	9
Box 3: Evolution of Social Fund Project Scope .....	13
Box 4: Results from Selected Impact Evaluations of Social Fund Projects. ....	24
Figure 1: Evolution of Social Fund Objectives and Activities (1987 to present).....	3
Figure 2: Institutional Distribution of Social Fund Agencies, FY99-07 .....	5
Figure 3: Social Funds as a Proportion of Total IDA Financing for Social Protection Operations, FY00-07 .....	14
Figure 4: Social Funds as a Proportion of Total IBRD Financing for Social Protection Operations, FY00-07.....	15
Figure 5: Regional Distribution of Social Fund Projects FY00-07 .....	16
Figure 6: Regional Distribution of Social Fund Lending FY00-07.....	16

# **1. Introduction**

## **A. Objectives**

This review of World Bank lending for social funds covers fiscal years 2000 to 2007, and comes twenty years after the establishment of the first World Bank-funded social fund in Bolivia (1987). The review's objective is to assess the evolution of the social funds portfolio, with a specific focus on the fiscal years 2000 to 2007, and the portfolio's role in the implementation of the Social Protection Sector Strategy (SPSS). Lending trends, the evolution of the social funds model, and future implications of the review's major findings are also discussed. The paper was initially prepared as part of the Social Protection unit's Sector Strategy Implementation Update (SSIU, September 2006).

## **B. Definition of Key Terms**

The definition of the term 'social fund' has changed over time, and is often used to describe similar but distinct development activities. Social funds are defined as agencies or programs that channel grants to communities for small-scale development projects. Social fund subprojects involve the active participation of local actors, such as community groups, local governments and NGOs. Social funds typically finance some mixture of socio-economic infrastructure (e.g. building or rehabilitating schools, health centers, water supply systems, feeder roads), productive investments (e.g. micro-finance and income generating projects), social services (e.g. supporting nutrition campaigns, literacy programs, youth training, support to the elderly and disabled), and capacity building programs (e.g., training for community-based organizations, NGOs and local governments).

The relationship between the social funds portfolio and community-driven development (CDD) is an important one that merits clarification. The term 'social fund' was originally a generic term denoting multi-sector, demand-driven mechanisms financed by the World Bank and others, dating back to the late 1980s. As the number of social funds grew, mainly in the Human Development (HD) Network, the term began to be used to describe a brand of operations managed by HD under its Social Protection (SP) Unit. At the same time, a number of 'close cousins' i.e., similar demand-driven, multi-sector projects such as rural investment funds, empowerment funds, were established primarily within the Environmentally and Socially Sustainable Development (ESSD) Network (now part of the Sustainable Development Network).

In the early 2000s, an effort was made to better understand the potential of these community-driven programs within poverty reduction strategies, as part of the Poverty Reduction Strategy Sourcebook. 'CDD' was the internal term coined to denote this broad class of interventions that

transferred control over resources and decision-making from central agencies to communities<sup>1</sup>. CDD is thus defined as an approach to development. Social funds, on the other hand, are instruments that in many cases use a CDD approach, i.e., many social fund activities are driven by community demand. The greater the role of community-level groups in social fund operations, the stronger the presence of the CDD approach<sup>2</sup>.

### **C. Evolution of the Social Fund Model**

This section covers the evolution of social fund objectives over time, as well as the adaptation of the institutional model to meet the changing needs of social fund agencies.

#### **Evolution of Social Fund Objectives**

The first World Bank-supported social fund, the Fondo Social de Emergencia (Emergency Social Fund) in Bolivia was established in 1987. This fund was the first in a series of short-term ‘emergency’ funds used to mitigate the effects of the World Bank’s support to highly visible structural adjustment programs in the late 1980s and early 1990s. While social funds continue to respond to emergencies (such as hurricane Mitch in Central America, the aftermath of conflict in Timor-Leste and the Democratic Republic of Congo, and economic crisis in Thailand), their main role is as free-standing social protection instruments that target under-served populations.

Although the objectives of social funds have shifted over time, many core characteristics persist: social funds are demand-driven, multi-sectoral operations that are typically managed by a semi-autonomous body (often established by decree or law). The broad evolution of social fund activities and objectives is illustrated in Figure 1. These activities and objectives are not mutually exclusive and most funds support several objectives and activities.

During the FY2000-07 period, there was a diversification of social fund goals. The most common trend has been to increase the role of social funds in governments’ decentralization processes, by shifting more responsibility for managing local level investments and providing more direct training and capacity building for overseeing these investments to local governments. In some instances, the community management of resources deepened, with community contracting leading to grassroots-level participatory planning and a search for social capital outcomes (e.g. Romania, Senegal and Argentina). In some cases, divergent and even conflicting goals developed. For example, in some countries social funds that were becoming more integrated with local decentralization efforts were re-centralized to respond to short-term emergency rehabilitation needs (e.g. Nicaragua, Honduras, Madagascar and Jamaica). This change was led primarily by country circumstances. Social funds became the instrument of

---

<sup>1</sup> Dongier, P. et al., 2002.

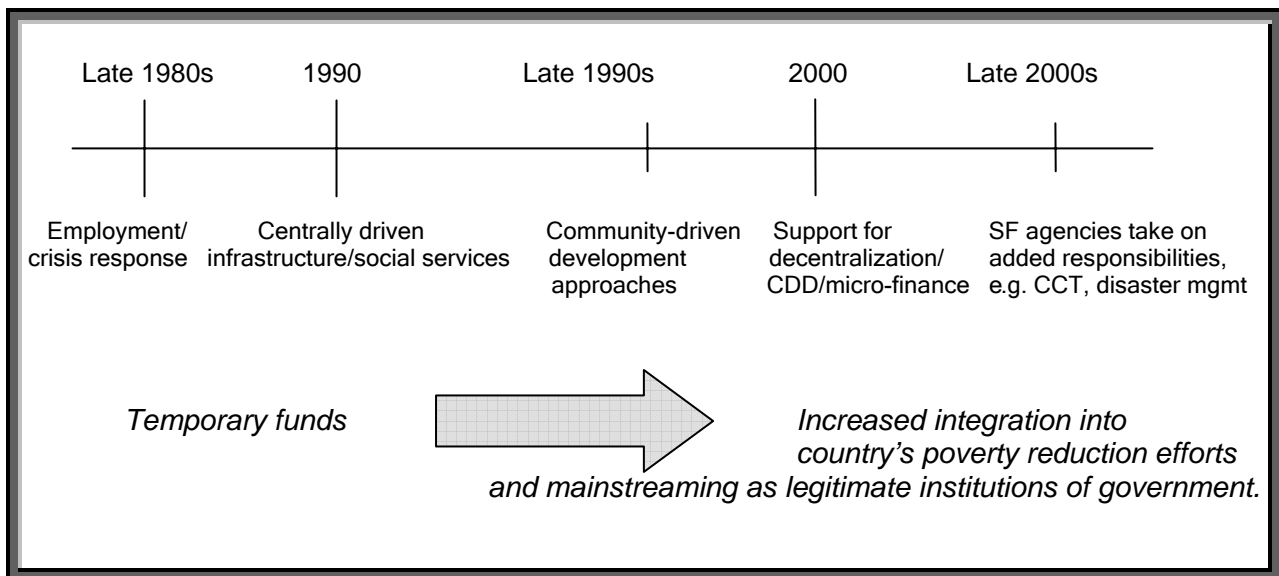
<sup>2</sup> Over half of the social fund portfolio used community contracting whereby community groups directly managed microproject resources. This model was a truer expression of the CDD approach than social funds where a central agency retained a great deal of the responsibilities.

choice in post-conflict countries where weak capacity and the need for quick results combined to make the direct financing of small-scale investments imperative.

The fit of social funds in middle-income countries came about increasingly because of their social protection-related role of reaching certain vulnerable groups and marginalized segments of society. For example, conditional cash transfer programs were piloted out of selected social funds in LAC; and ethnic minority issues were addressed by social funds in Romania and Macedonia.

The timeline in Figure 1 captures the evolution of social fund objectives over time, and reflects changes across the entire portfolio of projects.

**Figure 1: Evolution of Social Fund Objectives and Activities (1987 to present)**



A systematic review of social fund documents for SP-mapped projects approved between FY00-07 found that the most frequently cited project development objectives were<sup>3</sup>:

- i. *Increase access to services via building or rehabilitation of socio-economic infrastructure for under-served populations.* This objective is often considered a defining feature of social funds, and was found in virtually all of the social funds reviewed.
- ii. *Strengthen and support community institutions and local governments.* This objective evolved as a response to increased use of Community Driven Development (CDD) approaches and the decentralization process.

<sup>3</sup> Project Development Objectives paraphrased from Project Appraisal Documents (PADs); a mandatory document for World Bank project preparation.

- iii. *Assist groups affected by specific external shocks, e.g. natural disasters, or economic shocks.* This was a defining objective of most of the first wave of social funds and still relevant in selected social funds today.
- iv. *Provide microfinance services.* This objective is a fairly new feature of social funds, but is already included in social fund projects in several countries, including Yemen, Tajikistan, Morocco, Kosovo and Albania.
- v. *Target vulnerable groups, including women, children, youth, indigenous peoples, ethnic groups and people affected by conflict.* Again, this objective is considered a core feature of social funds. Poverty and vulnerability targeting is an area to which social funds specifically contribute.

### **Evolution of the Institutional Model**

Depending on their legal status, social fund agencies enjoy varying degrees of operational and financial autonomy (See Figure 2). Social funds are often able to hire staff under market-driven terms of employment and make use of “private sector-like” management approaches (e.g., market salaries, performance contracts, competitive recruitment, effective monitoring and evaluation systems, effective communications strategies, etc.) that translate into higher institutional performance than many other institutions of government. The 2002 Operations Evaluation Department (OED) evaluation of social funds states: “Social fund implementing agencies have gained capacity as effective and innovative organizations using transparent procedures to channel resources to communities. Much of this effectiveness is attributed to their autonomous status, which gives them independence in recruiting and operating procedures. They have developed innovative procedures for project management – including management information systems, use of poverty maps, and procurement and disbursement procedures which have been adopted in other Bank projects”<sup>4</sup>.

While the model was sometimes tagged as “parallel” and undermining the core institutions of government, it has in practice sustained itself, and governments have retained the model because of the results it produces. Many governments argue they need a diversity of institutional models within government, especially in low capacity countries. In such contexts, social funds are often seen as “islands of high performance” which can inspire the rest of the system, as opposed to undermining it.

Figure 2 shows the distribution of the institutional model of FY99-07 social fund agencies<sup>5</sup>. This data was obtained primarily through information available from each project’s Project Appraisal

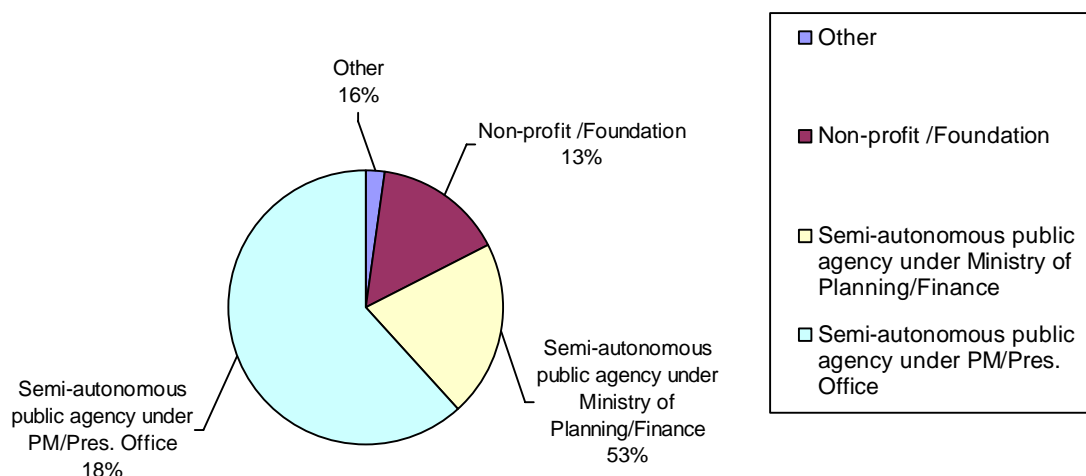
---

<sup>4</sup> OED, 2002, p. xxix

<sup>5</sup> An additional fiscal year FY99 was included in this analysis, and covers a total of 56 social fund agencies.

Document (PAD).<sup>6</sup> The majority of social funds are governed by a board of directors or steering committee comprised of representatives of line agencies, private sector and NGOs which allows for broad cross sector collaboration and dialogue with civil society.

**Figure 2: Institutional Distribution of Social Fund Agencies, FY99-07<sup>7</sup>**



#### **D. Social Funds as Part of the Social Risk Management Framework**

Since 2001, the policy context for the Bank’s work on social funds has been the Social Protection sector strategy paper (World Bank, published in January 2001). The strategic directions for social protection by product type are summarized from this paper in Box 1.

The strategy articulated in 2001 committed the Bank to support clients in their attempts to scale up community-driven development as part of social fund lending. In addition, the strategy paper stated the World Bank would support social funds to:

- Expand the menu of eligible subprojects;
- Target vulnerability in addition to poverty;
- Strengthen means to enhance the flow of services from existing infrastructure; and
- Explore further methods to ensure that the voices of women and other marginalized groups are better heard in setting the development priorities.

<sup>6</sup> 56 Social fund projects and PADs were reviewed (the FY99-07 universe); additional information was provided by individual Task Team Leaders.

<sup>7</sup> The data in Figure 2 reflect the institutional set-up that was designed for the project, but does *not* take into account whether in the course of project implementation the social fund agency maintained its intended operational structure or reporting lines. A review of Bank Implementation Completion Reports of closed social fund projects in this period found that such a shift in operational structure or reporting lines is not uncommon. Source: Project Appraisal Documents (World Bank).

### Box 1: Strategic Directions for Social Protection Products, SP Sector Strategy Paper 2001

PRODUCT	SHIFTS IN STRATEGY REQUIRED BY SOCIAL RISK MANAGEMENT APPROACH
Country strategy work	<ul style="list-style-type: none"> <li>• Promote risk management as a theme in the overall discussion of poverty reduction</li> <li>• Use tools such as the social protection chapter of the Poverty Reduction Strategy Paper (PRSP) Sourcebook to encourage the incorporation of social protection instruments into country strategies</li> </ul>
Analytical and advisory services	<ul style="list-style-type: none"> <li>• Move to more comprehensive and action-oriented sector analyses</li> <li>• Improve dynamic vulnerability aspects of poverty assessments, especially from a gender perspective</li> </ul>
Portfolio management and quality enhancement	<ul style="list-style-type: none"> <li>• Maintain the sector's portfolio in a quality leadership position</li> <li>• Evaluate the explosive growth in lending, and rework existing operations against the new risk management benchmark</li> </ul>
Knowledge management	<ul style="list-style-type: none"> <li>• Expand and maintain reform "primers," which compile current analytical thinking, operational lessons, and case studies into an accessible handbook format</li> </ul>
Lending	<ul style="list-style-type: none"> <li>• Explore new dissemination technologies</li> <li>• Undertake more pilot programs</li> <li>• Employ adjustment operations in countries still in need of first-generation sector reform and initiate second-generation reforms</li> <li>• Scale up community-driven development based on social funds</li> </ul>
Information	<ul style="list-style-type: none"> <li>• Support dissemination of the new risk management and social protection communication approach, including through the World Development Report 2000/1 and the World Bank Institute</li> </ul>
Evaluation	<ul style="list-style-type: none"> <li>• Refine evaluation criteria and benchmarks</li> <li>• Adjust household surveys to better reflect vulnerability indicators including intra-household data</li> <li>• Assess the appropriateness of different risk management instruments</li> </ul>

Source: *Social Protection Sector Strategy; From Safety Nets to Spring Board (World Bank 2001)*.

### Role of Social Funds within the Social Protection Sector Strategy

Social Protection approaches within the Bank have focused on three typologies: (a) public sector approaches, (ii) market-based interventions, and (iii) informal community-based solutions. Traditional social protection interventions have tended to focus on the national and/or household levels (for example delivery of social assistance benefits, development of pension systems, and labor market policies). Communities and community-based organizations which are often the first line of defense for individuals and households in crisis, have received little attention as a unit of analysis. However, access to community-level services and infrastructure as well as social networks can be critical to a household's ability to smooth consumption and protect assets in the face of shocks, particularly in low income countries. For example, proximity to health centers is a critical component of mitigating the risks of malaria and its resulting economic consequences on the household. Access to microfinance institutions has been found to reduce the consumption loss from health shocks. In post-conflict settings, stabilizing community institutions is a means of mitigating risk of future violence.

Social funds, as discussed by Jorgensen and Van Domelen (2001) are uniquely positioned to enable community-based institutions to manage risk due to their close involvement with a range of community, public and market agents, and the rapidity and flexibility of their response. In addition, conceptual work on community-based, informal risk management arrangements was put forth by Holzmann and Jorgensen in the Social Protection Sector Strategy: From Safety Net to Springboard, and was built upon in the 2000/01 *World Development Report* (World Bank 2000).

As discussed in the Sector Strategy paper, social funds are able to deliver a range of social risk management functions for poor and vulnerable populations, e.g., strengthen local institutions (risk mitigation); increase access to basic services (risk reduction); assist groups affected by external shocks through public works program and support to conditional cash transfers (risk coping). Over time, social funds have evolved in the functions they serve for social risk management. The early generation of social funds was mainly focused on risk-coping mechanisms, providing support for employment-creating public works programs. However, by using CDD approaches, social funds have increasingly focused on promoting a whole range of community-level risk management interventions, including risk reduction (improved access to preventive health care, water supply and sanitation, basic education); and risk mitigation (microfinance, support for productive assets). Examples of social risk management interventions implemented by social funds are captured in Table 1. In the table, these examples are juxtaposed onto the Social Risk Management Matrix; the matrix itself lays out a set of strategies and arrangements conceptualized in the Bank's 2001 Social Protection Sector Strategy.

**Table 1: Integration of Social Fund Activities within the Social Risk Management Matrix**

<b>Arrangements and Strategies</b>	<b>Informal</b>	<b>Market-based</b>	<b>Public</b>
<b>Risk Reduction</b>	<i>Social Fund Interventions:</i> - Strengthening informal community-based institutions - Building linkages between community and public/private actors - Enhancing social capital by putting in place processes that promote trust and cooperation at community level		<i>Social Fund Interventions:</i> - Support for socially inclusive policies and legislation. - Increasing access to basic services, (e.g. preventive health care, water supply, primary education) - Promoting participatory local planning processes - Public awareness campaigns for positive behavior change, e.g., health awareness raising, HIV/AIDS prevention, better nutrition. -Support to community-based disaster risk reduction strategies
<b>Risk Mitigation</b>			
<b>Portfolio</b>	<i>Social Fund Interventions:</i> - Support to informal community savings groups - Enhancing social capital by putting in place processes that promote trust and cooperation at community level	<i>Social Fund Interventions:</i> -Increasing access to micro-finance services. - Investments in income-generating activities.	<i>Social Fund Interventions:</i> -Land titling training and related support - Increasing access to legal assistance and legal literacy programs for women and marginalized groups - Training for community members (e.g., vocational training for unemployed youth, adult literacy classes)
<b>Insurance</b>	<i>Social Fund Interventions:</i> Supporting community risk management arrangements, e.g. providing matching grants to burial societies in Africa.		
<b>Risk Coping</b>			
	<i>Social Fund Interventions:</i> - Enhancing social capital by putting in place processes that promote trust and cooperation at community level		<i>Social Fund Interventions:</i> - Support to Public Works Programs. - Support to Conditional Cash Transfers - Temporary employment generation to cope with economic crisis - Interventions to support relief and reconstruction after natural disasters (e.g., Pakistan earthquake, Malawi drought, Honduras – floods etc.)

Note: Social Risk Management Matrix taken from the Social Protection Sector Strategy Paper (2001)

Table 1 demonstrates that social funds utilize all three social risk management strategies – prevention, mitigation and coping -- and also support all three types of risk management arrangements: informal, public, and market-based.

In the WDR 2000/01, social funds are categorized as a publicly provided, formal risk management mechanism. It is important to note that while social funds are publicly provided, they are able to support informal mechanisms for managing risk. This is distinct from other social protection instruments traditionally financed by the Bank such as pension systems, labor market interventions and insurance which primarily serve the formal market, and operate at the individual or household level. By supporting informal risk management strategies at community level, social funds occupy a unique niche within the Social Protection Sector, and provide a

balance in the risk management arrangements used in a country, as called for in the SP Sector Strategy. It has also been able to deliver interventions in the area of risk reduction, which historically has received less attention.<sup>8</sup>

### **Putting the Sector Strategy to Work**

In regard to the social fund portfolio, the Sector Strategy agreed to “support social funds in becoming integral to community-driven development and ...improve project design and implementation to better address vulnerability”<sup>9</sup>. Our analysis of lending trends demonstrate that social funds have delivered on the goal of focusing on CDD and local governance, with nearly all of the social fund projects now including a major focus on building social capital and local organizational capacity. Lending trends also show that many social funds have become more focused on the very poor and vulnerable, and have developed poverty and vulnerability targeting methods and adapted the menu of eligible investments to better meet the needs of the critically vulnerable (support for HIV/AIDS and disabled, widows, support of cash transfers for elderly, orphans etc.). As seen in Section I c. (‘Evolution of Social Fund Objectives’), targeting vulnerable groups, including women, children, youth, indigenous peoples, ethnic groups and people affected by conflict is cited frequently as a core project development objective in a majority of social funds.

### **Box 2: Poverty and Vulnerability Targeting Methods in Social Funds**

As a class of investment instruments, social funds have been at the forefront of using poverty maps to direct resources and in identifying vulnerable populations through inclusive and participatory processes at the local level. A six country study (Rawlings et al, 2004) found that social fund geographical targeting performance tended to be better than other public programs, with the poorest districts or provinces receiving at least their population share based on poverty ranking. A more recent evaluation of social fund and CDD operations in East Asia used evidence from three country programs -Philippines, Indonesia, and Vietnam- to conclude that targeting performance is better in social fund and CDD programs.

Many social funds successfully use a combination of poverty and vulnerability targeting strategies including (i) geographic targeting using poverty maps, (ii) menu and eligibility criteria, and (iii) an inclusive and participatory micro-project identification and implementation process. The use of several targeting methods is necessary to optimize targeting results and to better control for the limitations of any one method.

Source: Van Domelen, J., “Reaching the Poor and Vulnerable: Targeting Strategies for Social Funds and other Community-Driven Programs.” Social Protection Discussion Paper No. 0711. World Bank, June 2007.

---

<sup>8</sup> Social Protection Sector Strategy. 2001, p.16

<sup>9</sup> Ibid, p. 54

## 2. Methodology

The cohort of projects for this review consists of 49 social funds managed by regional Social Protection Units, approved between FY00-07 (Annex 1). A complete stock of social funds approved during 1987- 2007 is listed in Annex 2. This list includes projects approved prior to FY00 which remained active during part or all of the FY00-07 period. Of the social funds approved between FY00-07, 28 are active as of the date of this review, and 21 are closed. The funds are regionally diverse, and include 21 from the Africa region (AFR), 15 from Eastern and Central Europe (ECA), 5 from the Middle East and North Africa (MENA), 2 from East Asia and the Pacific (EAP), and 6 from Latin America and the Caribbean (LAC). There were no social funds managed by Social Protection Sector in the South Asia region (SAR)<sup>10</sup>. Annex 1 contains a complete list of projects reviewed<sup>11</sup>.

Lending data was obtained from the Bank's Business Warehouse data system, and was generated under several Social Protection (SP) themes. The SP theme most frequently used was Theme 51 (used as "Social Risk Reduction" prior to late 2004) followed by Theme 56 (Other Social Protection and Risk Management). For the purposes of this review, only projects mapped to the SP Sector Board were included. Projects with a similar approach to SP-mapped social funds -- i.e. multi-sectoral, community-driven development projects -- that were mapped to other sector boards, namely Social Development, Rural Development, and Financial and Private Sector Development, are referenced but not included in the analysis.

The data were disaggregated and analyzed by volume, year, region, lending instrument, loan type and number of loans per country for social fund operations during FY2000-07. The majority of this paper's analyses take into account only those social funds described above. Where relevant, the broader CDD portfolio figures are also provided (projects with an approach similar to that of social funds and mapped to sectors other than SP).

The documents reviewed included World Bank Project Appraisal Documents (PADs), Implementation Completion Reports (ICRs) and formal evaluations of social funds.<sup>12</sup> Interviews with task team leaders were also conducted and the findings were incorporated into the analysis.

---

<sup>10</sup> Prior to FY00 there were at least two social funds in SAR mapped to SP – in Sri Lanka and in Pakistan. SAR CDD operations are now largely mapped to the Sustainable Development Network (SDN).

<sup>11</sup> A large number of Social Fund operations are also mapped to other sector boards including Social Development, Finance and Private Sector Development, Rural Development and Urban Development. Examples of such projects in FY00-07 include: Bangladesh Social Investment Fund (Rural Development); Pakistan Poverty Alleviation Fund (Finance and Private Sector Development), Jamaica Social Investment Fund (Infrastructure), Kecamatan Development Project (Social Development).

<sup>12</sup> Three particularly important multi-country reviews were carried out in the 2000-2007 period, including HDNSP's six country impact evaluation of social investment funds, a QAG portfolio review of social funds (2006), and an IEG portfolio review of CDD operations (2005).

### **3. Review of Social Fund Portfolio, FY2000-2007**

This section covers overall lending for social funds as well as its distribution by region and by lending instrument. It also reviews social fund lending within the broader CDD portfolio.

#### **A. Overall Levels of Social Fund Lending**

From 1987, when the first social fund was financed, through FY99, the World Bank committed approximately US\$3.5 billion to social funds. This lending covered 98 projects in 57 countries (over one-third of Bank client countries), representing an extremely rapid expansion of a new institutional model across many different country circumstances. This expansion occurred without a central directive or a formal Bank strategy. Instead, the rapid growth can be attributed to demand by developing country governments for social fund programs. Most of these early social funds had one or more co-financiers, which included regional development banks and bilateral agencies. During this period, social funds were usually established as temporary agencies with short to medium-term time horizons, often in response to external shocks. However, as the need for efficient resource transfer mechanisms persisted, and the relative efficiency of social funds was recognized, many social funds were institutionalized and became mainstream agencies of government, albeit often set up as semi-autonomous institutions so that they could adopt efficient management systems.

During FY00-07 the Bank financed 49 social fund projects, committing \$1.9 billion in five of the Bank's six regions. Social Fund activity is summarized in Table 2. Average annual lending during this period was \$238 million, although there were wide variations from year to year as well as a gradual reduction in overall lending by FY07.

**Table 2: Social Fund Lending FY00-07 by Region (in US\$ million)<sup>13</sup>**

FISCAL YEAR	IDA/IBRD SF FINANCING	AFR	EAP	ECA	LAC	MENA
FY00		114.4	21	20	103	75
FY01		260	0	25	120	20
FY02		100	19.4	194*	0	5
FY03		88.3	0	65	0	0
FY04		75	0	24	15	60
FY05		310	0	0	21	0
FY06		0	0	58.5	0	0
FY07		48	0	44.3	0	15
<b>Total</b>	<b>1,900.8</b>	<b>995.7</b>	<b>40.3</b>	<b>430.8</b>	<b>259</b>	<b>175</b>

\* This stock of lending (both active and closed projects) only includes social fund projects mapped to the Social Protection sector and not those mapped to other sectors, most commonly ESSD (Environmentally and Socially Sustainable Development), INF (Infrastructure) or FPD (Finance and Private Sector Development).

Lending/borrowing for social fund operations appears to be cyclical in nature. The peaks and valleys in Bank lending for social funds (Figure 4) seem to reflect the average 3- to 4-year project cycle for social funds. The data indicate that there was a spike in social fund lending around FY00-01, then a lull in new lending as the projects were implemented, followed by an increase in FY05, as a round of new or repeater projects were approved. All of the lending in FY07 was for either repeater projects or supplemental credit. There is more than \$800.5 million in planned lending for social funds in the pipeline of projects for FY08-09.<sup>14</sup> This lending volume represents a substantial increase in the lending levels for social funds in recent years. The Africa region makes up more than half the portfolio of potential new lending with \$405.5 million.

Twenty-one of the 49 social funds implemented during FY2000-07 were repeater projects or follow-on projects with an expanded mandate. Repeater projects are projects whose basic design and effectiveness have been proven and which a borrower proposes to augment or scale up. Social fund repeater projects are scaled up by extending activities into different geographic regions or by increasing the types of services they provide, or both. Follow-on operations with an expanded mandate can be described as new projects with objectives distinct from the original social fund, but implemented by the same social fund agency. They benefit from the institutional and managerial capacity developed within social fund agencies during the implementation of the original project. Box 3 contains examples of both repeater and follow-on projects.

<sup>13</sup> <sup>13</sup> The FY02 ECA portfolio included a \$500 million SIL to the Turkey Social Risk Mitigation Project (P074408). For this table, only the social fund component of the project was counted, *Component III: Local Initiatives (Investment Portion)*, equivalent to \$105 million lending.

<sup>14</sup> Pipeline figures are preliminary.

### **Box 3: Evolution of Social Fund Project Scope**

The Zambia Social Investment Fund (ZAMSIF) grew out of the social fund component of the First and Second Social Recovery Projects in Zambia, implemented between 1991 and 2000. ZAMSIF which was the third incarnation of the operation scaled up by increasing the geographic reach of activities. ZAMSIF closed in FY06 but a follow-on project is now in preparation. The Zambia Local Development Fund Project will expand its mandate to not only fund local investments, but to also support the national decentralization policy, and will be implemented by the ZAMSIF agency.

The Nuestras Raices Project in Honduras (FY04) is a follow-on project to the Honduras Social Investment Project, which itself generated four repeater projects after the success of the original project. The Nuestras Raices Project has a clear mandate to target vulnerable groups, by strengthening the participation and influence of indigenous and Afro-Honduran groups in local development processes, including providing training and technical assistance to these groups in subproject management. The Nuestras Raices team is located within the Fondo Hondureno de Inversion Social (FHIS), the original Social Investment Project implementing agency.

The Malawi Social Action Fund (MASAF) is in its third phase and has also inspired similar projects in neighboring Tanzania and Uganda. MASAF I was approved in 1996 and MASAF II in 1999. MASAF III began in November 2003 as a 12-year program with \$60 million in the pipeline for the first three years. In addition, requests from local communities and civil society groups for a social fund-type mechanism to fund productive investments resulted in a new follow-on project to acquire and administer land. This was approved in FY04, and the Malawi Community Based Rural Land Development project, a Rural Development sector operation, is being delivered through the existing MASAF system.

The large proportion (43 percent) of repeater projects and follow-on projects with an expanded mandate is evidence of the success and demand for social funds. While social funds were originally established as short-term, crisis management tools, in many countries they have evolved into more permanent public institutions that deliver a range of social services and deal systematically with problems of social exclusion and social assistance, while partnering with local institutions to implement activities that benefit vulnerable communities.

#### **Social Fund Lending within the Social Protection Portfolio**

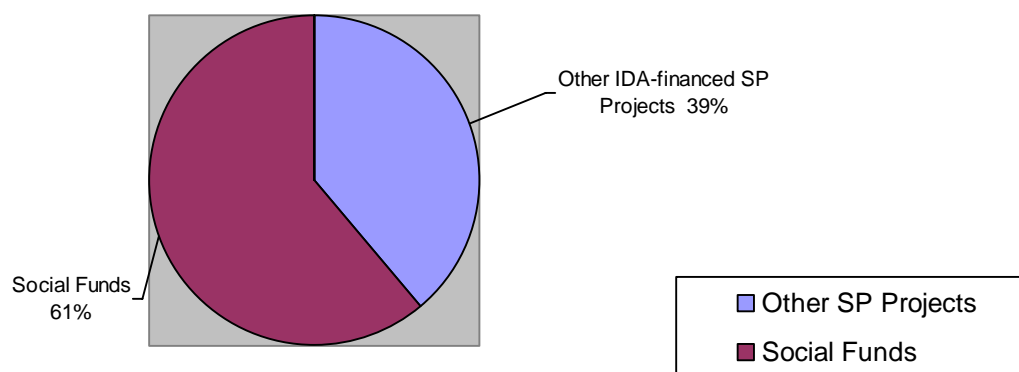
In FY00-07, the social funds portfolio accounted for 18.5 percent of Social Protection lending (see Table 3).

**Table 3: Social Fund Lending as Percentage of Social Protection Lending FY00-07**

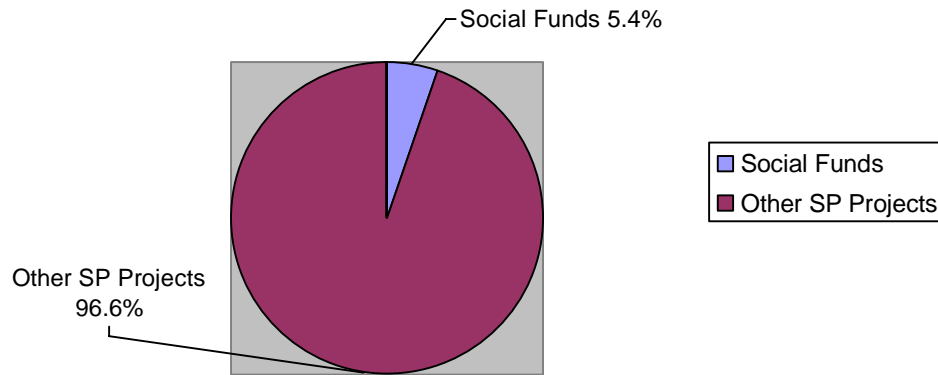
	SF (\$M)	SP AS A WHOLE (\$M)	% IN EACH FY
FY00	333.37	880	38%
FY01	425	1340	32%
FY02	318.35	822	39%
FY03	126.1	1323	10%
FY04	169	1635	10%
FY05	297.7	2108	14%
FY06	58.5	991	6%
FY07	107.3	802	13%
<b>Total</b>	<b>1835.3</b>	<b>9901</b>	<b>18.5%</b>

It is important to note that social funds constitute the largest share of IDA lending (i.e., lending in low income countries) within the Social Protection portfolio -- comprising 61 percent of total IDA financing for social protection operations in FY00-07. In contrast, social funds accounted for 5.4 percent of loans for social protection operations in countries borrowing on IBRD terms (Figure 1 and Figure 2).

**Figure 3: Social Funds as a Proportion of Total IDA Financing for Social Protection Operations. FY00-07**



**Figure 4: Social Funds as a Proportion of Total IBRD Financing for Social Protection Operations. FY00-07**



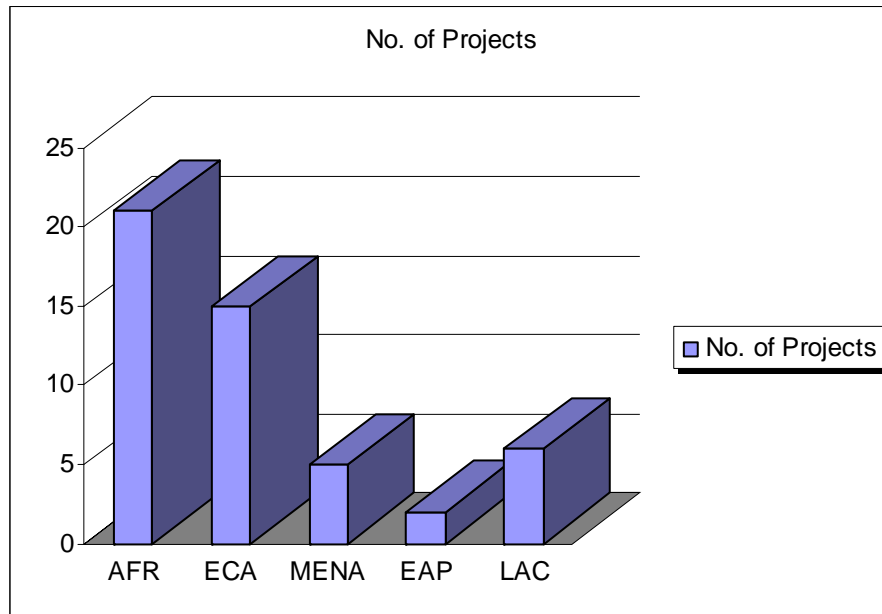
## **B. Distribution of Social Fund Lending by Region**

Regional emphases of social funds lending has varied widely during the period under review. Throughout FY00-07, the Africa region has been the largest borrower for social fund operations amongst the six Bank regions (Table 2). These loans have also been spread among a larger number of projects compared to the other regions (Figure 5). ECA has been the second largest borrower for social funds during this period, although loan amounts are only about 40 percent that of the Africa region's. Social funds financing in LAC for the period totaled \$259 million; in MENA it totaled \$175 million, and in EAP, \$40 million. The trend of the past two fiscal years shows that demand for social funds in Africa remains strong. The region had \$358 million of lending during FY05-07, and another \$252 million in the pipeline for FY08-09.<sup>15</sup>

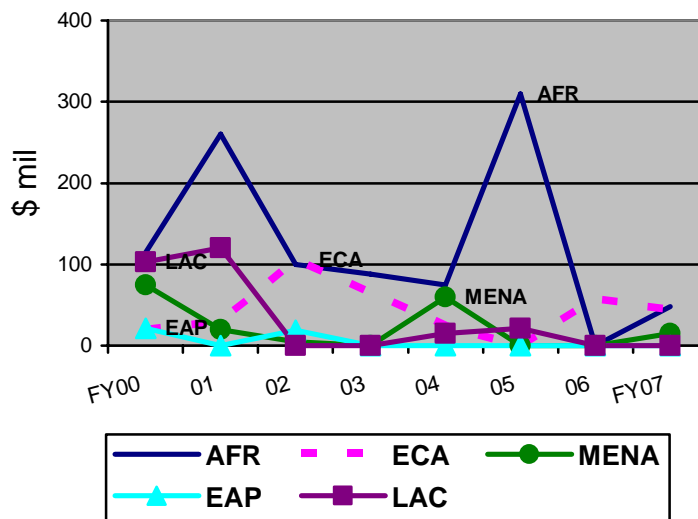
---

<sup>15</sup> Pipeline figures are subject to change.

**Figure 5: Regional Distribution of Social Fund Projects FY00-07**



**Figure 6: Regional Distribution of Social Fund Lending FY00-07**



Key observations of the regional portfolio data are:

- *East Asia and the Pacific* has the **lowest number of social fund projects**, one each in Timor-Leste (closed) and Lao PDR (active as of the date of this review). The community-driven development approach, however, is well established in projects such as the Kecamatan Development Project in Indonesia, and there are large CDD operations in Vietnam and the Philippines managed by the Sustainable Development Network.

- *Africa* has the **largest number of social fund projects, which account for 50 percent of the current Social Protection portfolio** in Africa (as of February 2006). With a 96 percent satisfactory rating by the Operations Evaluation Department (2005)<sup>16</sup>, the social funds portfolio is one of the best performing portfolios in Africa.
- *Eastern and Central Europe* relies on social funds as an important part of the Social Protection portfolio with **40 percent of all SP projects being social investment funds** (as of February 2006). The social funds model itself appears to be well accepted. In at least two countries, Slovakia and Serbia, social funds have been established with funds from sources other than the World Bank.
- *The Middle East and North Africa* social protection portfolio during FY00-07 has consisted almost entirely of social fund operations. **100 percent of SP lending (IBRD and IDA) in the region during this period was for social fund operations.** The other five (out of a total of nine) SP board mapped projects were in the West Bank and Gaza, and financed by emergency grants for a range of SP activities. Within the countries that borrowed for social funds, the social fund operation was often an important part of the country's overall social protection efforts. For example, the Yemen Social Fund for Development accounted for over 40 percent of public expenditure in social protection in 2005. The Egypt Social Fund for Development accounted for about 13 percent of public expenditure in social protection for 2004, while the Morocco Social Development Agency accounted for 4 percent of that country's public spending on social protection in 2003.
- *Latin America and Caribbean region* led the development of social funds in the 1990s and initially had the largest portfolio of social funds lending across all regions. As of the date of this analysis, **social funds lending in LAC is much lower than in earlier years, but none of the regional funds have closed.** This continuity in activity has largely been a result of new financing from the Inter-American Development Bank (IDB) and other donors while the Bank has reduced its support. Moreover, as a result of participatory processes becoming mainstreamed in local governments in LAC, many social funds have been used to support decentralization processes. For example, the Bolivian Social Investment Fund was initially financed through stand alone investment operations, then through components of sector investment operations and subsequently via decentralization programmatic lending. In some LAC countries, social funds have also been instrumental in providing an institutional platform for developing innovative social assistance and other social protection interventions, such as conditional cash transfer programs in El Salvador and Nicaragua, and emergency community feeding programs in Argentina.

---

<sup>16</sup> Renamed Independent Evaluation Group (IEG) in 2005.

### **C. Distribution of Social Fund Lending by Lending Instrument**

A wide variety of lending instruments have been used to support social funds. In terms of IDA credit versus IBRD lending for social funds, the number of projects is concentrated most heavily in IDA countries: 37 of the 49 social fund projects reviewed were financed by IDA credits, eleven projects utilized IBRD financing and one, St. Lucia, used a ‘blend’ of IDA and IBRD financing. Two social fund projects (in IDA countries), the Democratic Republic of Congo, Timor-Leste respectively, were financed by Trust Funds.

Five types of lending instruments were used to finance the social funds reviewed: Specific Investment Loans, Sector Adjustment Loans, Learning and Innovation Loans, Adaptable Program Loans and Emergency Recovery Grants and Loans.<sup>17</sup> The majority of social funds in FY00-07 were financed by Specific Investment Loans (38 projects). Sector Adjustment Loans were used in Angola and Turkey following economic crises in both countries while Learning and Innovation Loans were used in St. Lucia and Lesotho as a means to test the approach.<sup>18</sup> Multi-phase Adaptable Program Loans were used in Zambia, Senegal, Malawi and Romania. For example, in Malawi, the social fund program takes a medium- rather than short-term view of MASAF as a social policy instrument, moving from a series of sector investment loans to an APL format. MASAF III began in November 2003 as a 12-year program and is scheduled to end in 2015. Emergency Recovery Grants were used by Timor-Leste and the Democratic Republic of Congo; while Liberia undertook an Emergency Recovery Loan.

### **D. Social Fund Lending within the broader CDD Portfolio**

The social fund model has had significant impact on Bank projects far beyond Social Protection. In preparing this analysis, an estimate was made of World Bank financing for Community Driven Development projects that are similar to social funds, and which are managed by sectors other than Social Protection. These operations are based on the social fund model and support central or state level agencies for the provision of grants to communities and local governments for multi-sectoral subprojects. These figures do not include single-sector operations that use a CDD approach. The total estimate of lending for FY00-07 for such projects is \$14.4 billion (see regional breakdown in Table 4), it is more than seven times the amount of Social Funds lending managed by Social Protection between FY00-07.<sup>19</sup>

---

<sup>17</sup> Sector Adjustment Loans were replaced by Sector Investment and Maintenance Loans (SIMs) as of FY05. Of the current loan types, Technical Assistance Loans (TAL) and Financial Intermediary Loans (FIL) have not been used to finance social funds. The former because TALs are used specifically to support institutional capacity building, while social funds also require infrastructure investment. The latter because social funds are not financial institutions.

<sup>18</sup> LILs are loans of \$5 million or less financing small, experimental, risky and/or time-sensitive projects in order to pilot promising initiatives and build consensus around them, or experiment with an approach in order to develop locally based models prior to a larger-scale intervention.

<sup>19</sup> These figures are indicative.

**Table 4: Estimated Lending for Multi-sector CDD Projects Mapped to other Sectors, FY00-07 (in US\$ millions)**

ESTIMATED WB CDD LENDING FY00-07 (US\$ MILLIONS)	TOTAL	FY00-03	FY 04-07
AFR	3851.5	1727.4	2124.1
ECA	1013.9	721.4	292.5
MENA	716.5	388.9	327.6
EAP	2545.5	1105.7	1439.8
LAC	2040.2	1347.1	693.1
SAR	4189.9	1368.3	2821.6
<b>ALL REGIONS</b>	<b>14357.5</b>	<b>6658.8</b>	<b>7698.7</b>

While Table 2 shows that Social Protection-mapped lending for social funds has been decreasing in most regions – in particular in ECA, MENA and EAP – Table 4 shows that multi-sector CDD operations continue to be implemented in these three regions but are mapped to other sectors. Most significantly, in the EAP region, over \$2.5 billion has been loaned for non-SP mapped, multi-sector CDD operations between FY00-07. The majority of these projects were mapped to SDN. Lending to these projects was much larger than the \$40 million EAP social funds loan portfolio in FY00-07 that was mapped to Social Protection. In LAC, the amount of lending for multi-sector CDD operations was almost 8 times that of financing mapped to SP social fund operations (\$2 billion versus \$259 million). The majority of LAC’s multi-sector non-SP CDD operations were mapped to SDN. Lending for similar projects has actually been highest in South Asia for this period, with \$2.8 billion made in loans that were primarily mapped to SDN. There is no SP-mapped lending for such operations in South Asia.

### **E. Long-Term Stability of the Model**

In assessing the stability of the social funds model, it is important to look beyond Bank lending figures. The model’s stability can be analyzed by looking at the status of social funds that are no longer financed by the Bank.

The general conclusion can be drawn that, with or without Bank financing, governments have managed to sustain social funds. Of the 48 social funds that received support from the Bank between fiscal years 1987 to 2000, the vast majority (35) still operate in some form (See Annex II). For example, in the LAC region, of the 14 countries that had social funds financed by the Bank during FY1987-2000, only two still receive funding via Bank SP-managed operations.

Although 13 funds continue to exist, the majority of them are financed by the Inter-American Development Bank.

In the Africa region, there are few external financiers filling in the gap for withdrawal of Bank financing, but the substitution of non-SP managed operations for previously SP-managed operations is an increasing phenomenon (e.g. Senegal). There are a number of factors that appear to drive this tendency. First, the overall impressive results of social funds have earned them a permanent position in the institutional responses by many governments to poverty reduction. Most governments recognize that social funds have been one of the few institutions to successfully deliver results in poor communities, and therefore do not close them upon completion of shorter-term objectives, as was originally intended. Second, while the Human Development Network has had an increasingly smaller ‘market share’, the total portfolio of similar CDD operations is expanding. Additionally, with the rise of other Networks claiming resources for CDD initiatives, part of the HD portfolio has migrated to other Networks. However, the basic task of perfecting the demand-driven community-level investment mechanisms has continued.

## **F. Results and Lessons Learned from Implementation of the FY2000-07 Portfolio**

### **Assessing Portfolio Quality**

OED (now the Independent Evaluation Group-IEG) conducted a portfolio review of social funds that assessed impacts, including institutional development issues, such as integration with broader poverty reduction strategies. *Social Funds: Assessing Effectiveness*, (OED 2002), reviewed the development effectiveness of social fund projects and implications for future Bank support. Overall, the report found that the operational focus of social fund projects has been broadly consistent with Bank and government poverty-reduction objectives.<sup>20</sup> Social fund agencies, the report observed, have developed capacities as “effective and innovative organizations”.<sup>21</sup> However, the report highlighted several areas where social fund performance warranted more attention and outlined the following recommendations<sup>22</sup>: (a) strengthen integration of social funds into country and sector strategies and Poverty Reduction Strategy Papers (PRSPs); (b) more attention to long term impacts; (c) ensure efficiency of resource allocation; (d) develop policy requirements for support to social funds. Of the 23 closed projects as of end of FY00, 96 percent were rated “satisfactory” on outcome by IEG. This outcome rating compared favorably with outcome ratings for all World Bank projects (71 percent satisfactory on average).<sup>23</sup>

---

<sup>20</sup> p. xv

<sup>21</sup> p. xi

<sup>22</sup> pp xix - xxi

<sup>23</sup> p. 6

IEG reviewed the broader CDD portfolio in 2005 (*The Effectiveness of World Bank Support for Community-Based and Driven Development: An OED Evaluation*). Many of the themes from the social fund evaluation were echoed in this later report. The outcome ratings of Bank-supported Community Based Development (CBD) and Community Driven Development projects were found to, on average, have been better than those for non-CBD/CDD projects between 1994 and 2003<sup>24</sup>. In addition, between 1999 and 2003, the outcome rating for CBD/CDD projects in post-conflict countries was better than the outcome rating for CBD/CDD projects in non-conflict countries.

The overall recommendations for future Bank support for CBD/CDD were to (a) strengthen operational guidance and management oversight at the corporate level; (b) design the CBD/CDD program as an integral part of the overall country assistance strategy; and (c) give priority to help countries to build up existing indigenously mature initiatives.<sup>25</sup>:

More recently, in March 2006, the Bank's Quality Assurance Group (QAG) carried out a portfolio review based on a sampling of 90 operations from Quality at Entry (QEAEA4-7) and Quality of Supervision (QSA 5-6 SF/CDD operations). The results highlighted that social fund and CDD operations are a strong cohort (better satisfactory outcomes and Quality of Supervision) than Human Development and Bank-wide averages, despite being designed and implemented under challenging country circumstances<sup>26</sup>:

- Development effectiveness: better ratings on Development Effectiveness as compared with HD and Bank-wide ratings.
- Outcomes: lower percentage of unsatisfactory outcomes compared with HD and Bank-wide ratings.
- Sustainability: likely sustainability was higher than HD and Bank-wide averages.
- Institutional development: substantially stronger on institutional development as compared to HD and Bank-wide averages.
- Portfolio management: social fund/CDD operations generally do better than the Bank-wide projects in recognizing risks. This is reflected in high realism and pro-activity ratings.
- Quality at Entry: social fund/CDD projects are on par with Bank for strategic relevance and approach, technical financial and economic aspects, poverty and social aspects, fiduciary aspects, policy and institutional aspects and risk assessment.
- Quality of Supervision: overall ratings are ahead of HD and Bank's overall performance.

---

<sup>24</sup> p. xi

<sup>25</sup> p. xiv

<sup>26</sup> "Operational Quality of Social Fund/CDD Operations: Some Trends and Issues," presentation by Prem Garg, Director Quality Assurance Group, March 2006.

## Measuring Performance

Given the rapid scale-up of social funds through the late 1990s, measuring the performance of this portfolio became a priority. The Social Protection Anchor (HDNSP) supported a six-country impact evaluation in 2004 which was based on household and other survey data, and utilized accepted evaluation methodologies (Rawling et al, 2004).

The general findings of the study showed several positive impacts of social funds:

- Social fund resources are pro-poor and targeting has improved over time. Despite some leakage to better-off households and regions, social fund performance compares favorably with other public programs.
- Investments largely reflected community needs and priorities, and beneficiaries were satisfied with the results.
- Results were consistent in showing increased access to, quality of and utilization of, basic social infrastructure.
- Social fund benefits generally translated into improvements in the health and education status of households, but specific impacts varied by country, sector and region.
- The vast majority of facilities supported by social fund agencies were operating several years after completion, but long-term sustainability in some sectors – particularly water supply and sanitation – was sometimes problematic given insufficient cost recovery.

Data on the results of the social funds portfolio have been analyzed using various evaluative approaches. The most basic of which is the counting of outputs including physical outputs financed and built by social funds projects, the number of beneficiaries reached, trainings conducted etc. Much of this data are captured in the Implementation Completion Reports (ICRs) of the projects when the project closes. Table 5 summarizes the outputs of twenty social fund projects, which closed between FY02-06 based on a review of the project Implementation Completion Reports (ICRs)<sup>27</sup>.

---

<sup>27</sup> The review of Implementation Completion Reports (ICRs) is based on a list of ICRs for 20 projects mapped to the SP Sector Board under Theme 56, 'Other Social Protection', and which closed between FY02-06.

**Table 5: ICR Outputs and Outcomes FY02-06**

<b>Social Funds</b>
<b>Beneficiaries</b>
20 projects financed 90,098 multi-sector, demand-driven subprojects which increased access to local infrastructure and services for about 76 million direct and indirect beneficiaries.
<b>Institutional strengthening</b>
<ul style="list-style-type: none"> <li>• 12 projects provided direct and on the job training to about 400,000 poor and vulnerable people who were formed into Community Management Committees. These Committees were responsible for the identification, management of resources, and monitoring and evaluation of small scale development investments.</li> <li>• 12 projects built capacity within local and national governments to implement comprehensive Management Information and Monitoring and Evaluation systems. 5 projects were able to conduct impact evaluations using data collected during the project implementation process.</li> </ul>
<b>Legal framework/policy reform</b>
Five operations mainstreamed CDD approaches into decentralization policy framework -- introducing more transparency and accountability. Four operations piloted innovations in decentralized service delivery and one in social inclusion of marginalized ethnic groups. Two operations supported dialogue around Social Protection policies. One operation in particular piloted a CDD approach in land reform – this increased political support for land reform.
<b>Physical outputs</b>
Of the 90,098 subprojects delivered: 43% was for roads, 35% microfinance, 21% water and sanitation, 23% social assistance, 21% schools, and 10% other sub-projects and 6% for health. Note: The total percentage exceeds 100% because each community-managed sub-project can finance several different interventions.

*Data source:* World Bank Implementation Completion Reports; information compiled in December 2006 for the Social Protection Sector Strategy Update.

The data show an impressive number of beneficiaries impacted by the twenty projects – 76 million – and over 90,000 sub-projects implemented in order to improve access to a range of social services. However, the indicators tabulated in the ICRs are primarily indicators of process or outcome, and do not capture the full impact of the project. Social funds have attempted to investigate their impact using various approaches since their introduction in Latin America at the end of the 1980s (see, for example, Goodman et al 1997, Khadiagala 1995, and Marc et al 1993, all as cited in Chase, 2002).

“Getting an Earful: A Review of Beneficiary Assessments of Social Funds” (1998), an 8-country review of beneficiary assessments found that “the impacts of social fund interventions were largely positive. Moreover, the assessments were able to identify factors that contributed to these results. Impacts were concentrated mainly in providing access to and improving the quality of basic services with some evidence of ancillary capacity effects (both at the community and individual level). Potential indirect income effects were less clear, or not explicitly explored in the Beneficiary Assessments.” (p. 30).

As the trend for assessing impact increased within the Bank in the 1990s, social funds began experimenting with using quantitative techniques as part of their evaluations. Bolivia was the first social fund to conduct an evaluation using quantitative methods (Pradhan et al, 1998;

Newman et al, 2000). To provide deeper, more diverse evidence on the impact of social funds, in 1997 the World Bank initiated a multi-country analysis (Rawlings et al, 2004). Since then, a growing number of impact evaluations have been conducted for social funds including for the Honduran FHIS (Walker et al, 1999), Nicaraguan FISE (World Bank, 2000), Peruvian FONCODES (Paxson and Schady, 1999), Zambia Social Recovery Program (Chase and Sherburne-Benz, 2000), Jamaica Social Investment Fund (Rao and Ibanez, 2001), the Armenia Social Investment Fund (Chase, 2002), the Yemen Social Fund (Walker et al, 2003) and the Malawi Social Action Fund 3 APL 1 Impact Evaluation (JIMAT Development Consultants, 2008).

#### **Box 4: Results from Selected Impact Evaluations of Social Fund Projects.**

- **Bolivia, Fondo de Inversión Social (FIS)**

Newman et al, 2002. "An Impact Evaluation of Education, Health, and Water Supply Investments by the Bolivian Social Investment Fund."

The Bolivia social fund investments in health centers brought about significant improvements in their physical characteristics and in their utilization. Both the share of women's prenatal care and the share of births attended -- two important factors affecting under-age-five mortality -- increased significantly. 19% of women in the treatment group (those living in communities with FIS financed health projects) received pre-natal care, versus 7% of women in the comparison group. Close to 7% of births were attended by trained personnel in the treatment group, compared to only 2% in the comparison group. Investments in small community water systems were found to have no major impact on water quality until they were combined with community-level training. However, such investments did increase access to and the quantity of water provided. This increase in quantity appears to have been sufficient to generate declines in under-age-five mortality similar in size to those associated with the health interventions. Data from before and after the FIS water supply investments in Chaco and the Resto Rural show that the main changes were a reduction in the distance to the water source (for example, in Chaco the distance was reduced from about 211 meters to 598 meters) and, in the Resto Rural, a substantial improvement in sanitation facilities (the fraction of households with sanitation facilities increased from 27% to 71% between 1993 and 1997).

- **Armenia, Social Investment Fund**

Chase, 2002. "Supporting Communities in Transition: The Impact of the Armenia Social Investment Fund".

The results show that the social fund reached poor households, particularly in rural areas. Education projects increased school attendance. In treatment communities 87% of primary school-age children were in school. This was higher than the 79% in school in communities where an ASIF project had been approved but not yet completed (termed pipeline communities). Potable water projects increased household access to water and had mild positive effects on health. For example, in ASIF treatment communities 93 percent of households had access to cold running water, compared with 85 percent in matched communities and 72 percent in pipeline communities. Further, 92 percent of households in ASIF communities had central water systems, significantly more than in both matched communities (83 percent) and pipeline communities (68 percent).

Communities that completed a social fund project were less likely than the comparison group to complete other local infrastructure projects, suggesting that social capital was expended in these early projects. By contrast, communities that joined the social fund later and had not yet completed their projects took more initiatives not supported by the social fund.

- **Jamaica, Social Investment Fund**

Rao and Ibáñez. 2001. "The Social Impact of Social Funds in Jamaica: A Mixed-Methods Analysis of Participation, Targeting and Collective Action in Community Driven Development".

This paper developed and used an evaluation method that combined qualitative evidence with quantitative survey data analyzed with propensity score methods, on matched samples, to study the impact of a participatory community driven Social Fund on preference targeting, collective action, and community decision making. The qualitative data revealed that the social fund process is elite driven and decision making tends to be dominated by a small group of motivated individuals. However, by the end of the project there was broad based satisfaction with the outcome. The quantitative data from 500 households mirrored these findings by showing that ex-ante the social fund does not address the expressed needs of the majority of individuals in the majority of communities. By the end of the construction process, however, 80 per cent of the community expressed satisfaction with the outcome.

## **4. Key Lessons and Implications for the Future**

### **A. Key Lessons**

The key lessons learned from this review include:

- The evaluative evidence (IEG, QAG, Anchor evaluations) of Social Funds points to significant development impact by delivering basic social and economic services in poor communities and by strengthening local-level capacities for improved local governance.
- Social Fund agencies have in many countries demonstrated the merits of their institutional model as efficient, semi-autonomous bodies focused on promoting concrete results at the local level. Because of their effectiveness, Social Funds have continued to exist beyond their originally intended short-term horizon, often funded from government budgets and/or by other donors after World Bank financing ended; and have become an important element of the national system of service delivery.
- Social funds are flexible institutional instruments. Social funds' objectives have evolved over time in line with the changing country context and government needs. Although, they were often created for specific purposes (e.g. safety nets for vulnerable groups during crisis), they gradually took on a larger number of development objectives (e.g. delivery of basic services, capacity-building of local institutions, etc.).
- While there has been in recent years a reduction in the size of the Social Fund portfolio of the Social Protection sector, the portfolio remains significant – in particular in IDA countries where Social Funds represent 61 percent of Social Protection lending.
- The social fund model has had significant impact on Bank projects far beyond Social Protection. Characteristics of the social fund model have been absorbed by operations supported by several other sector units, including Infrastructure, Rural Development, Social Development, Finance and Private Sector, as well as by other donors.
- While the Human Development Network has had a decreasing 'market share', the total portfolio of multi-sector, demand driven CDD operations is expanding, especially in the Sustainable Development Network.
- While social funds are publicly provided, they are able to support informal mechanisms for managing risk. This is distinct from other social protection instruments traditionally financed by the Bank which primarily serve the formal market and operate at the individual or household level. By supporting informal risk management strategies at community level, social funds occupy a unique niche within the Social Protection Sector, and provide a balance in the risk management arrangements used in a country.

- In spite of their positive impact, outstanding questions remain regarding the comparative advantage of social funds as part of national development strategies:
  - How can social funds be better positioned as part of national systems of social protection?
  - Given the de facto important place of social funds as institutions of government, what is their logical place in the institutional fabric of developing countries?
  - How can the Social Protection Sector continue to learn from the operational experiences of the large number of social funds that continue to exist after World Bank support has ended, and from similar institutional instruments supported by other Sector units?
  - How should social funds be strengthened to play constructive roles in fragile states and post-conflict contexts?

## **B. Implications for the Future**

Based on the above findings, four directions for the future are proposed:

1. A key direction is to better embed social funds as part of the Social Protection policies and programs that form a cornerstone of national development strategies. Experience shows that social funds have the potential to efficiently deliver a range of social risk management functions for vulnerable groups: risk-coping safety nets such as conditional cash transfer and public work programs; risk-mitigating programs supporting community-driven delivery of basic social and economic services; and risk-reducing programs developing capabilities of community institutions and local governments as part of demand-based efforts to strengthen local governance. Social funds are particularly well suited to support informal, community-based risk management mechanisms that often fit well with contexts where formal social protection programs (e.g. pensions, labor market policies) are not sufficient.
2. Given the dispersion of the portfolio of social funds and similar instruments across sectors, and the fact that the Bank has now exited from a number of social fund programs, learning efforts should focus on the broad range of multi-sector programs working in support of local institutions managed by the different World Bank Networks (in particular the Human Development and the Sustainable Development Networks), as well as on Social Fund programs no longer supported by the Bank.
3. An important comparative advantage of the social fund programs is that they are semi-autonomous institutional models, able to achieve levels of efficiency often higher than

traditional central institutions of government. Learning efforts should therefore include attention to the place of social fund instruments as part of the central-level institutional fabric of the State, able to complement longer-term efforts aiming to reform the ministries and to decentralize authority and institutional capacity at sub-national and local levels of government.

4. It will also be important to focus learning efforts on lessons learned from the experience of social funds and similar instruments in fragile and post-conflict environments – often characterized by weak institutions and by the need for rapid and visible results. The relevance of social funds to such contexts comes both from the ability of the model to rapidly establish strong professional capacity at the central level, as well as to build capacity at the community and local government levels.



## REFERENCES

- Adam, Sarah. 2006. *Evaluating Social Fund Impact: a Toolkit for Task Teams and Social Fund Managers*, Social Protection Discussion Paper, No. 0611, Human Development Network, World Bank, Washington DC.
- Aiyar, S. and Binswanger, H. Scaling Up Community Driven Development: Theoretical Underpinnings and Program Design Implications, World Bank Working Paper 3039. Washington D.C.
- Bhatia, Mukhmeet. 2005. "Social Funds: A Review of Public Sector Management and Institutional Issues." Social Protection Discussion Paper 0508. Washington, D.C.: World Bank, Social Protection Unit.
- Chase, Robert. 2002. "Supporting Communities in Transition: The Impact of the Armenia Social Investment Fund", *World Bank Economic Review*, Vol. 16, No. 2, 2002, pp.219-240.
- Chase, Robert and Lynne Sherburne-Benz. 2000. "Zambia Social Recovery Project: Evaluating the Household Impact", Social Funds 2000 Study, World Bank, Washington, DC.
- de la Briere, Benedicte, and Laura B. Rawlings. 2006. "Examining Conditional Cash Transfer Programs: A Role for Increased Social Inclusion?" *Social Safety Net Primer Series*. Washington, D.C.: World Bank.
- de Silva, Samantha. 2005. "Leveraging Social Funds for a Broader Risk Management Agenda." Presentation at Social Protection Retreat, December 2005. Washington, D.C.: World Bank, Social Protection Unit.
- de Silva, Samantha. 2007. "Social Funds as Social Protection Instruments." Presentation at Africa Social Protection Retreat, March 2007. Washington, D.C.: World Bank, Social Protection Unit.
- Dongier, Philippe, Julie Van Domelen, Elinor Ostrom, Andrea Rizvi, Wendy Wakeman, Anthony Bebbington, Sabina Alkire, Talib Esmail, and Margaret Polski. 2002. "Chapter 9: Community-Driven Development." in *Poverty Reduction Strategy Sourcebook*. Washington, DC: World Bank.
- Frigenti, Laura, Alberto Harth, with Rumana Huque. 1998. *Local Solutions to Regional Problems: The Growth of Social Funds and Public Works and Employment Projects in Sub-Saharan Africa*. Washington, D.C.: World Bank, Africa Region.
- Goodman, Margaret, Samuel Morley, Gabriel Siri, and Elaine Zuckerman. 1997. *Social Investment Funds in Latin America: Past Performance and Future Role*. Washington, D.C.: Inter-American Development Bank, Evaluation Office, Social Programs and Sustainable Development Department.
- Lenneiye, N. Mungai. 2005. "Who Has the Yam, and Who Has the Knife? Social Action Funds and Decentralization in Malawi, Tanzania, and Uganda." Social Protection Discussion Paper 0518. Washington, D.C.: World Bank, Social Protection Unit.
- Holzmann, Robert and Steen Jorgensen. 2000. "Social Risk Management: A New Conceptual Framework for Social Protection and Beyond." Social Protection Discussion Paper 0006. Washington, D.C.: World Bank, Social Protection Unit.

- Jorgensen, Steen, and Julie Van Domelen. 2001. "Helping the Poor Manage Risk Better: The Role of Social Funds." In Nora Lustig, ed., *Shielding the Poor: Social Protection in the Developing World*. Washington, D.C.: Brookings Institution Press.
- Khadiagala, Lynn. 1995. "Social Funds: Strengths, Weaknesses and Conditions for Success." World Bank, Environment and Social Protection Department, Washington, D.C.
- Marc, Alexandre, Carol Graham, Mark Schachter, and Mary Schmidt. 1993. "Social Action Programs and Social Funds: A Review of Design and Implementation in Sub-Saharan Africa." World Bank Discussion Paper 274. World Bank, Washington, D.C.
- Milazzo, Annamaria, and Margaret Grosh. 2007. "Social Safety Nets in World Bank Lending and Analytical Work, FY2002 – 2007", Social Protection SSIU Paper, Social Protection Unit, Human Development Network, World Bank, Washington DC.
- Menno Pradhan, Laura Rawlings, and Geert Ridder. 1998. "The Bolivian Social Investment Fund: An Analysis of Baseline Data for Impact Evaluation", *The World Bank Economic Review*, Vol. 12, Number 3, September 1998, pp. 457-482.
- Newman, John, Menno Pradhan, Laura B. Rawlings, Geert Ridder, Ramiro Coa, and Jose Luis Evia. 2002. "An Impact Evaluation of Education, Health, and Water Supply Investments by the Bolivian Social Investment Fund." *World Bank Economic Review*, Vol. 16, No. 2, 2002, pp. 241-274.
- Owen, Daniel and Julie Van Domelen. 1988. "Getting an Earful: A Review of Beneficiary Assessments of Social Funds." Social Protection Discussion Paper 9186. Washington, D.C.: World Bank, Social Protection Unit.
- Paxson, Christina and Norbert Schady. 1999. "Do School Facilities Matter? The Case of the Peruvian Social Fund (FONCODES)", Policy Research Working Paper No 2229. Poverty Division, Poverty Reduction and Economic Management Network, World Bank.
- Rao, Vijayendra and Ana-María Ibáñez. 2001. "The Social Impact of Social Funds in Jamaica: A Mixed-Methods Analysis of Participation, Targeting and Collective Action in Community Driven Development", Working Paper, DECRG, World Bank, Washington DC.
- Rawlings, Laura B., Lynne Sherburne-Benz and Julie Van Domelen. 2004. *Evaluating Social Funds: A Cross-Country Analysis of Community Investments*. Washington, D.C.: World Bank.
- Serrano-Berthet, Rodrigo. 2007. From Social Funds to Local Governance and Social Inclusion Programs: A Prospective Review from the ECA Region. Washington, D.C. : World Bank, Europe and Central Asia Region, Human Development Sector Unit.
- Schmidt, Mary Beth and Alexandre Marc. 1998. "Social Investment Funds in Transition Economies: Opportunities and Risks." Washington, D.C.: World Bank.
- Van Domelen, Julie and Randa El-Rashidi. 2002. "A Review of Social Funds in Africa: Implementation Experience and Issues for the Future." Washington, D.C.: World Bank, Social Protection Unit.
- Van Domelen, Julie. "Reaching the Poor and Vulnerable: Targeting Strategies for Social Funds and other Community-Driven Programs." Social Protection Discussion Paper 0711. Washington, D.C.: World Bank, Social Protection Unit.
- Walker, Ian, Rafael del Cid, Fidel Ordoñez and Florencia Rodríguez. 1999. "Ex-Post Evaluation of the Honduras Social Investment Fund (FHIS 2)", prepared for the World Bank by ESA Consultores International, Honduras.
- Walker, Ian, Vincent David, Fidel Ordoñez, Freddy Velásquez. 2003. "Yemen Social Fund for Development, 2003 Impact Evaluation Study", prepared for the World Bank by ESA Consultores International, Honduras.

World Bank. 2000. *World Development Report 2000/2001: Attacking Poverty*.

\_\_\_\_\_. 2000. *Nicaragua Ex-Post Impact Evaluation of the Emergency Social Investment Fund( FISE)*, Human Development Sector Management Unit, Latin America and the Caribbean Region.

\_\_\_\_\_. 2001. *Social Protection Sector Strategy: From Safety Net to Springboard*. Social Protection Unit.

\_\_\_\_\_. 2001. 2002. *Social Funds: Assessing Effectiveness*. Operations Evaluation Department.

\_\_\_\_\_. 2005. *The Effectiveness of World Bank Support for Community-Based and -Driven Development: An OED Evaluation*. Operations Evaluation Department.

\_\_\_\_\_. 2006. “Show and Tell Seminar on Social Protection: Social Protection at the World Bank,” presentation at International Labour Organization Headquarters, Geneva, February 2006. Social Protection Unit.

\_\_\_\_\_. 2006. “Operational Quality of Social Fund/CDD Operations: Some Trends and Issues,” presentation by Prem Garg, Director Quality Assurance Group, March 2006.

\_\_\_\_\_. 2006. “Opportunity, Security and Equity in the Middle East and North Africa”, *Spectrum*, Summer 2006. Social Protection Unit.

\_\_\_\_\_. 2007. “Enabling East Asian Communities to Drive Local Development: East Asia Region CDD Flagship Report”, Unit. Forthcoming.



## Annex 1

### List of Projects Reviewed FY00-07<sup>28</sup>

FY	Country	Project ID	Project Title
<b>LCR</b>			
2000	St Lucia	P054939	Poverty Reduction Fund Project
2000	Colombia	P068762	Community Works and Employment Project
2001	Honduras	P064895	Social Investment Fund Project (05)
2001	Nicaragua	P064906	Poverty Reduction and Local Development Project
2004	Honduras	P083244	Nuestras Raices Program
2005	El Salvador	P088642	El Salvador Social Protection Project
<b>AFR</b>			
2000	Angola	P056393	Social Action Fund Project (02)
2000	Burundi	P064510	Second Social Action Project
2000	Lesotho	P058050	Community Development Support Project
2000	Zambia	P063584	Social Investment Fund (ZAMSIF)
2001	Madagascar	P055166	Community Development Project
2001	Nigeria	P069086	Community Based Poverty Reduction Project
2001	Senegal	P041566	Social Development Fund Project
2001	Tanzania	P065372	Social Action Fund Project
2002	Uganda	P002952	Northern Uganda Social Action Fund Project
2003	Ethiopia	P077457	Ethiopia: Social Rehabilitation & Development Fund Project - Supplemental
2003	Malawi	P075911	Third Social Action Fund Project (MASAF III)
2004	Angola	P081558	3rd Social Action Fund (FAS III) Project
2004	Comoros	P084315	Services Support Project
2004	Rwanda	P074102	Decentralization and Community Development Project
2005	Benin	P081484	National Community Driven Development Project
2005	Congo, Dem. Rep	P086874	Emergency Social Action project
2005	Madagascar	P088978	Community Development Project Supplemental Credit
2005	Tanzania	P085786	Tanzania Second Social Action Fund
2007	Madagascar	P096296	Community Development Fund 4 (Additional Financing)
2007	Nigeria	P102966	Community Based Poverty Reduction (Additional Financing)
2007	Liberia	P105683	Community Empowerment Project II
<b>ECA</b>			
2000	Armenia	P057952	Social Investment Fund Project (02)

<sup>28</sup> The list includes Social Funds approved between FY00-05 only as there were no Social Fund projects approved in FY06.

2001	Albania	P055383	Social Services Delivery Project
2001	Kosovo	P072814	Community Development Fund Project
2001	Bosnia – Herzegovina	P070995	Bosnia Herzegovina Community Development Project
2002	Macedonia	P076712	Community Development Project
2002	Romania	P068808	Social Development Fund Project (02)
2002	Tajikistan	P008860	Poverty Alleviation Project II
2002	Turkey	P074408	Social Risk Mitigation Project
2002	Ukraine	P069858	Social Investment Fund Project
2003	Bulgaria	P069532	Social Investment & Employment Promotion Project
2003	Georgia	P074361	Georgia Social Investment Fund (02)
2004	Kosovo	P079259	Community Development Fund Project (02)
2004	Moldova	P079314	Social Investment Fund II Project
2007	Armenia	P094225	Social Investment Fund III
2007	Bulgaria	P104272	Social Investment & Employment Promotion Project (Supplement)
<b>EAP</b>			
2000	Timor-Leste	P069762	East Timor Community Empowerment & Local Governance Project
2002	Lao PDR	P077326	Lao Poverty Reduction Fund project
<b>MNA</b>			
2000	Yemen	P068830	Second Social Fund for Development
2001	Lebanon	P071113	Community Development Fund
2002	Morocco	P073531	Morocco Social Development Agency project
2004	Yemen	P082498	Third Social Fund for Development
2007	Yemen	P102181	Third Social Fund for Development (Supplement)

## Annex 2

### Implementation Status of Social Fund Projects, 1987 – 2007

FY	Country	Project ID	Project Title	Implementation Status
<b>LAC</b>				
1987	Bolivia	P006176	Emergency Social Fund Project	Closed. Second SF project approved in FY98.
1991	Haiti	P007321	Economic and Social Fund Project	Financing continued by IDB.
1991	Honduras	P007389	Social Investment Fund Project (01)	Closed in FY94. Repeater projects subsequently implemented.
1992	Guatemala	P007220	Social Investment Fund Project	Financing continued by IDB starting FY99.
1992	Guyana	P007254	Social Impact Amelioration Program and Agency	Financing continued by IDB starting FY98.
1992	Honduras	P007394	Social Investment Fund Project (02)	Closed in FY96. Repeater projects subsequently implemented.
1992	Nicaragua	P007786	Social Investment Fund Project (01)	Closed in FY97. Repeater projects subsequently implemented.
1994	Peru	P008062	Social Development and Compensation Fund Project	Financing continued by IDB starting FY97.
1994	Ecuador	P007106	Third Social Development Project - Emergency Social Investment Fund.	Financing continued by IDB starting FY97.
1995	Argentina	P035495	Social Protection Project (01)	Closed in FY99. Repeater projects subsequently implemented.
1995	Honduras	P037709	Social Investment Fund Project (03)	Closed in FY00. Repeater projects subsequently implemented.
1997	Jamaica	P039029	Social Investment Fund Project	Closed in FY02. JSIF still exists and is the implementing agency for the Bank-financed <i>National Community Development Project</i> established in FY02, still active, mapped to LAC Finance & Private Sector Development.
1996	Nicaragua	P038916	Social Investment Fund Project (02)	Closed in FY 98. Repeater project subsequently implemented.
1997	Argentina	P049268	Social Protection Project (02)	Closed in FY99. Repeater projects subsequently implemented.
1997	Belize	P039292	Social Investment Fund	Closed in FY03 - Financing continued by CDB and others.
1997	Panama	P007837	Social Investment Fund Project	Closed in FY04.

1998	Bolivia	P006175	Second Emergency Social Fund Project	Closed in FY92. SF model and demand-driven approach catalyzed other Bank-financed projects (not mapped to SP), e.g. Bolivia Rural Communities Development Project (FY95) and Bolivia Participatory Rural Investment Project (FY98). SF agency still exists as a government program, Bolivia <i>Fondo Nacional de Desarrollo Regional</i> .
1999	Argentina	P006058	Social Protection Project (04)	Closed in FY06. FOPAR objectives amended to include community kitchens during economic crisis. EU continues to finance jointly with the Government.
1998	Honduras	P048651	Social Investment Fund Project (04)	Closed in FY03. Repeater project subsequently implemented.
1999	Nicaragua	P040197	Social Investment Fund Project (03)	Closed in FY03. Spin-off project subsequently implemented, <i>Poverty Reduction and Local Development Project</i> in FY01.
2000	St Lucia	P054939	Poverty Reduction Fund Project	Financing continued by UNDP and EU.
2000	Colombia	P068762	Community Works and Employment Project	Continued by Ministry of Social Development (Manos a la Obra).
2001	Honduras	P064895	Social Investment Fund Project (05)	Closed. Spin-off project <i>Nuestras Raices Program</i> is ongoing, implemented by the SF agency, FHIS.
2001	Nicaragua	P064906	Poverty Reduction and Local Development Project	( <i>spin-off</i> ) Closed. Financing continued by IDB, KfW and others.
2004	Honduras	P083244	Nuestras Raices Program	( <i>spin-off</i> ) Active
2005	El Salvador	P088642	El Salvador Social Protection Project	Active
<b>AFR</b>				
1989	Sao Tome	P002540	Multisector Credit Project: Social and Infrastructure Fund	Closed in FY97. Repeater project approved FY91.
1991	Sao Tome	P002548	Second Multisector Project	Closed in FY98. A Third Multisector Project was cancelled during preparation, due to the government's reluctance to allow an independent agency implement public works.
1991	Zambia	P003242	Social Recovery Project (01)	Closed in FY99. Repeater project subsequently implemented.
1993	Burundi	P000227	Social Action Project (01)	Closed in FY00. Followed by Second project in FY00.
1993	Comoros	P044824	Social Fund Project	Closed in FY04 - SF implementing agency (FADC) is now implementing <i>Services Support Project</i> starting FY04.

1993	Madagascar	P001553	Food Security and Nutrition Project	Closed in FY99. This project established the <i>Fonds d'Intervention pour le Developpement</i> (FID) which was basis for follow-on social fund projects.
1995	Zambia	P003210	Social Recovery Project (02)	Closed in FY01. Follow-on ZAMSIF project approved in FY00.
1996	Angola	P000061	Social Action Fund Project (01)	Closed in FY01. Follow-on project approved in FY00.
1996	Ethiopia	P000771	Ethiopia: Social Rehabilitation & Development Fund Project	Continued with supplemental credit in FY03.
1996	Eritrea	P039264	Community Development Fund Project	Closed in FY02. SF agency dissolved approximately 2 years after end of Bank financing.
1996	Madagascar	P035669	Second Social Fund Project	Closed in FY01. Follow-on <i>Community Development Project</i> approved in FY01.
1996	Malawi	P001668	Social Action Fund Project (MASAF I)	Closed in FY02. Repeater projects subsequently implemented.
1998	Benin	P035645	Social Fund Project	Closed in FY04. Follow-on project is the National CDD Project approved in FY05, of which the social fund is one component.
1998	Mali	P035617	Grassroots Initiative to Fight Hunger and Poverty Project	Closed in FY04. Follow-on project is a CDD operation, <i>Rural Community Development Project</i> approved in FY06, mapped to AFR ESSD. SF is one component of this project.
1998	Zimbabwe	P045031	Community Action Project	Closed in FY04. As Government funded scaled-down CAP for a couple of years after project closing in FY00. Government was not able in short-term to clear its arrears and reengage with the Bank, staff in the project unit were not rehired on expiry of annual contracts and CAP closed.
1999	Ghana	P040659	Community-based Poverty Reduction Project	Closed in FY06 – merged into PRSC
1999	Madagascar	P064305	Social Fund Project (03)	Closed in FY03.
1999	Malawi	P049599	Second Social Action Fund Project (MASAF II)	Closed in FY04. Repeater project subsequently implemented.
1999	Togo	PO52263	Pilot Social Fund Project	Closed in FY02. Original SF funded in the North of Togo by UNDP and EU. New operation to complete community investments initiated by original SF in the South, being prepared as LICUS.
2000	Angola	P056393	Social Action Fund Project (02)	Closed in FY04.
2000	Burundi	P064510	Second Social Action Project	Active
2000	Lesotho	P058050	Community Development Support Project	Closed

2000	Zambia	P063584	Social Investment Fund (ZAMSIF)	Closed in FY06. Follow-on project in preparation for approval in FY07, <i>Local Development Fund Project</i> .
2001	Madagascar	P055166	Community Development Project	Active
2001	Nigeria	P069086	Community Based Poverty Reduction Project	Active
2001	Senegal	P041566	Social Development Fund Project	Active
2001	Tanzania	P065372	Social Action Fund Project	Closed. Repeater project approved in FY05.
2002	Uganda	P002952	Northern Uganda Social Action Fund Project	Active
2003	Ethiopia	P077457	Ethiopia: Social Rehabilitation & Development Fund Project - Supplemental	Closed - SF agency dissolved.
2003	Malawi	P075911	Third Social Action Fund Project (MASAF III)	Active
2004	Angola	P081558	3rd Social Action Fund (FAS III) Project	Active
2004	Comoros	P084315	Services Support Project	Active
2004	Rwanda	P074102	Decentralization and Community Development Project	Active
2005	Benin	P081484	National Community Driven Development Project	Active
2005	Congo, Dem. Rep	P086874	Emergency Social Action project	Active
2005	Madagascar	P088978	Community Development Project Supplemental Credit	Active - supplemental to FY01 project above.
2005	Tanzania	P085786	Tanzania Second Social Action Fund	Active
2007	Madagascar	P096296	Community Development Fund 4- Additional Financing	Active
2007	Nigeria	P102966	Nigeria Community Based Poverty Reduction – Additional Financing	Active
2007	Liberia	P105683	Community Empowerment 2	Active
<b>ECA</b>				
1993	Albania	P008264	Rural Poverty Alleviation Project	Closed in FY96. Financing continued by KfW, EU etc.
1995	Armenia	P035768	Social Investment Fund Project (01)	Closed in FY01. Repeater projects subsequently implemented.
1997	Bosnia – Herzegovina	P045310	Emergency Public Works and Employment Project	Closed in FY00 - lessons learned from this project were incorporated into the design of the FY01 <i>Community Development Project</i> .

1997	Georgia	P039929	Social Investment Fund (01)	Active
1997	Tajikistan	P044202	Pilot Poverty Alleviation Project	Closed in FY02. Repeater project subsequently implemented.
1998	Bulgaria	P055156	Regional Initiatives Fund Project	Closed - was a pilot project, scaled up in a FY03 SF project (below).
1999	Moldova	P044840	Social Investment Fund Project (01)	Closed in FY05. Repeater project subsequently implemented.
1999	Romania	P049200	Social Development Fund Project (01)	Closed in FY02. Repeater project subsequently implemented.
2000	Armenia	P057952	Social Investment Fund Project (02)	Closed in FY06. SIF3 in the pipeline.
2001	Albania	P055383	Social Services Delivery Project	Active
2001	Kosovo	P072814	Community Development Fund Project	Closed. Repeater project subsequently implemented.
2001	Bosnia – Herzegovina	P070995	Bosnia Herzegovina Community Development Project	Active
2002	Macedonia	P076712	Community Development Project	Active
2002	Romania	P068808	Social Development Fund Project (02)	Active
2002	Tajikistan	P008860	Poverty Alleviation Project II	Active
2002	Turkey	P074408	Social Risk Mitigation Project	Active
2002	Ukraine	P069858	Social Investment Fund Project	Active
2003	Bulgaria	P069532	Social Investment & Employment Promotion Project	Active
2003	Georgia	P074361	Georgia Social Investment Fund (02)	Active
2004	Kosovo	P079259	Community Development Fund Project (02)	Active
2004	Moldova	P079314	Social Investment Fund II Project	Active
2007	Armenia	P094225	Social Investment Fund 3	Active
2007	Bulgaria	P104272	SIEP Supplement	Active
<b>EAP and SAR</b>				
1991	Sri Lanka	P010368	Poverty Alleviation Project	Closed in FY98. SF agency dissolved.
1995	Cambodia	P037088	Social Fund Project	Closed in FY00. Repeater project subsequently implemented.

1998	Philippines	P051386	SZOPAD Social Fund Project	Closed in FY03. Lessons learned incorporated into the FY03 <i>ARMM (Autonomous Region in Muslim Mindanao) Social Fund Project</i> , mapped to EAP Rural Development.
1999	Thailand	P056269	Social Investment Project	Closed in FY04. The Social Investment Fund (SIF) component closed in late 2002 due in part to a change in government and the Government's decision not to seek additional Bank financing for social protection programs. Local development has been funded since 2001 by a Government village fund (micro-lending) program, considered a populist hallmark program of the Thaksin administration.
1999	Cambodia	P050601	Second Social Fund Project	Closed in FY05- SF agency dissolved.
2000	Timor-Leste	P069762	East Timor Community Empowerment & Local Governance Project	Closed - no follow-on activities.
2002	Lao PDR	P077326	Lao Poverty Reduction Fund project	Active
<b>MENA</b>				
1991	Egypt	P005158	Social Fund for Development Project I(01)	Closed in FY97. Subsequent second and third repeater projects in FY95 & FY99.
1996	Egypt	P043102	Social Fund for Development Project (02)	Closed in FY02 - followed by Third SFD in FY99.
1996	Algeria	P004978	Social Safety Net Support Project	Closed in FY01.
1997	West Bank and Gaza	P047110	Community Development Project (01)	Closed in FY00. Repeater project subsequently implemented.
1997	Yemen	P041199	Social Fund for Development Project	Closed. Subsequent second and third repeater projects in FY00 & FY04.
1999	Djibouti	P044584	Social Development and Public Works Project	Active.
1999	Egypt	P052705	Social Fund for Development Project (03)	Closed. Repeater Fourth SFD is in pipeline for FY07.
1999	West Bank and Gaza	P058684	Community Development Project (02)	Closed in FY03.
2000	Yemen	P068830	Second Social Fund for Development	Closed. Repeater Third SFD project undertaken in FY04.
2001	Lebanon	P071113	Community Development Fund	Active
2002	Morocco	P073531	Morocco Social Development Agency project	Active
2004	Yemen	P082498	Third Social Fund for Development	Active
2007	Yemen	P102181	Social Fund for Development 2 (Supplement)	Active

## **Social Protection Discussion Paper Series Titles**

<b><u>No.</u></b>	<b><u>Title</u></b>
0821	Population Aging and the Labor Market: The Case of Sri Lanka by Milan Vodopivec and Nisha Arunatilake, August 2008 (online only)
0820	China: Improving Unemployment Insurance by Milan Vodopivec and Minna Hahn Tong, July 2008 (online only)
0819	Management Information Systems in Social Safety Net Programs: A Look at Accountability and Control Mechanisms by Cesar Baldeon and Maria D. Arribas-Baños, July 2008 (online only)
0818	Guidance for Responses from the Human Development Sectors to Rising Food Prices by Margaret Grosh, Carlo del Ninno and Emil Daniel Tesliuc, June 2008 (online only)
0817	Levels and Patterns of Safety Net Spending in Developing and Transition Countries by Christine Weigand and Margaret Grosh, June 2008 (online only)
0816	Labor Regulation and Employment in India's Retail Stores by Mohammad Amin, June 2008 (online only)
0815	Beyond DALYs: Developing Indicators to Assess the Impact of Public Health Interventions on the Lives of People with Disabilities by Daniel Mont and Mitchell Loeb, May 2008
0814	Enforcement of Labor Regulation and Firm Size by Rita Almeida and Pedro Carneiro, May 2008 (online only)
0813	Labor Markets Lending and Analytical Work at the World Bank: FY2002- 2007 by Milan Vodopivec, Jean Fares and Michael Justesen, May 2008
0812	Risk and Vulnerability Analysis in the World Bank Analytic Work: FY2000- 2007 by Valerie Kozel, Pierre Fallavier and Reena Badiani, May 2008
0811	Pension Lending and Analytical Work at the World Bank: FY2002-2007 by Richard Hinz, Melike Egelmezer and Sergei Biletsky, May 2008 (online only)

- 0810 Social Safety Nets Lending and Analytical Work at the World Bank: FY2002-2007  
by Margaret Grosh and Annamaria Milazzo, May 2008
- 0809 Social Funds as an Instrument of Social Protection: An Analysis of Lending Trends - FY2000-2007  
by Samantha De Silva and June Wei Sum, July 2008
- 0808 Disability Activities at the World Bank: FY2002-2007  
by Jeanine Braithwaite, Richard Carroll, and Karen Peffley, May 2008
- 0807 Migration, Labor Markets, and Integration of Migrants: An Overview for Europe  
by Rainer Münz, April 2008 (online only)
- 0806 Is the Window of Opportunity Closing for Brazilian Youth? Labor Market Trends and Business Cycle Effects  
by Michael Justesen, April 2008
- 0805 Disability and Poverty: A Survey of World Bank Poverty Assessments and Implications  
by Jeanine Braithwaite and Daniel Mont, February 2008
- 0804 Poverty Traps and Social Protection  
by Christopher B. Barrett, Michael R. Carter and Munenobu Ikegami, February 2008
- 0803 Live Longer, Work Longer: Making It Happen in the Labor Market  
by Milan Vodopivec and Primož Dolenc, February 2008 (online only)
- 0802 Disability in Kazakhstan: An Evaluation of Official Data  
by Ai-Gul S. Seitenova and Charles M. Becker, February 2008 (online only)
- 0801 Disability Insurance with Pre-funding and Private Participation: The Chilean Model  
by Estelle James, Augusto Iglesias and Alejandra Cox Edwards, January 2008
- 0719 The Life-Course Perspective and Social Policies: An Issues Note  
by A.L. Bovenberg, November 2007
- 0718 Social Safety Nets and Targeted Social Assistance: Lessons from the European Experience  
by Chris de Neubourg, Julie Castonguay and Keetie Roelen, November 2007 (online only)

- 0717 Informality and Social Protection: Preliminary Results from Pilot Surveys in Bulgaria and Colombia  
by Franco Peracchi, Valeria Perotti and Stefano Scarpetta, October 2007  
(online only)
- 0716 How Labor Market Policies can Combine Workers' Protection with Job Creation: A Partial Review of Some Key Issues and Policy Options  
by Gaëlle Pierre and Stefano Scarpetta, October 2007 (online only)
- 0715 A Review of Interventions to Support Young Workers: Findings of the Youth Employment Inventory  
by Gordon Betcherman, Martin Godfrey, Susana Puerto, Friederike Rother, and Antoneta Stavreska, October 2007
- 0714 Performance of Social Safety Net Programs in Uttar Pradesh  
by Mohamed Ihsan Ajwad, October 2007
- 0713 Are All Labor Regulations Equal? Assessing the Effects of Job Security, Labor Dispute and Contract Labor Laws in India  
by Ahmad Ahsan and Carmen Pagés, June 2007
- 0712 Convention on the Rights of Persons with Disabilities: Its Implementation and Relevance for the World Bank  
by Katherine Guernsey, Marco Nicoli and Alberto Ninio, June 2007
- 0711 Reaching the Poor and Vulnerable: Targeting Strategies for Social Funds and other Community-Driven Programs  
by Julie Van Domelen, May 2007
- 0710 The Macedonia Community Development Project: Empowerment through Targeting and Institution Building  
by Caroline Mascarell, May 2007
- 0709 The Nuts and Bolts of Brazil's Bolsa Família Program: Implementing Conditional Cash Transfers in a Decentralized Context  
by Kathy Lindert, Anja Linder, Jason Hobbs and Bénédicte de la Brière, May 2007 (online only)
- 0708 Globalization and Employment Conditions Study  
by Drusilla K. Brown, April 2007
- 0707 The Kosovo Pension Reform: Achievements and Lessons  
by John Gubbels, David Snelbecker and Lena Zezulin, April 2007 (online only)

- 0706 Measuring Disability Prevalence  
by Daniel Mont, March 2007
- 0705 Social Safety Nets in World Bank Lending and Analytic Work: FY2002-2006  
by Annamaria Milazzo and Margaret Grosh, March 2007 (online only)
- 0704 Child Labor and Youth Employment: Ethiopia Country Study  
by Lorenzo Guarcello and Furio Rosati, March 2007
- 0703 Aging and Demographic Change in European Societies: Main Trends and Alternative Policy Options  
by Rainer Muenz, March 2007 (online only)
- 0702 Seasonal Migration and Early Childhood Development  
by Karen Macours and Renos Vakis, March 2007
- 0701 The Social Assimilation of Immigrants  
by Domenico de Palo, Riccardo Faini and Alessandra Venturini, February 2007 (online only)
- 0616 Pension Systems in Latin America: Concepts and Measurements of Coverage  
by Rafael Rofman and Leonardo Lucchetti, November 2006 (online only).  
Also available in Spanish.
- 0615 Labor Market Outcomes of Natives and Immigrants: Evidence from the ECHP  
by Franco Peracchi and Domenico Depalo, November 2006 (online only)
- 0614 The Relative Merits of Skilled and Unskilled Migration, Temporary and Permanent Labor Migration, and Portability of Social Security Benefits  
by Johannes Koettl under guidance of and with input from Robert Holzmann and Stefano Scarpetta, November 2006 (online only)
- 0613 The Limited Job Prospects of Displaced Workers: Evidence from Two Cities in China  
by Gordon Betcherman and Niels-Hugo Blunch, October 2006
- 0612 Unemployment Insurance in Chile: A New Model of Income Support for Unemployed Workers  
by Germán Acevedo, Patricio Eskenazi and Carmen Pagés, October 2006
- 0611 Evaluating Social Fund Impact: A Toolkit for Task Teams and Social Fund Managers  
by Sarah Adam, October 2006

- 0610 Risk and Vulnerability Considerations in Poverty Analysis: Recent Advances and Future Directions  
by Carlo Cafiero and Renos Vakis, October 2006
- 0609 Comparing Individual Retirement Accounts in Asia: Singapore, Thailand, Hong Kong and PRC  
by Yasue Pai, September 2006 (online only)
- 0608 Pension System Reforms  
by Anita M. Schwarz, September 2006 (online only)
- 0607 Youth Labor Market in Burkina Faso: Recent Trends  
by Daniel Parent, July 2006
- 0606 Youth in the Labor Market and the Transition from School to Work in Tanzania  
by Florence Kondylis and Marco Manacorda, July 2006
- 0605 Redistributing Income to the Poor and the Rich: Public Transfers in Latin America and the Caribbean  
by Kathy Lindert, Emmanuel Skoufias and Joseph Shapiro, August 2006 (online only)
- 0604 Uninsured Risk and Asset Protection: Can Conditional Cash Transfer Programs Serve as Safety Nets?  
by Alain de Janvry, Elisabeth Sadoulet, Pantelis Solomon and Renos Vakis, June 2006
- 0603 Examining Conditional Cash Transfer Programs: A Role for Increased Social Inclusion?  
by Bénédicte de la Brière and Laura B. Rawlings, June 2006 (online only)
- 0602 Civil-service Pension Schemes Around the World  
by Robert Palacios and Edward Whitehouse, May 2006 (online only)
- 0601 Social Pensions Part I: Their Role in the Overall Pension System  
by Robert Palacios and Oleksiy Sluchynsky, May 2006 (online only)

**To view Social Protection Discussion papers published prior to 2006, please visit [www.worldbank.org/sp](http://www.worldbank.org/sp).**



## Summary Findings

This review of World Bank lending for social funds covers fiscal years 2000 to 2007, and comes twenty years after the establishment of the first World Bank-funded social fund in Bolivia (1987). The review's objective is to assess the evolution of the social funds portfolio, with a specific focus on the fiscal years 2000 to 2007, and the portfolio's role in the implementation of the Social Protection Sector Strategy (SPSS). Lending trends, the evolution of the social funds model, and future implications of the review's major findings are also discussed.

HUMAN DEVELOPMENT NETWORK

### About this series...

Social Protection Discussion Papers are published to communicate the results of The World Bank's work to the development community with the least possible delay. The typescript manuscript of this paper therefore has not been prepared in accordance with the procedures appropriate to formally edited texts. The findings, interpretations, and conclusions expressed herein are those of the author(s), and do not necessarily reflect the views of the International Bank for Reconstruction and Development / The World Bank and its affiliated organizations, or those of the Executive Directors of The World Bank or the governments they represent. The World Bank does not guarantee the accuracy of the data included in this work.

For free copies of this paper, please contact the Social Protection Advisory Service, The World Bank, 1818 H Street, N.W., Room G7-703, Washington, D.C. 20433 USA. Telephone: (202) 458-5267, Fax: (202) 614-0471, E-mail: [socialprotection@worldbank.org](mailto:socialprotection@worldbank.org) or visit the Social Protection website at [www.worldbank.org/sp](http://www.worldbank.org/sp).