Community and Global Networks in Action

New Paths to Social Development

The World Bank

1818 H Street, N.W.
Washington, D.C. 20433, U.S.A.
Telephone: (202) 477-1234
Facsimile: (202) 477-6391
Telex: MCI 64145 WORLDBANK
MCI 248423 WORLDBANK
Internet: www.worldbank.org
E-mail: books@worldbank.org

A Free publication
This report has been prepared by the staff of the World Bank. The judgments expressed do not necessarily reflect the views of the Board of Executive Directors or of the governments they represent.

The material in this publication is copyrighted. The World Bank encourages dissemination of its work and will normally grant permission promptly. Permission to photocopy items for internal or personal use, for the internal or personal use of specific clients, or for educational classroom use, is granted by the World Bank, provided that the appropriate fee is paid directly to the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, U.S.A., tel. (978) 750-8400, fax (978) 750-4470. Please contact the Copyright Clearance Center before photocopying items.

For permission to reprint individual articles or chapters, please fax your request with complete information to the Republication Department, Copyright Clearance Center, fax (978) 750-4470. All other queries on rights and licenses should be addressed or faxed to the World Bank, using the contact information above.

Edited, designed, and laid out by Communications Development, Washington, D.C.

Cover design: Lynne Smyers, Omni Digital, Washington, D.C.

Printed: District Creative, Upper Marlboro, Md.

Cover photo: Grameen fisheries project, Bangladesh, provided by Lina Abirafeh.

The text and cover are printed on recycled paper.
Since I became President of the World Bank just three months after the 1995 World Summit for Social Development, we have been pursuing the principles embodied in the Copenhagen Declaration. Poverty reduction has become our overarching objective, with social inclusion emerging as both a means to poverty reduction and a key outcome.

We have embarked on a course of policy, program, and cultural changes to improve our effectiveness in reducing poverty and mainstreaming social development. We have also strengthened our capacity to promote socially sustainable development—to ensure that people, their cultures and societies, and their organizations and institutions are taken into account in the process of development. And we have dramatically increased our lending for basic social services and social protection.

But individual development efforts of multiple players have not always resulted in sustainable poverty reduction. The Comprehensive Development Framework was created to meet the need for a more integrated vision of development. It features a long-term, holistic approach to development—an approach that recognizes the importance of macroeconomic fundamentals but gives equal weight to the institutional, structural, and social underpinnings of development. With the country driving the development effort—and the World Bank and other partners assisting with financial resources, knowledge, and information—the Framework essentially supports a process, and is not a blueprint to be applied uniformly to all countries.

The poverty focus of the World Bank’s country assistance strategies has also been strengthened, as has the quality of poverty analysis. Poverty reduction outcomes, guided by the indicators developed for the International Development Goals, are now the measure of progress. And as mandated by the shareholders of the World Bank and the International Monetary Fund, our institutions are working closely with the poorest countries to develop poverty reduction strategies linked directly to debt relief. With the United Nations and a wide range of other partners, we now have
an opportunity to focus on identifying the poverty reduction outcomes that a country seeks to achieve.

However, the social development landscape today is very different from that of ten or even five years ago, when the world’s leaders met in Copenhagen for the Social Summit. The integration of the world’s markets for trade, finance, and knowledge continues to accelerate—drawing the world’s states into a global community with more responsibilities than ever before. At the same time the demands of local communities for power and voice are challenging existing governance structures, while creating new opportunities for addressing social development—indeed, all development.

To address these concerns we must tackle social development issues at all levels. The Comprehensive Development Framework and the poverty reduction strategies anchor our efforts at the country level. But we also need to work at the global level to remove constraints that countries cannot deal with alone—supporting the provision of global public goods and developing global public policy. We must help to form a global development architecture to create conditions that support economic growth in developing countries and their integration into the world economy. We must also work at the local level to help our clients institute community-driven development programs to empower the poor as agents of change.

This publication, prepared for the World Summit for Social Development and Beyond in Geneva in June 2000, explores several experiences and initiatives at the global and community levels to build social capital for reducing poverty. We are still learning, and the essays presented here describe some new processes with new players—to complement and inform our country-based approaches.

The “Copenhagen Plus Five” Special Session in Geneva provides a superb opportunity to share these experiences and to advance the global social agenda. It is only through such joint explorations that we can hope to fight poverty with lasting results.

James D. Wolfensohn
President
The World Bank Group
Contents

Foreword iii
Acknowledgments vii
Overview 1

Part 1. Community Networks in Action
1. Social capital and poverty reduction: relationships, networks, and organizations 11

2. Building on community initiative to manage social risk 23

3. Resilient communities: building the social foundations of human security 35

Part 2. Global Networks in Action
4. Addressing the challenges of globalization through global public action 49

5. Fostering investment in global public goods in health: the case of communicable diseases 59

6. Bolder action by broader coalitions: lessons for global public policy initiatives 73

Annex. The World Bank and the Copenhagen Commitments 81
This publication was prepared by a team led by Judith Edstrom with principal authors Martha Ainsworth, Amie Batson, Anthony Bebbington, Nat Colletta, Michelle Cullen, Anthony Gaeta, Ramesh Govindaraj, Christian Grootaert, Wolfgang Reinicke, Helen Saxenian, Arshad Sayed, Axel van Trotsenburg, and Diana Weil. Helpful inputs were contributed by Harold Alderman, Ruth Alsop, Katherine Bain, Derek Byerlee, Shelton H. Davis, Kemal Dervis, Julie van Domelen, Scott Guggenheim, Phil Keefer, David Marsden, Kathryn McPhail, Deepa Narayan, Chukwuma Obidegwu, Patti Petesch, Vijayendra Rao, Alison Raphael, Maurice Schiff, and Michael Woolcock. The work was carried out under the general direction of Ian John- son and Gloria Davis. Valuable guidance was provided by Mats Karlsson.

The team was advised by a review panel comprising Ashraf Ghani, Richard Jolly, Ravi Kanbur, Geoffrey Lamb, Alexandre Marc, Deepa Narayan, Parmesh Shah, and Jan Vandemoortele.

Bruce Ross-Larson was the principal editor, Molly Lohman the project coordinator, Terrence Fischer the production manager, and Garrett Cruce the production artist, all with Communications Development of Washington, D.C.

Bonnie Bradford provided project coordination within the World Bank, and Carmen Martinel provided administrative support.
The 1995 Copenhagen Declaration challenged the global community to make significant progress in 10 areas that have a significant impact on the social development of the world’s people. The Copenhagen commitments demonstrate that social development is not simply a matter of social service provision. It also depends on a range of political, economic, institutional, and cultural factors that, together, play a critical role in poverty reduction and social inclusion. Because the World Bank’s mandate is so broad, involving work in all these areas, a single document cannot cover the many actions the Bank has taken to address the Copenhagen commitments. The Bank has therefore sought to describe these actions in its Social Summit website, which links each commitment to ongoing work.¹ This document focuses on a single, cross-cutting theme—social capital as embodied in networks at the community and global levels—to explore one potentially promising, and relatively uncharted, instrument for advancing social development.

Past approaches to addressing social development and poverty reduction have focused largely on national strategies for creating employment, providing social services and safety nets, improving expenditure patterns, or enhancing governance. International cooperation has generally focused on strengthening the state to achieve these objectives. This approach remains valid—and vital. But globalization of the flows of both capital and information has created forces that often bypass the state while affecting the well-being of people, both positively and negatively, even in the most remote areas.

At the 1995 World Summit for Social Development global integration was acknowledged as a force capable of yielding both benefits and costs to the world community. The Copenhagen Declaration noted that globalization creates new opportunities for sustained economic growth and development of the world economy, particularly in developing countries. Yet the international community has become painfully aware since
the Summit that the globalization of capital and information has not always resulted in the globalization of better living standards.

It is also clear that even well-intentioned social policies and programs too often do not reach poor people, especially women—and can, under certain circumstances, even undermine their well-being. The development community now recognizes that it needs greater understanding of community institutions, networks, norms, and values to enable people to capture the benefits of development and build their capacity to help themselves.

**National public policy—at the core**

The state is the main player in addressing social development, and the Bank’s long-standing efforts in this area have been in partnership with national governments. Effective national governments make development possible, particularly when they create an enabling environment for pro-poor growth. Good government at all levels is essential to developing dynamic markets, equitably delivering basic social services, and assuring social protection for the vulnerable.

But good national policies alone are not enough for good government. The rule of law, accountable institutions, and transparent and efficient processes are critical. Poor people have at least as much to gain from good governance as other citizens. The international development community has therefore put a high priority on working with national governments on wide-ranging public sector reforms, assisting them in establishing more efficient and accountable institutions, building the needed capabilities, and supporting efforts to address corruption—with the involvement of top government officials, politicians, civil society groups, business people, and the press.

Increasingly, however, national governments are having to consider the demands of new actors—both global and local. Multinational corporations transcend national borders through the demands they create in consumer preferences and the demands they make on national governments seeking private foreign investment. And in some countries local communities are increasingly becoming empowered, demanding resources and decisionmaking power—from local officials, local representatives of nongovernmental organizations (NGOs), and the private sector.

As a result of these shifts the development community is faced with increasingly complex issues and a much broader array of actors—at the same time that it faces constrained mandates and budgets. The challenge is to ensure that this broader involvement helps ease the constraints on social development rather than form a bottleneck. This will require new forms of associations and networks.
The six essays in this publication complement the Bank’s traditional work with national governments by looking at two ends of a spectrum that spans local communities and global networks. What emerges is the importance of social capital, not just in local and global networks, but in the ways those networks interact with governments. While there is no agreed definition of social capital, most are based on the concept that social relationships and networks are a form of capital that may bring benefits to their members and that influence the use of other assets. The notion of social capital, which is embodied in global networks as well as networks at the community level, helps us understand the dynamics of development and complements our understanding of the four “classic” forms of capital (financial, physical, human, natural). The essays included here do not attempt to capture the full body of learning to date on social capital or global public networks. Instead, each essay explores what the Bank is learning about building pro-poor social capital in different contexts.

**Social capital in communities**

The first set of essays looks at social capital at the community level—helping communities take advantage of opportunities and cope with the many risks they inevitably face. The first essay, “Social capital and poverty reduction: relationships, networks, and organizations,” explores social capital as a crucial asset for poor people, who have few other assets. It is in their social relationships and networks that poor people work together, share risks and resources, and act collectively. It is important to understand these networks and organizations because they help people mobilize and acquire a wide range of assets and gain access to decisionmaking processes and markets. Women’s microcredit and village banking projects are a case in point.

The second essay, “Building on community initiative to manage social risk,” shows how agencies outside the community can begin to build on community initiative to help people manage the many risks they face. Because everyone is vulnerable to risk, there can be high payoffs to increasing the capacity of communities to prevent or respond to shocks. One way to do this is to strengthen existing community risk management mechanisms: mutual support and risk-sharing mechanisms based on informal social relationships within communities, and others based on more formal organizations at the community level and above. A second way is to build on community mechanisms primarily by involving other government, market, and civil society actors to help pool risk more effectively—and to strengthen the channels through which communities can enhance their assets.
Given the large number of communities that are in—or recovering from—conflict, the third essay, “Resilient communities: building the social foundations of human security,” reveals that the real challenge in conflict societies is to move from saving lives to providing sustainable livelihoods—consciously building social capital while providing relief and rehabilitation. Communities are not simply victims with needs, but survivors with capacities. Humanitarian operations focus on quick response and short-term planning. Development agencies are often slow and inflexible. To address this, multilateral and bilateral institutions must cooperate more in their strategies and operations.

Global networks in action

The second set of essays looks at the social capital being built through many global public policy networks. The fourth essay, “Addressing the challenges of globalization through global public action,” surveys a broad range of global networks, assessing their potential and requirements. It suggests that global public policy networks depend as much on the relationships among stakeholders as on technical expertise. Their broad membership allows them to tap information and expertise from a variety of backgrounds, and thus to offer a more complete picture of particular policy issues and voice to previously unheard groups. They can help clarify and disseminate best practice and promote ownership among participants for certain courses of action. And they can foster early detection of problems and trends, and thus shift international cooperation from a reactive stance to a more proactive mode.

The fifth essay, “Fostering investment in global public goods in health: the case of communicable diseases,” shows a particularly promising use of global networks in health. Because the failure of one country to control communicable diseases hurts not only that society but people around the globe, the spread of major communicable diseases threatens global development—and security. What sets such diseases as HIV/AIDS, malaria, and tuberculosis apart from many other priority public health problems is that they cannot be addressed solely by countries acting alone; they must also be addressed globally. The essay notes that global strategies require a paradigm shift in how pharmaceutical products are financed, priced, supplied, and regulated. Needed are global partnerships that enhance coordination among all relevant actors, increasing the speed and efficiency of getting successful interventions to those in need.

“Bolder action by broader coalitions: lessons for global public policy initiatives,” the final essay, spells out what the World Bank has been learning about
sustaining successful global initiatives—from its involvement in an 18-month search for new approaches to reducing the debt of heavily indebted poor countries. The goal was to find answers to tough questions that no organization or group could find alone. The Bank, in coordination with the International Monetary Fund, conducted a transparent and fully open consultation with civil society on new approaches to expanding the Heavily Indebted Poor Countries (HIPC) Initiative. Turning away from old ways of doing business, the Bank opened the policymaking process to those outside official circles and welcomed the extraordinary public advocacy of millions committed to debt relief for the world’s poorest countries. The “deeper, broader, and faster” Enhanced HIPC Initiative, though still far from satisfactory to many in the NGO community, is a big step forward not only for debt relief but for the way the Bank can work with civil society in the future.

**Common threads**

As exploratory contributions, the essays in this publication raise many more questions than they purport to answer. Notwithstanding their differing focuses, however, the essays converge around certain recurrent concerns, which, in turn, point to themes that merit more attention to develop operational responses.

- Social capital is central to people’s ability to chart their own future within their communities—and to the global community’s ability to harness the forces of globalization. Helping people build social capital is, in turn, central to poverty reduction.
- Given the growing interdependence of communities at all levels, stronger social relationships beyond the immediate group (for example, across communities, or between local communities and government) are critical for sustainable economic and social development. Networks can create partnerships that address such local, national, and transnational issues as globalization, debt reduction, and communicable disease control.
- Public agencies should foster linkages among and between communities to improve their capacity to respond to opportunities and risks. At the same time, external interventions must be sensitive to the nature of indigenous organizations, to ensure that these interventions do not undermine indigenous efforts and self-reliance.
- These lessons appear to apply to communities in conflict as well as those under less severe stress. National and international agencies operating in conflict and nonconflict situations need a better understanding of
the social and institutional relationships capable of strengthening social capital at the community level.

- Many characteristics of community-level social capital also apply at the global level—where global networks, in contrast to most formal organizations, aim to work through partnership, inclusion, and consensus. Indeed, the success of global initiatives depends as much on the breadth and depth—and trust and cooperative spirit—of relationships among stakeholders as it does on the stakeholders’ technical expertise.

A constant threat to the success of community and global networks is the capture of benefits—markets, public programs, or the networks themselves—by more powerful groups or individuals. This has been a frequent, if unintended, outcome of public policy and programs within nations. With globalization, it becomes an even more acute problem, exacerbating disparities within and between countries. While global networks attempt to instill a measure of global governance to address these issues, they too are at risk of being dominated by the agendas of their most powerful members.

Participation, transparency, and accountability at local and national levels have been widely acknowledged as critical factors in enabling poor people not only to capture the benefits of development but also to determine the terms of their development. Yet many of the risks and opportunities confronting the poor reflect the impact of forces not only beyond their community boundaries, but even beyond their national borders.

This then becomes one of the greatest challenges confronting the development community as it grapples with social policy issues in the 21st century. How can poor people gain greater voice in global networks that have an increasingly important role to play in poverty reduction? Who best represents their interests and speaks on their behalf in these forums? What measures exist to judge the legitimacy of civil society groups as spokespersons for the poor? How can bridges be built between community and global networks? Do national institutions—parliamentary or executive—serve as one of several social partners in global networks or as intermediaries for poor people within their jurisdiction? And how can these bridges be financed sustainably and equitably?

The June 2000 United Nations Special Session on Social Development will not be able to provide conclusive answers to these questions. But as an assembly of nations drawing together a global network of partners representing public, private, and civil society constituencies, it is an appropriate place to address them.
Notes

1. The annex to this volume sets out the Copenhagen commitments and provides information on the Bank’s Social Summit website, reflecting some of the Bank’s ongoing work to address the commitments.

2. These essays do not recommend or define World Bank policy. The development of more explicit principles and actions in these areas falls within the mandate of the forthcoming *World Development Report 2000/01: Poverty and Development*, and other World Bank policy papers under preparation, for example, on public sector reform or global partnerships.
PART 1
COMMUNITY NETWORKS IN ACTION
Social capital and poverty reduction: relationships, networks, and organizations

The nature of social relationships is of critical importance to the success and relevance of poverty reduction strategies and should be a central concern of development institutions. The characteristics of social relationships—within and among groups and organizations—influence the content, goals, and implementation of development programs. The quality of people’s social relationships influences their sense of well-being. And social relationships and networks are resources that help people pursue their livelihood and solve development problems. Yet, though clearly the stuff of everyday experience, social relationships can seem too intangible for development policy to consider them. How, then, can the World Bank and others incorporate concern for social relationships into the way they do business and the way they conceive of social development? Recent thinking on social capital and poverty reduction suggests some useful guidance.

Poverty can be viewed as having four dimensions: lack of economic opportunity, due to scarcity of assets and low returns on those assets; lack of capabilities, due, for instance, to ill health and inadequate access to education; lack of security against violence, economic shocks, and environmental disasters; and lack of power to influence debate, decisionmaking, and the control and allocation of resources. Social relationships affect each of these dimensions. Research in Bolivia, Burkina Faso, and Indonesia shows that active membership in local organizations increases household consumption, asset accumulation, and access to credit. It also enhances children’s access to education and increases security against economic shocks. Similarly, some social organizations can increase people’s physical security by keeping public and private spaces safer. Most critically, empower-

This essay was prepared by Anthony Bebbington with an advisory group of Judith Edstrom, Christaarn Grootaert, Michael Woolcock, Vijayendra Rao, and Deepa Narayan. Ruth Alsop, Katherine Bain, Derek Byerlee, Gloria Davis, Shelton H. Davis, Scott Guggenheim, Phil Keefer, Molly Lohman, David Marsden, and Maurice Schiff provided further input and commentary.
Empowerment depends on the relationships, networks, and organizations that give poor people access to decisionmaking and through which they can leverage resources, influence policy, and challenge the power and organizations of elites.

The concept of social capital focuses attention on these social relationships and networks—at micro, meso, and macro levels—and on their effects, positive or negative (box 1.1). Of course, the importance of social relationships in affecting socioeconomic outcomes was recognized long before the notion of social capital emerged. However, the concept has proven to be a useful heuristic framework through which different disciplines and development practice can address these questions. Among other things, the concept helps draw attention to the idea that social capital is an asset that can be accumulated by poor people to help reduce their poverty, but also by wealthier people and elites in ways that give them privileged access to policymaking and power. Discussions of social capital in development have also noted the role of social relationships in building constructive relationships among states, civil societies, and markets and the role that social relationships within organizations play in influencing the outcomes of bureaucratic and state reform.

Many nongovernmental development organizations have long recognized the importance of social relationships in reducing poverty—they work daily with people’s organizations and networks. Multilateral financial institutions, however, have traditionally paid less attention. Their organizational structure and procedures—centralization and a focus on the client government—have overlooked social relationships. This situation is changing because of efforts to promote participation and partnerships with civil society organizations, emerging analytical work on social capital and poverty reduction, and operational experience with projects that emphasize the need to work with—and change—social and institutional relationships. This work has suggested that social capital can (and ought to) be addressed in the type of large-scale initiatives undertaken by the World Bank.

Social capital is not only a local phenomenon. Social relationships, networks, and organizations span national and global scales, influencing patterns of economic opportunity and participation. Indeed, the success of global public policy initiatives will depend as much on the relationships among stakeholders as on any technical dimensions. Global social capital is important for building partnerships, pooling knowledge, and strengthening citizen monitoring and participation in the decisionmaking processes of organizations like the World Bank. While social capital can therefore be viewed as a global public good, in the remainder of this essay we focus on its national and
local dimensions. Similarly, the essay focuses on the role of social capital in poor people’s livelihoods rather than in the strategies of elites (while noting that these too have great significance for poverty reduction). Finally, it should be noted that given the variation that exists among definitions of social capital, this essay pays more attention to different ways in which social structure and social networks influence development processes and outcomes. It pays less attention to developing a precise definition of social capital. At this stage of the debate it seems far more fruitful to pursue this more open approach to elaborating the links between social capital and development.

Box 1.1

The concept of social capital

There may be no precise and uniformly agreed upon definition of social capital, but all definitions refer to some type of social network from which a benefit can be obtained by its members. Most also note that social networks and organizations are key assets in the overall portfolio of resources drawn upon by poor and rich, powerful and disempowered, as they manage risk and opportunity and seek to gain access to resources and decisionmaking processes. Indeed, some definitions also note the ways in which forms of social capital interact with other forms of financial, physical, human, and natural capital in determining social and economic outcomes at household, local, regional, and national levels.

Views on the relationship between social capital and development vary. A narrower view associates social capital with local community associations and the underlying norms (trust, reciprocity) that facilitate coordination and cooperation for mutual benefit. This view highlights the positive aspects of social capital for members of these associations, but remains largely silent on the possibility that social capital may not benefit society, and that group membership may entail significant costs.

A broader view of social capital recognizes its positive and negative effects by broadening the concept to include vertical associations, where relationships among members may be hierarchical and power sharing unequal. These more encompassing forms of associations and networks address a wider range of objectives—positive and negative. Coleman is explicit: “A given form of social capital that is valuable in facilitating certain actions may be useless or even harmful for others.” Putnam’s highly influential study of Italian democracy stemmed from the first view, though his most recent work on civic engagement in the United States is more consistent with the second view.

A macro view of social capital focuses on the social and political environment that enables norms to develop and shape social structure. This includes such formal institutional relationships and structures as government, the political regime, the rule of law, the court system, and civil and political liberties. This focus on institutions draws on North and Olson, who have argued that such institutions have an important effect on the rate and pattern of economic development.

Running across these definitions, interesting conceptual advances have been made in distinguishing between “bonding” social capital (the ties that link members of a social group) and “bridging” social capital (the ties that cut across different social groups). Progress has also been made in understanding the relationships of complementarity and substitution between the organizations and institutions of state and society under different political and economic circumstances. Also running through these discussions is the growing recognition that social capital should not be viewed as an unmitigated good, nor necessarily as a source of poverty reduction and social inclusion. It should, however, always be seen as significant for poverty reduction. A society’s forms of social capital influence policy choice, policy implementation, market success, governance processes, and poor people’s access to resources. They cannot, therefore, be ignored in a poverty reduction strategy.
When social relationships break down, poverty increases than to force the discussion into a premature, constraining, and likely contentious theoretical straitjacket.

**Social relationships are central to the quality of life**

Social capital is not merely an “input” to development, it is also one of its most important outputs. As a person in Ghana said, “it is neither leprosy nor poverty which kills the leper, but loneliness.” In a study of poor peoples’ conceptions of well-being and ill-being in 23 countries, the quality of their social relationships was clear. Whether defined in terms of good relations in the family or community, the ability to exchange gifts and meet social obligations, the sense of being supported, the possibility of social inclusion, or peace and security at local and national levels, the quality of social relationships was central to people’s sense of well-being.

Good social relationships are the foundation for many everyday activities, such as recreation. When asked about her aspirations, a Zambian woman said that these were “to have time to go into town and play with my friends.” Most recreation occurs in groups, and it is not surprising that frequently among the first things in which poor people invest their time and resources are facilities for recreation, particularly sports facilities. When social relationships break down, poverty increases to the extent that people lose the social connections that allow them to join others in recreation—or the public spaces in which recreation occurs become unsafe.

The importance of social relationships to well-being is also apparent in circumstances of crime and violence. Violence was the single most important concern of poor people in a participatory urban appraisal in seven urban areas in Colombia. Two-fifths of all problems they identified were related to violence, primarily to criminal and interpersonal violence. Almost half the possible responses to this violence involved social capital. There were proposals for building social relationships that would reduce violence by promoting dialogue and trust; and there were proposals aimed at weakening perverse forms of social capital, such as gangs.

**Social capital is a critical asset for poor people**

While both rich and poor people have social capital, it is a particularly crucial asset for those who have few other assets. Social relationships and networks help poor people work together, share risks and resources, act collectively, and build linkages with external agencies. Research in Bolivia, Burkina Faso, and Indonesia showed that increases in social capital (mea-
Poor people’s social capital is vulnerable to broader political and economic forces

Social capital and poverty reduction 15

Sure as participation in local associations) had the greatest proportional impact on the poverty of the poorest of the poor. While wealthier people had more social capital than the poorest, it was a far more important asset (relative to their other assets) for the poor than for the non-poor, and it had at least as much effect on household poverty as human capital. In the Rajasthan Watershed Development Program, social capital had significant positive impacts on watershed conservation, restoration, and development activities.

Poor people’s organizations can help expand people’s asset bases by mobilizing and acquiring land, forest, water, and other forms of natural capital directly. Similarly, such organizations have played critical roles in gaining access to financial, technical, and other resources, either by seeking them out directly or through representation and advocacy. They also play important roles in managing these assets and in creating problem-solving and developmental partnerships with other organizations.

Organizations of the poor can also enhance people’s participation in decisionmaking. In Ecuador, sustained support from domestic and international agencies has helped consolidate indigenous federations at parish, municipality, provincial, and national levels. Through these organizations, indigenous people have gained leverage in municipal and national government, made some elements of government policy more pro-poor (establishing bilingual education, for example) and increased members’ access to resources. Networks and organizations can enhance poor people’s access to different types of markets and increase the income they derive from their assets. Long-term capacity-building support to rural people’s federations with strong market orientations has led to increased local incomes that have ultimately translated into reduced infant mortality, higher investment in children’s education, improved housing, and reversals of out-migration.

But it is important not to be naive: poor people’s organizations are not always broadly inclusive. Indeed, they may exclude along geographical, gender, ethnic, and political lines. Gender exclusion in particular seems to be a frequent problem in such organizations, making an understanding of the social relationships within such organizations very important. Furthermore, poor people’s social capital is vulnerable to broader political and economic forces, and it cannot be viewed in isolation from the actions and policies of business or government. Economic crisis, footloose investment capital, and the human and economic costs of globalization all challenge the sustainability of this social capital. Rural networks and organizations can be weakened by systematic underinvestment in rural sectors. In both rural and urban areas, people use their relationships, networks, and organizations to confront economic crisis, but evidence suggests that the cumulative effect
of crisis-induced unemployment and violence has been to weaken this social capital and thus undermine poor people’s coping capacities. Attempts to rebuild such social capital in urban contexts include programs like the Jamaican Social Investment Fund, which supports conflict resolution programs and the rehabilitation of local public places as means of rebuilding or consolidating urban social capital.

Building social capital is a central element of empowerment—and empowerment is in turn central to poverty reduction, as both a means and an end. This social capital resides in social relationships that make for strong poor people’s organizations, that link these organizations to other actors, and that foster a fuller inclusion of poor people into economic and political processes. Such organizations and relationships are the means by which people gain voice, agency, and representation.

Social capital influences policy and practice in government and the private sector

Many have long recognized that the choice of policies, the translation of policies into programs, and the final implementation of programs on the ground all depend on social relationships among individuals and groups within public institutions, as well as between them and society. At times formal, at others informal, and often well hidden from view, these social relationships influence the impact of policies and programs on poverty.

• Such relationships can be used by groups to influence the choice and design of policy so that they meet their concerns and needs. Social networks have often been used by elites to influence policy in their favor. But if organized, poor people can also do this. Subnational and national organizations of indigenous people in certain Andean countries, for instance, have had some success in developing relationships with their governments, and have sometimes moved into government bureaucracies. This has helped attune a number of national programs and policies to the needs of indigenous people.

• By building certain types of relationships with society, government agencies can increase the effectiveness of policy and programs, through partnerships and more effective sharing of information. In many cases irrigation services are coproduced and comanaged by users’ associations and public agencies; similar relationships exist in other sectors.

• The quality of relationships within bureaucracies, and between them and society, influences how efficiently and effectively policy choices are
turned into development practice, and whether benefits reach poor people. The transformation of moribund health care services in Ceará, Brazil, is a case in point. This program increased vaccination coverage from 25% of the state’s population to 90%, and by the 1990s staff were visiting 65% of families. This transformation owed much to improvements in the quality of social relationships within the different public agencies involved, and between them and their clients (through greater community monitoring and increased contact between field staff and families).  

Project design that changes the relationship between government and society can enhance the poverty-reducing effect of public actions and simultaneously address governance problems. Analytical work in Indonesia concluded that limited opportunities for village residents to participate in government programs and monitor government performance and expenditure had greatly reduced the impact and sustainability of village investment programs. On the basis of this information, the World Bank-supported Kecamatan Development Project created new procedures for villages to audit the use of project funds; mechanisms through which villages could contract directly for village projects; and activities to increase village capacity to administer local development, exercise demands over district government, and monitor the use of public funds at district government level. By investing in these types of social and inter-organizational relationships, the project hopes to improve the quality of relationships between villages and the local government, thus strengthening the impact of public spending on poverty.

Strengthening interorganizational networks can also have spillover effects. In rural Colombia, the new National Program for Agricultural Technology Transfer (PRONATTA) built relationships with nongovernmental organizations and civil society organizations that not only enhanced the project’s effectiveness but also led to new initiatives. The program’s regional civil society and government networks became forums to discuss broader regional development concerns. Meanwhile, PRONATTA’s growing commitment to its nongovernmental partners led it to seek additional capacity-building funds that were used entirely for strengthening these partners and their networks. These innovations were possible because of the high levels of trust and mutual respect that had been built among PRONATTA, civil society, and decentralized government organizations.  

Social and institutional relationships are as important in the economic sector as they are in the social sectors. Successful agricultural traders in Madagascar, for instance, owe their success more to their networks of relationships than to any individual entrepreneurial act—their relationships facilitate
Social capital can be used by social groups in ways that aggravate poverty by business start-up, information sharing, credit access, and risk sharing. Relationships linking government and industry have likewise been important to successful industrial development in Brazil, India, and Korea. Government bureaucracies were able to nurture the emergence of new industries more effectively when they had well-developed relationships with business leaders and well-developed and respected rules of public administration. Without the former, synergies between government and business would not be exploited; without the latter, those synergies would lead to more inefficient and corrupt forms of industrial development with little sustainability or impact on economic growth (and poverty reduction).

These different initiatives have certain things in common. Most important, they develop strong and reliable social relationships among actors. They create a close and interactive relationship between government and society, and an internal organizational culture in the public sector that fosters respect, motivation, and integrity. But the cases also demonstrate the importance of serendipity. They depend on innovators prepared to risk a new way of working within a bureaucracy (including the World Bank) and on leaders prepared to foster and support such innovation. Being able to identify innovators and leaders and invest in their initiatives is part of understanding relationships and actors within organizations.

It is also important to remember that social capital can be used by social groups (such as elites) in ways that aggravate poverty. Where public and regulatory institutions and the bureaucratic ethos of public service are weak, “rules and decisions [can easily become] commodities, to be sold like any other commodity to the highest bidder.” Here, the social relationships that give particular groups privileged access to bureaucrats, decisionmakers, and information on public policy and finances have often been used to capture the benefits of government programs and expenditures. As a result, the poverty-reducing effect of public action is minimal, perhaps negative.

What are the implications for the World Bank?

When the World Bank began to explore the concept of social capital around the time of the Copenhagen Summit in 1995, it did so as part of a broadened notion of sustainable development, understood as having social as well as economic, human, and environmental dimensions. Subsequently, more attention has been paid to links between social capital and poverty, and over the past five years the Bank has produced considerable analytical work on this theme. It has complemented this work with operational experiments linking social capital, governance, local institutions, and social
cohesion. These bodies of work provide the basis for rethinking the linkages between social capital, poverty, inclusion, and social development. Efforts in recent years to promote participation and partnership reflect early steps in this direction.

But the recognition that social relationships, networks, and organizations are critical determinants of poverty has far broader implications for the way development institutions do business.

• First, the World Bank needs to incorporate social and institutional analysis more prominently into country sector analysis, project preparation, and project monitoring. This would in turn influence the design of both investment projects and adjustment lending—as recent changes in the Bank’s work in Colombia demonstrate.26 At a micro level, this means analyzing the social relationships underlying local governance and economic activity, and the role of poor people’s networks and organizations in their livelihood strategies. At a macro level, it implies exploring the ways certain policies and political and economic arrangements can weaken pro-poor social capital and how social capital affects public bureaucracies and the distribution of public expenditure.

• Second, the Bank should learn how its different instruments and ways of working affect—and are affected by—social capital. Operational experience and project-based research should drive much of this learning. In particular, as the Bank engages more in initiatives involving decentralization, community-driven development, and local civil society organizations, it will be important to learn from these experiences in working with local forms of social capital, and to understand the positive and negative effects they have on this social capital; it cannot be assumed that such approaches will have only positive effects. Likewise, it is important to rethink the design of a wider range of projects (sectoral adjustment, government reform, market regulation, and the like) through a social capital lens. The precise implications for operational design and implementation will, however, vary according to country context. Indeed, this is another (if not new) lesson from the social capital discussion, and a reason why this essay does not make precise operational recommendations.

• Third, the Bank should foster the types of social capital likely to reduce poverty. This means understanding the characteristics, concerns, and relationships of a wide range of actors and encouraging new forms of civic engagement and interinstitutional links. It also means working with many more partners to catalyze coalitions for poverty reduction involving local,
regional, and national actors. Though only in their infancy, the Comprehensive Development Framework and the Poverty Reduction Strategy Papers offer important opportunities in this regard.

“Getting the social relations right” is no panacea for development—no magic poverty-reducing bullet. Enabling social and economic policy environments remain equally important, as do technical expertise and quality. Building positive forms of social capital is, however, a very important dimension of the challenge of development: to understand and strengthen the social foundations of sustainability. This challenge lies at the core of the future social development agenda.

Notes


8. This is a quotation from a person in Ghana cited in Narayan and others, “Global Synthesis,” p. 37.
11. Moser and McIlwaine, Urban Poor.
Poor people have always lived with risk—and with shocks. And they have always devised mechanisms to help reduce or mitigate risk and cope with the effects of shock. When farmers plant crops in a frost-protected area, they are trying to reduce risk. When a poor family diversifies its income sources, it will mitigate the effects of a shock to any one source. And when a shock has truly disastrous effects on a family’s living standard, the family can cope by migrating. Although everyone manages risk in some way, strategies like these are especially important for the poor.

Some risk management strategies—such as technology choice, migration, or livelihood diversification—are managed at a household level. Others depend on formal and informal social relationships within communities, among them, and linking them to other actors. These community forms of social capital and the risk managing practices they allow are therefore critical elements of any effort to improve the effectiveness of risk management.

In many cases, communities of risk management exist as geographically defined neighborhoods and villages. In other cases, they are defined by shared ethnic, linguistic, gender, economic, or other identities. In each case though, these communities develop mechanisms to deal with shocks of all types at micro, meso, and macro levels (table 2.1). Micro level shocks are often called idiosyncratic because they affect specific individuals or households. An example is the death or illness of an income producer or parent in a family. Meso level shocks are often referred to as covariant because they strike entire groups or communities and are common to all households in the group. Macro shocks at the national or international level are similarly covariant and affect an even wider population.

In practice, many shocks have both idiosyncratic and covariant dimensions, although most empirical studies find that the idiosyncratic compo-

This essay was prepared by Anthony Bebbington and Christiaan Grootaert with an advisory group of Harold Alderman, Julie van Domelen, and Judith Edstrom.
nent of risk is large. Rural households in Ethiopia, for example, face health-related shocks such as illness or disability. Communities and villages face such natural shocks as harvest failure, and even larger shocks, such as taxation and war. Meso and macro shocks can be more harmful than micro shocks because they often exceed a community’s or even a region’s coping capacity. They cannot be insured solely within the village but instead require pooling with areas not subject to the risk.

<table>
<thead>
<tr>
<th>Type of risk</th>
<th>Micro (idiosyncratic)</th>
<th>Meso (covariant)</th>
<th>Macro (covariant)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural</td>
<td>Rainfall</td>
<td>Earthquakes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Landslides</td>
<td>Floods</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Volcanic eruption</td>
<td>Drought</td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>Illness</td>
<td>Epidemic</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Injury</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Disability</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Old age</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Death</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social</td>
<td>Crime</td>
<td>Terrorism</td>
<td>Civil strife</td>
</tr>
<tr>
<td></td>
<td>Domestic violence</td>
<td>Gangs</td>
<td>War</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Social upheaval</td>
</tr>
<tr>
<td>Economic</td>
<td>Unemployment</td>
<td>Resettlement</td>
<td>Growth collapse</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Harvest failure</td>
<td>Balance of payments, financial, or currency crisis</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unemployment</td>
<td>Technology- or trade-induced terms of trade shocks</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Declining soil fertility</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reduced fish stocks</td>
<td></td>
</tr>
<tr>
<td>Political</td>
<td>Riots</td>
<td></td>
<td>Political default on social programs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Coup d’état</td>
</tr>
<tr>
<td>Environmental</td>
<td>Pollution</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Deforestation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Nuclear disaster</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The concept of covariant risk highlights the sense in which such intra-community risk management mechanisms are limited in their effectiveness. This is especially true for catastrophic shocks that tend to come together, such as earthquakes and epidemics of waterborne diseases. These are examples of risk that communities cannot prevent, mitigate, or cope with alone. Furthermore, certain forms of coping strategy may ultimately damage the very assets that poor people draw on to deal with risk, especially because coping with shocks often involves more than such economic responses as selling assets or increasing labor supply. For example, if a crisis is prolonged, households may delay marriage and childbearing, families may move in together, especially in urban areas, and young children may be sent to work. People may resort to illegal or even violent means to acquire income. Ultimately, the forms of social capital through which people manage risk may come under pressure and break up. ²

In the face of such limitations, many communities build linkages with other actors in the private, public, and civic sectors. This suggests the importance of holistic approaches to risk management in which external actors help protect existing community-based mechanisms from excessive stress and complement the capacity of communities to prevent or respond to shocks (especially covariant and extreme shocks).

Most simply, the capacity of communities can be built by strengthening risk management mechanisms within communities and improving the strength and quality of linkages among communities—and between them and other local, national, and international actors. In each case, such capacity building involves strengthening the social capital that bonds kinship, village, and ethnic groups, bridges networks of unlike groups, and links all of these to outside actors.

**How communities manage risk**

Communities manage risk in many ways: some involve technology; some involve informal arrangements of mutual help; others involve more formal types of organization; and yet others involve building linkages with other actors.

**Risk-reducing technologies**

Across the world, resource-poor farmers and pastoralists live with uncertainty. In response, they have developed a range of techniques that help reduce and mitigate the risks of harvest failure or herd loss: water harvesting techniques and complex herd movements to guard against losses from...
drought in dryland and pastoral Africa; agricultural terracing in Asia and Andean America to manage water scarcity and abundance; crop spacing practices to avoid frost; and crop diversification to mitigate potential losses due to pest or climatic shocks. These technologies, though still often overlooked in agricultural research and development, offer important building blocks for reducing risks, thus increasing the sustainability of rural livelihoods.

**Informal social relationships to share risks**

Effective management of many household level responses to risk involves group coordination made possible by social relationships among community members. A particularly important example is the Rotating Savings and Credit Association (ROSCA). Whether in the form of *pasanacu* (Bolivia), *cuchuval* (Guatemala), or *arisan* (Indonesia), ROSCAs are a critical resource to households. Indeed, a study of local institutions in Indonesia found more household memberships in ROSCAs than in any other type of local institution. ROSCAs allow people to save and lend among themselves on the basis of fairness, reciprocity, and mutual trust. While ROSCAs primarily provide repayable credit, with or without interest, they also frequently constitute an insurance mechanism that members know they can rely on if in need. In some cases, they also allow members to build assets through interest earned on savings or economic activities made possible by loans. If successful, they also help strengthen group social capital. As they are small-scale, however, ROSCAs generally insure only against idiosyncratic risk.

Another increasingly common example of informal risk management is the support that individuals and groups provide to help others cope with HIV/AIDS. Such support networks create a safety net for community members whose immediate survival is threatened. When HIV/AIDS overtaxes extended family support mechanisms, the role of the wider community becomes critical. Indeed, many development workers involved in HIV/AIDS projects believe that “strengthening spontaneous community-based initiatives is as urgent as preventing the spread of HIV.” Caring for the sick and orphaned tends to be the first concern of many community-based organizations as they respond to the shock of HIV/AIDS. In addition, such organizations provide daycare services for children who have lost parents; home visits to provide moral support to affected families; labor to help affected households with agricultural and other tasks; communal income-generating projects to provide cash, food, or clothing to the neediest households; and money for school fees, uniforms, and medical expenses.
Organizing and linking to address risk

While some mechanisms depend on informal relationships, others require more formal group organization—particularly when risk management requires that groups access external resources through linking with other actors or representing themselves more formally. Such organizing and linking can be means to reduce risk (by building assets in anticipation of shocks), to mitigate its effects (by diversifying into new markets and other linkages opened up by the organization), and to cope with these effects (by facilitating responses to shock).

In some countries, federations of communities have been especially effective in building links among households, communities, and external actors—in both rural and urban areas. Ecuador, for example, has 30 years of experience in building such federations. These federations have created a distinctive form of regional social capital through which communities and households act collectively and gain greater access to markets, governments, and forms of external support. These linkages have helped households and communities build up their asset bases (through improving education, health, and agricultural support services), enhance their income, and more generally reduce their vulnerability. At certain times they have also facilitated responses to shocks: following cholera outbreaks in rural communities in the early 1990s, some federations facilitated rapid medical responses at a community level through partnering with public health services and nongovernmental organizations (NGOs).

Building on community-based social risk management mechanisms: contributions of external support

While community-based mechanisms have many strengths, they are not always perfect. They may be costly or even have less desirable corollary features. For example, indigenous agricultural technology might manage risk, but it might not increase economic opportunity. Some technologies—though traditional—may also require initial investment and support to social organizations. ROSCAs may be constrained by the assets available to their members or by distrust among community members. There is therefore a good case for sensitive forms of external support to enhance the effectiveness of some of these mechanisms, and to introduce them in contexts where they are absent.

Village banking programs, for instance, aim to build on the types of mutual assistance mechanisms that underlie ROSCAs. Some have been effective in enhancing women’s financial and social capital assets even in post-conflict contexts where the social capital that undergirds such mutual support is often
Government can play a role in ensuring that most of a community participates in the asset-building programs of public agencies.

In the chronically poor department of Ayacucho in Peru, the center of rural insurgency during Peru’s civil war in the 1980s and early 1990s, a village banking program managed to create some 168 women’s village banks within five years. The program, implemented by the NGO FINCA, confronted the effects of violence and internal displacement directly by placing a heavy emphasis on rebuilding relationships of mutual trust among bank members. The banks have since accumulated combined savings exceeding $1 million; they have also helped develop social relationships among women that have led to other joint economic activities.

Some agricultural technology development programs also attempt to build on existing risk management practices. In the Sahelian central plains of Burkina Faso, farmers of the Mossi ethnic group face many climatic risks, such as drought followed by erosive rainfall. One response to these risks has been to build *diguette*es (stone lines) to prevent erosion. Development agencies have built on this risk-reducing strategy with further innovations to its design and dissemination.

**Forms of complementarity between communities and external actors**

Community-based mechanisms might also be less than ideal because of the nature of the social capital that underpins them. If some community members free ride, for instance, this can lower the benefits to all others. If mechanisms exclude certain groups based on gender, kinship, ethnicity, class, or other lines, they leave these groups especially vulnerable. For these reasons, interventions that work only through existing community social capital may have significant drawbacks (table 2.2). The existence of these potential drawbacks justifies complementary risk management interventions. Here, there are important roles to be played by government, the private sector, and NGOs.

**Complementaries between government and community mechanisms.** While informal insurance arrangements often insure adequately against misfortune that befalls individuals or families, they are less effective in crises that hit the entire community. Other forms of insurance are needed for covariant shocks. Regardless of who provides them, they can improve overall risk management and increase welfare without crowding out the informal insurance. Where informal insurance is not effective—because of enforcement problems or because shocks are too frequent or too large—community welfare could be increased if the social safety net were to insure against individual shocks as well as common shocks. Whether the state or private insurers should give coverage depends largely on the type of shock. The state is often best able to cover covariant shocks, but pre-
dominantly idiosyncratic shocks may be better handled by private providers (communities, insurance firms). In this case, the government would facilitate and, if necessary, regulate private provision.\textsuperscript{17}

The socially excluded are among the most vulnerable to risks, but are not always assisted by intracommunity mechanisms of risk management. Government attempts to mandate inclusion in civil society and community-based organizations might be contentious, as they can be seen as a means of manipulating such organizations. Government can, however, foster inclusion in other ways. Programs and legislation targeted to protect the most vulnerable can play an important role in institutional environments where government has the capacity to reach such groups. Government can also play a role in ensuring that most of a community participates in the asset-building programs of public agencies.

This type of government involvement can take many forms. One is legislation that mandates inclusiveness. For example, Bolivia’s Law of Popular Participation (1994), in addition to transferring resources to municipalities, mandated broadly based community participation in developing municipal development plans—and in monitoring municipal government effectiveness in implementing such plans.\textsuperscript{18} Special government projects can also mandate inclusion. Indonesia’s Kecamatan Development Project requires community level participation in priority setting and budget monitoring similar to that in Bolivia. It also mandates specific grant facilities for especially vulnerable groups.

\begin{table}[h]
\centering
\begin{tabular}{|l|l|}
\hline
\textbf{Advantages} & \textbf{Disadvantages} \\
\hline
Better information on needy households & Program may be used to serve elite interests \\
\hline
Allocation criteria are adapted to local needs & Participation of community leaders may have high opportunity cost \\
\hline
Decentralized administration is more efficient & Allocation rules may cause increased divisiveness in the community \\
\hline
Community mobilization may build social capital & Externalities across communities may not be taken into account\textsuperscript{a} \\
\hline
\end{tabular}
\caption{Advantages and disadvantages of community-based targeting}
\end{table}

\textsuperscript{a} Externalities exist if an individual or firm takes action that directly affects others but neither gives nor receives compensation for that “external” effect. (Joseph Stiglitz, \textit{Economics}, New York: W.W. Norton & Company, 1997.)

Because community-based mechanisms are often unable to cope with the sustained macro shocks that come with economic crisis and adjustment programs, social funds have been an important means of dealing with such shocks, in addition to serving their many other purposes. While early social funds were often viewed as temporary mechanisms to help households and communities cope with shocks, some recent social funds have been viewed as more permanent risk mitigation and reduction programs to build community assets (including social organization and social capital more generally). In addition to building community assets (in particular educational facilities), the Zambia Social Development Fund increased the capacity of communities to organize and manage resources, create trust between communities and other local and national institutions, and foster accountability between communities and district government.

In designing social funds, government has no comparative advantage in obtaining information on local needs. Local groups do. They may have information not available to a representative of the center, and they may be enmeshed in local networks or social relations not easily available to outside agents. Thus, even where a case can be made for government intervention, a partnership approach involving government, communities, and third-party institutions for peer-monitoring is frequently recommended. Indeed, social funds have often been successful precisely because they can work with a wide array of agencies—community, national, and international—and root investment decisions at the community level. In Bolivia, social fund investments in health facilities reduced infant mortality. In Honduras and Nicaragua social fund investments in water reduced the frequency of diarrheal disease and stunting.

Complementarities between market and community mechanisms. Financial saving, as well as accumulation of other assets that can be sold at fair market prices, is perhaps the most important means of reducing income variability. But community savings and loan mechanisms are constrained in the amount of lending and borrowing they can permit—and are unlikely to survive shocks that affect all their members. Financial services that allow saving, borrowing, and insurance therefore constitute a critical complement. However, because formal financial institutions are reluctant to insure or lend to poor people, support to the development of specialized microfinance institutions and services is an important instrument of risk management and an opportunity for enhancement. Introducing services that favor women, the poor, and remote areas can be particularly important in helping the very poorest reduce, mitigate, and cope with risk. Such market-
based institutions of risk management and opportunity enhancement must also be well regulated to ensure transparency, honesty, and efficiency.

**Complementarities between civil society organizations and community mechanisms.** Community and federated organizations may lack the management capacities and both the bridging and linking social capital they need to help them play an effective role in social risk management. This capacity can be built, however, through sensitive and sustained support from external actors. A study of rural peoples’ federations in three countries concluded that such social capital was more likely created when: there was a long relationship of partnership between the federation and external actors; external actors helped foster greater internal accountability in the federation; financial transfers were based on credit rather than grants; and external actors approached capacity building without preconceived notions of the types of organization and social capital to be built. Such capacity building can be done by NGOs, religious organizations, or government agencies, though evidence suggests that government is less well equipped for it because of frequent changes in staff, resources, and policy.24

**Contexts favoring complementarity**
The possibility of building effective complementarity among government, market, civil society, and communities depends greatly on a supportive context.

**Active communities.** Complementarity is most likely in active and cohesive communities. A study of 15 beneficiary assessments of social funds in eight countries between 1989 and 1996 found that more active communities were better able to gain access to and implement social fund projects regardless of poverty levels.25 The tendency of some communities to organize and work together toward solving problems distinguished them from communities that either could not effectively express their demands to social funds or were not good at implementing projects. In Chile, projects had a positive impact and were sustainable when beneficiaries displayed entrepreneurial spirit, leadership, and experience with social projects. And in Armenia, the most active implementing agencies and beneficiaries were those that already had a high degree of involvement in community initiatives.26

**Good government and governance.** All other things being equal, effective complementarity is more likely when government is decentralized and has
The best social risk management policy is one that reduces risk by preventing shocks before they happen or mitigating their effects when they do. Adequate capacity to sponsor risk management programs. But more important—whatever the level of government—are the relationships of governance involved. Complementarity is more likely when institutional arrangements and forms of social capital exist that reduce the likelihood of elite capture of the assets controlled by both government and market actors. This is more probable where there is greater transparency and participation in the regulation of such actors and institutions (as in Bolivia and the Kecamatan Development Project in Indonesia)—through formal structures as well as other mechanisms of civil society monitoring (such as a free and competitive press).

Outside support tailored to different conditions and different institutional capabilities. A macroeconomic shock, a hurricane, or a civil war can lead to severe decline in income and depletion of a community’s asset base. But how a given shock is transmitted to households is greatly affected by a country’s institutions. Not every drought causes famine, illness, and death. The effect of such disasters depends on how well the government functions, whether there is peace or civil strife, and so on. The same macroeconomic shock or political upheaval may affect the poor in very different ways depending on how well safety nets and other institutions include the poor. Crafting appropriate complementary institutions for risk management will therefore depend on the interaction between country institutional context and the nature of risk.

While significant time and money have been devoted to coping with shocks, the best social risk management policy is one that reduces risk by preventing shocks before they happen, or mitigating their effects when they do. This implies investing more in poor people’s assets (skills, health, social organizations, and financial and material resources), encouraging forms of social capital that facilitate people’s access to and control over assets and external institutions, and promoting macro policies and forms of economic development that reduce risk rather than create it.

Notes

Building on community initiative to manage social risk


13. See chapter 3 for more discussion of the special case of post-conflict communities.


How does social capital help a community become more resilient and manage conflict so that it does not erupt into violence? What conditions reinforce exclusionary “bonding” social relations, and what conditions nurture inclusionary “bridging” social relations? And how does the ebb and flow of social capital work to bind or fragment a society? These critical questions are key to understanding the role of social capital in promoting social cohesion and preventing violent conflict. Experience from wartorn countries sheds light on these issues.

The Rwanda genocide erupted in April 1994, following the sudden death of President Juvenal Habyarimana and the formation of an interim government dominated by Hutu extremists. This anti-Tutsi genocide wiped out entire families, neighborhoods, and classes of professionals, leaving 800,000 dead within three months, including many Hutus who did not subscribe to exclusionary Hutu power. With dehumanizing hate propaganda, the extremist Hutu power groups mobilized exclusionary and divisive social capital that bonded Hutu, primarily male unemployed and uneducated youth, to form such groups as the Interahamwe (“those who attach together” in Kinyarwanda) that were at the forefront of the genocide. While some Hutu willingly participated in the massacres, others were ordered or forced to kill. Exclusive “bonding” social capital powered Hutu extremists by providing efficient information networks and a sense of solidarity, obligation, and civic duty.1

In contrast to this example of the perversion of bonding social capital, social capital can “bridge” different groups by enabling cross-cutting and inclusive ties, like those among indigenous Guatemalan women’s groups that have united to sustain peace efforts. By establishing the Office for the

---

Defense of Indigenous Women’s Rights (Defensoria), the government solidified the first post-conflict initiative in Guatemala to incorporate indigenous participation into the management and administration of a public institution.

The Defensoria has a consultative council that includes representatives from 24 indigenous linguistic communities; a coordinating council that connects members of the main indigenous women’s organizations; and an interinstitutional commission that includes members from ministries, linking the communities with government actors. The effort promotes the inclusion of one of Guatemala’s most excluded groups, indigenous women, and the development of their capacity to represent their interests in working with external actors. It also bridges gaps between the groups. Forming such links between excluded groups and government offices is an example of the benefits that can be derived from inclusionary and bridging social capital.

The interplay of kin and communal bonding and bridging social relations with democratic or authoritarian governance shapes cross-cutting social capital and social cohesion. The more that vertical social capital (state responsive to its citizenry) and horizontal social capital (cross-cutting, networked relations among diverse communal groups) intersect, the more likely a society will be cohesive and thus possess the inclusive mechanisms necessary for mediating and managing conflict before it turns violent (box 3.1). The weaker the social cohesion, the weaker the reinforcing channels of socialization and social control (compliance mechanisms). Weak societal cohesion increases the risk of social disorganization, fragmentation, and exclusion—and can end up in violent conflict.

Exclusion, inequality, and indignity

The intersection of vertical and horizontal social capital is characterized by the structure of violence in three basic social and economic phenomena: exclusion, inequality, and indignity. The presence of these phenomena affect bonding and bridging social capital and reflect the nature of government and community relations, thus influencing the level of overall social cohesion.

In many developing countries, unequal patterns of development have been a major source of societal cleavage. The effects of globalization often run concurrent to development. Yet globalization, while integrating markets and values and thereby facilitating economic growth, can also be a source of increasing exclusion and marginalization, widening the gap between rich and poor within and among societies and exacerbating the conditions that
can give rise to violent conflict. The consequent exclusion and inequality can be compounded by the struggle for identity in a rapidly changing world.

Traditional values, roles, and institutions are continually under assault as a result of the communications revolution, market penetration, and rising life expectations in even the most remote parts of the globe. The impact of market penetration has been intensified by another effect of glob-

---

**Box 3.1**

**Social capital, social cohesion, and conflict management**

Why does violent conflict erupt? Consider the relationship between social capital and social cohesion—expressed in the nexus of vertical and horizontal social capital and the balance of bonding and bridging social capital (see figure).

Social cohesion refers to two broader, intertwined features of society. First, the absence of latent conflict—whether in the form of income inequality, ethnic tensions, disparities in political participation, or other forms of polarization. Second, the presence of strong social bonds—measured by levels of trust and norms of reciprocity, the abundance of associations that bridge social divisions (civil society), and the presence of such institutions of conflict management as responsive democracy, an independent judiciary, and an independent media.³
Violent conflict can be triggered by the presence of strong exclusionary bonds

violent: the weakening of the state. In many developing countries this is compounded by dwindling resources, endemic corruption, and the rise of civil society, which can complement the state’s role but also compete with it for legitimacy.

Conflict resulting from exclusion, inequality, and indignity does not, however, necessarily lead to eruption of widespread hostilities. The tolerance and coping capacities of the poor and marginalized are legend and manifold. But conflict often engenders large-scale violence if various structural conditions are present. One such condition is authoritarian rule and a lack of political rights. A second is a weak state lacking the institutional capacity to manage conflict. A third is socioeconomic imbalance, combined with inequality of opportunity and a weak civil society. The risk of violent conflict increases when these conditions exist concurrently or are exacerbated by other problems, such as the manipulation of ethnic or other differences (in religion, culture, language).4

Two main features of social capital are increasingly relevant as potential kindling to fuel the fire of hostility. Vertical relations plagued by inequality and an unequal distribution of power and opportunity (and thus often accompanied by exclusion and indignity) can instigate violent conflict. Horizontal relations that lack ties between unlike groups in a multicultural society can erupt into hostilities if one group is seen as monopolizing resources and power to the disadvantage of the others. And if within these groups, high levels of bonding social capital link only like members, differences in access to resources and power may further aggravate relations and heighten tensions between those in control and those excluded.5 Thus violent conflict can be triggered by the presence of strong exclusionary bonds combined with a lack of horizontal cross-cutting ties and weak vertical institutional links between communities and governments.

Fulcrums that transform social capital and social cohesion

There are numerous examples of how social capital can be readily perverted to undermine social cohesion and fragment society for individual and group gain, resulting in violent conflict. Under the Pol Pot regime in Cambodia, the Angka, or “authority,” employed inclusionary social capital within the group to strengthen its resolve and weaken those excluded from the group. The Rwanda genocide illustrates how the political and economic elite can use identity to mobilize and pervert social capital and achieve its own ends. Political violence in Guatemala illustrates how groups and individuals can suffer numerous indignities at the hands of oppressive, author-
itarian regimes that pit one group—be it religious, ethnic, or age-bound—against another in pursuit of largesse and power. In the south of Somalia, strong bonding social capital fortified clan allegiances, pitting clan against clan and impeding moves toward peace and reconciliation.

Thus, it is necessary to examine what processes and phenomena affect social capital (and therefore social cohesion) to better understand the dynamics between social capital, social cohesion, and violent conflict. The broad influences on the uses and effects of social capital rest on three fulcrums, each with the potential to destroy or build communities: state policies, markets, and mediating mechanisms (including civil society and the media).

In Rwanda, relations between Hutu and Tutsi deteriorated under Belgian colonial rule. The support given by the colonial power to the minority Tutsi through exclusionary policies entrenched socioeconomic disparities along “ethnic” (rather than class) lines. When the government was replaced by a Hutu-dominated party, its policies continued to erode social ties between the Hutu and Tutsi. The rights of the Tutsi were suspended, while institutional structure and discrimination excluded them from a range of educational and employment opportunities.6

The penetration of markets into society can foster secondary networks of social capital that may bridge different groups. Globalization, in the form of external market penetration and the spread of technology, has facilitated peace efforts in northern Somalia by enabling exchange and economic growth despite the country’s adverse conditions. The Somalia diaspora, easy access to ports, telecommunications, and capital (through electronic transmittal of remittances) have all facilitated this growth, which linked those groups within the northern region.

Societies also need processes or institutions to avoid or resolve conflict. These mediating mechanisms mitigate and manage conflict before it becomes violent. Examples of such mechanisms range from a fair, effective judicial system to an active civil society that protects the rights of the individual while interfacing with the state—and to a free press that enables the airing of grievances and nurtures an open dialogue between the state and its citizens.

The media is an important mechanism for conflict management, yet it can also be manipulated to fuel tensions. Rather than serving as a mediating mechanism to end conflict in Rwanda, the media inflamed ethnic hatred. The Radio et Télévision Libre des Mille Collines used media channels to spread hate propaganda and went as far as broadcasting lists of Hutu in each commune that had not participated in the killings, thereby publicly pres-
Civil society is a key mediating mechanism.

The Cambodian civil society was purposely destroyed by the Pol Pot regime to erase all forms of traditional bonds from kinship to religion and customs—and all modern bridges by targeting teachers, doctors, and other professionals. A perverted form of bonding social capital emerged in the form of the Angka, a handful of extremist intellectuals who mobilized a semiliterate, unemployed, excluded youth group to perpetrate one of the cruelest genocides in modern history. This impeded the development of civil society.

The presence and use of these fulcrums can lead to bridging social capital and government-community linkages, or to social cohesion driven by inclusion, democratic principles, access and equality of opportunity, an efficient and noncorrupt government, and an open society with space for a free media and thriving civil society. On the other hand, as evidenced in many war torn countries, the manipulation of these fulcrums can lay countries to ruin, decrease future opportunities, and destroy lives, as the fulcrums are used to strengthen exclusionary bonding social capital and erode social cohesion.

The role of humanitarian relief and development in building resilient communities

Humanitarian and development actors, in their drive for relief and sustainable social and economic growth, must take into consideration the interface between social capital, social cohesion, and violent conflict, which can negatively result in exclusion, inequality, and indignity by the abuse of fulcrums such as policies and mediating mechanisms. By facilitating cross-cutting relations and strengthening social cohesion during the transition from violence to peace, humanitarian and development actors can play a critical role in the transition from welfare-oriented, protectionist relief to a proactive...
Building the social foundations of human security 41

Communities are not just victims with needs but survivors with capacities.

While the urgency of human suffering must be addressed, so must the root causes of the suffering to prevent further tragedy. Bridging the gap between relief and development is an important step in moving upstream from conflict to peace. This is to say that experience has shown the importance of linking relief and development assistance in an integrated approach that will allow war-affected communities to return to the development path. In general, neither humanitarian relief nor development seem to rely on knowledge sharing to link and ameliorate operations and impact.

Humanitarian relief operations focus on saving lives through immediate short-term action. In this process, the emergence of certain conditions needed for reconciliation and sustainable development may be hampered. Protracted emergency conditions require extended humanitarian relief, however, if continued for long periods of time, this assistance can run the risk of creating dependencies and hampering the development necessary for future economic growth. These dependencies are compounded by the fact that relief often caters to individual rather than community needs. This lowers levels of social cohesion and consequently solidarity, group trust, and norms of reciprocity and hinders the development of the cross-cutting ties that link different parties of the conflict and create the bonds necessary for economic growth and development. If not implemented carefully, humanitarian assistance can form exclusionary boundaries between those who receive aid and those who do not—and in a worst-case scenario inadvertently prolong or exacerbate conflict. One case in point is the situation of humanitarian assistance delivered in Goma after the Rwandan genocide and its unintentional support of the Interhamwe and other genocidaires. Relief must go beyond “doing no harm” to doing some good.

The real challenge in the transition from war to peace is to go beyond saving lives to providing sustainable livelihoods that consciously build bridging social capital while providing relief and rehabilitation (box 3.2). It is not enough to provide food; that can inadvertently build dependence. Agencies must work to empower the victims to take back their own lives and become active producers of food again. Repatriation of refugees without social and economic reintegration is a recipe for further impoverishment. Emergency drugs and medical treatment without health services and social security may sustain life but not end suffering. The sustainability that emerges to prevent dependence stems from the emergence of bridging linkages, which unite disparate communities in efforts of social and economic growth and development.
Humanitarian assistance should help lay the groundwork for economic development. Development assistance, on the other hand, focuses on long-term outcomes, and is usually slow and inflexible, especially in funding and adapting to changing situations on the ground. During the initial stages of intervention in a country emerging from war, development actors are often unfamiliar with the country’s current conditions, yet often don’t link with the humanitarian actors who have been present for some, or all, of the war. This lack of knowledge creates gaps, especially with awareness of local surroundings, and often results in development assistance supplanting local coping mechanisms and social networks that emerged during turmoil. This situation is worsened by the fact that development assistance tends to focus more on rebuilding basic infrastructure than reweaving damaged social tissue.

If humanitarian and development actors link efforts and collaborate—despite the complication of their differing mandates (and often objectives)—each type of assistance can cater more to local needs than to those of their own organizations. Humanitarian assistance should be more forward-thinking by helping lay the groundwork for economic development and preventing the stifling of cross-cutting ties, while development actors should build more from the local networks that emerged during conflict and attempt

---

**Box 3.2  Knitting Together Nations**

Knitting Together Nations is an employee-owned humanitarian organization in Bosnia and Herzegovina. One of its goals is to revive and sustain multiethnic, indigenous traditions—and to build new commercial links between Knitting’s regional production partners and western consumer countries.

Knitting has developed contract-manufacturing to produce for designers, fashion houses, and companies that already have a sizable and loyal client base and can handle product development, marketing, and sales. And with UNESCO’s sponsorship, Knitting is providing education programs in English and computer skills free of charge to all employees and their children.

By January 2000 Knitting had full-time, year-round employment for 48 displaced women, equally balanced among the three major ethnic groups in Bosnia and Herzegovina—groups once divided by conflict. By producing together they are forming new social relations to cut across the divide. Estimates suggest that growing demand in the upcoming production season will increase employment to more than 100 in 2000—and around 400 in 2001.

to integrate knowledge accumulated during humanitarian relief. In so doing, the joint actions of each actor will help link different parties to the conflict, build the connections necessary for economic growth, and encourage local empowerment and participation, thus having a more positive impact on sustainable development and planting the seeds for reconciliation.

**Managing conflict by integrating activities, connecting groups, and empowering people**

Government actors, as well as international organizations, are involved in humanitarian activities and development activities and with their respective actors, and thus can play a key role in helping integrate and link the two. A good example of moving toward better integration is a project requested by the government of Sri Lanka. The government is attempting to develop a broad-based framework for relief, rehabilitation, and reconciliation, a process technically supported by international donor agencies and led by the World Bank. The framework provides a common direction and basis for effective relief and rehabilitation assistance to conflict-affected communities—by formulating policies, strategies, mechanisms, and guidelines. It helps strengthen the country’s capacity to ensure basic needs of people affected by the conflict and rebuild productive lives when feasible. And it guides efforts for reconciliation and partnership across ethnic lines as a basis for sustainable development. Consultations are being conducted in more than 13 districts and nine sectoral groups (ex-combatants, widows, youth) with more than 2,000 people from all sides of the struggle. This is creating a “social space” for dialogue. While focusing on the North and East, the framework’s scope is the entire country. It is developing as a collaborative effort between beneficiaries, government, and providers of the assistance. This framework process, through the development and refinement of policies and mediating mechanisms, is striving to improve bridging social capital—both vertically and horizontally—to enhance social cohesion in Sri Lanka.

Another attempt to better integrate activities to enhance social cohesion and increase bridging social capital is work by the World Bank and UNICEF in FYR Macedonia—a multiethnic society of Macedonians, Albanians, Turks, Serbs, Romas, and others. To manage ethnic conflict escalated by the war in Kosovo, the Bank and UNICEF provided a post-conflict grant of $2 million to communities privately hosting refugees in Skopje, Tetovo, Gostivar, and Kumanovo. The grant helped improve the learning environment of Kosovar and Roma refugee children and Macedonian
children from hosting communities, created an early child development network of mothers in disadvantaged communities (benefiting 5,000 families), promoted interethnic dialogues among youths through video production, and sponsored participatory social research of the needs of conflict-affected and minority groups.

By using the media and creating more space for civil society, the project addressed the immediate needs spurred by the refugee crisis and introduced new approaches to medium-term conflict prevention. It also increased understanding of ways to meet the immediate educational needs of refugees, improve the livelihood of disadvantaged ethnic groups, and encourage social development in conflict-prone areas.8

Rehabilitation and reconstruction hinge on reconciliation, which successfully strengthens connections between and within former adversarial groups of the conflict. In Rwanda space has been created for the reemergence of civil society actors. Yet the new social fabric of Rwanda is complicated, laden with diversity. Managing such diversity and reconciling old differences may take generations. But cross-cutting associations of widows (and other female-headed households) are bridging ethnic lines to form new social capital—working together to support one another and build a pluralistic, tolerant Rwanda. Further space created for civil society, if combined with cross-cutting ties, will help lead to improved social cohesion.

Decentralization and participation can empower people to take over development and their future. To dismantle the legacy of centralized decisionmaking and begin to forge these bridging links, Rwanda’s government initiated an inclusive community-level approach founded on the concepts of participation and decentralization. This approach is designed to involve Rwandans closely in managing their affairs and to give local administrations the primary responsibility for development activities—not only empowering the groups but encouraging them to work together to build their connected futures.

The World Bank-financed Rwanda Community Reintegration and Development Project supports this approach. It assists war-affected communities, returned nationals, and other vulnerable groups through community-based reconstruction, reintegration, and development. It also strengthens the capacity of communities and local and national administrations to implement development subprojects. The project is transferring decisionmaking and expenditure authority from the center to the community. It is also building partnerships between local administrations and local populations for sector planning and project implementation. And it
is thus attempting to build trust and cooperation within and between govern- 
ment and the people.9

The East Timor Community Empowerment and Local Governance pro-
gram is another good example of empowering people while strengthen-
ing governance—and building social capital. It relies on nongovernmental 
o rganizations and donors to help community members elect their own vil-
gage development committees and build community capacity to self-man-
age resources and decisionmaking processes efficiently and transparently. 
The beneficiaries remain in the driver’s seat, empowered to learn from their 
own mistakes, share credit for their successes, and hold one another respon-
sible and accountable for their community’s development.

As shown by these projects, the answers to strengthening community 
resilience, ensuring security, and preventing violent conflict lie in more than 
demilitarization and jump-starting the economy, though these are impor-
tant. They lie also in preventing or reducing exclusion, inequality, and indignity 
by using fulcrums that affect social capital and social cohesion effectively. Community resilience, while it can be bolstered by linked 
humanitarian and development assistance, is also facilitated by integrating 
activities, connecting groups, and empowering people, whether initiated 
by external actors, beneficiaries, or governments. The crucial challenge is 
how to build societal capacity to manage diversity and prevent social cap-
ital from being transformed into an instrument of exclusion and violent 
conflict. This integral aspect of relief, reconstruction, and reconciliation can 
be accumulated only over years of support and nourishment, and thus 
requires long-term, flexible approaches that allow adaptation to interim 
change.

In the end, the voices of the poor and war-affected seek a new kind of 
security—a human security free of oppression and fear, absent of hunger, 
and manifold with opportunity, that empowers them to take decisions that 
affect their lives. Resilient communities rely on all forms of social capital: 
bonding primary ties to protect and survive in times of crisis, bridging links 
to act and develop in times of hope, an efficient and functional state and 
norms, and synergistic government-community relations that allow civic 
engagement to thrive. Support that nurtures and builds on such social cap-
ital will create and maintain the mechanisms and institutions necessary for 
preventing violent conflict and managing diversity.

Notes

sity Press, 1997).


PART 2
GLOBAL NETWORKS IN ACTION
4. Addressing the challenges of globalization through global public action

Globalization’s speed, complexity, and reach now permeate most aspects of human life, creating opportunities as well as risks and calling for new forms of international cooperation—to capitalize on the opportunities, control the dangers, and ease the departure from a slower pace and somewhat more independent existence of nations. So far, however, the impetus for globalization has come mainly through the spread of markets, while the impacts have been much broader—social, political, as well as economic. That must change in the interest of stemming the rise in inequality and blunting the transmission of global economic shocks to poor households.

Just as the corporate world has addressed the challenges of globalization through cross-border alliances, new supply chains, and mergers and acquisitions, so international development institutions must respond to today’s realities by finding new ways of doing business. This is not easy, because many policy challenges surpass their capacities:

- First, new institutions have not been established—or existing ones equipped and mandated quickly enough—to address new generations of problems. Existing organizations are constrained by mandates, instruments, and budgetary resources, limiting their capacity to respond on their own.
- Second, the cross-cutting nature of many transboundary issues—which are on the rise—calls for a better and more collaborative form of cooperation among international agencies. But the way many of these organizations are set up makes it difficult for them to be good partners—or to find the right partners.
- Third, many individuals and civil society organizations feel removed from the public policy process, even though they have much to contribute.

This essay was prepared by Wolfgang Reinicke and Arshad Sayed.
Global public policy networks can strengthen partnerships and create incentives for better interinstitutional cooperation.

Addressing these gaps requires creative institutional arrangements that allow individuals, governments, and community and global organizations to tap into each other’s capabilities to solve common problems.

One promising possibility is global public policy networks. Such networks—most of which use existing organizational structures and resources—can help strengthen partnerships, deepen participation, compensate for institutional constraints in official agencies, and even create incentives for better interinstitutional cooperation. And by focusing on process as well as outcome, they can provide a social, political, and economic environment that will facilitate the harnessing of the market forces of globalization.

But networks have limitations, too. One is their inability to move quickly to decisions. Another is that decisions must sometimes be diluted to achieve broad-based agreement. A third is that setting multiple objectives may reflect stakeholders’ perspectives but not be practical or feasible. Despite these tensions, networks can leverage resources and help foster learning for the different stakeholders—governments, private sector, and civil society—so that common objectives can be pursued.

Roles networks can play in bringing about global action

Despite these limitations, networks have many useful characteristics. They have the potential to broaden the perspective on policy issues by bringing in unheard voices and promoting learning and collaboration. Networks are not meant to be hierarchical, so they can acquire, process, and disseminate new knowledge rapidly. And as with community networks, they can encourage trust and cooperation among divergent groups with widely different views.

Tapping a variety of actors

Global networks can portray a more complete and accurate picture of particular policy issues and give voice to previously unheard groups. They do this by broadening the set of actors, thus allowing them to tap information and expertise from a variety of backgrounds. Some global networks explicitly take into account the voice and needs of the poor. Managing the Environment Locally in Sub-Saharan Africa (MELISSA) taps the knowledge of community-based organizations and local government in the search for local environmental solutions.

More than a dozen organizations are affiliated with the Indigenous Knowledge for Development Initiative, launched by the World Bank and the Partnership for Information and Communication Technology for
Africa. Like MELISSA, it is embedded in community practices and local knowledge—such as agricultural and healthcare practices. Generally, partners undertake activities individually in support of the key elements of the action framework.

**Promoting broad ownership for a course of action**

By reaching out to a broader set of development actors—and trying to understand the different perspectives of the key stakeholders—global networks can provide a platform for decisionmaking that is more acceptable to a range of participants. Consider the Global Alliance for Vaccines and Immunization (GAVI) and its mission to fulfill the right of every child to be protected against vaccine-preventable diseases. It is a global network of several key players at national and international levels, including developing country representatives, bilateral agencies, UNICEF, the World Health Organization, and World Bank, private industry, the Bill and Melinda Gates Children’s Vaccine Program, and the Rockefeller Foundation. Pursuing a number of strategies to strengthen immunization delivery and stimulate vaccine introduction, GAVI seeks to reduce inequalities in access to new and traditional vaccines, and thereby reduce the burden of preventable disease.

Another good example of promoting broad ownership is World Water Vision, produced for the second World Water Forum in March 2000. In the two years prior to the forum more than 15,000 women and men at all levels developed strategies for the sustainable use of water, in consultations possible only through the Internet. As the Vision came together, many other networks joined the effort—networks of civil society groups, water professionals, and environmental and women’s groups. Participants at the forum are now formulating action plans, challenging those directly affected by the impending water crisis.

**Disseminating best practice**

Networks can help clarify and disseminate best practice and thus contribute to better development performance. The Global Development Network is an emerging association of research and policy institutes from around the world whose goal is to generate and share knowledge related to development. Its activities are oriented to help bridge the gap between the development of ideas and their practical implementation. Achieving these goals involves strengthening the capacity of research and policy institutions to undertake high-quality, policy-relevant research and to instill the results of research into the policy debates, at both national and global levels.
Another network disseminating best practice is Paris 21, the Partnership in Statistics for Development, a consortium of more than 90 countries and international organizations. Paris 21 recognizes the many flaws in statistical systems and the need to improve statistical practice by building the capacity of countries to produce good statistics—to improve the evidence on which policies are built and monitored. In a related effort, the statistical wings of the International Monetary Fund, the United Nations, the OECD, and the World Bank have come together to identify indicators for tracking progress toward the International Development Goals for the 21st Century—and to support the improvement of national statistical services in harmonizing their practices in monitoring those indicators.

**Increasing access to knowledge**

Networks are natural mechanisms for gathering and disseminating knowledge. The information technology revolution allows all kinds of knowledge—technical and nontechnical—to be shared without regard for distance or borders and at ever-lower cost. The Global Water Partnership, an international network for managing the world’s water resources, is open to all parties involved in water resource management—governments, United Nations agencies, multilateral banks, professional associations, research organizations, the private sector, and nongovernmental organizations (NGOs). Among its objectives is to build mechanisms for sharing information and experiences in water management.\(^1\) It operates both through a virtual platform (its website) and a series of physical events that help bring expertise and knowledge together at the local and regional level. Global public policy networks not only combine existing knowledge from different sources and backgrounds—they also create new knowledge from different sources and backgrounds, as consensus emerges over often contentious issues.

**Building—indeed, embodying—social capital**

Much of what networks accomplish can be thought of as tangible products—sounder standards, better information, better functioning markets. But the intangible outcomes of networks—such as greater trust among participants and the creation of a forum for raising and discussing other new issues—are often as important as the tangible ones, and may endure even longer. Transparency International, for example, has not only scored significant successes in the fight against official corruption but also has built coalitions of trust among very different actors in this sensitive area.\(^2\)

The World Summit for Social Development in Copenhagen in 1995 and preparations for the follow-up Special Session in Geneva in June 2000 are...
timely examples of building social capital at the international level by creating a global public policy network that is both formal and informal. The meetings leading to the Geneva Summit have created platforms for debating fundamental issues—political, economic, social, and cultural—that affect social development. The stakeholders in these discussions include all member governments of the United Nations, United Nations agencies, multilateral financial institutions, and more than 100 civil society organizations.

The debate on developing internationally accepted principles and good practices in social policy is another case of global networking—and building social capital at the international level. In late 1998 the World Bank Development Committee asked the Bank to develop social principles as a vital companion to work on strengthening the global financial architecture. The Bank immediately recognized that distilling key principles required close consultation with a number of United Nations agencies to tap the extensive work already undertaken by the international community. The Bank’s ultimate recommendation was that further work on global social principles should be by the United Nations, preferably within the deliberations for the Geneva Special Session. This led to general debate by the Special Session Preparatory Committee and more focused “off-site” discussion in which key stakeholders explored the issues. While significant differences of opinion between industrialized and developing countries on the issue of social principles versus social conditionality remain, trust has been built across a community of stakeholders, providing the social capital to pursue these and other thorny issues in the quest to advance social development.

Addressing such issues through global networks is called for when individual countries do not have sufficient incentives to act because they cannot capture the full rewards of doing so—and when coordination and harmonization of procedures lead to greater legitimacy, efficiency, and effectiveness than relying on spontaneous, uncoordinated national initiatives.

**Getting the process right**

Global public policy networks are, in one important dimension, learning organizations enhanced by the diversity of their participants. Learning from that diversity means taking advantage of the different social, cultural, and political backgrounds of their members.

Relative to international organizations, national governments, or even communities—all of which have varying degrees of social risk management—
Global networks can help solve governance problems by providing legitimacy

Global networks have to work hard to realize their advantages for dealing with transnational issues. They have the additional tasks of leveraging their resources, broadening participation, acquiring legitimacy, and promoting development effectiveness.

The leveraging function covers the mobilization of both knowledge and financial resources. Owing to the variety of partners, networks have to bring a range of experience to the tasks at hand. This should enhance the quality of pilot programs, best practices, and sector policies, as well as such negotiated deliverables as regulatory frameworks and the harmonization of rules and standards. For the mobilization of financial resources, networks hold the potential of tapping nontraditional sources of development finance, particularly the private sector and foundations.

Networks also can generate synergy by reaching out to key stakeholders to include them in defining objectives, priorities, and strategies, and in executing network tasks. Participation creates ownership of processes and deliverables, thus facilitating implementation, but only as long as implementing institutions are involved from the outset of the initiative. The processes for reviewing the Heavily Indebted Poor Countries Initiative in 1998 and 1999 are one example of engaging a wide range of players—early and openly.

Global networks have the potential to address governance problems caused by inadequate legitimacy of the three sectors—public, private, civil—to address global issues. Governments can enhance the legitimacy of decisions they make in international forums, for example, by encouraging debate on issues at parallel civil society sessions. Similarly, the private sector needs robust rules and regulations that public institutions can provide. Groups within civil society cannot set standards for the private or public sector, but can exert influence through networks addressing such issues as corruption. The NGO Transparency International, for example, is collaborating with the public and private sectors to increase government accountability and curb national and international corruption.3

Challenges and outlook

Critical aspects in harnessing the global networks include making them more demand-driven, ensuring the participation of developing countries and the poor, building solid global-local linkages, ensuring the transparent and fair selection of network members, and establishing an environment within international institutions that is conducive to network-building.
Among the key challenges in setting up global public policy networks are:

- Achieving robust outcomes: there is a danger of diluting outcomes to satisfy multiple interests.
- Designing representative processes for selecting partners, whether from civil society or the private sector.
- Keeping the individual sets of relationships that drive network dynamics manageable.
- Understanding the importance of power relations, and designing adequate decisionmaking mechanisms—whether by consensus or more formal mechanisms.

Despite the strong interest in global public policy, there is very little practical knowledge or experience on how to conduct it. Indeed, few examples of situations where global norms and standards have been or are being formally set can be found (one example is the body of industrial norms from the International Standardization Organization). Most participatory global public policy processes are at an early stage—so early that it is often difficult to make judgments on the likelihood of success and therefore on the nature of the lessons to be learned. In short, global public policymaking is still unexplored territory.

Another challenge is the striking under-representation of the South in influential civil society or business networks. These groups overwhelmingly originate from, and are financed by, OECD countries—with minimal, often no more than nominal, representation of the South. This may be attributable to the excess demand on Southern NGOs for participation (in relation to the potential supply). Several network participants also observe that, even for Bank-sponsored initiatives, civil society and business partners are mainly large OECD entities—even though such networks are established on the grounds that they should better represent the poor from developing countries. This is an area that clearly requires more attention.

Even when networks share interest in a specific issue, finding common ground for action is not assured. Difficulties can also arise as a result of the uneven capacities of developed and developing country members to engage fully in decisionmaking and to take advantage of the information, policy analysis, and other resources in the network. Network members from industrial countries know that they need broad-based cooperation with developing country NGOs to make their campaigns credible and successful on the ground. Members from developing countries, meanwhile, may be less convinced of the efficacy of global action in addressing pressing local problems.4
Effective networks of public, private, and civil players can respond to these challenges. But several questions remain:

- **How can countries be encouraged to focus on issues of global benefit?** Investing in networks to undertake global programs is clearly warranted in three circumstances: cross-border spillovers, increasing efficiency, and preserving the global commons. First, cross-border spillovers require collective international action, as in the case of vector-borne or infectious disease. And national efforts in macroeconomic, financial, and banking sector reform are usefully complemented by global action aimed at establishing international norms and standards in this field. Second, efficiency considerations often demand investment in global programs. Global action can lower transaction costs, generate synergies, and leverage resources to make national level applications more effective. Third, global commons issues can be addressed only through collective action by all societies, not country by country. But giving countries the incentives to invest in networks supporting such efforts is far from straightforward.

- **Are global networks financially sustainable?** Many networks today are responses to crises, and as such are funded in an ad-hoc manner, primarily through grants. Often the support for these networks tends to come from one or two bilateral or international agencies. Moreover, support for networks—especially financial support—tends to come as seed money, and declines as the network evolves. If networks are to be a more stable feature of the international system, providing resources for them will have to be viewed as an investment that benefits rich and poor countries alike.

- **To whom are global public policy networks accountable?** Perhaps the biggest challenges for global networks are related to inclusion and accountability. To be effective, networks need to embrace all relevant stakeholders, especially developing countries and the poor—and not evolve into governance of the poor by the wealthy. Links between public policy at the global, national, and local levels thus need to be clarified—and the domination of networks by large global players must be avoided. Many participants in global networks underline the need for a coordinated, multitiered approach, with consistent actions taken at all levels.

**Notes**

2. Wolfgang Reinicke and Francis Deng, *Critical Choices: The United Nations, Networks, and*
5. Fostering investment in global public goods in health: the case of communicable diseases

Controlling communicable diseases requires action at every level—individual, household, community, national, global. Much can be done within a country’s borders, but because diseases so easily cross borders, and because market failures hamper research and development (R&D) that can help the poor, much must also be done globally. And that is where global networks come in, to fill gaps in markets, in knowledge, in coordination—gaps that no single actor can fill on its own.

Microbes do not respect international boundaries; efforts of any one country to control a communicable disease like tuberculosis (TB) or HIV/AIDS can be thwarted when its neighbors fail to take action. Furthermore, improved global transportation can move a communicable disease half way around the globe in a day or two. Today, successful control of communicable disease requires international collective action—of both rich and poor countries. This action can take the form of global surveillance, promoting common strategies, sharing knowledge, and coordinating multicountry initiatives.

Although the poorest countries bear the greatest burden from communicable diseases, they also represent the weakest markets for pharmaceutical and vaccine companies. This means that industry will invest less in research and development for new products to serve these weak markets than in products for OECD markets. The result: underinvestment in R&D for disease problems of poor countries. In this chapter, we focus on the international collective action required to tackle communicable diseases given these global public goods properties.¹

Communicable diseases—no respect for national borders

AIDS, malaria, TB, and the major childhood diseases inflict misery and poverty, posing huge obstacles to development. Consider the toll: six major com-

---

¹ This essay was prepared by Amie Batson, Martha Ainsworth, Ramesh Govindaraj, Helen Saxenian, and Diana Weil.
With epidemics getting worse, the time for concerted response is now. Global networks in action

Municable diseases\(^2\) account for more than 60% of the global disease burden and almost 80% of the mortality gap between rich and poor countries. AIDS kills more people than any other infectious disease, with 95% of infections in developing countries. Each year, three-quarters of the 8 million new TB cases and 1.7 million TB deaths occur among men and women in their most productive years, and a single case can cost two to three months of family income. Malaria accounts for $500 million in direct healthcare costs and nearly 1.2 million child deaths annually in Sub-Saharan Africa. As identified in *Voices of the Poor*, ill health is one of the primary causes for an individual's or family's slide into poverty.\(^3\)

With the HIV/AIDS, TB, and malaria epidemics getting worse, the time for concerted response is now. For example, the rapid resurgence of TB in Russia and the other former Soviet republics is contributing to a new global health threat. The breakdown of public health systems, exacerbation of social and economic distress, lack of resources for adequate pharmaceutical supply, and slow adoption of cost-effective disease control measures have all contributed to the problem. The situation is all the more serious as drug-resistant disease has emerged with a vengeance in prisons and other settings and is spreading to the general population, especially those least equipped to respond. Those infected or ill are only a plane ride away from major metropolitan areas throughout the world where resistant microbes could rapidly spread. International partners are assisting governments throughout the region to rapidly design and implement actions to cure the sick and reverse the epidemic's course, but much more needs to be done.

Malaria is also on the rise in many countries where it had been sharply reduced or even eradicated before (India, Kazakhstan), and more than a third of the world's population now lives in malaria-endemic areas. One of the top public health concerns, malaria is causing over 1 million deaths and up to 500 million clinical cases each year. The majority of the 3,000 deaths each day occur in Africa. Rapidly increased drug resistance is leaving vast populations with no effective drug for prevention or treatment. The poor are affected most as they have less access to services, information, and protective measures, and have less power to avoid living or working within malaria-affected areas. Malaria-carrying mosquitoes can be best combated through both national and regional efforts. To prevent cross-border transmission, South Africa, for example, has taken the lead and is now working closely with neighbor countries—countries with higher malaria prevalence—to assist in controlling the disease.

The worldwide AIDS epidemic is a human tragedy that is reversing the gains in life expectancy of the past 30 years and exacerbating poverty in
developing countries. Worldwide, more than 33 million people are infected with HIV and 14 million have already died of AIDS. More than 9 out of every 10 HIV infections are in developing countries, and two-thirds are in Sub-Saharan Africa. Every day more than 15,000 people become infected. AIDS is a fatal infectious disease for which there is no cure and no vaccine. Antiretroviral therapies that have extended the lives of patients in industrialized countries are out of reach in the poorest developing countries because they are too expensive and difficult to administer effectively in these settings. At present, the best hope for reducing the spread of HIV and its human and economic impacts is through behavioral change—reducing the number of sexual partners among people with many, raising rates of condom use, and enabling safer injection behavior.4

But too few countries have shown the political commitment necessary for an effective response. Lack of knowledge is one of the reasons why individuals, communities, and governments have been slow to change behaviors. This lack of knowledge covers many areas—knowledge about the disease burden within the country and within high-risk populations, knowledge about effective prevention strategies, knowledge of how to work effectively with communities, and knowledge of how to best educate populations about subjects that are socially and morally charged. Generating the right information, sharing knowledge about strategies tried in other populations, and raising the national, regional, and global political will to address the epidemic is key to effective control.

The development of new, more effective vaccines and drugs will also be an important step toward more effective control of these terrible diseases. Delivery systems are the backbone for ensuring that appropriate vaccines, drugs, and interventions reach the people that need them most. But many developing countries have systems that are growing weaker rather than stronger. And the demands on the health sector in these countries are increasing as AIDS, drug-resistant TB and malaria, and other diseases overload the system.

Because of overburdened health systems and underfunded public health programs, the majority of the population in many countries lacks access to essential drugs, and immunization rates for infants decline every year. Measles vaccine—a highly effective, low-cost vaccine that addresses one of the most infectious deadly diseases—reaches only 70% of children in developing countries, and less than half in Africa. According to the World Health Organization, despite long-term global efforts, more than one-third of the world’s population still lacks regular access to even the most basic essential drugs. The inability of these governments—and the historical
unwillingness of partners—to pay for currently available interventions such as cost-effective drugs and vaccines, will be compounded as new, more expensive products—like an AIDS or malaria vaccine or TB drugs—become available.

Consider the Haemophilus influenzae type b (Hib) and Hepatitis B vaccines, globally available but not globally delivered. If neither of these important, cost-effective vaccines has made it to developing countries, what is the hope for new ones?

**Market and institutional failures—a threat to the world as a whole**

Market and institutional failures have skewed investments away from R&D that addresses the needs of developing countries. While the global market for pharmaceuticals and vaccines is large and rapidly growing, the share accounted for by developing countries is small. In 1998 worldwide sales of pharmaceuticals was more than $300 billion. Developing countries—with 85% of the global population—accounted for only 20% of this market. Equally telling, vaccines that prevent more than 3 million deaths per year in developing countries account for only 2% of the global revenue. As a result of this market structure, most major research-based multinational pharmaceutical companies focus their R&D and marketing efforts on the wealthier countries and the middle class in some developing countries—and on lucrative treatments for which there is ample demand from those already sick. The imbalance in the relative market shares of countries has impeded the development of new drugs and vaccines for diseases that affect the poorest people in developing countries, particularly, technologies to prevent communicable disease.

Failure to develop cost-effective interventions for major diseases will come at a very high societal and economic cost for both developing and developed countries. The world has seen some remarkable achievements from technological breakthroughs coupled with successful disease control programs. Smallpox was eradicated in the 1970s through a massive immunization effort. Similarly, polio is in the final stages of eradication. But diseases such as malaria, TB, and AIDS are becoming more prevalent—often in drug-resistant forms. Current control measures are cumbersome and difficult to apply rapidly worldwide. The cost of the delay in developing an effective AIDS vaccine or anti-malarial and anti-TB drugs, is measured in millions of lives.

The development and use of new vaccines and cost-effective treatments for communicable diseases is a public good with tremendous ben-
Most R&D funding goes to research on AIDS treatment for lucrative developed country markets.

Efforts for the world. This knowledge and the effective use of the products can protect individuals, reduce disease transmission, and prevent the creation of drug-resistant strains. Unfortunately, these societal benefits are unlikely to be reflected in the revenue stream of the developer. The current unwillingness or inability of developing country governments and external partners to finance the new priority vaccines and drugs heavily influences industry’s perception of the probable future market for new products for the developing world. The resulting underinvestment in R&D is hindering the development of vaccines and drugs for HIV/AIDS, TB, and malaria.

Not surprisingly, vaccine R&D represents a small share of overall R&D by pharmaceutical and vaccine companies. Take AIDS: total global R&D for HIV vaccines in both the public and private sectors in 1998 was only $300 million. Most of this is public expenditure—focused on basic research, as opposed to applied research and vaccine development. In 1998, privately funded R&D on HIV vaccines was probably less than $50 million a year, and fewer than 200 scientists in the private sector worldwide are dedicated to AIDS vaccine-related work, some of it subsidized by the public sector. No surprise, then, that progress has been slow. While more than 25 candidate vaccines have been developed and tested for safety and immune response in small groups of volunteers, only one firm has embarked on Phase III clinical trials—the stage at which a vaccine is tested for efficacy in a large human population.

In contrast to the limited funds spent on developing an AIDS vaccine or treatments for tropical diseases, an estimated $2 billion annually is being spent worldwide on research for AIDS treatment, much of it in the private sector and focused primarily on the lucrative developed country markets. There is far more certainty for the private sector about the profitability of this research. More than 33 million people are infected worldwide, almost all of them adults who would be willing to pay some amount for treatment when they fall ill. Three million of those infected live in industrialized countries where purchasing power is high.

Correcting the market failure: fostering research and development

It is clear that the market for existing, as well as new, cost-effective drugs and vaccines has significant failures. When the science is difficult with many unknowns, investment to develop new drugs and vaccines is risky. In the absence of a truly compelling and urgent demand in high-income countries (the only
guaranteed commercial return), the probability of successfully “cracking the science” of any given solution is low. And the high profile—and cost—of some stupendous failures has had a strong influence on corporate thinking.

To give developing countries broad and early access to cost-effective drugs and vaccines, a paradigm shift needs to occur in how pharmaceuticals are financed, priced, supplied, and regulated. For example, existing drugs and vaccines become “affordable” only after the market matures—creating competition and overcapacity and thus a willingness to sell at marginal prices that, in some cases, will not cover the R&D investment or even all the overhead. To make a new drug or vaccine broadly available at the earliest opportunity, manufacturers would have to make development and capital investments explicitly to supply the developing country markets. Firms will make these investments only if they are confident of a reasonable return. This in turn requires that the public sector have commercially credible funding, pricing, and supply policies. The public sector is becoming increasingly aware that efforts to ensure a viable market—“pull” strategies—are critical and complement the more traditional “push” strategies that reduce the cost and risk of R&D.

**Push**

To further global understanding of particular viruses, bacteria, or microbes, direct support for basic research on vaccines and drugs is required by such public agencies as the U.S. National Institutes of Health or such foundations as the Wellcome Trust. Commonly called “blue sky research,” these activities will not immediately result in a new product, but they may provide the critical information enabling scientists in the public or private sector to create an effective vaccine or drug.

Also required is direct support for applied research and development. Ensuring that new products will effectively address the needs of the poorest requires clinical trials with national governments and institutions empowered to act as partners in the development process. By reducing the cost and risk of R&D investment, push strategies will help accelerate the availability of a desired product. Push strategies include:

- Building national capacity and infrastructure to determine national disease burden and perform clinical trials.
- Funding efficacy trials for vaccine and drug candidates when justified by scientific review. Even if the vaccine fails, this will increase understanding of the virus and vaccine approaches.
- Exploring mechanisms to support investment in product adaptation for developing countries in advance of efficacy trials.
• Promoting orphan drugs laws that identify communicable diseases of poor countries as “orphan” diseases, and that provide incentives through public subsidies (tax credits and marketing monopolies) to encourage investments by drug companies in combating these diseases.

The importance of national or regional studies is highlighted by the recent licensure of the pneumococcal conjugate vaccine for infants in the United States. This new vaccine and the existing Hib vaccine have the potential to prevent an additional 1.3 million deaths a year from pneumonia and meningitis. The health community is seeking to accelerate the evaluation and introduction of these vaccines in developing countries, where pneumonia remains the most important cause of childhood mortality. However, large-scale use is unlikely until national authorities have clear evidence of the national or regional vaccine preventable burden. Large field trials of Hib and pneumococcal conjugate vaccine will be required to enable countries to determine the value of introducing this new product. By working together, the government, the World Health Organization, UNICEF, the World Bank, and others can jointly support a trial—reducing the risks and costs and improving the value of the data provided.

Pull
Historically the international community has focused almost exclusively on push options. Pull mechanisms are new. They help to ensure a market for a desired product if the product is developed. Only recently has it been recognized that pull options are most effective—indeed critical—in later stages of development, as well as in production and distribution of the new vaccines. Without strong pull mechanisms, new vaccines and drugs will not be developed or used, even if push mechanisms are successful.

Following is a menu of some of the possible pull options for accelerating vaccine and drug development, with the first three considered most feasible:

• Support rapid introduction of an existing new vaccine or drug to illustrate the commercial credibility of today’s market and the supporting financial infrastructure.
• Significantly scale up support for delivery systems in developing countries and existing cost-effective vaccines and drugs.
• Make sure the Enhanced Heavily Indebted Poor Countries Initiative orients some of the savings from debt relief to the enhanced use of low-cost, cost-effective drugs and vaccines.
Controlling communicable disease requires coordinated national, regional, and global responses

- Develop market guarantee mechanisms—such as a guaranteed purchase fund that sets aside resources for the purchase of the product once it is developed. Unfortunately this mechanism has significant opportunity costs.
- Provide time-limited, transferable patent extensions in the G8 or OECD markets to stimulate greater interest from pharmaceutical companies, in turn stimulating candidate and development efforts, especially in the biotech sector.

One idea that the World Bank could pursue to demonstrate a future market for new health technologies for poor countries is to increase its use of concessionary or “soft” loans (IDA) for communicable disease control. Because IDA resources are topped off every three years as part of the standard IDA replenishment, a firmer commitment by the World Bank and IDA toward the products and delivery systems addressing communicable diseases would help ensure funding to purchase high priority products once they are developed. In fact, the Bank’s AIDS Vaccine Task Force recommended this as part of a package that could accelerate the development of new vaccines (box 5.1). The World Bank is exploring this option, as it would be credible to both countries and industry and have a low opportunity cost.

Differential pricing, if done right, is another pull mechanism worth exploring. The idea is that medicine should be cheaper for poor countries, more expensive for rich. These differing prices would enable industry to recoup its investment in R&D and capacity while at the same time facilitating access by poor countries. Consider the alternative: if firms can charge only one price, they can either charge one high price—unaffordable to most of the world—or one low price—destroying incentives for future investment in new products. Differential pricing can already be observed for the vaccines traditionally used throughout the world.

The power of collective action—national and global efforts

There are two keys to controlling the major communicable diseases. The first is coordinated regional and global responses to supplement, reinforce, and magnify the impact of national efforts (boxes 5.2, 5.3, 5.4). The second is greater national and international support to identify and develop new tools and technologies that are international public goods.

Roll Back Malaria was recently created to help coordinate efforts between neighboring countries to control cross-border disease transmis-
sion. The United Nations Programme on HIV/AIDS was also created to help share knowledge and jointly raise political will to address the epidemic. The coordinated response of the Onchocerciasis Control Program and the Global Poliomyelitis Eradication Initiative are examples of long-standing, successful disease control partnerships. These global partnerships enhanced the coordination among all the relevant actors, increasing the speed and efficiency of getting successful interventions to those in need and reducing the risk of disease transmission.

Box 5.1

The World Bank’s AIDS Vaccine Task Force

In April 1998 the World Bank launched a special task force to explore how the Bank and other partners could accelerate the development of an AIDS vaccine for developing countries. Although all partners agreed an AIDS vaccine would be an important new tool in the fight to control the epidemic, private investment was lacking. The mandate of the AIDS Vaccine Task Force was to examine new and innovative ways to encourage investment in the development of an AIDS vaccine—an international public good—that would complement the ongoing activities of other organizations.

The task force embarked on a four-pronged strategy to:

- Analyze industry’s perspective on research and development of an AIDS vaccine
- Review information on the potential demand for an AIDS vaccine in developing countries
- Evaluate existing instruments and proposed new mechanisms that could be used to address the market failures leading to underinvestment in an AIDS vaccine
- Consult broadly with industrialized countries, the European Commission, the United Nations Programme on HIV/AIDS, the International AIDS Vaccine Initiative, policymakers in developing countries, industry, and Bank staff on their perspectives on AIDS vaccine development and the best course of action for the World Bank.

This consultative process led to a deeper understanding of the trade-offs between the current risks of investing in vaccine development and the potential return of a product targeted at the developing country market—for not only an AIDS vaccine but all new technologies that are global public goods.

To accelerate development of priority health products the task force recommends:

- Strengthening developing countries to become strategic partners in the vaccine development effort through capacity building and engaging civil society for applied vaccine development
- Expanding use of existing vaccines to establish a credible market and financial infrastructure for the delivery and purchase of vaccines
- Providing useful economic studies of demand and willingness to pay for new priority products as well as modeling the potential impact of preventive measures
- Guaranteeing a future market by using resources from IDA and other multilateral concessional funds to establish a replenishing source of finance.

The Onchocerciasis Control Program has virtually eliminated river blindness as a public health problem in an 11-country area in West Africa. Called a “plague on the land,” river blindness has a devastating impact on human health and has caused displacement from some of the best arable land. Started in 1974, the program is a model of inter-country cooperation and long-term commitment by donors. To break the transmission cycle, the program focused on aerial spraying of black fly breeding sites over as many as 50,000 kilometers of rivers. To orchestrate these technical, cross-border control operations, a reliable communications system had to be established and maintained. Only environmentally safe insecticides—continuously screened and monitored by an independent ecological committee—have been permitted. In addition, Merck and Company has provided ivermectin, a drug that treats the disease, free of charge. The partnership—comprising governments, bilaterals, technical NGOs, the World Health Organization, the World Bank, and the United Nations Development Programme—has protected more than 600,000 people from blindness and helped make more than 25 million hectares of previously oncho-infected land available for resettlement and agricultural cultivation.

Even more ambitious is the call by the World Health Assembly to eradicate polio from the world by 2000. Grouped into epidemiological blocks,

---

**Box 5.2: Stopping tuberculosis**

The Stop TB Initiative—launched in 1999 by the World Health Organization, the World Bank, and bilateral, governmental, and nongovernmental partners—is accelerating global action against one of the world’s biggest infectious killers. The goals are to:

- Ensure that every patient has access to treatment and cure
- Protect vulnerable populations, especially children, from TB and its drug-resistant forms
- Reduce the social and economic toll that TB takes on families and communities.

The initiative is expected to better coordinate planning for greater and more efficient resource flows within and across countries for rapid expansion of the cost-effective TB control strategy known as DOTS, Directly-Observed Treatment, Short-Course. It is also expected to better direct investments and information exchanges to improve timely drug supply to prevent drug resistance and increase access to treatment. And for the research and field testing to improve prevention and care options for HIV-associated TB and multi-drug resistant disease, it is expected to foster research and development of new drugs and diagnostics as well as better coordination with those working on vaccines.

The need for new, affordable antimalarial treatments is made ever more acute by increasing resistance to chloroquine and its first line replacement sulfadoxine-pyrimethamine. This need cannot be adequately addressed by pharmaceutical companies in the private sector alone, given the high cost of pharmaceutical R&D and the inadequate commercial prospects in the worst hit countries, especially those of Sub-Saharan Africa. The public sector cannot do it alone either, as it lacks the expertise, mechanisms, and resources to discover, develop, register, and commercialize new products. It is only by bringing the public and private sectors together, while respecting the characteristics of each, that a sustainable solution can be found.

The need for new antimalarials is primarily a public health problem and the public sector must take the lead in addressing this issue. The Medicines for Malaria Venture will act as a not-for-profit business combining aspects of a "virtual" pharmaceutical R&D company and a venture capital fund. It has the global objective of financing and managing a portfolio of R&D projects for discovering and developing affordable new antimalarial drugs. It will require partnerships between the public and private sector. It has the following objectives:

- Register one new antimalarial drug every five years, with the initial emphasis on oral drugs for treatment of uncomplicated malaria
- Through partnerships, ensure the commercialization of these products at affordable prices
- Become partially self-sustaining through royalty income, where this is appropriate, in the long term.

By serving as a bridge between the public and private sectors on these and related issues, the Medicines for Malaria Venture also hopes to contribute to the broader partnership now developing between industry and the World Health Organization.

countries are working with a broad coalition of technical and financial partners to strengthen programs and implement special strategies such as National Immunization Days. Global eradication can only be achieved if every country plays its part—so even children in war zones must be vaccinated. Days of Tranquillity—truces negotiated for immunizing children—have been held in Afghanistan, El Salvador, Sri Lanka, Sudan, the Philippines, and Tajikistan. The Americas are polio-free, and virus transmission has been interrupted in the Western Pacific and European regions. Polio cases have already fallen by over 90% worldwide. The Global Polio Eradication Initiative partners include governments, local NGOs, Rotary International, the World Health Organization, UNICEF, bilaterals, the Bill and Melinda Gates Foundation, and many others. Vaccine manufactures (SKB, Aventis, Chiron) have also played a critical role providing hundreds of millions of doses of polio vaccine at just $.07 per dose, or even free.

One of the main requirements to address the low investment in R&D for diseases of the poor is to ensure public and private cooperation. And indeed, the public and private sectors are mending an historically tense relationship, with better awareness of the positive role that both sectors could play to create win-win projects. As the two collaborate, the public sector must ensure that priority products are developed and made accessible, while the private sector must ensure an adequate financial return on investment. If the public sector destroys profitability by driving prices too low or undermining intellectual property rights, industry will cease to invest in new products. If the private sector ignores large portions of the market in the pursuit of high margins and high profits, civil society will react (as evidenced at the World Trade Organization discussions) and public institutions will be prodded to respond through government controls or other measures that will restrict those profits.9

Clearly, more advocacy and education are needed—nationally, indeed globally. Ministries and other governing bodies must be supported to gather information on the relative cost-effectiveness and impact of controlling communicable diseases. The value of different interventions such as immunization or treatment with certain drugs or use of bednets must also be analyzed to inform decisionmakers. For example, vaccines are one of the best bargains in the world today. Reaching and immunizing a child with the core vaccines costs just $17 per child. Once immunized, every child, rich or poor, is protected for life. Such messages of hope should be trumpeted.

The power of collective action in addressing the communicable diseases is impressive. It enables countries and partners to invest in disease control within national boundaries, knowing their actions and investment will not
be undermined by an infectious child, malarious mosquito, or infected waterway in a neighboring land. The actions of each country can reinforce the others and add up to a much larger global good.

Notes

1. Public goods meet two criteria: consumption by one individual does not detract from that by another (in the jargon, nonrivalrous), and it is almost impossible to exclude an individual from enjoying the good once it is produced (nonexcludable). If benefits are limited geographically, they are local public goods. If benefits accrue more widely, they are regional or global public goods.

2. HIV/AIDS, malaria, tuberculosis, acute respiratory diseases, diarrheal diseases, and measles.


6. Bolder action by broader coalitions: lessons for global public policy initiatives

Policies to address sensitive global issues can have a much greater chance of success if a broader range of actors is consciously and concertedly included. This essay provides some insights on key factors in fostering and sustaining a global public policy network. It explores the processes for transforming the Heavily Indebted Poor Countries (HIPC) Initiative to focus on faster and broader debt relief linked to reducing poverty in the world’s poorest countries. The aim is not to describe or critique the debt reduction initiative, but to help understand the enabling environment—the processes and players—that led to agreement on the expanded HIPC Initiative last year.

After years of dialogue with client governments and civil society groups worldwide on the growing crisis of unsustainable debt in the world’s poorest countries, the World Bank and International Monetary Fund launched the HIPC Initiative in 1996. The Initiative was unprecedented in that all creditors—national governments, multilateral organizations, and commercial banks—would work to reduce debt collectively and comprehensively. More important, debt reduction would be driven not primarily by concerns of default, but by the development needs of poor countries. The goal was clear: eliminate external debt as an obstacle to growth and poverty reduction.

A number of countries began to benefit from the HIPC Initiative in its first two years, but it soon became obvious—both inside and outside the Bank—that more could be done to expand the benefits of the HIPC process to more countries more quickly. In September 1998 the executive boards of the Bank and the International Monetary Fund called for a comprehensive review of the Initiative with an eye to making it more effective.

To conduct the review, the Bank and the International Monetary Fund decided to consult with as many interested parties as possible from all around

This essay was prepared by Axel van Trotsenburg and Anthony Gaeta. Judith Edstrom provided further input and commentary.
the world, including many nongovernmental organizations (NGOs), such as Jubilee 2000, that had consistently pushed for faster action on debt relief in the past (box 6.1). From February to May 1999 this global consultation focused on one issue: providing enough relief—and quickly enough—to help countries exit from unsustainable debt. From May to July the global consultation turned to another issue: targeting the resources released by debt relief to poverty reduction.

For six months—through a web-based dialogue and formal meetings in Africa, Europe, and North and Central America—thousands of people representing dozens of organizations and viewpoints helped shape the mandate for changing the HIPC Initiative. Taking note of that process, governments for the industrial creditor countries provided their own concrete suggestions. By June 1999, at the G-7 Summit in Cologne, a plan to transform debt relief had been outlined. Over the summer the plan was revised, and in September a significantly enhanced HIPC Initiative was endorsed by the international community at the annual meetings of the World Bank and the International Monetary Fund in Washington, D.C.

The Enhanced HIPC Initiative provides for deeper, broader, and faster relief. It also strengthens the link between debt relief and poverty reduction by targeting resources to support nationally designed poverty reduction strategies. It shows that supporting poor countries in their fight against poverty requires bolder action by broader coalitions—and better transparency among them.

Box 6.1

**Jubilee 2000: leading a coalition to address the debt issue**

Founded on the biblical principle that all debts should be forgiven every 50 years, Jubilee 2000 is an umbrella organization—indeed, a civil society movement—of faith-based organizations, NGOs, journalists, trade unions, and members of the public. Its goal is simple: cancellation of all unpayable debt. It has conducted campaigns in most OECD countries, as well as in Africa and Latin America. Despite the broad nature of the coalition, Jubilee 2000 is unified in its objective of debt cancellation. And although it does not have the same agenda as the Bank, the two organizations have been engaged in an exchange of views involving a convergence of interests and agreement on fundamental goals.

Jubilee 2000 has been highly successful as an organization and as an initiative. The special meaning of the millennium brought the movement enormous support. That support allowed for a powerful and diverse network of advocates, leaders, and supporters—from religious groups and NGOs to rock stars and academics, from college students to the Pope and the Archbishop of Canterbury. Like the International Campaign to Ban Landmines, Jubilee 2000 identified a goal that would attract public support but was also potentially attainable.

Source: Authors’ compilation.
Reaching out broadly

When the first HIPC Initiative was launched, the dialogue was primarily between the international financial institutions and government players. When it came time to expand the program, attention focused on generating new points of view. And indeed, it is now clear that many of the good ideas and critical points of view behind the enhancement of the HIPC framework came from outside official circles and, importantly, from the HIPC countries. Unlike other development issues, debt reduction has generated intense public interest, turning an international financial process into a global crusade. To be meaningful, any review had to be open and inclusive. The dialogue has provided some fundamental lessons:

Start with in-country dialogue between government and civil society
Such countries as Mozambique and Uganda have shown how poverty programs can work when civil society and governments work together. But such partnerships, and the dialogue on poverty, are not equally strong in all countries. The challenge is to identify the best ways to build public discourse so all countries can openly discuss important concerns in economic and social development.

Poverty analysis in Uganda, one of the first countries to qualify for help under the Enhanced HIPC Initiative, is breaking new ground in stimulating in-country dialogue. Household surveys have traditionally been geared to such traditional poverty indicators as income, consumption, level of education, and health status. In Uganda the government is developing a broader set of indicators, which includes risk, vulnerability, physical and social isolation, powerlessness, and insecurity. These new indicators emerged from direct consultation with the poor, which the government undertook in a 1998–99 Participatory Poverty Assessment. This assessment allowed poor people to express their top challenges and priorities, which were often different from those policymakers assumed.

Engage a broad coalition
World Bank President James D. Wolfensohn’s meetings with religious leaders in 1997 and 1998 through the Lambeth Palace and the World Faiths Development Dialogue processes established the tone for the Bank’s search for a high-impact and more inclusive HIPC Initiative. In the succeeding months, the Bank stepped up its ongoing dialogue with faith-based groups—among many others—to develop a mutual understanding of the churches’ concerns and the Bank’s commitment and approach to debt relief.
The payoff needs to be clear, and the impact visibly positive

**Use the web and other technologies to raise awareness and increase participation**

In the past, NGOs and multilateral organizations have too often spoken past each other. To be sure, in some cases there were fundamental disagreements over concrete issues, but in others, communication has suffered because of a lack of accurate information. To improve this situation, it has proven more effective to communicate issues and strategies before the arguments are set in concrete. The web is ideal in many parts of the world for sharing both information and viewpoints about an action’s implications. Electronic media are well-suited for storing, displaying, and transmitting background material, statistical information, and clear and thorough explanations of competing positions.

This was seen vividly during the HIPC consultations. The Bank’s HIPC website (www.worldbank.org/hipc) allowed for a dialogue among many parties. Through the website the Bank established a transparent, global consultation on the Initiative’s nuts and bolts. This ranged across many issues, including sustainability measurements, performance criteria, and the link between debt relief and poverty reduction.

But the web is still not ideal for all countries, and it cannot replace personal contact. Complementing the Internet discussions were formal consultations in Ethiopia, Germany, Honduras, Mozambique, Norway, Togo, the United States, and the United Kingdom. Altogether the review generated more than 1,000 pages of detailed recommendations, submitted to both the Bank and the International Monetary Fund.

**Be clear about objectives, payoffs, and potential costs**

The HIPC Initiative shows what can be achieved when development organizations focus on the ultimate social development objectives of a “financial workout,” in this case making a difference in the lives of poor people. The payoff of such an initiative also needs to be clear, and the impact visibly positive.

**Define the fundamental objectives in human terms**

Focusing discussions on old, fixed perceptions and unrealistic demands rarely yields more than vague promises of more cooperation in the future. From the beginning, the HIPC dialogue operated on the assumption that all players shared a common goal: eliminating external debt as an obstacle to poverty reduction. This approach emphasized that the goal of debt relief is to reduce poverty and human suffering. Debt relief is not an end in itself.
Those who support a stronger link between debt relief and poverty reduction do so to ensure that the resources released through debt reduction are used to deliver maximum development impact and to directly help the poor.

All groups in the poverty debate recognize that poverty alleviation is a complex and long-term task, but in the context of the HIPC Initiative, the link between debt relief and poverty reduction has been strengthened. The result is public demand for simple, visible solutions, such as putting debt relief savings into funds earmarked for specific social spending. Poverty issues are so complex that solutions may be far from straightforward and visible, requiring varied, nuanced responses within an integrated framework of public spending. But the fundamental objective of reducing poverty and human suffering must remain vividly demonstrated.

Make the payoffs from success clear
The benefits of a global initiative need to be articulated in a language people understand. In the case of HIPC, the fact was publicized that if all debt relief were applied, including debts under the Enhanced HIPC Initiative, the public debt of some 33 potentially eligible countries would be reduced by more than half. The potential payoff in Uganda, for example, is that while Uganda’s reduced debt service payment is still a significant amount of money for a country struggling with difficult poverty-related challenges, the country continues to benefit from grants and highly concessional lending from the international community (such as loans with no interest and extended maturities). This is critical, because it underscores the careful financial balancing act necessary for implementing the entire HIPC Initiative.

The challenge is to make sure that Uganda, which has shown that it is using assistance effectively, has enough resources to apply to important needs. This is doubly important in an environment of diminishing aid flows. Uganda used earlier debt relief to help raise primary school enrollment from 54% to 90% and has also reduced the HIV infection rate, mainly through community education. With additional funds for its Poverty Action Fund, Uganda could bolster community programs that now address the devastating impact of AIDS on family structures.

Ensure that new responses add to rather than crowd out existing programs
Debt relief must not be allowed to drain money from other development budgets. The proposal at the Cologne Summit to expand the HIPC debt relief program opened the door for the G-7 to develop a broader view of both debt relief and poverty reduction. Lifting the crippling debt burden
The goal should be a genuine search for answers to tough questions that no organization or group can find alone faced by many poor countries is a welcome development, but only if debt relief is complemented by other development assistance. Debt relief’s ultimate goal is poverty reduction and lasting development, the strategy for which should be comprehensive, encompassing everything that contributes to reducing severe poverty. HIPC debt relief increases the resources available for certain countries to use for poverty reduction, but debt relief must be only one element in a poverty reduction package that also includes policies, programs, projects, and external and domestic resources.4

**Tap leadership from multiple sources**

The HIPC consultations have been remarkable in that the goal was a genuine search for answers to tough questions that no organization or group could find alone. Civil society organizations helped raise the Bank’s awareness about the urgent need for an enhanced debt initiative, and they in turn needed the Bank and others from the international community to draft ambitious modifications to the original Initiative. The Bank looked to people outside official settings for ideas on how to change the Initiative and for the public advocacy that made the changes politically possible. The Enhanced HIPC Initiative has shown that the right combination of interest from the public, NGOs, bilateral donors, and international institutions can build the social capital needed to mobilize people and money. Despite continuing challenges, it remains an example of translating advocacy and ideas into policy.

**Get multilaterals to provide leadership**

Multilateral organizations should not wait for an issue to grow to crisis proportions. It’s only natural that multilaterals can sometimes be slower to act than bilateral agencies (by definition they must reach a certain level of consensus among nations before they take action). But international organizations may also have greater stores of country and cross-country knowledge than bilaterals—and a greater capacity to implement initiatives across a range of countries. Multilaterals can, and often should, take the lead.

**Find ways for bilaterals to raise the bar**

By late 1998, partly as the result of growing leadership in donor countries like the Netherlands, Switzerland, and the Nordics, the political consensus for a “deeper, broader, and faster” HIPC Initiative resulted in a mandate for change. And by the end of the year, sparked by prominent announcements by G–7 leaders, including a major change of policy in Germany, the idea of expanded debt relief became a major issue in international politics.
The momentum for deeper debt relief has become all but irresistible. G-7 countries have come forward with major new announcements on bilateral relief, such as 100% cancellation of eligible debt to qualified HIPCs and forgiveness of outstanding official development assistance claims. These commitments are significant because they go beyond HIPC criteria for debt cancellation.

**Rely on leadership provided by a charismatic NGO with targeted goals and a timebound schedule**

As described earlier, Jubilee 2000 has provided leadership to dramatize how more open consultation has obvious benefits beyond the specific issue of debt relief. Getting more people to participate creates a broader interest in, and dedication to, development. Jubilee 2000 brought issues to legislatures by mobilizing grass roots support, something that multilaterals are often unable to do. Informing beneficiaries—and being informed by them—is absolutely vital if the resources provided are to produce the results the beneficiaries themselves care about. Encouraging broad participation not only helped the development community arrive at a sounder debt relief initiative—it has created a mechanism to monitor implementation of policy direction. This close scrutiny has been vital in ensuring that bilateral and multilateral creditors continue to work toward swift implementation.

**Develop mechanisms to ensure participation, transparency, and accountability in-country**

We know from the *Voices of the Poor* research that poor people often view outside officials as ineffective and untrustworthy, and that they feel excluded from decisionmaking. They are tired of being asked to participate in other people's projects on other people's terms. Participatory assessments provide a useful first step by asking the poor what their priorities are. But to eradicate poverty the assessment must be followed by action. The HIPC review and consultation show that there should be no discussion for discussion’s sake. Raising expectations without following through with solutions will only increase mistrust.

It is important, therefore, to make the public in the recipient country aware that its government is the beneficiary of funds released by debt cancellation. The public can then hold its government accountable for making those resources available for poverty reduction and economic recovery. Uganda, for example, has established a Poverty Action Fund, a mechanism for increasing public participation in, and knowledge about, decisions
regarding how money released by debt relief is being spent on reducing poverty.6

**Future roles for global coalitions**

Agreement on the expanded HIPC Initiative in September 1999 was a significant achievement, reflecting commitment by governments, international agencies, and civil society organizations. But major challenges remain in implementing the Initiative. Full financing of debt relief has yet to be secured, and the concern that relief not come at the expense of new aid flows remains acute. HIPC countries are grappling with how to formulate the poverty reduction strategies that now form part of the conditions for HIPC funding. Defining, monitoring, and measuring realistic poverty targets remain difficult challenges, as does incorporating meaningful participation in developing poverty reduction strategies.

In these circumstances, the importance of broad coalitions takes on new significance. NGOs in G-7 countries need to maintain pressure on governments to meet their funding commitments. Civil society groups in client countries become critically important in designing poverty strategies, in the civic engagement processes for developing them, and in their implementation. And international agencies must strengthen their dual role as providers of both development finance and advisory support to client countries. The need for continuing collaboration—for global and community networks—across institutional borders remains as strong as ever.

**Notes**

2. Van Trotsenburg, “Initiative Test.”
The World Bank has undertaken a number of important new initiatives since the 1995 Social Summit in Copenhagen, resulting in policies, partnerships, and other actions designed to realize the 10 Copenhagen commitments. These initiatives and the documents describing them can be found on the World Bank’s Social Summit website: www.worldbank.org/socialsummit. This annex provides a selected list of what can be found on the website, or in some cases the World Bank’s main website. It lists references to key analytical work, reports, and initiatives underway that address the Copenhagen commitments. (Titles in print, which are usually also available electronically, are italicized. Titles only available electronically are in quotation marks.)

**Commitment 1. Enabling environment for social development**

The creation of an enabling environment for social development is being addressed through a broad-based effort in the context of the Comprehensive Development Framework. The Bank is also working with partners to develop policies, strategies, and actions to reduce corruption, promote legal and judicial reform, support public sector reform, and strengthen the infrastructure for social development.

- “Strengthening Infrastructure for Social Development”
- *Principles and Good Practice in Social Policy*

**Commitment 2. Poverty eradication**

The Bank seeks to make poverty reduction the chief outcome of its development work through a participatory process in which countries identi-
fy their poverty reduction goals and the public actions (policy changes, institutional reforms, programs) required to achieve them. The forthcoming *World Development Report 2000/01: Poverty and Development* will focus on poverty from three angles: empowerment (building social institutions), security (protecting the poor in times of crisis), and opportunity (asset building and making markets work for the poor).

- *Voices of the Poor* volumes 1 and 2: *Can Anyone Hear Us?* and *Crying Out for Change* (the third volume, *From Many Lands*, will be available in August 2000)
- *Poverty Reduction Strategy Sourcebook*

**Commitment 3. Full employment and secure and sustainable livelihoods**

A number of measures aimed at improving or protecting human capital (labor market interventions, unemployment support, old-age insurance) are being developed with the goal of helping individuals, households, and communities better manage risks and support the poor. The “Special Protection and Labor” page of the Bank’s website describes many of these initiatives.

- *Social Risk Management: A New Conceptual Framework for Social Protection and Beyond*

**Commitment 4. Social integration**

The World Bank seeks to ensure that social development issues are incorporated into the design of its operations, and that potential social impacts of proposed interventions are addressed. Participation, involuntary resettlement, indigenous peoples, conflict-affected countries, civil society, and culture in development are topics detailed in the “Social Development” section of the Bank’s website [http://www.worldbank.org/socialdevelopment].

- *Resettlement Sourcebook: Guidelines and Good Practice* (forthcoming)
- *Post-Conflict Reconstruction: The Role of the World Bank*
- *Civil Society Consultations Sourcebook* (forthcoming)
- *Sourcebook of Participatory Processes in the Poverty Reduction Strategy*
Commitment 5. Gender equity

The Bank’s commitment to reducing gender disparities and ensuring that women and men benefit equally from development is articulated in two new documents that represent efforts to accelerate the mainstreaming of gender concerns in the Bank and its project work in member countries.

- *Advancing Gender Equality: World Bank Action since Beijing*

Commitment 6. Basic services and promotion of culture

Improving the quality of, and access to, basic services (such as education, healthcare) and strengthening understanding of the interplay between culture and development are tasks the World Bank has taken on through several channels. The Bank’s Education and Health, Nutrition, and Population sectors are working to develop innovative approaches to address this Copenhagen commitment.

- *Investing in Health: Development Effectiveness in the Health, Nutrition, and Population Sector*
- *Culture and Sustainable Development: A Framework for Action*
- *Education for All: From Jomtien to Dakar and Beyond*
- *The Burden of Disease Among the Global Poor: Current Situation, Future Trends, and Implications for Strategy*

Commitment 7. Accelerated development of Africa and the least developed countries

Alleviating poverty in Africa is considered by the World Bank to be one of the key development challenges of the 21st century. The simultaneous need for investments to promote economic growth and investments in human and social infrastructure has emerged clearly from the Bank’s work. Several African countries are benefiting from the Heavily Indebted Poor Countries (HIPC) Initiative; other Bank resources come through lending and knowledge sharing and are described under “Sub-Saharan Africa” on the Bank website.

- “The HIPC Initiative: Delivering Debt Relief to Poor Countries” [http://www.worldbank.org/hipc]
Commitment 8. Social dimensions in structural adjustment

The Bank’s recognition of the need to include social dimensions in its structural adjustment lending is outlined in a new document being prepared for the 2000 Summit.

• Social Dimensions of Adjustment Lending

Commitment 9. Increased revenues for social development

The Bank has sharply increased the resources it allocates to a wide array of social development spheres. Investments in health, education, and social protection have grown steadily over the past five years.

Commitment 10. Strengthened cooperation for social development

Increasing partnerships with civil society groups, United Nations agencies, and other international organizations demonstrate the Bank’s firm commitment to strengthening cooperation for social development.

• The “Partners” section of the Bank website highlights some recent partnerships and programs developed to promote dialogue and information sharing.
• Three other sites, “Development Forum,” “NGO/Civil Society,” and “Development Links” were designed to help promote dialogue, linkages, and information sharing between the Bank and other organizations on a wide range of topics. The Development Forum site, for example, recently sponsored a public e-conference on “Globalization, Development, and Poverty.”
New Paths to Social Development

Community and Global Networks in Action