

SOCIAL DEVELOPMENT

AT THE WORLD BANK

SOCIAL DEVELOPMENT IN WORLD BANK OPERATIONS: RESULTS AND WAY FORWARD

EXECUTIVE SUMMARY

Today we live in a world of sharp contrasts. There has been great progress in human and economic development. There are now great opportunities for poverty reduction in the globalizing economy. Information flows more freely than ever before. At the same time, there are deep-seated imbalances that threaten socio-political sustainability. With more than a billion people living on less than a dollar a day, the gap between the rich and the poor is wide. Millions are affected by war and other forms of violence, and many men and women are powerless and excluded from opportunities because they lack the capabilities to make the system work on their behalf.

In the general development debate it is agreed that economic growth is necessary, but not sufficient, to improve human well-being and reduce poverty. Instead, poverty reduction efforts must address the economic, human, environmental, financial and social dimensions of development. In particular it has become clear that economic and social development are inextricably linked. This has been most clearly articulated in the Millennium Development Goals, which are grounded in "fundamental values ... essential to international relations in the twenty-first century" such as freedom, equality, solidarity and tolerance. International commitment to social development has been solid, from the 1995 Copenhagen Declaration to the Social Charter

agreed upon at the 2004 South Asian Association for Regional Cooperation. The World Bank's vision and public commitments are consistent with this comprehensive approach to poverty reduction. This paper shows how the Bank has strengthened its operations through attention to the social dimensions of development, and what it will do to intensify those efforts.

WHAT DEFINITIONS AND PRINCIPLES GUIDE THE BANK'S ATTENTION TO SOCIAL DEVELOPMENT?

Just as economic development is positive economic change, social development is **positive social change**. Positive social change refers to transformation that better equips society to reduce poverty. It is based on a deep knowledge of local context, which informs understanding of how the perspectives and constraints of men, women, and children living in, say, the slums of Calcutta differ from those of people living in Bosnian villages, or in Brazilian rainforests. It requires an understanding of power dynamics, culture, and value systems, as well as the informal and formal structures of societies.

Because social development is so context-driven, the international community has neither recognized one

universal definition nor ascribed uniformly to one of the several useful conceptual frameworks associated with social development. The Bank has built its social development strategic priorities on the principles revealed by operational experience. Our work has shown us that **inclusion, cohesion, and accountability** make development operations more effective and sustainable.

- **Inclusive societies** promote equal access to opportunities. To move toward this goal, societies must alter formal and informal rules that limit the capabilities of the disempowered and encourage the participation of diverse individuals and groups in development activities.
- **Cohesive societies** are willing and able to work together to address common needs, overcome constraints, and consider diverse interests. They resolve differences in a civil, non-confrontational way, promoting peace and security.
- **Accountable institutions** are transparent and serve the public interest in an effective, efficient and fair way. They are responsive to people's needs. Accountability is the obligation of power-holders (those who can exercise political, economic or other forms of power) to account for, or to take responsibility for, their actions.

Inclusive, cohesive societies with accountable institutions are better able to sustain lasting development.

HOW HAS THE BANK ADDRESSED SOCIAL DEVELOPMENT SO FAR?

Social development is extremely important to the World Bank. The institution has demonstrated its commitment through the Comprehensive Development Framework, work with clients on their own Poverty Reduction Strategies, public statements, and operational strategies and policies. The Bank has made good progress on many fronts during its 30-year history of social development work, helping clients strengthen the nexus of formal and informal institutions, norms, and values. Most Bank-financed projects now include participation and civic engagement; social analysis is carried out fairly routinely; the portfolio of projects dealing with conflict is increasing; and the Bank is increasing its

commitments for community-driven development. The Bank's approach to safeguard policies aims to ensure that vulnerable people are protected from potential negative impacts of development. The Bank's emphasis on social development in recent years has meant:

- Focusing explicitly on conflict in Bank financed-projects. The Bank has begun to examine the sources of conflict, seeking to promote cohesion in ways responsive to local social contexts;
- Lending more than one billion dollars per year for community driven development projects to include communities in development decisions and actions, and to empower people to control development resources; and
- Using the Bank's operational safeguard policies on indigenous peoples and involuntary resettlement to improve project design and implementation. More than 460 ongoing projects now rely on these policies.

This attention to the social dimensions of development has improved Bank-financed operations. In its 2003 review of social development activities, the Bank's independent Operations Evaluation Department (OED) found that almost half of all projects financed by the Bank over the past decade address some social dimensions of development and that such projects meet their objectives more often, their impacts are likely to be more sustainable, and they do better on institutional development than the portfolio as a whole. OED found that when projects address two or more social dimensions, the improvement is even greater¹.

WHAT MORE IS NEEDED?

The Bank is always striving to improve its products and services. Through the OED review, the Bank has identified ways to better meet its goal of more inclusive, cohesive and accountable societies by:

- Identifying and promoting the use of comprehensive approaches to social development that improve development outcomes and use resources better to meet social development goals;

1. An OED Review of Social Development in Bank Activities (May 2003) Operations Evaluation Department (OED). The World Bank, Washington D.C.

- Providing increased social development capacity in the field by making better use of in-country institutions;
- Ensuring country team access to essential social information to build social development into project design and ensure that social development concerns are addressed during implementation; and
- Ensuring consistent attention to social development across all regions.

The strategic priorities set out in this paper are a combination of mainstreaming the use of social development tools throughout the Bank's business models and innovating in the way we use social development approaches in order to find new ways to tackle age-old problems such as fighting corruption, engaging in post-war rehabilitation, or helping farmers sell their crops. The strategic priorities have been selected because of their fit with the Bank's comparative advantage in the development arena. Each Bank regional team will tailor its application of priorities in response to its clients' specific contexts, capacities and demands.

- **Priority One:** Increase and improve attention to social development in the Bank's *policy dialogue and policy-based lending*. Actions associated with this priority include:
 - Improving the process of preparing and implementing policy dialogue and lending to put greater emphasis on social accountability;
 - Supporting expansion of countries' poverty and social impact analysis (PSIA); and
 - Encouraging freestanding country-level social analysis to inform the policy dialogue.
- **Priority Two:** Complete mainstreaming of social development activities in Bank-supported investment projects. The focus of action here is on:
 - Expanding the use of social analysis;
 - Expanding the use of participation, social accountability and empowerment; and

- Implementing safeguards more effectively.

- **Priority Three:** Enhance the *portfolio* of investments and analytic work focused on social development. Here it is important that content be decided on the basis of regional need. In general, the focus will be on:

- Increasing social inclusion of disenfranchised populations;
- Improving cohesion in society, through initiatives that enhance social capital, reduce crime and violence, prevent conflict or reconstruct areas destroyed through conflict; and
- Fostering accountable institutions, through initiatives such as linking technical assistance loans to adjustment lending in order to encourage social accountability.

- **Priority Four:** Improve the Bank's *capacity building, advocacy and research* on social development to build a stronger platform for implementing Priorities One, Two and Three. Work here will focus on:

- Improving capacity building;
- Improving social development research; and
- Sustaining advocacy on social development.

HOW WILL THE STRATEGIC PRIORITIES BE IMPLEMENTED?

This paper lays out the broad principles of how to build on past successes to better scale up the Bank's social development work. In their planning processes, each Bank regional team will determine the details of implementing this strategy so that it balances both regional and corporate strategic priorities. This paper outlines actions to strengthen how the Bank operates.

HOW TO MONITOR PROGRESS AND MANAGE RISKS?

Implementation of the strategic priorities will include monitoring country outcomes and Bank actions, inputs and operational change. Bank actions can be monitored using the Bank's portfolio database, inter-

nal evaluation and quality assurance results, and Social Development Sector Board assessments of the progress on each priority action.

Implementing the strategic priorities support and enhance the ongoing corporate direction towards more upstream, country-level strategic approaches. It does not layout new requirements or new mandates, but presents a menu of options for the Bank to improve further its support for the achievement of the Millennium Development Goals in

a country-driven framework. While there are risks inherent in any venture, the risks to the poor and marginalized would be greater if the Bank chose inaction or a less strategic use of its resources. The strategic priorities presented here open an important window of opportunity for the Bank. Its progress on assisting clients in the area of social development is good. With efforts to scale up and improve its investment in social development, the Bank will be better-positioned to achieve its vision for a “world free of poverty.” ■

