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FROM: Vice President and Secretary

SEMINAR ON "SUPPORTING HUMAN DEVELOPMENT:

PROGRESS AND CHALLENGES"

Attached is a paper entitled "Supporting Human Development: Progress and Challenges", which will be discussed at a seminar to be held on Tuesday, October 20, 1992.

Questions on this document may be referred to Mr. A. Verspoor (ext. 33279).

Distribution:

Executive Directors and Alternates
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SUPPORTING HUMAN DEVELOPMENT:

Progress and Challenges

Acronyms

AIDS	acquired immuno-deficiency syndrome
EDI	Economic Development Institute
ICBF	Institute for Family Welfare
ILO	International Labour Organization
IPPF	International Planned Parenthood Federation
LSMS	Living Standards Measurement Study
NGO	non-governmental organization
OED	Operations Evaluation Department
OPS	Operational Policy Staff
OSP	Sector and Operations Policy
PHN	Population, Health, and Nutrition
PHR	Population and Human Resources
PRE	Policy, Research and External Affairs
S&T	science & technology
SAL	structural adjustment loan
SDA	social dimensions of adjustment
SECAL	sector adjustment loan
SECIL	sector investment loan
SIF	specific investment loan
SOD	sector operations division
TD	technical division
UNDP	United Nations Development Program
UNESCO	United Nations Education, Scientific and Cultural Organization
UNFPA	United Nations Fund for Population Activities
UNICEF	United Nations Children's Fund
WDR	World Development Report
WHO	World Health Organization
WID	Women in Development

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SUPPORTING HUMAN DEVELOPMENT: Progress and Challenges

EXECUTIVE SUMMARY

- i. Concern with human development -- defined in the Bank as education, training, health, nutrition, population, employment, and the socio-economic role of women -- increasingly permeates all aspects of development thinking. This is reflected, inter alia, in recent World Development Reports and UNDP Human Development Reports. As a result, the emphasis on human development in the Bank's work has intensified dramatically in recent years, a process facilitated by the organizational changes introduced in 1987. This is reflected in increased sector work, policy dialogue, donor coordination activities, and lending. Annual lending for these sectors increased from \$635 million in FY80-82 to over \$3 billion in FY90-92, and is projected to reach over \$5 billion in FY93-95.
- ii. At the same time, the scope of Bank support has broadened to include new areas such as women in development, labor markets and employment, the health of adults, and scientific and technological development. Also, the nature of lending operations has begun to shift from project-specific activities to support for sectoral policy reforms. These changes are reinforced by the better integration of human development issues in country assistance strategies, which has led in turn to stronger linkages with analysis of macro-economic issues and strengthened research and policy work.
- iii. The changes in the scope and nature of the Bank's involvement in human development have brought to the fore several issues that need to be addressed urgently. Prominent among these are quality issues. Projects have not typically defined their objectives in terms of development outcomes, nor established related indicators by which to measure success. Measuring quality in the social sectors is arguably more difficult than doing so in sectors for which economic rates of return are calculated, but that simply underscores the need for more effort in this area in the future. Equally critical is the need to strengthen and operationalize the knowledge base on management and institutional development issues. The development impact of the expanded Bank lending will depend largely on its effectiveness in strengthening borrower capacity for policy management and service delivery. In addition, the evolution of operational practices needs to be reinforced through the increased use of sectoral lending instruments. The critical issues in human development are systemic; sectoral reform cannot be addressed through individual investments alone. Finally, special efforts will be needed to maintain professional excellence in staffing. The recruitment of new staff and the opening up of areas of lending unfamiliar to existing staff call for sustained efforts in staff development.
- iv. Nevertheless, the lessons of experience demonstrate that success is within reach even in low-income countries. But the magnitude of the challenge is such that in many countries, sustained international support will be required from both bilateral and multilateral agencies. With a well-designed lending program grounded in a sound analysis of key economic, technical, and institutional issues, the Bank will be able to maximize its contribution to international efforts to sustain progress in human development.

I. INTRODUCTION: THE CHALLENGE

1. Bank support for human development has undergone remarkable changes since its inception in the 1960s. Originally focussing narrowly on the development of human capital for specific occupational requirements, it has become, in recent years, a central pillar of the Bank's development assistance strategy. Investment in people is now seen as critical to spurring economic growth, reducing poverty, and achieving technological progress. Concerns about education, health, nutrition, training and employment, population, and the socio-economic role of women increasingly permeate all aspects of development and the Bank's institutional priorities. Combined, they constitute the elements of **human development**.

2. The Bank's support of human development is not limited to work directly within the purview of Population and Human Resources (PHR) divisions. For example, access to safe drinking water affects health. Issues of women and development, poverty, and employment go beyond the PHR sectors. Many nutrition operations take place in the context of work on food security and agriculture sector adjustment. Projects outside the PHR sector often include important training components. This paper, however, focuses on Bank support for human development through the PHR sectors.

3. The key role of human development for economic and social progress has been highlighted consistently in recent WDRs. The 1990 report, focusing on poverty alleviation strategies, concluded: "Improvements in health, education, and nutrition directly address the worst consequences of being poor. But there is ample evidence that investing in human capital, especially in education, also attacks some of the

most important causes of poverty" (p.74). Reviewing the lessons of 40 years of development experience, the 1991 WDR concludes: "Investing in people, if done right, provides the firmest foundation for lasting development" (p.4). It goes on to argue that productivity, the engine of development, is driven by technological progress, which in turn is influenced by human capital. Stressing the links between poverty, population growth, and environmental degradation, the 1992 WDR says, "The only lasting solution to the diverse problems caused by rapid population growth lies in policies that will improve human skills, increase productivity, and so raise incomes. Improving education for girls may be the most important long-term environmental policy in Africa and in other parts of the developing world" (p.8). The 1993 WDR will complement these three reports by focusing on health issues related to development.

4. Investments in human resources are at the heart of the Bank's development assistance strategy in the 1990s. They address the objectives of poverty reduction, through intensified support of effective primary-level services, and lay the foundation for efficient economic growth through investments in human capital and transfer of scientific and technological knowledge and practice. They also are essential to enhancing the contribution of women to development and building national capacity to design and implement sound environmental policies.

5. Supported by a growing awareness world-wide of the centrality of human capital to successful development, and facilitated by the 1987 reorganization, World Bank Group lending for human development increased from

an average of \$1.1 billion per year in FY87-89 to \$3 billion in FY90-92 (Figure 1 and Annex Table I). For the same years, the average number of projects increased from 26 to 45 (Figure 2 and Annex Table I).

Figure 1: Average Annual World Bank Lending for Human Development

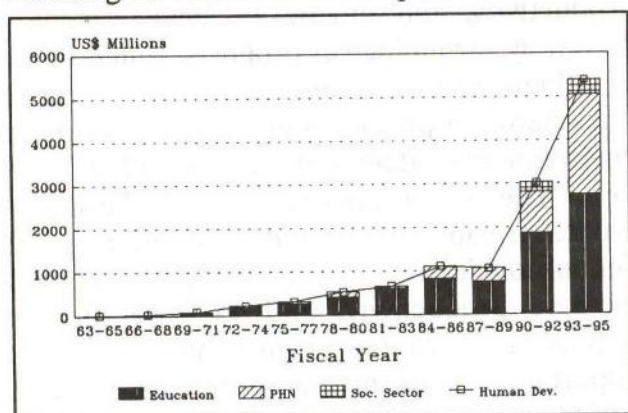
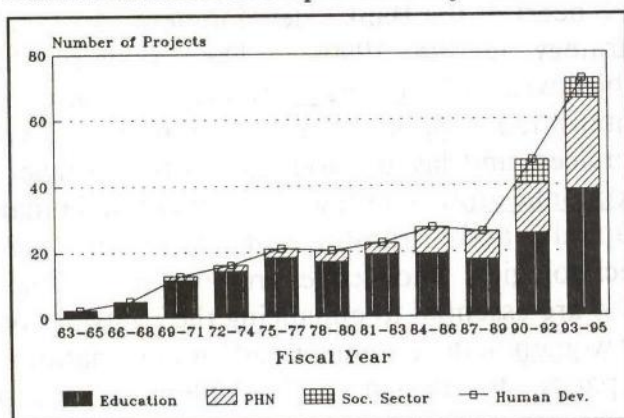


Figure 2: Average Annual Number of World Bank Human Development Projects



6. As lending volume expanded, lending objectives for human capital development broadened beyond the initial focus on the provision of physical infrastructure for schools, clinics, and training centers, through the financing of specific investment projects. Today, the Bank's lending program is multifaceted and includes lending for a full range of education, population, health, and nutrition services, as well as support for policies to enhance the role of women in development, "social safety net" programs, and employment services. In addition, many recent operations have moved from the financing of specific investments, to support for sectoral or subsectoral programs of adjustment, reform, and development.

7. The operational challenge now is to maintain the momentum attained over the past five years while improving the quality of the Bank's activities to ensure that the greater level of support is provided and used effectively and with the maximum development impact. Toward this end, this paper reviews the Bank's progress since 1987 in strengthening its ability to assist countries to design and implement sustainable programs for investing in people. It examines the Bank's effectiveness in supporting human development, and it charts future directions for further improvements. The paper summarizes the evolution of Bank lending in the social sectors (Part II); reviews how the Bank has translated its heightened institutional commitment to human development into lending and policy advice (Part III); highlights lessons learned to date (Part IV); and suggests the main directions for further evolution of operational practice in the PHR sector (Part V).

II. LAYING THE FOUNDATION: 1963-1986

8. The Bank did not recognize human development as an appropriate investment objective until the early 1960s. Lending started with education in 1963, based on a narrow skills-for-productivity rationale. This resulted in heavy emphasis on support for the expansion of physical facilities, especially for vocational and technical training. Lending procedures were deliberately designed to mirror those of specific investment projects in the infrastructure sectors which dominated Bank lending at that time. Driven by concerns for equity and basic needs, the lending objectives and composition of Bank support for human development gradually broadened during the 1970s. Lending for population began in 1970, for nutrition in 1977, and for health, beyond population and nutrition, in 1980.

9. By the mid-1980s, the Bank had developed a broad capacity for analytical work and project design in human development. Successful operations in several countries, especially those where a sustained commitment over many years led to a series of operations based on sound analytical work, demonstrated that the Bank could be an effective source of analytical and financial support in this area (Box 1). Nonetheless, lending for human development remained a relatively modest element of the Bank's total lending operations, totaling \$1.26 billion, or less than 8% of total Bank lending, in FY86.

10. The early lending focus on the implementation of specific investments often resulted in weak links with country assistance strategies, especially in the population, health, and nutrition (PHN) sectors, which were

Box 1: Bank Lending for Human Development in Indonesia

Since independence, human development has been a central priority in Indonesia's development strategy. The Bank has been its principal partner in the design and implementation of investments in the sector. Since then, 16 education projects totaling \$1.16 billion have been completed. In addition, 10 free-standing projects for training in specialist fields totaling about \$700 million have been supported. Over time, the Bank's strategy in education evolved from assistance for training to alleviate a critical shortage of technical personnel to emphasis on quality issues, then to broader investment programs and policy reforms for the education sector. Similarly, lending for population (\$222.7 million for five population projects since 1972) and health and nutrition (\$155.9 million for five projects) evolved from an emphasis on infrastructure and providing commodities (as part of basic services nationwide) to improving the quality and effectiveness of service delivery and utilization. Recent operations are increasingly oriented to sector-wide policy reforms, health skills training, building institutional capacity, and specific PHN problems.

centralized in the Operational Policy Staff (OPS) vice-presidency. The organizational separation of units on education, PHN, and WID virtually precluded the formulation of coordinated human development strategies as an integral part of country assistance strategies. This hampered the ability of the Bank to deal effectively with the social impact of adjustment programs, and to design coherent strategies for poverty alleviation and technological capacity-building.

III. BUILDING A SECTORAL APPROACH: 1987-1992

11. With intellectual interest in human development already growing rapidly, the Bank's 1987 reorganization addressed a number of institutional issues by raising the visibility and centrality of the subject in the country dialogue, and providing a framework within which the complementarities and synergies among different investments could be more effectively exploited. It did this by integrating operational responsibility for all human development programs in a single division in each Country Department, supported by a division in each Regional Technical Department, and by concentrating research and policy work in a single department in the PRE complex.

12. Thus, by 1987, the circumstances existed for rapid evolution of the Bank's role in the sector, through (i) integrating human development in country assistance strategies; (ii) expanding the lending program; (iii) broadening lending objectives; (iv) increasing the use of diverse lending instruments; (v) strengthening quality and operational focus of research and policy analyses on human development; and (vi) collaborating with a broad range of partners in program design and implementation.

3.1 Integrated Country Assistance Strategies

13. Concentrating operational responsibility in a single PHR division for each country department has yielded several benefits: clearer focus on country-specific constraints and opportunities, stronger linkages between macro strategy and sectoral strategy, and opportunities to exploit complementarities between the various elements of human development.

Country Focus

14. The intensified country focus permits better analysis and appreciation of the circumstances facing each country, and an awareness of the complexities and implications of government actions. For example, reforms designed to increase the efficiency of public expenditures or to target subsidies on poor and disadvantaged groups are often controversial, requiring careful choice and sequencing of interventions in order to maintain political support as public spending shifts to primary services and that on tertiary services for the relatively well-off is constrained.

15. Human development strategies are by their nature highly country-specific. Policy reforms and innovation cannot be transferred wholesale from one country to another. Lessons of experience must always be adapted to the country context (Box 2). A central role in this process is played by economic and sector work. First, poverty and human resource issues are now commonly addressed in country economic work. For example, an FY92 report China: Reforming the Urban Employment and Wage System provides a detailed analysis of labor market efficiency and employment issues. One-third of the FY93 basic economic report on the Philippines deals with social sector issues, and a 1989 report Kenya: The Role of Women in Economic Development analyzed WID issues in great depth. Second, the number of sector reports has increased consistently. In FY83-87, a total of 118 sector reports were completed compared to 203 in the FY88-92 period. Third, the contents of many of these reports has become more issue-oriented and analytical. A review of education sector work in FY91 indicates that many Bank sector

Box 2: China Provincial Education and Planning: Comprehensive, Original Analysis

The FY91 China Provincial Education and Planning report, an outstanding example of sector work, draws extensively on planning and data analyses by Chinese institutions, stimulating participation and commitment to the process. The report reviews previous sector work in China, describes how current work builds on accumulated knowledge, and provides comprehensive background data, showing changes over time and trends.

Covering a wide range of issues, education data are analyzed and issues related to economic, political, and social variables. For example, cost and finance issues are analyzed in the context of fiscal policies, provincial economic conditions, ability of families to contribute to education, and cultural norms. Uniquely, the high percentage of primary school costs borne by families is calculated and reported. On this basis, it argues for reducing school and textbook fees for poor families.

Further, based on firm analysis, the government is urged to reconsider its policy on vocational education in light of results of the recent Bank policy paper on vocational education and training, cost projections, and in-country research regarding the external efficiency of such institutions.

Recommendations are backed by evidence and alternatives and provided, such as three scenarios for achieving universal primary education. Considerable effort is devoted to demonstrating the need to increase the salaries of rural teachers.

reports provide well-argued, country-specific recommendations based on analyses of local conditions, often drawing on the work of local researchers. Increasingly, operations are emphasizing development of national research

capacity to support country-level analysis and to inform programs of policy reform.

Links to Economic Policy

16. Now treated as an integral part of the country assistance strategy, human development's linkages with the country economic framework have tightened in many ways (Box 3). Typically, public expenditures in the social sectors, labor market policies, poverty reduction strategies, and population issues, for example, are key issues in Country Economic Memoranda and Strategy Papers.

17. In the face of **budget constraints** resulting from fiscal stabilization programs, the Bank has helped several countries to launch sectoral adjustment programs to mitigate the potential adverse impact of economy-wide reform on human development. These programs typically are designed to diversify the resource base of the sector and use resources more efficiently. Increasingly, the Bank assists countries with the identification of core public expenditures in order to protect priority education and PHN services from budget cuts.

18. **Labor market policies**, which link the education sector with the macroeconomy, are increasingly important elements of the economic policy framework. The number of lending operations designed to support labor market flexibility, labor information systems, and demand-driven training systems is growing rapidly. The problem of labor retrenchment due to public enterprise restructuring is receiving increased attention, especially in Eastern Europe and Latin America.

19. In efforts to **reduce poverty** as part of a country assistance strategy, human development programs usually have a central role, primarily to ensure the access of poor people to basic

Box 3: Linking Human Development with the Macroeconomic Framework

Public Expenditure Reviews permit a careful examination of the adequacy of human development financing. In Morocco, a review revealed that social expenditures as a percentage of GDP have gradually decreased over the past decade and that existing expenditures on education, health, and nutrition failed to reach the poorest. The study's recommendations were used to develop targeting mechanisms for subsequent human development loans and a structural adjustment loan (SAL).

SALs increasingly recognize the need to protect and strengthen human development. In Togo, the Fourth SAL included provision of adequate budgetary allocations to the health and education sectors, making approval of the budget shares to these sectors in FY91 and FY92 a condition for second and third tranche release. In Mexico, the Agricultural SAL II separates agriculture price goals from nutrition goals. It reallocates government expenditures on consumer food subsidy programs by eliminating generalized food subsidies and increasing spending for targeted food assistance, emphasizing rural poor families. Several operations are explicitly designed to help offset the effects of economic crisis on PHR services, such as Bolivia's Social Investment Fund and Jamaica's Social Sectors Development Project.

Public enterprise restructuring is also a nexus between macroeconomic work and human development. With the launching in FY90 of its Economic Transformation Program, Poland began the difficult transition from a centrally planned economy to one in which market forces and free enterprise dominate. The reforms are prompting millions of Poles to change jobs, as markets signal the need to shift labor from sectors, occupations, and regions where it is redundant, to productive uses elsewhere. A Bank loan is assisting the government to remove the labor constraints to economic restructuring, provide a social safety net for those displaced by restructuring, and develop employment policies and programs needed in a market economy.

Population and family planning activities have also reinforced human development efforts. Fertility decline in Indonesia was accelerated by family planning projects, making it easier for that country to improve access to health services and education and thus meet its growing demand for healthier, better trained workers. Bank-sponsored sectoral analyses in the Maghreb region focused the attention of policymakers on changing population structure and enabled them to plan public expenditures for social services more effectively.

standing projects, are used to address cross-sectoral as well as sectoral issues. Country strategies, in turn, increasingly draw on regional studies, such as that on food security in Africa, which focused on the role of women as food producers and income-earners.

20. Rapid population growth, agricultural stagnation, and environmental depletion are mutually reinforcing and adversely affect prospects for economic growth. Excessive population growth also affects the macroeconomy in terms of income distribution, flexibility in resource allocation, and the ability to finance development. National development strategies increasingly strive to incorporate population policies and take into account demographic factors.

Synergies

21. Although the Bank has still much to learn about the synergies across health, education, nutrition, family planning, and WID programs, today it is well poised to exploit these underlying relationships. For instance, there are now better opportunities to (i) support interventions on both the supply and demand sides of the fertility equation (through family planning services on the one hand, and education and employment programs on the other); (ii) focus more effectively on complementary elements of child development such as nutrition, maternal and child health, education, household food security, and environmental health (Box 4); and (iii) link investments in human capacity and basic needs of the poor with measures to increase labor productivity and target safety nets.

3.2 Increased Lending

22. Borrowers' demands led to a much-needed expansion of support for human

services and to promote the productive use of their labor. Social action programs, either as companions to structural adjustment or free-

Box 4: Colombia Community-Based Child Care: A Synergistic Approach to Improving the Well-Being of Mothers and Children

The Colombia Child Care and Nutrition Project supports a key part of the government's poverty reduction program by strengthening an ongoing program to create inexpensive, home-based child care facilities. Managed by the Colombian Institute for Family Welfare (ICBF), the program combines the feeding of pre-school children in low-income, urban neighborhoods with community-managed day care and learning activities in an effort to circumvent the low educational attainment commonly associated with poverty and poor health and nutrition status. Social workers identify clients, targeting the poorest neighborhoods. Thereafter, participation is based on self-selection. Groups of interested parents choose a "community mother" to care for up to 15 children in her home. ICBF provides initial training (in food handling, child feeding, and growth monitoring), educational materials, modest stipends to community mothers, and nutrition supplements. It also arranges loans to enable community mothers to upgrade their homes to minimum standards for the provision of day care. The program is managed by parents' associations, which also make a small financial contribution to operating costs. After a trial period, the program was launched on a large scale in 1987; by mid-1989 it was serving 500,000 of the country's poorest pre-school children. This number is expected to double in the near term.

human development, climbed from 5.5% of total Bank lending in FY87-89 to 14.2% of Bank lending in FY90-92, when it averaged \$3 billion per year. The number of human development projects has also risen sharply from an average of 26 per year in FY87-89 to 45 in FY90-92. Three features stand out:

- The Bank's investment portfolio in human development is relatively young, with about

57% of lending (36% of projects) approved in the FY87-92 period; in PHN, 68% of lending and 53% of projects was approved in that period. Thus, a relatively small part of the portfolio has been completed and audited. Strengthening early feedback, for example, through the Annual Review of Lending and General Operational Reviews, is therefore particularly important.

- Education no longer dominates the sector. PHN lending will grow at a faster rate than education in FY93-95; the annual volume of each is expected to fluctuate between \$2 billion and \$3 billion in FY93-95.
- Integrated social sector projects specifically designed to protect the poor during periods of economic adjustment are new. Many such projects are designed as social investment funds; they support a range of education and training services and health and nutrition interventions targeted at the poor, and bolster the capacity of governments to monitor impact at the household level (Box 5).

3.3 Broader Lending Objectives

23. In tandem with the expanded volume of lending, lending objectives evolved -- from a relatively narrow emphasis on physical infrastructure to sector-wide and policy-based strategies. This evolution was driven by the need to address the social consequences of the macroeconomic crisis in many countries in the 1980s, and by the accumulating evidence that a coherent and effective framework for social policy is essential to sustain economic progress. Intensified support for basic services to reduce poverty, and focus on building experience in new areas of lending have resulted.

Box 5: Honduras Social Investment Fund

The Bolivia Emergency Social Fund was created to help protect the poor during implementing of a macroeconomic stabilization and adjustment program begun in 1985. It is designed as a quick-disbursing mechanism for financing small, technically simple projects formulated and carried out by a variety of public, private and voluntary agencies. In appraising the projects the Fund focuses on two criteria: (a) the potential benefits of the project for the poor; and (b) the technical soundness of the project. Technical supervision is provided to implementing agencies to carry out projects in a wide variety of fields, including social infrastructure, economic infrastructure, cooperative and small credit programs, and social services in health, nutrition and education.

By financing labor-intensive social infrastructure projects, the Honduras Social Investment Fund also aims at generating employment for those unemployed due to adjustment and for the persistently poor. Designed to protect living standards of marginal groups in economic crisis and improve the delivery of social services, subprojects address a broad spectrum of health, nutrition, and education services -- in-school breakfasts, training of midwives and health workers, and materials and supplies for primary schools. A pilot nutrition assistance program enables the government to test targeting mechanisms, logistics, and distribution channels for food coupons. The coupons provide a 30% caloric and protein supplement to participating mothers and children. A program to restructure social sectors is expected to improve delivery of services and develop a monitoring and evaluation system.

Increased Support for Basic Services

24. Foremost, the focus of education lending has shifted toward basic education, and support for nutrition and health services, including family planning, has increased sharply. Lending

for primary education has tripled since FY89, and the average number of projects per year has nearly doubled. Since the first primary education project in FY70, there have been 115 such projects through FY88, an average of six per year, compared to 44 such projects during FY89-92, an average of 11 per year. Almost all of the recent operations aim at broadly enhancing learning achievement and focus explicitly on improvements in the quality of instruction, provision of learning opportunities for disadvantaged groups, including girls, and most recently, early childhood development. Project design has in many instances been influenced by the FY90 Primary Education Policy Paper and the recommendations of the 1990 World Conference on Education For All sponsored by UNDP, UNESCO, UNICEF, and The World Bank.

25. Bank lending for health has tripled since FY86. While maintaining a central focus on primary health care, lending operations in recent years have increasingly emphasized strengthening capacity for formulating health policy, program planning, and management. Greater attention is also being given to women's health and its impact on the health and welfare of families, to selected priority diseases, and to the financing of the health sector, including investments in hospitals. For example, health projects are increasingly being designed to emphasize safe motherhood in view of the high maternal mortality which persists in many countries, but is preventable by improved prenatal and delivery care as well as family planning. While in FY86, there were only nine projects with safe motherhood components. By the end of FY92, there were 70 such projects under implementation. PHR work on disease priorities has helped to shift the focus of assistance toward health interventions with the greatest cost-effectiveness.

26. Lending for nutrition through PHN projects has increased from an average of \$27 million in FY84-87 to \$56.5 million in FY92. In addition, 43% of the structural adjustment loans approved in FY91 included nutrition components or conditions to protect the nutritional status of the poor, and several agriculture sector projects include nutrition components. The new generation of nutrition projects are often designed in the context of overall poverty reduction strategies. They emphasize the provision of nutrition services, targeted to reach the poor and children under three years of age and their mothers. Projects generally support behavioral change in nutrition practices through social marketing techniques, address household food security needs through women's income-generating schemes, for example, and help to provide micronutrients. Institutional strengthening and careful evaluation of impact are common features.

27. The widening context for population activities since they began in 1970 -- integration with health and nutrition in 1980, and with other social sector operations since 1987 -- has been associated at each stage with considerable expansion in volume of lending and number of projects. In the 1970s, lending for 19 projects averaged \$30 million a year; from FY80 to FY87, lending for 31 projects averaged \$50 million; during FY88-FY92, 34 projects provided average yearly lending of \$164.4 million. Especially noteworthy is the expansion of population lending in Africa following efforts by the Bank and other donors to support countries through an "Agenda for Action to Improve the Implementation of Population Programs" (Box 6).

28. A recent OED review of Bank population lending and a PHR "best practice" paper on family planning provide the empirical underpinnings for the design of effective

Box 6: Population Activities in Africa

Population growth is yet to peak in sub-Saharan Africa, where despite the onslaught of AIDS, increases are expected into the next century. Many countries are taking action to meet and stimulate demand for child spacing and limiting family size. Several countries have adopted national population policies, and others have stated their intention to do so. The Bank has joined other agencies in supporting the "Agenda for Action to Improve the Implementation of Population Programs in Sub-Saharan Africa in the 1990s" (the African Agenda), guided by a Policy Advisory Committee of African population specialists and policymakers. It is designed as a participatory process to ensure commitment to population and family planning programs at all levels. Multi-disciplinary country teams -- already active in Burkina Faso, Ghana, Kenya, Nigeria, and Senegal -- will eventually be formed in over 20 countries to obtain the views of beneficiaries, implementors, and policymakers and help bridge gaps among them. Communities are then expected to set up small local projects to address population and development concerns in an integrated way.

The African Agenda is a collaborative effort by UNFPA, IPPF, and the World Bank, with the support of WHO and the African Development Bank and additional funding from the Netherlands and Norway.

population projects. They emphasize the need (i) to raise quality of service and thereby increase demand; (ii) to increase access to family planning services, especially for those who, by reason of poverty or geography are hard to reach; (iii) to mobilize private resources to help in service provision; (iv) to coordinate fully with other donor agencies and local institutions, in order to leverage the Bank's support with grant assistance, and to build country commitment and infrastructure; and (v)

to strengthen program management and technical capacity.

New Emphasis on Poverty Reduction

29. The stresses of economic stabilization and structural adjustment may constrain the already-meager income-earning opportunities of the poor and their access to basic services. The Bank has responded in several ways. Increasingly, structural adjustment loans (SALs) address social policy issues or set the stage for preparing human development strategy and sectoral adjustment operations (SECALs). Many such operations specify allocations, or rates of growth of public spending, for education and PHN, and increased operating budgets for basic materials. Also, much of the increased lending for education, health, and nutrition is targeted at populations most at risk -- the poor, women, and children (Box 7). Nutrition operations, for instance, demonstrate that improved nutrition can reduce the primary effects of poverty, even in the absence of economic growth. And in several countries, mostly in Africa and Latin America, social investment funds (SIFs) have been established with Bank support to assist small, locally-managed human development projects. These operations are designed specifically to counter the temporary, adverse social effects of economic reform. Recently, they have increasingly supported more of the longer-term interventions designed to reduce chronic poverty. They do not, however, substitute for more far-reaching restructuring of social sector (and other) expenditures in support of poverty reduction and growth. In fact, there is a risk that they divert attention away from strengthening the institutions and basic programs in sectoral ministries and thus contribute to delay of essential sector or policy reform. Another risk is that they may result in

Box 7: Targeting Education Interventions: Brazil Innovations in Basic Education Project

Targeted at children of poor and migrant families in greater Sao Paulo, the Brazil Innovations in Basic Education Project supports health, nutrition, and education interventions to improve primary school learning and retention and pre-school enrollment. About 49% of proposed classrooms are in school districts where more than half of households live in poverty (i.e., earn less than two minimum salaries), and 90% of new classrooms in districts where more than 40% of households live in poverty. The construction program is based on availability of land, with poorest districts being served first. The pre-school component provides a package of nutrition and health actions -- in-school feeding, health screening, immunizations, and micronutrient supplementation -- to enhance educational inputs. Through school location and means testing, the program is targeted to families earning less than three minimum salaries. Program funds are available to municipalities which:

- develop a six-year program for pre-school expansion in the neediest neighborhoods;
- are consistent with recommended guidelines on student-teacher ratios, use of books and materials, teacher training, and space requirements;
- form a partnership with NGOs judged to be managerially and technically competent;
- demonstrate capacity to sustain recurrent costs of expansion; and
- demonstrate capacity to administer the program.

In this way, the project is expected to reach about 350,000 children from the poorest families in urban Brazil.

setting up safety net programs that are not fiscally sustainable. These trends are being monitored carefully with a view to taking remedial actions when necessary.

Emergence of New Lending Emphases

30. The sharpened country focus has increased the Bank's attention to sector work and lending in several previously neglected areas. Recognition of the critical role of **women in development** led to the expansion of the office of the adviser on WID into a full-fledged WID Division in 1987, to provide analytical and project design support to operational divisions. Since then, the topic has been increasingly "mainstreamed" in operations. All Technical Departments have established at least one special position to deal with WID issues, and most Country Departments have designated WID coordinators. This enhanced attention to the subject has had a major impact on Bank operational work. By FY92, 38 percent of all projects and over three quarters of human development projects included actions targeted specifically for women. **Adult health** is becoming more important in the lending program, as populations age and epidemiological and health problems evolve in many borrower countries. The disease burden is still largely composed of infectious and parasitic diseases mainly affecting children, but is expanding to include non-communicable diseases (e.g., cardiovascular diseases and cancers) which mainly affect adults. The emergence of the AIDS pandemic reinforces this emphasis on adult health. In addition, **labor market and employment** issues are receiving increased attention; in FY91-92, six projects were designed exclusively to support labor market reforms and six others included significant employment and labor market components. Finally, the strengthening of national capacity for **scientific research and technology development (S&T)** is rapidly emerging as an important area of lending. The number of projects which provide support for S&T programs increased to five in FY90, six in FY91 and to nine in FY92. Universities, in

particular, have a special role to play in building national capacity to address S&T issues by multiplying professional skills, generating new knowledge, and creating the base of understanding on which technological change and innovation can be mounted.

3.4 More Diverse Lending Instruments

31. In response to the increasingly diverse and changing needs of borrowers, the Bank has used five main instruments to finance human development programs: the traditional specific investment loans (SILs) and more recently, sector investment loans (SECILs), social investment funds (SIFs), sector adjustment loans (SECALs), and hybrids, which combine features of adjustment and investment operations. The newer instruments are designed to support sectoral policy reforms, with SECALs and hybrids targeted specifically to countries that are implementing economic adjustment programs. Under SECILs, the responsibility for appraisal and supervision of specific subproject investments is transferred to the borrower. Such loans usually have strong strategic content, support part of a longer-term investment program, and provide funding through an intermediary organization which is largely responsible for project implementation. SIFs are a variation of sector investment loans. The projects supported by social investment funds often focus on locally managed small-scale interventions.

32. Although specific investment loans remain the dominant means of lending for human development, even in support of major policy reform, use of other lending instruments is growing. Of 212 operations approved during FY87-92, 34 were SECILs, 10 SIFs, seven SECALs, and two hybrids. Of these 53 operations, 41 were approved in FY90-92. Although lending for human development is

increasingly policy-based overall, education operations have used the new instruments most frequently. In PHN, all but five of the 68 operations approved during FY87-92 have been SILs.

3.5 Strengthened Research and Policy Work

33. The larger, more diverse lending program is served by a strengthened and more operationally focused program of research and policy work. Work on cross-cutting issues of poverty reduction and women in development has been integrated in one Department (PHR) with traditional sectors of education, population, health, and nutrition. As a result, gender issues permeate research and policy work on education, PHN, and employment, and significant progress has been made in identifying guidelines and best practices related to female education, employment, safe motherhood, and women's health more broadly. Household-level work on living standards measurement studies (LSMS) has provided important new analytical tools for poverty-oriented, cross-sectoral analysis. LSMS-type methods are being applied in several countries in the Africa Region under the Social Dimensions of Adjustment (SDA) initiative, and in other regions through collaborative arrangements between PHR and regional staff.

34. The research and policy program has been explicitly designed to help the Bank improve operational practice by addressing gaps in knowledge about "what works", "with what benefits" and "at what cost"; disseminating knowledge about best practices; and fostering collegial exchange and a shared sense of purpose among staff dispersed throughout the Bank.

35. Major themes of current work are (i) measuring the outcomes of policy through work

on methodologies for assessing learning achievement, analyzing disease control priorities, determining the impact of family planning programs, and monitoring living standards data in selected countries; (ii) identifying "best practice" through the analysis of cost and the benefits across a range of investment options and policy interventions with respect to women's productivity and health, family planning and contraceptive use, micronutrient malnutrition, and different levels of education; (iii) developing strategies for sectoral finance and management through research on the relative role of the government in the education and health sectors and on methodologies for resource allocation and targeting of interventions; and (iv) assessing links between macro-economic and sectoral policy, especially the impact of economic policies on household income, and of labor market policies on employment and the efficient allocation of labor and the demand for trained manpower.

36. The aim of policy work in health and education is to provide analytical underpinnings for lending in new areas (Box 8) and the treatment of priority issues such as the relative role of the government and private providers in the social sectors, the efficiency of public provision of services and the management of services. This policy work draws upon the lessons of operational experience, especially as documented by OED, and from studies by the Bank and outside sources, and contributions of scholars and policy-makers from developing countries, often in policy seminars organized jointly with EDI. These extensive consultations have been critical in sharpening operational focus.

37. Several policy and "best practice" papers from this work program have been discussed by the Board: Primary Education (FY90),

Box 8: Linking Policy and Practice: Togo Technical Education and Vocational Training Project

Drawing on many lessons and recommendations of the recent Bank policy paper on vocational education and training -- including the need for a demand driven training system, increased linkages to the private sector, and enhanced planning and monitoring -- the Togo Technical Education and Vocational Training Project helps to spearhead change from a socially oriented supply driven training system to a demand driven, employment oriented system responsive to the needs of the private sector.

The project supports development of planning and monitoring capacity within the Ministry of Technical Education and Vocational Training, allowing it to follow labor market trends and to launch, in cooperation with employers, a wide spectrum of National Training Fund. The project also finances the development of sector specific vocational training centers which, in collaboration with industry, professionalize the formal and informal training system by both increasing the practical content of technical training and strengthening the theoretical content of traditional apprenticeship programs.

Vocational Training (FY91), and Family Planning (FY92). "Best practice" papers on women in development, micronutrients, and women's health, and policy papers on higher education and secondary education are expected in the future, as is a sector policy paper on education in FY95. The health sector will be reviewed in the 1993 WDR.

38. This research and policy work has enhanced the Bank's capacity to play a more active role in the international academic and aid communities and influence the international agenda on human development policy. In education in particular, the Bank is a leading source of international comparative research

and policy analysis. For example, its findings influenced the agenda and the outcomes of the World Conference on Education for All, and the subsequent mobilization of international support for basic education development. The international health community has more diverse sources of policy advice, but the Bank has established itself as a credible partner and a widely respected source of research and policy analysis on public health economics in the Third World. This allowed the Bank to play a key role, for example, in launching the Safe Motherhood Initiative.

3.6 Collaboration with New Partners

39. Its evolving role in human development is precipitating changes in the way the Bank interacts with borrowers, NGOs, and the international aid community. Bank operations are now more likely to mobilize partnerships in support of human development, based on mutual recognition that provision of basic education, health, and nutrition services is made more effective by the involvement of beneficiaries in program design and management, by mobilizing private sector sources of funding for these services at a time when government budgets are severely constrained, and by the efficiencies to be gained from organizing national and donor resources around a country's own human development strategy.

40. As the Bank has become more intensively involved in human development, the collaboration with other UN agencies active in this field has intensified. The Bank's comparative advantage lies in its capacity for country-specific economic and sector analysis, and its ability to support large-scale programs of investment and policy reform. The work of other UN agencies complements that of the Bank through:

- exchange of research findings and lessons of operational experience, often organized under the auspices of specialized agencies such as UNESCO, WHO and ILO;
- cofinancing of investment programs drawing, for example, on UNICEF's expertise with intervention at the community level, and UNDP technical assistance funds;
- advocacy for increased international priority for human development issues such as basic education (with UNDP, UNICEF and UNESCO), safe motherhood and family planning (with UNFPA);
- providing experience and technical expertise which include many areas less familiar to the Bank, for example, early childhood development (UNICEF), science education (UNESCO) and AIDS research (WHO).

41. The Bank is relying increasingly on national experts and borrower staff for sector work, project preparation, and implementation. The results are analyses and project designs that are more responsive to local needs and priorities and reflect the local commitment which is essential for successful implementation of difficult policy reforms (Box 9).

42. Extensive national involvement is especially crucial when Bank projects serve as a framework for coordinating support from several donors to a sector or sub-sector, particularly in projects that support the provision of basic services. Donor coordination has been most successful when orchestrated by country officials on the basis of a nationally developed plan of action (Box 10). Nearly half of the human development projects approved in FY91-92 benefitted from co-financing, which amounted to more than \$1.2 billion (10.3 percent of project costs). The highest proportion of co-financing was for integrated social sector projects followed by PHN and education.

Box 9: Nigeria National Population Project: Reliance on National Experts for Project and Sector Work

Based on Nigeria's National Population Policy and prepared against a background of national debate on religious issues, regional balance, and women's rights, this project's objectives are to strengthen the institutional base for undertaking a large-scale, intersectoral National Population Programme (NPP), over the coming decades.

The project will establish a Population Activities Fund, a mechanism to fund and evaluate subprojects. Subprojects will be implemented by collaborating agencies such as federal, state and local government bodies, universities, NGOs, and the Nigerian Institute of Social and Economic Research. A small Population Activities Fund Agency will be developed to assist with the solicitation and preparation of additional subprojects, and to appraise, approve, and supervise them. Considerable reliance is being placed on local consultants, and to this end, the project will finance development of a roster of local consultants, further training of selected consultants, and the costs of deploying them for subproject preparation with collaborating agencies.

43. NGOs are playing an increasingly important role in implementation, most prominently in the PHN sectors (Box 11), and this is increasing in basic education projects. Following the Education For All Conference, for example, a group of NGOs -- with support from the Bank and other donors -- created a network to exchange information on their experience with the implementation of education projects.

3.7. Increased Demands on Staff

44. The expansion and diversification of the Bank's involvement in human development have not been without problems. These

Box 10: Bangladesh: Donor Coordination in the Population and Health Sector

The Bangladesh Fourth Population and Health Project is the largest population and health program supported by the Bank so far anywhere. The IDA-led Bangladesh Population and Health Consortium -- 13 external donors and three UN executing agencies (UNFPA, WHO, and UNICEF) -- is providing about \$500 million, and the government, \$165 million for a total of \$665 million.

During project formulation, strategy and sectoral priorities in population and health were sorted out in intensive discussion at government-donor workshops and a special conference.

In addition to strengthening the country's population program and family planning service delivery, the health care system will be oriented toward public health, including maternal health, to make basic services more accessible to the rural and urban poor. Specific objectives include: (i) reduced fertility levels through an increase in contraceptive prevalence to 50 percent; (ii) lower morbidity and mortality in children under 5; (iii) safer deliveries and reduced maternal mortality to 4.5 per 1,000 live births; (iv) reduced disability, morbidity and mortality from a range of common poverty-related diseases (e.g., tuberculosis and leprosy); and (v) improved nutritional status of women and children.

changes have imposed an increased burden on staff in terms of work load, professional support, and changing skill requirements. Specifically:

- The growth in number of staff has, inevitably, lagged behind the rapid growth in lending and workload. Over the period FY88-91, the number of PHR lending operations increased by 63% and lending volume by 201%, compared with a 32% increase in the number of

Box 11: Ghana Second Health and Population Project: Support to NGOs in the Management and Delivery of PHN

The government of Ghana has prepared a framework for intensified cooperation with about 300 NGOs that provide health, population and nutrition services to a large portion of the Ghanaian people. The project promotes the qualitative improvement, reform, and extension of coverage of the family planning and health services both of the Ministry of Health (MOH) and of leading NGOs. NGO participation is extensive. The National Catholic Secretariat (NCS) will be responsible for managing a component to equip and maintain district-level hospitals. MOH has invited a number of NGOs active in the health sector in Ghana to take leadership in managing primary health care services at the district level where the need exists. NCS and other capable NGOs will thus manage all the primary health care services of selected districts in Ghana.

Of the total IDA credit of \$27.0 million equivalent, \$4.0 million will be made available to NGOs as grants (of which \$0.8 to the National Catholic Secretariat, \$2.8 million to the Planned Parenthood Association of Ghana, \$0.3 million to other mission hospitals, and \$0.1 million to other family planning NGOs).

positions and a 24% increase in the number of staff on board. This is substantially above the Bank-wide growth in operational staff positions which average 4.7% over the same period. Furthermore, since the end of FY91, the number of PHR positions has increased by more than 15%. At the beginning of FY93, the PHR sector had 359 positions, of which 324 were filled. Rapid growth in workload and the lag in filling vacant positions, reflecting the inevitable delays in identifying suitable candidates, have taken their toll. The

1989 Staff Attitude Survey found that sector staff reported a stress level far above the Bank average. The recent rapid increase in staff is expected to help address these problems.

- The gap in staffing has, to a large extent, been made up by the increased use of consultants. This raises the possibility that the Bank's experience is not adequately internalized in country dialogue and in the design of future operations.
- More policy-based lending, increased emphasis on institutional development, and the emergence of new areas of lending require staff with strong and up-

to-date professional skills. Yet, more than a quarter of the staff currently on board are new to the sector or to the Bank. Staff development, with an emphasis on technical skills for the first group and "Bank" skills for the other, is therefore a central priority for the sector.

- The dispersion of technical staff into some 31 sector divisions leaves many units without a "critical mass" of professional expertise, sometimes placing undue burden on lone specialists. This has made cross-fertilization and networking among specialists difficult.

These issues are being examined by the recently established Sector Staffing Group (paras. 80 and 83).

IV: LESSONS LEARNED

45. Although the portfolio of human development investments is relatively young, and the objectives and types of projects undertaken recently are significantly different from those of earlier years, lessons are emerging to guide the Bank in refining its assistance strategy in the 1990s. Most importantly, experience suggests that policies matter. A well-designed policy and institutional framework can provide wide access to basic human development services even in low-income countries. Without such a framework, increases in GNP alone often do not improve poor people's lives.

46. Experience further shows that project specific investment loans do not always yield the desired policy change, and that sectoral reform must be approached as more than the sum of individual investments. In addition,

technical assistance, when deployed, has not always served to build borrower capacity for policy formulation and sector management.

47. Rather, Bank support has been most effective when based on (i) sector-wide programs of reform and development; (ii) in-depth analysis of sectoral issues; (iii) building national capacity for program design and implementation; (iv) continuous attention to implementation; and (v) systematic monitoring of outcomes.

4.1 Support for Sectoral Programs of Reform and Development

48. Lending practices, while evolving, are not always aligned with the demand for strategic support at the sectoral level. Specific investment loans still dominate lending, as

widespread use of sectoral lending instruments (SECILs, SECALs, SIFs, and hybrids) has been constrained by two factors. First, these instruments are more difficult to design and implement, and call for substantial borrower capacity and for sustained inputs from experienced Bank task managers. Second, perhaps most importantly, adjustment loans are designed to be quick-disbursing, to respond to short-term balance of payments needs, whereas human development reforms typically mature over a much longer time-frame. SECALs may therefore have only limited applicability in the social sectors. Participation in the financing of the total cost (investment and recurrent) of a time-slice of a sectoral development program through a SECIL or SIL will often be more appropriate.

49. Attempts to address these constraints through training and creative project design are accelerating the move toward sectoral lending approaches. These approaches differ significantly, however, across sectors and countries. Borrowers' analytical and managerial capacities to implement a sectoral approach to human development vary substantially as does the Bank's operational expertise in technical and economic analysis, institutional appraisal, and project design. The design of Bank-supported human development operations will reflect these country conditions and sectoral constraints.

4.2 In-depth Analysis of Sectoral Policy Issues

50. There is no substitute for good sector work as the basis for the design of lending operations. This is especially true as lending for human development becomes more policy-based. Policy-makers and managers in the social sectors are faced with the challenge of selecting performance goals for human development in accord with national objectives for social and

Box 12: Measuring Program Outcomes

Until recently, human development project rarely attempted to specify and measure outcomes. It is rapidly changing. The Egypt National Schistosomiasis Control Project, aims at reducing infection rates and averting 4600 deaths per year. It requires annual reports on: (i) input measures, including number of rural health units providing schistosomiasis control services; (ii) process indicators, including numbers of persons screened and numbers found positive according to six analytical categories; and (iii) outcome measures, including intensity of infection for a sample of patients at each health facility, and number of cases admitted to hospitals.

The Nigeria Primary Education Project proposes specific strategies for monitoring and evaluating major project components: the extent to which teachers use methodologies introduced in training; the number of textbooks available to pupils; the balance between expenditures on salaries and instructional materials; the quantity, quality, and timeliness of data analysis; and tests for selected grades in order to measure student achievement.

The India Family Welfare Project sets specific targets for increasing effective contraceptive use, decreasing crude birth and death rates, decreasing infant mortality, increasing average birth weight, increasing immunization rates, and improving ante natal care coverage. The project also specifies objectives with regard to the number of secondary, primary, and community health centers per thousand population.

economic policy, and identifying indicators to guide their attainment. Project objectives for Bank-supported PHR operations have typically focused on indicators of coverage such as enrollments or access to health and family planning services. Relatively few projects have specified objectives in terms of learning achievement, better health, or reduction in fertility. This has hampered the appraisal and

evaluation of the cost-effectiveness of project components designed to improve the quality of service. Some recent projects, however, have tried to formulate targets on outcome (Box 12).

51. Investment decisions in human development are strategic, and must be based on a range of indicators, including labor market data, cost and financing information, manpower requirements, epidemiological data, earnings profiles, and demand for services. Well-designed investment programs are typically based on broad analytical work, including:

- analysis of (sub)sectoral conditions, legal framework, institutional capacity, and policy options;
- assessment of public resource requirements and resource mobilization strategies in the context of public expenditure reviews;
- evaluation of the cost and benefits of particular investment options;
- understanding of private demand and the willingness and ability of households to seek and pay for services;
- review of the social policy framework, including assessment of how synergies among human development investments can be exploited;
- assessment of the private sector's role and potential contribution to the financing and provision of human development services; and
- recommendations for strategic action derived from an analysis of options based on national priorities, conditions, and international experience.

Box 13: Institutional Development in the Education Sector: Ethiopia

Building institutions that effectively manage sectoral development is a process that requires attention sustained over a long period of time, often a decade or more. In the mid-1970s, the Ethiopian government committed itself to improving the quality, quantity, and relevance of education and training at all levels and to eradicating illiteracy. Great efforts were made to provide education equitably throughout the country, and communities were mobilized to assist in organizing, providing, and operating many aspects of education and training.

Success is partly attributable to a program of institutional development supported, in part, through a series of IDA education projects. Considerable investments, complemented by long-term technical assistance, were made in the development of institutions and procedures for effective management. The essential functions of the Ministry of Education were strengthened, including its inspectorate, research and curriculum development capacity, planning and statistics capability, project management office, materials production and dissemination agency, and school construction and maintenance service. A Professional Training Center was set up for training all staff in the education sector. Under a program of decentralization, decision-making authority and management responsibilities were transferred to regional education offices, regional teacher training institutes, district pedagogical centers, and community associations. It is noteworthy that administrative costs as a proportion of total budgets remained relatively low.

52. A recent review of education sector work compared the reports issued in FY91 with the findings of a similar study of FY85 reports. The technical quality of analyses had improved considerably, particularly in areas where the Bank has undertaken policy work and is well-

versed, i.e., access, efficiency, effectiveness of inputs, and finance. The review recommended strengthening analysis of the institutional and political feasibility of policy recommendations.

4.3 National Capacity Building

53. With the move toward sectoral and policy-based lending, the usual concern for good project management has broadened. Concern about institution-building and developing skills in the design and management of national programs has intensified (Box 13). In many countries, the public sector will continue to provide human development services, which entails a need for technical support and supervision to large numbers of service providers in widely dispersed locations. Administrative systems, often inefficient, need strengthening in three areas: (i) policy development, regulation, and monitoring by central ministries; (ii) policy and project implementation at the local level; and (iii) systematic, two-way information flows between the local, intermediate, and central levels. A pilot project in Algeria, approved in FY91, addresses such needs in support of health sector reform through developing information systems, training key staff, and strengthening the capacity for strategic planning.

54. If human development investments are to be sustainable, building institutional capacity deserves at least as much attention as the transfer of resources. In fact, the effectiveness of the latter depends upon the former. With institutional development, responsibility for the preparation, appraisal, and supervision of specific investments can be shifted to borrower agencies, thus bolstering borrower commitment and "ownership" of Bank-supported operations and fostering development.

Box 14: Promoting Private Initiatives: Primary Education in Bangladesh

Pressures resulting from rapid population growth, insufficient budgetary resources, and weak institutional capacity have prompted the government of Bangladesh to turn to the private sector for assistance in achieving primary education goals. NGOs in Bangladesh have a proven track record of resource mobilization and innovation in program quality and delivery.

The World Bank supports the strategy through the 1990 Bangladesh General Education Project. Funds are provided to experienced NGOs to implement non-formal primary education programs, and to less experienced NGOs to develop their capacity to design and implement education projects in the future.

One of the chief beneficiaries of Bank funds is the Bangladesh Rural Advancement Committee (BRAC). BRAC has a proven track record in non-formal basic education. Its program provides literacy and numeracy skills in a three-year period to the poorest rural children who remain unreached by the formal school system. The program effectively tailors education to local needs, mobilizes community participation, and trains thousands of local teachers. It has been particularly effective in increasing girls' participation. By 1991, BRAC was operating about 4,500 village schools, each managed by one teacher (usually female) serving up to 30 students. Nearly 70% of those enrolled are girls. About 95% of the students transfer at the end of the program to the fourth grade in government schools.

55. Evidence is mounting on the success of strategies that increase the participation of beneficiaries in the delivery of local services. The clustering of schools in managerial units with considerable autonomy is being piloted in

Latin America and South Asia with promising results. Many operations are testing new ways to exploit the complementarities between the private (including NGOs) and the public sectors (Box 14). The involvement of parent-teacher associations in improving the quality of schooling has had a positive impact on projects in Chile and Mali, for example.

56. The importance for good management of a good information system based on reliable data, including locally disaggregated data by gender, is abundantly clear. Well-analyzed data on basic indicators, such as student performance and cost of instructional inputs by district, has helped policy-makers in Zimbabwe (Box 15) and Thailand, for example, make key resource allocation decisions.

4.4 Implementation

57. Well-formulated policy objectives and good technical design of a project will yield desired outcomes only through effective implementation. Performance ratings of Bank-supported human development projects have been consistently above average. While the rapid expansion and the increasing complexity of the PHR project portfolio has led to some deterioration in portfolio performance, the proportion of projects facing significant implementation problems (supervision rating 3 or 4) in FY92 was 14% in Education and 16% in PHN, still below the Bank-wide average of 18%. Inevitably, as the portfolio expands rapidly into new areas and supports new objectives, new implementation challenges are arising. The extent to which they are addressed effectively will be a key factor determining the impact of Bank lending for human development.

58. Operational experience suggests that the major constraints to effective implementation

Box 15: Using School-Level Data to Direct Resources: Zimbabwe

An FY91 sector study, *Zimbabwe A Review of Primary and Secondary Education: From Successful Expansion to Equity of Learning Achievements*, provides a model for using management information to target education resources. The study identifies the most poorly performing schools through multilevel analysis of student achievement data. It then analyzes the factors behind low achievement, and proposes strategies to enhance equity among schools.

Analysis of examination scores shows widely different rates of achievement across the five types of secondary schools in Zimbabwe, with high-fee-paying trust schools performing the best, district council schools performing the worst, and government and mission schools in between. The study also found significant differences in achievement and longevity in school by gender.

Analysis of data drawn from school surveys, ministry financial and personnel records, and field visits confirmed that the resource base and government subsidies of different types of schools also varied widely, with financing skewed toward schools with educationally less-at-risk children. This was despite a school financing policy which, on the surface, appeared highly equitable.

On this basis, it was reasoned that a move toward a system of positive discrimination -- to provide compensatory resources for schools showing evidence of few resources and relatively poor learning achievement -- would be desirable in the long term. This would require a considerably strengthened monitoring and administrative capacity. In the short term, it was suggested that a system be developed whereby some additional resources be provided to high-priority expenditures, and the existing per capita grant approach be modified to equalize expenditures per student. Some funds would also be set aside to improve the resources of the least endowed schools.

are usually managerial, involving important issues which are unfamiliar to some borrowers and Bank staff. The demands of procurement and accounting are becoming increasingly

onerous as Bank lending finances fewer large-scale civil works and equipment contracts and supports more large-scale procurement of items such as textbooks, food supplements, pharmaceuticals, scholarships for disadvantaged children, and increments to teachers' salaries. Moreover, the challenge of implementation goes well beyond administrative issues, especially in operations that deliver basic services. In countries with fragile distribution networks, the logistics of distributing centrally procured inputs poses special challenges, especially outside the major population centers. Furthermore, implementation of human development programs almost always involves changes in the professional behavior of hundreds of thousands of staff and managers of small, isolated service delivery points, such as rural health clinics and primary schools.

59. The Bank historically has modelled investment strategies in human development on the "blueprint" designs of the infrastructure sectors. This generally was appropriate as long as physical facilities were the main object of Bank lending for human development. As the portfolio has changed, however, the Bank's implementation strategies have become more flexible, sensitive to local conditions, and responsive to beneficiaries. Allowing for local variations in program content is often critical to success, and is the rule, rather than the exception, in many human development programs. Within the framework of clearly specified objectives, they increasingly emphasize program adaptation based on experience as implementation proceeds. Project designs increasingly are testing such models (Box 16).

60. Implementation of these new style human development projects require effective supervision. In FY92, the average supervision coefficient for PHN projects was 20.9 staff weeks and for education projects 11.0,

**Box 16. Flexible and Adaptable Project Design:
Chile Primary Education Improvement Project**

Over the past decade, Chile has implemented significant reform of the social sectors: redefining the role of government, decentralizing major social development responsibilities to municipalities, promoting privatization, targeting public social expenditures to low-income groups, and channelling resources to municipal and private subsidized schools. Taken as a whole, the reforms offer communities considerable flexibility to respond to local needs and objectives.

The project supports these reforms by strengthening the institutional capacity of the Ministry of Education's central, regional, and provincial offices, as well as the education departments of municipalities to direct and manage a decentralized program. The project also includes components to improve the managerial skills of pre-school and primary school principals, to enable them to take advantage of funds available under the decentralization program.

The project includes a \$38 million fund designed to foster local initiatives to address problems related to quality weaknesses at the school level. It supports the restructuring of local curricula in reading, writing, mathematics, and science education through the participation of teachers and school principals, and establishes and implements small school-level projects to improve quality in 5,000 municipal and private subsidized primary schools. Resources are made available on a competitive basis, assessed on the relative cost-effectiveness and innovativeness of proposals developed at the local level.

compared to a Bank-wide average of 14.1 staff weeks. The large variation in supervision effort between the human resource sectors is notable. To determine the underlying cause, the Sector Staffing Group is planning to undertake a detailed analysis of the sector's supervision effort.

61. As important as Bank supervision is to performance during implementation, it cannot substitute for weak institutions. There are limits both on the resources available for supervision and on the range and effectiveness of that supervision. Good performance is a function of the capacity of national institutions, and helping to build this capacity should be a central focus of Bank appraisal and supervision. Bank projects will need to provide explicit support for building strength in this area.

4.5 Monitoring Outcomes

62. Monitoring the delivery of physical inputs has been reasonably effective in PHR projects. Outcomes of program investments, however, have been assessed systematically in only a few cases. Yet, where outputs have been carefully monitored, the lessons for the design of future investments have been extremely valuable. The Tamil Nadu Nutrition projects (Box 17), the Bolivia Emergency Social Fund, and the Brazil Rural Education project illustrate the benefits of good monitoring and evaluation.

63. Recent efforts in the education sector to enhance the knowledge and skills of Bank staff through dissemination of "best practice" and training have had positive results. About 43% of the education projects approved in FY90-92 included support for the measurement of learning outcomes, as compared to 26% in FY85-89. While the initial effort of research, analysis, and training was led by PHR, the regional Technical Departments are now staffing to provide support in this field to SODs.

Box 17: Monitoring and Evaluating Progress: Tamil Nadu Nutrition Projects in India

Operational research has been a particular strength of the Tamil Nadu Nutrition projects, with monitoring and evaluation studies built into project design. The first project's (FY80) goal was to improve the nutrition and health conditions of children (especially on those aged 3-36 months) and pregnant and lactating women in 9,000 villages. Nutrition monitoring was based on growth charts, updated monthly and publicly displayed on a standard wall chart. How key nutrition indicators for the village were moving and how well the community nutrition worker was getting services to the disadvantaged, compared to the general population, were visible. These monitoring and feedback activities were key to success, with moderate and severe malnutrition reduced by about 50%. By project's end, its community nutrition centers held probably the largest collection of high-quality longitudinal data on child growth in the world.

The project's evaluation system entailed a baseline survey of each district before implementation began. Then, evaluation studies were undertaken in 1982, 1984, and 1987 to review project performance. The well-developed system of monitoring and evaluation, combined with mid-project studies, enabled continuous examination of project performance, allowed for the immediate resolution of potential problems, and provided a solid foundation for the development of strategies for the second project (FY90).

For it, the initial monitoring and evaluation system was refined and adapted for the whole state of Tamil Nadu. Principles introduced in the project have been incorporated into other Bank-assisted projects.

V. FUTURE DIRECTIONS

64. As a result of improved organizational structure and expanded lending, the Bank is well-positioned as a source of policy advice and financing for human development in the 1990s. The immediate priority is to consolidate progress and stay the course toward intensified intersectoral linkages and sharpened country focus. But more is needed. In view of the rapidly expanding demand for human development operations, the Bank must apply its resources to those areas where it has a clear comparative advantage. The Bank's ability to combine economic and technical analysis suggests that the Bank's trademark output should be pitched at policy reform and investment. This requires (i) intensifying support for sectoral programs; (ii) aligning lending policy and practice; (iii) strengthening the empirical base for action; and (iv) pursuing professional excellence in staffing.

5.1 Intensify Support for Sectoral Programs

65. To exploit the Bank's advantage more fully, links between human development investments and economic policies need to be further solidified, and the use of lending instruments which support broad programs of reform and development facilitated (paras. 16 ff and 31-32).

Links with Macroeconomic Policies

66. Strengthening these links require the explicit consideration of human resource supply and demand issues in country economic work. On the supply side, this entails analysis of human development expenditures and its integration into Public Expenditure Reviews, taking into account special sectoral features -- long gestation periods, vast array of providers

and recipients, high ratio of recurrent to capital expenditures, and the often highly-political choices involved. Moreover, analysis of non-budgetary factors affecting the supply of skilled labor, such as population growth, health policy, and programs promoting the labor force participation of women, is needed for each country.

67. Demand for human resources originates both in the household, which derives utility directly from members' health and education, and with producers of goods and services, who have a derived demand for high-quality labor. Analyses of demand are often incomplete. Economic and sector reports need to consider the implications of rising income and aging population on the demand for health care, for example, and the implication of changes in a country's product mix (from non-tradables to tradables, or from low-skill, labor-intensive products to high-skill, knowledge-intensive products) for investments in education and training. The resulting shifts in relative prices can have important effects on poverty levels if compensatory measures are not in place. Demand analyses should also take account of the private costs of education and health services.

68. A pivotal link between human development and economic policies is the labor market. Its efficiency in matching skills with employment opportunities and facilitating the flow of labor from less productive to more productive uses, is a central element in productivity and economic growth. By contrast, labor market inequities and imperfections can impede attainment of social and economic development objectives. For example, the fact that women have less access to education than men (an inequity) reduces their wages from

formal sector employment and also fuels the rationale for discriminatory barriers against their employment in urban areas (an imperfection). Attention to labor market issues in economic and sector work has increased rapidly in recent years and is expected to continue.

Sectoral Lending

69. The shift toward operations that are most effective in supporting sectoral policy and program reforms and in exploiting linkages with the macroeconomy will need to be accelerated. Especially promising is the experience with sector investment loans (SECILs). Examples cover a wide spectrum including support for science and technology development in Brazil, family planning and higher education in Nigeria, and small-scale employment, nutrition, and health projects in Bolivia.

70. Such a shift has implications for sector work as well as project design and implementation. Sector work should be closely linked to country strategies for growth and poverty alleviation, based on in-depth technical analysis of sectoral constraints and consistent with the lessons of research and experience. Moreover, appraisal of lending operations should concentrate on quality of the proposed sectoral policy framework; the related public expenditure program, including conditions for financing specific programs; and the institutional and managerial capacity to execute, monitor, and evaluate the proposed program. Increasingly, staff of borrower agencies should take responsibility for sector work and supervision; the Bank's policy advice should be provided through analytical support to, and facilitation of, the work of borrower institutions instead of through extensive reports prepared by Bank missions.

5.2 Aligning Operational Policy and Practice

71. Moving toward sectoral and policy-based lending strategies calls for a review of operational procedures and practices to ensure that they suit the needs of new-style human development projects. Two issues are emerging as critical: recurrent cost financing and institutional development.

Recurrent Cost Financing

72. External support for basic human development has been constrained by the reluctance of many donors to provide financing for recurrent expenditures. Yet, recurrent expenditures in education, nutrition, health, and family planning are part and parcel of human capital investment, as both recurrent and capital expenditures are necessary to the creation of an economic asset - a skilled and healthy worker - generating a stream of benefits over a long period. What is important is a broad view including not only the initial investment in physical infrastructure, but also the cost of operating and maintaining the facilities thereby financed. In the absence of external support for recurrent expenditures, many physical facilities will be used inefficiently or not at all, or countries will choose lower-priority but more capital-intensive projects for which external funds are more readily available. At the same time, there are legitimate concerns about the extent to which external financing of recurrent costs will create long-term dependency.

73. The Bank's guidelines on financing of recurrent expenditures provide a high degree of flexibility, but interpretation varies widely. The principle of Bank policy in this area - financing of incremental recurrent costs on a declining basis - is unlikely to change significantly. But practice is evolving toward deeper analytical and more explicit policy treatment of recurrent

cost issues during project preparation to ensure the sustainability of investments in human development, while at the same time using more fully the flexibility of the guidelines to ensure the availability of adequate funding. Specifically, this means emphasizing economic criteria as the basis for recurrent cost financing; recognizing the importance of strategically focused, recurrent cost financing in the human development sectors; and restricting major recurrent cost financing, especially of salaries, to those cases where a sectoral financial framework (linked to a public expenditure review) has been agreed upon, including mechanisms and benchmarks for monitoring implementation and the phase-out of external support.

Capacity Building

74. In cases where the weakness of borrower agencies responsible for sector analysis, project design, implementation, and supervision is a major constraint, institutional development and capacity building must be the central focus of the Bank's work. In particular, the Bank needs to strengthen its own understanding of issues and policy options through analytical work to clarify the issues and the policy options; operational experimentation will be needed to test the viability of different approaches. In developing a work program on institutional development, PHR education and health divisions are pulling together analytical work and operational experiences from around the Bank. In addition, Bank sector work and project preparation should focus explicitly (and disproportionately) on the analysis of institutional issues by sector. The Bank should also provide small, flexible loans (possibly technical assistance loans) for capacity-building and operational research, as well as accord high priority to funding from the Institutional Development Fund to specialist support and

training for the design and implementation of institution-building efforts.

75. Developing capacity to monitor progress toward social policy goals, such as improved nutrition, better health, and improved learning achievement is particularly important. Bank-supported projects should ensure that program evaluations go beyond measuring input delivery (e.g., financial resources provided, personnel recruited and trained, facilities constructed and furnished, materials distributed), to monitoring processes and outputs and measuring achievement (e.g., in nutritional status, fertility rates, morbidity and mortality, student learning, and household living standards). Support for country efforts to establish management information systems to monitor and evaluate human development, and strengthen national capacity to evaluate the effects of inputs and processes on the desired outcomes is expected to be a central feature of future Bank operations.

5.3 Strengthen the Empirical Base for Action

76. Successful lending for human development requires a continued effort to integrate research findings and operational experience into sectoral analysis and project design. Borrowers seek access to state-of-the-art knowledge reflecting the lessons from experience of developing and developed countries that can be adapted and applied to their situations.

77. Over 25 years, the Bank has accumulated a substantial body of knowledge on human development, documented in Operations Evaluation Department (OED) reviews, PHR research and policy analyses, sector studies, and project completion reports. It has also developed and deployed advanced tools for analytical work in the sector.

Applying this expertise to country-specific issues and the design of national programs gives the Bank an opportunity to serve borrowers in a unique way.

78. Maintaining the quality of expertise and ensuring operational relevance are vital to the effectiveness of Bank investments. It is essential that: (i) the research and policy work of Sector and Operations Policy (OSP) and the Technical Divisions (TDs) stay firmly focused on current and anticipated demands of lending operations, (ii) the lessons of operational experience be documented and synthesized systematically and subjected to cross-country review and analysis by TDs, OSP, and OED; (iii) social output indicators be developed and refined and monitoring and evaluation components included in all projects; and (iv) knowledge about comparative effectiveness be disseminated broadly.

5.4 Pursue Professional Excellence in Staffing

79. The effectiveness of Bank support for human development in the 1990s will ultimately hinge on the dedication and quality of staff. The rapid expansion of lending and the entry into unfamiliar areas of lending threaten to erode the traditions of technical expertise and operational rigor to which the sector has long been committed. It is inevitable in a demand-driven situation that staffing patterns lag somewhat behind the needs, where those needs are changing rapidly. Thus, the number of regular staff who are experienced technical specialists in health, education, population and nutrition has not kept pace with the growth in lending volume and numbers of projects in those sectors. Excessive reliance on consultants commits considerable staff time to oversight of consultants to ensure compliance with Bank standards and format. A key element of the sector's strategy, therefore, is enhancing both

skills of technical staff and understanding by generalists of technical issues in human resource development.

80. To maintain excellence, four sector staffing issues are receiving urgent attention: (i) the balance of regular staff positions with lending volume and number of operations; (ii) staff development and professional exchange among sector specialists; (iii) recruitment of new staff; and (iv) training staff new to the social sectors. In this regard, efforts are underway to harmonize staff resources with the expanded work program by accelerating growth in the number of regular staff positions in the sector and reducing reliance on consultants; sustain investment in state-of-the-art training for sector specialists; launch an aggressive external recruitment campaign to fill existing vacancies and improve the mix of skills; and implement sector-specific orientation programs on a regular basis for the many new entrants into the sector.

5.5 Conclusion

81. Significant gains have been made in the Bank's ability to promote human development and, in many respects, the Bank is well-poised to meet the changing needs of its clients. The institution's view of human development has broadened, shifting from provision of physical infrastructure to sector-wide and policy-based strategies. The Bank is pursuing an increasingly integrated and country-focused approach to human development, enabling a better exploitation of intra-sectoral synergies and linkages with general economic policy.

82. While much has been achieved, significant challenges lie ahead. Apart from country-level hurdles -- low spending priority given to human development, restricted absorptive capacity, and political limits on

much-needed reform -- the Bank faces its own limitations. First, the move toward sectoral and policy-based approaches to human development has been slowed down by the relative neglect of institutional development issues in the past. Second, the broadening of lending objectives and the emergence of new areas of lending have been so rapid that policy and research work has, on occasion, lagged behind operational requirements. This is especially true in the critical area of institutional development. Third, pressures on staff have constrained the Bank's capacity for operational innovation, effective supervision, and systematic assessment of project outcomes.

83. These issues are being addressed by the sector. The number of regular staff is

increasing gradually, and an extensive staff training program is being implemented. Policy and research are focusing on the consolidation of research findings and lessons from experience both from within and outside the Bank. Institutional development is increasingly emerging as the central challenge for the sector and is receiving increased attention in policy work and training. The challenges the sector faces are formidable, but they can be met effectively, provided the resources available are targeted carefully to address the priority issues outlined in section V. In this way, the Bank will be able to continue to play its role as a leading source of finance and policy advice for human development.

**Annex Table I: Annual World Bank Lending for Human Development,
FY 1963-94**

FY	Education		PHN		Social Sector		Total Human Development	
	Lending	Number of Projects	Lending	Number of Projects	Lending	Number of Projects	Lending	Number of Projects
63	5.0	1	0.0	0	0.0	0	5.0	1
64	17.6	3	0.0	0	0.0	0	17.6	3
65	29.5	3	0.0	0	0.0	0	29.5	3
66	34.0	4	0.0	0	0.0	0	34.0	4
67	51.8	6	0.0	0	0.0	0	51.8	6
68	24.2	5	0.0	0	0.0	0	24.2	5
69	81.8	10	0.0	0	0.0	0	81.8	10
70	79.9	11	2.0	1	0.0	0	81.9	12
71	107.9	14	7.8	2	0.0	0	115.7	16
72	180.4	14	34.4	2	0.0	0	214.8	16
73	293.6	18	5.0	1	0.0	0	298.6	19
74	153.1	11	17.0	2	0.0	0	170.1	13
75	223.8	19	40.0	2	0.0	0	263.8	21
76	321.3	20	25.8	2	0.0	0	347.1	22
77	288.6	16	47.3	4	0.0	0	335.9	20
78	351.9	20	58.1	2	0.0	0	410.0	22
79	496.0	18	114.0	4	0.0	0	610.0	22
80	440.1	13	143.0	4	0.0	0	583.1	17
81	747.9	18	13.0	1	0.0	0	760.9	19
82	526.4	19	36.0	2	0.0	0	562.4	21
83	547.9	21	120.0	7	0.0	0	667.9	28
84	701.9	20	244.0	6	0.0	0	945.9	26
85	936.8	20	193.0	7	0.0	0	1129.8	27
86	839.5	18	420.0	11	0.0	0	1259.5	29
87	439.8	14	54.0	6	0.0	0	493.8	20
88	864.0	19	304.0	8	0.0	0	1168.0	27
89	964.0	20	550.0	11	0.0	0	1514.0	31
90	1487.0	21	813.5	12	119.9	6	2420.4	39
91	2252.0	26	1102.8	18	464.8	10	3819.6	54
92	1883.7	26	922.3	13	40.7	3	2846.7	42
93*	2438.4	34	2240.3	28	129.9	5	4808.6	67
94*	1705.8	25	2533.8	29	512.1	7	4751.7	61
95*	4116.9	50	2102.5	32	353.9	9	6573.3	91

* Projected lending.

Annex Table II: World Bank Human Development Lending by Region, FY 1963-94

FY	LENDING	AFRICA	ASIA	EMENA	LAC
Education (US\$ Millions)					
63-69	243.9	93.8	48.9	45.6	55.6
70-74	814.9	229.6	221.6	233.1	130.5
75-79	1681.6	379.1	456.3	619.7	226.6
80-84	2964.2	514.6	1539.7	555.8	354.1
85-89	4044.1	865.5	1669.5	938.6	570.5
90-92	5622.7	1030.0	2312.6	908.5	1371.6
93-95*	8261.1	1317.7	2257.6	1722.7	2963.1
Total	23,632.5	4430.3	8506.2	5024.0	5672.0
PHN (US\$ Millions)					
63-69	0.0	0.0	0.0	0.0	0.0
70-74	66.2	12.0	39.4	9.8	5.0
75-79	285.2	0.0	199.6	29.8	55.8
80-84	556.0	76.0	325.0	50.0	105.0
85-89	1521.0	380.0	691.0	136.0	314.0
90-92	2838.6	588.4	1149.6	544.1	556.5
93-95*	6876.6	1032.3	2676.9	924.6	2242.8
Total	12,143.6	2088.7	5081.5	1694.3	3279.1
Social Sector (US\$ Millions)					
90-92	625.4	177.4	57.5	173.0	217.5
93-95*	995.9	34.5	40.1	642.7	278.6
Total	1621.3	211.9	97.6	815.7	496.1
Total Human Development (US\$ Millions)					
63-69	243.9	93.8	48.9	45.6	55.6
70-74	881.1	241.6	261.0	242.9	135.5
75-79	1966.8	379.1	655.9	649.5	282.4
80-84	3520.2	590.6	1864.7	605.8	459.1
85-89	5565.1	1245.5	2360.5	1074.6	884.5
90-92	9086.7	1795.8	3519.7	1625.6	2145.6
93-95*	16,133.6	2384.5	4974.6	3290.0	5484.5
Total	37,397.4	6730.9	13,685.3	7534.0	9,447.2
Total Human Development (Percent)					
63-69		38.5	20.0	18.7	22.8
70-74		27.4	29.6	27.6	15.4
75-79		19.3	33.3	33.0	14.4
80-84		16.8	53.0	17.2	13.0
85-89		22.4	42.4	19.3	15.9
90-92		19.8	38.7	17.9	23.6
93-95*		14.8	30.8	20.4	34.0

* Projected lending.

SUPPORTING HUMAN DEVELOPMENT

Introductory Remarks.

Mr. Chairman, Members of the Board

The paper before you today reviews the evolution of Bank lending in a sector which recent WDRs and other analytic work have identified consistently, as pivotal for sustainable poverty reduction strategies. The paper describes the rapid increase in Bank lending for human development since FY90, but, more importantly, it highlights how the nature and the style of Bank lending in this sector has evolved at the same time.

Bank lending today has moved away from the initial emphasis on system expansion and investment in infrastructure to an emphasis on the quality of service delivery and support for the operation and maintenance of the system. For example, in the education sector in FY92 only 20% of Bank lending was allocated for civil works compared with 44% in FY84-86. And support for instructional materials totalled almost \$100 million or 7.5% of education lending in FY92 compared to \$60 million or less than 4% of education lending in FY84-86. Furthermore, new areas of lending have ^{come} ~~been~~ opened up, ranging from early childhood development and education to investments in research and advanced training in science and technology. And, further challenges are already facing the sector, as a new set of human resource development issues is emerging in Eastern Europe and the former Soviet Union, associated with the transition to a market economy.

Human development issues have also become increasingly integrated in country economic work. Economic missions now commonly include human development specialists; economic reports pay more attention to human resource issues than ever before; and assessing the impact of adjustment operations on the social sectors is a standard element in the preparation of structural adjustment operations.

It has not been easy to synchronize staffing and policy development with this rapid ~~rapid~~ change in the nature of Bank involvement in human development. Redeployment and recruitment of staff inevitably lag behind the evolution of the lending program. In the short term the gaps have been filled by an increased use of consultants, but over the longer term the needs of this sector have been accommodated through the redeployment of staff positions. The growth of regular staff positions in the human resource sectors has been triple the Bank average and since the end of FY91 52 new staff positions have been created, an increase of more than 15%. The recently established sectoral staffing panel is working closely with the Recruitment Division in Personnel to develop lists of promising applicants that have the necessary gender and geographical diversity; and, the wide ranging staff training programs that were implemented in the last two years for education sector staff are now being broadened to include PHN, WID and poverty assessments.

Given the conditions of rapid change in the sector, it is becoming increasingly important to review existing policy and codify best practice. Papers focusing on policy issues in sub-sectors -- primary education, vocational education and training, family planning -- have been discussed in the past two years by this Board. These papers are important to highlight policy options in sub-sectors. We are planning to continue this work and prepare in the near future papers on higher education, ^{and} micro-nutrients, ~~population~~ and women in development, for your review. But, more is needed. The time has come to take a broader look at the dominant policy issues in the sector. The first occasion will be the 1993 World Development Report on Health which will set the stage for a consideration of ^{future} Bank strategy and policy in the health sector. ~~In~~ ^{NHO} ~~FY94.~~ We ~~expect to follow this with an update of~~ the 1980 Education Sector Policy Paper, ~~which is programmed to be submitted to you in FY95.~~

The Bank is today the single largest source of external funding for human development. This has increased its visibility in the international donor community and brought to the fore the importance of defining more sharply the comparative advantage and relative role of the Bank. Increasingly the Bank's contribution in this sector is seen as most effective at the level of sectoral policy reform, institutional development and investment. Most specialized UN agencies have ~~narrower mandates~~ emphasizing ^E the promotion of international intellectual exchange and collaboration,

and the implementation of technical assistance programs, while others as well as several bilateral donors, NGOs and Foundations, have their comparative advantage in smaller scale experimental programs, support for grass root activities, emergency relief or highly targeted programs. In international fora the Bank has emphasized increasingly the need to more sharply define each agency's specific mission and strength and structure country level collaboration and co-financing around it.

To sum up, Mr. Chairman. The Bank's involvement in human development has changed dramatically. With the help of a strengthened personnel function the staffing issues created by this change are being addressed vigorously. We are implementing a policy program that will allow us to exchange views in this forum on a wide range of policy issues and on evolving practice, ~~in this sector~~. We are working together with the international community to focus the Bank contribution on those areas where it can make a unique contribution. Continuing, and where needed intensifying, our efforts along these lines, will allow us not only to sustain the increased activity in this sector, but most importantly to shape it in such ^a ~~it~~ way that it contributes with maximum cost-effectiveness to the Bank's central mission.

SVEN SANDSTRÖM
Managing Director

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Mr. Visvanathan Rajagopalan

Paper for Board Seminar on Lending for Human Development

1. The paper provides an excellent overview of how our work in human resources development has grown and changed since its inception some thirty years ago. There are many useful country-specific examples of best practice. The basic data on the volume and scope of Bank support for human resources also represent a valuable resource for all of us in responding to the frequent questions from outside on Bank activities in this area.
2. As noted below, there are just a few areas where I think the paper could be strengthened:
3. Emphasis on Lending. The paper tends to over-emphasize lending per se and does not do sufficient justice to other aspects of Bank work in support of human development, in particular, economic and sector work. At a minimum, the title of the paper could be changed to "Support for Human Development", and some information could be included in the Executive Summary indicating how ESW on human resource issues has expanded. But please also take another look throughout the paper and see where you could highlight the critical role played by ESW in defining the sector policy framework and priorities, influencing other agencies and improving the design of operations.
4. Increased Demands on Staff. It is true that the numbers of specialized staff have not kept pace fully with the rapid expansion and diversification of our work on human resources. However, the overall tone of the discussion seems unnecessarily pessimistic. It would be useful to note that, compared to the increases in other sectors, there has been a significant increase both in the absolute number and in the percentage of PHR staff in the Bank. If you wish, you could also mention the activities of the PHR Sector Staffing Group, which I understand has been particularly effective. The sentence in para 43 "Yet, more than a quarter of staff currently on board are new to the sector or to the Bank" is misleading - there is a distinction between staff new to the sector (for whom substantive training is urgently needed to maintain quality and effectiveness) and staff new to the Bank (who have presumably been recruited partly because of their "strong and up-to-date professional skills").
5. Collaboration with New Partners. While the discussion on partnership with NGOs and other donors is welcome, the paper should also refer to the collaboration with "old" partners such as UNESCO, WHO and UNFPA and explain how we see the broad division of labor among these institutions and ourselves.
6. The Role of the Private Sector. The role of the private sector in financing and providing social services is a sensitive and complex issue. Please take another look at para 17 to see if the reference to private sector funding should be deleted. It seems to suggest that a major objective of SECALS is to mobilize private funding for the sector. Surely the main objective of social sector adjustment operations is to ensure that the social

sectors are adequately funded, improve the intra-sectoral efficiency of resource utilization, and target resources more effectively to the poor? Questions related to the role of the private sector are satisfactorily taken up in the later discussion of policy issues in Para 50.

7. Women in Development. Although the opening paragraph of the paper emphasizes the role of women in development, the reference in para 30 which relates to the WID division in the PHR Department may not do sufficient justice to the organizational mainstreaming of WID issues throughout the Bank (special units/positions in the Technical Departments, WID coordinators in the Country Departments or RVP Front Offices, increasing attention to WID in staffing in operations, and so on). This mainstreaming suggests that the WID division has been very effective.

8. A few other minor editorial points. A list of Acronyms should be included. In Para 4. please replace "lay the foundation for private sector development" with "lay the foundation for efficient economic growth". In Para 12, please delete the last sentence which refers to the increased demands on Bank staff.



cc: Ms. Hamilton (PHRDR)

10/2/92

~~Mr. R~~

This was sent
to Secretary's today.

~~W~~ R
10/6

SUPPORTING HUMAN DEVELOPMENT:

Progress and Challenges

Acronyms

AIDS	acquired immuno-deficiency syndrome
EDI	Economic Development Institute
ICBF	Institute for Family Welfare
ILO	International Labour Organization
IPPF	International Planned Parenthood Federation
LSMS	Living Standards Measurement Study
NGO	non-governmental organization
OED	Operations Evaluation Department
OPS	Operational Policy Staff
OSP	Sector and Operations Policy
PHN	Population, Health, and Nutrition
PHR	Population and Human Resources
PRE	Policy, Research and External Affairs
S&T	science & technology
SAL	structural adjustment loan
SDA	social dimensions of adjustment
SECAL	sector adjustment loan
SECIL	sector investment loan
SIF	specific investment loan
SOD	sector operations division
TD	technical division
UNDP	United Nations Development Program
UNESCO	United Nations Education, Scientific and Cultural Organization
UNFPA	United Nations Fund for Population Activities
UNICEF	United Nations Children's Fund
WDR	World Development Report
WHO	World Health Organization
WID	Women in Development

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SUPPORTING HUMAN DEVELOPMENT: Progress and Challenges

EXECUTIVE SUMMARY

i. Concern with human development -- defined in the Bank as education, training, health, nutrition, population, employment, and the socio-economic role of women -- increasingly permeates all aspects of development thinking. This is reflected, inter alia, in recent World Development Reports and UNDP Human Development Reports. As a result, the emphasis on human development in the Bank's work has intensified dramatically in recent years, a process facilitated by the organizational changes introduced in 1987. This is reflected in increased sector work, policy dialogue, donor coordination activities, and lending. Annual lending for these sectors increased from \$635 million in FY80-82 to over \$3 billion in FY90-92, and is projected to reach over \$5 billion in FY93-95.

ii. At the same time, the scope of Bank support has broadened to include new areas such as women in development, labor markets and employment, the health of adults, and scientific and technological development. Also, the nature of lending operations has begun to shift from project-specific activities to support for sectoral policy reforms. These changes are reinforced by the better integration of human development issues in country assistance strategies, which has led in turn to stronger linkages with analysis of macro-economic issues and strengthened research and policy work.

iii. The changes in the scope and nature of the Bank's involvement in human development have brought to the fore several issues that need to be addressed urgently. Prominent among these are quality issues. Projects have not typically defined their objectives in terms of

development outcomes, nor established related indicators by which to measure success. Measuring quality in the social sectors is arguably more difficult than doing so in sectors for which economic rates of return are calculated, but that simply underscores the need for more effort in this area in the future. Equally critical is the need to strengthen and operationalize the knowledge base on management and institutional development issues. The development impact of the expanded Bank lending will depend largely on its effectiveness in strengthening borrower capacity for policy management and service delivery. In addition, the evolution of operational practices needs to be reinforced through the increased use of sectoral lending instruments. The critical issues in human development are systemic; sectoral reform cannot be addressed through individual investments alone. Finally, special efforts will be needed to maintain professional excellence in staffing. The recruitment of new staff and the opening up of areas of lending unfamiliar to existing staff call for sustained efforts in staff development.

iv. Nevertheless, the lessons of experience demonstrate that success is within reach even in low-income countries. But the magnitude of the challenge is such that in many countries, sustained international support will be required from both bilateral and multilateral agencies. With a well-designed lending program grounded in a sound analysis of key economic, technical, and institutional issues, the Bank will be able to maximize its contribution to international efforts to sustain progress in human development.

I. INTRODUCTION: THE CHALLENGE

1. Bank support for human development has undergone remarkable changes since its inception in the 1960s. Originally focussing narrowly on the development of human capital for specific occupational requirements, it has become, in recent years, a central pillar of the Bank's development assistance strategy. Investment in people is now seen as critical to spurring economic growth, reducing poverty, and achieving technological progress. Concerns about education, health, nutrition, training and employment, population, and the socio-economic role of women increasingly permeate all aspects of development and the Bank's institutional priorities. Combined, they constitute the elements of **human development**.

2. The Bank's support of human development is not limited to work directly within the purview of Population and Human Resources (PHR) divisions. For example, access to safe drinking water affects health. Issues of women and development, poverty, and employment go beyond the PHR sectors. Many nutrition operations take place in the context of work on food security and agriculture sector adjustment. Projects outside the PHR sector often include important training components. This paper, however, focuses on Bank support for human development through the PHR sectors.

3. The key role of human development for economic and social progress has been highlighted consistently in recent WDRs. The 1990 report, focusing on poverty alleviation strategies, concluded: "Improvements in health, education, and nutrition directly address the worst consequences of being poor. But there is ample evidence that investing in human capital, especially in education, also attacks some of the

most important causes of poverty" (p.74). Reviewing the lessons of 40 years of development experience, the 1991 WDR concludes: "Investing in people, if done right, provides the firmest foundation for lasting development" (p.4). It goes on to argue that productivity, the engine of development, is driven by technological progress, which in turn is influenced by human capital. Stressing the links between poverty, population growth, and environmental degradation, the 1992 WDR says, "The only lasting solution to the diverse problems caused by rapid population growth lies in policies that will improve human skills, increase productivity, and so raise incomes. Improving education for girls may be the most important long-term environmental policy in Africa and in other parts of the developing world" (p.8). The 1993 WDR will complement these three reports by focusing on health issues related to development.

4. Investments in human resources are at the heart of the Bank's development assistance strategy in the 1990s. They address the objectives of poverty reduction, through intensified support of effective primary-level services, and lay the foundation for efficient economic growth through investments in human capital and transfer of scientific and technological knowledge and practice. They also are essential to enhancing the contribution of women to development and building national capacity to design and implement sound environmental policies.

5. Supported by a growing awareness world-wide of the centrality of human capital to successful development, and facilitated by the 1987 reorganization, World Bank Group lending for human development increased from

an average of \$1.1 billion per year in FY87-89 to \$3 billion in FY90-92 (Figure 1 and Annex Table I). For the same years, the average number of projects increased from 26 to 45 (Figure 2 and Annex Table I).

Figure 1: Average Annual World Bank Lending for Human Development

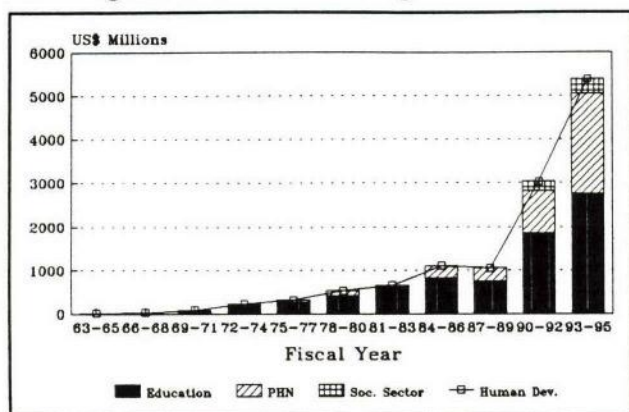
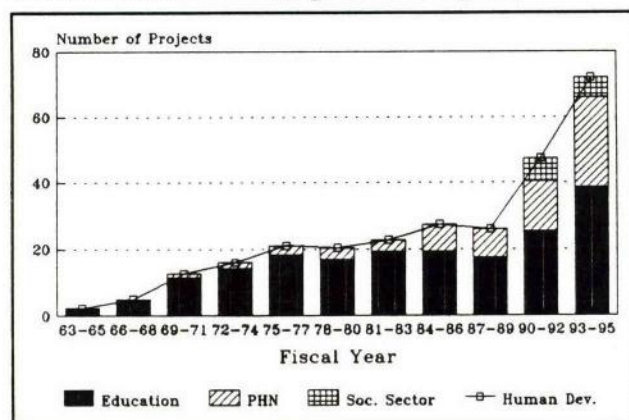


Figure 2: Average Annual Number of World Bank Human Development Projects



6. As lending volume expanded, lending objectives for human capital development broadened beyond the initial focus on the provision of physical infrastructure for schools, clinics, and training centers, through the financing of specific investment projects. Today, the Bank's lending program is multifaceted and includes lending for a full range of education, population, health, and nutrition services, as well as support for policies to enhance the role of women in development, "social safety net" programs, and employment services. In addition, many recent operations have moved from the financing of specific investments, to support for sectoral or subsectoral programs of adjustment, reform, and development.

7. The operational challenge now is to maintain the momentum attained over the past five years while improving the quality of the Bank's activities to ensure that the greater level of support is provided and used effectively and with the maximum development impact. Toward this end, this paper reviews the Bank's progress since 1987 in strengthening its ability to assist countries to design and implement sustainable programs for investing in people. It examines the Bank's effectiveness in supporting human development, and it charts future directions for further improvements. The paper summarizes the evolution of Bank lending in the social sectors (Part II); reviews how the Bank has translated its heightened institutional commitment to human development into lending and policy advice (Part III); highlights lessons learned to date (Part IV); and suggests the main directions for further evolution of operational practice in the PHR sector (Part V).

II. LAYING THE FOUNDATION: 1963-1986

8. The Bank did not recognize human development as an appropriate investment objective until the early 1960s. Lending started with education in 1963, based on a narrow skills-for-productivity rationale. This resulted in heavy emphasis on support for the expansion of physical facilities, especially for vocational and technical training. Lending procedures were deliberately designed to mirror those of specific investment projects in the infrastructure sectors which dominated Bank lending at that time. Driven by concerns for equity and basic needs, the lending objectives and composition of Bank support for human development gradually broadened during the 1970s. Lending for population began in 1970, for nutrition in 1977, and for health, beyond population and nutrition, in 1980.

9. By the mid-1980s, the Bank had developed a broad capacity for analytical work and project design in human development. Successful operations in several countries, especially those where a sustained commitment over many years led to a series of operations based on sound analytical work, demonstrated that the Bank could be an effective source of analytical and financial support in this area (Box 1). Nonetheless, lending for human development remained a relatively modest element of the Bank's total lending operations, totaling \$1.26 billion, or less than 8% of total Bank lending, in FY86.

10. The early lending focus on the implementation of specific investments often resulted in weak links with country assistance strategies, especially in the population, health, and nutrition (PHN) sectors, which were

Box 1: Bank Lending for Human Development in Indonesia

Since independence, human development has been a central priority in Indonesia's development strategy. The Bank has been its principal partner in the design and implementation of investments in the sector. Since then, 16 education projects totaling \$1.16 billion have been completed. In addition, 10 free-standing projects for training in specialist fields totaling about \$700 million have been supported. Over time, the Bank's strategy in education evolved from assistance for training to alleviate a critical shortage of technical personnel to emphasis on quality issues, then to broader investment programs and policy reforms for the education sector. Similarly, lending for population (\$222.7 million for five population projects since 1972) and health and nutrition (\$155.9 million for five projects) evolved from an emphasis on infrastructure and providing commodities (as part of basic services nationwide) to improving the quality and effectiveness of service delivery and utilization. Recent operations are increasingly oriented to sector-wide policy reforms, health skills training, building institutional capacity, and specific PHN problems.

centralized in the Operational Policy Staff (OPS) vice-presidency. The organizational separation of units on education, PHN, and WID virtually precluded the formulation of coordinated human development strategies as an integral part of country assistance strategies. This hampered the ability of the Bank to deal effectively with the social impact of adjustment programs, and to design coherent strategies for poverty alleviation and technological capacity-building.

III. BUILDING A SECTORAL APPROACH: 1987-1992

11. With intellectual interest in human development already growing rapidly, the Bank's 1987 reorganization addressed a number of institutional issues by raising the visibility and centrality of the subject in the country dialogue, and providing a framework within which the complementarities and synergies among different investments could be more effectively exploited. It did this by integrating operational responsibility for all human development programs in a single division in each Country Department, supported by a division in each Regional Technical Department, and by concentrating research and policy work in a single department in the PRE complex.

12. Thus, by 1987, the circumstances existed for rapid evolution of the Bank's role in the sector, through (i) integrating human development in country assistance strategies; (ii) expanding the lending program; (iii) broadening lending objectives; (iv) increasing the use of diverse lending instruments; (v) strengthening quality and operational focus of research and policy analyses on human development; and (vi) collaborating with a broad range of partners in program design and implementation.

3.1 Integrated Country Assistance Strategies

13. Concentrating operational responsibility in a single PHR division for each country department has yielded several benefits: clearer focus on country-specific constraints and opportunities, stronger linkages between macro strategy and sectoral strategy, and opportunities to exploit complementarities between the various elements of human development.

Country Focus

14. The intensified country focus permits better analysis and appreciation of the circumstances facing each country, and an awareness of the complexities and implications of government actions. For example, reforms designed to increase the efficiency of public expenditures or to target subsidies on poor and disadvantaged groups are often controversial, requiring careful choice and sequencing of interventions in order to maintain political support as public spending shifts to primary services and that on tertiary services for the relatively well-off is constrained.

15. Human development strategies are by their nature highly country-specific. Policy reforms and innovation cannot be transferred wholesale from one country to another. Lessons of experience must always be adapted to the country context (Box 2). A central role in this process is played by economic and sector work. First, poverty and human resource issues are now commonly addressed in country economic work. For example, an FY92 report China: Reforming the Urban Employment and Wage System provides a detailed analysis of labor market efficiency and employment issues. One-third of the FY93 basic economic report on the Philippines deals with social sector issues, and a 1989 report Kenya: The Role of Women in Economic Development analyzed WID issues in great depth. Second, the number of sector reports has increased consistently. In FY83-87, a total of 118 sector reports were completed compared to 203 in the FY88-92 period. Third, the contents of many of these reports has become more issue-oriented and analytical. A review of education sector work in FY91 indicates that many Bank sector

Box 2: China Provincial Education and Planning: Comprehensive, Original Analysis

The FY91 China Provincial Education and Planning report, an outstanding example of sector work, draws extensively on planning and data analyses by Chinese institutions, stimulating participation and commitment to the process. The report reviews previous sector work in China, describes how current work builds on accumulated knowledge, and provides comprehensive background data, showing changes over time and trends.

Covering a wide range of issues, education data are analyzed and issues related to economic, political, and social variables. For example, cost and finance issues are analyzed in the context of fiscal policies, provincial economic conditions, ability of families to contribute to education, and cultural norms. Uniquely, the high percentage of primary school costs borne by families is calculated and reported. On this basis, it argues for reducing school and textbook fees for poor families.

Further, based on firm analysis, the government is urged to reconsider its policy on vocational education in light of results of the recent Bank policy paper on vocational education and training, cost projections, and in-country research regarding the external efficiency of such institutions.

Recommendations are backed by evidence and alternatives and provided, such as three scenarios for achieving universal primary education. Considerable effort is devoted to demonstrating the need to increase the salaries of rural teachers.

reports provide well-argued, country-specific recommendations based on analyses of local conditions, often drawing on the work of local researchers. Increasingly, operations are emphasizing development of national research

capacity to support country-level analysis and to inform programs of policy reform.

Links to Economic Policy

16. Now treated as an integral part of the country assistance strategy, human development's linkages with the country economic framework have tightened in many ways (Box 3). Typically, public expenditures in the social sectors, labor market policies, poverty reduction strategies, and population issues, for example, are key issues in Country Economic Memoranda and Strategy Papers.

17. In the face of **budget constraints** resulting from fiscal stabilization programs, the Bank has helped several countries to launch sectoral adjustment programs to mitigate the potential adverse impact of economy-wide reform on human development. These programs typically are designed to diversify the resource base of the sector and use resources more efficiently. Increasingly, the Bank assists countries with the identification of core public expenditures in order to protect priority education and PHN services from budget cuts.

18. **Labor market policies**, which link the education sector with the macroeconomy, are increasingly important elements of the economic policy framework. The number of lending operations designed to support labor market flexibility, labor information systems, and demand-driven training systems is growing rapidly. The problem of labor retrenchment due to public enterprise restructuring is receiving increased attention, especially in Eastern Europe and Latin America.

19. In efforts to **reduce poverty** as part of a country assistance strategy, human development programs usually have a central role, primarily to ensure the access of poor people to basic

Box 3: Linking Human Development with the Macroeconomic Framework

Public Expenditure Reviews permit a careful examination of the adequacy of human development financing. In Morocco, a review revealed that social expenditures as a percentage of GDP have gradually decreased over the past decade and that existing expenditures on education, health, and nutrition failed to reach the poorest. The study's recommendations were used to develop targeting mechanisms for subsequent human development loans and a structural adjustment loan (SAL).

SALs increasingly recognize the need to protect and strengthen human development. In Togo, the Fourth SAL included provision of adequate budgetary allocations to the health and education sectors, making approval of the budget shares to these sectors in FY91 and FY92 a condition for second and third tranche release. In Mexico, the Agricultural SAL II separates agriculture price goals from nutrition goals. It reallocates government expenditures on consumer food subsidy programs by eliminating generalized food subsidies and increasing spending for targeted food assistance, emphasizing rural poor families. Several operations are explicitly designed to help offset the effects of economic crisis on PHR services, such as Bolivia's Social Investment Fund and Jamaica's Social Sectors Development Project.

Public enterprise restructuring is also a nexus between macroeconomic work and human development. With the launching in FY90 of its Economic Transformation Program, Poland began the difficult transition from a centrally planned economy to one in which market forces and free enterprise dominate. The reforms are prompting millions of Poles to change jobs, as markets signal the need to shift labor from sectors, occupations, and regions where it is redundant, to productive uses elsewhere. A Bank loan is assisting the government to remove the labor constraints to economic restructuring, provide a social safety net for those displaced by restructuring, and develop employment policies and programs needed in a market economy.

Population and family planning activities have also reinforced human development efforts. Fertility decline in Indonesia was accelerated by family planning projects, making it easier for that country to improve access to health services and education and thus meet its growing demand for healthier, better trained workers. Bank-sponsored sectoral analyses in the Maghreb region focused the attention of policymakers on changing population structure and enabled them to plan public expenditures for social services more effectively.

services and to promote the productive use of their labor. Social action programs, either as companions to structural adjustment or free-

standing projects, are used to address cross-sectoral as well as sectoral issues. Country strategies, in turn, increasingly draw on regional studies, such as that on food security in Africa, which focused on the role of women as food producers and income-earners.

20. Rapid population growth, agricultural stagnation, and environmental depletion are mutually reinforcing and adversely affect prospects for economic growth. Excessive population growth also affects the macroeconomy in terms of income distribution, flexibility in resource allocation, and the ability to finance development. National development strategies increasingly strive to incorporate population policies and take into account demographic factors.

Synergies

21. Although the Bank has still much to learn about the synergies across health, education, nutrition, family planning, and WID programs, today it is well poised to exploit these underlying relationships. For instance, there are now better opportunities to (i) support interventions on both the supply and demand sides of the fertility equation (through family planning services on the one hand, and education and employment programs on the other); (ii) focus more effectively on complementary elements of child development such as nutrition, maternal and child health, education, household food security, and environmental health (Box 4); and (iii) link investments in human capacity and basic needs of the poor with measures to increase labor productivity and target safety nets.

3.2 Increased Lending

22. Borrowers' demands led to a much-needed expansion of support for human

**Box 4: Colombia Community-Based Child Care:
A Synergistic Approach to Improving the Well-Being of Mothers and Children**

The Colombia Child Care and Nutrition Project supports a key part of the government's poverty reduction program by strengthening an ongoing program to create inexpensive, home-based child care facilities. Managed by the Colombian Institute for Family Welfare (ICBF), the program combines the feeding of pre-school children in low-income, urban neighborhoods with community-managed day care and learning activities in an effort to circumvent the low educational attainment commonly associated with poverty and poor health and nutrition status. Social workers identify clients, targeting the poorest neighborhoods. Thereafter, participation is based on self-selection. Groups of interested parents choose a "community mother" to care for up to 15 children in her home. ICBF provides initial training (in food handling, child feeding, and growth monitoring), educational materials, modest stipends to community mothers, and nutrition supplements. It also arranges loans to enable community mothers to upgrade their homes to minimum standards for the provision of day care. The program is managed by parents' associations, which also make a small financial contribution to operating costs. After a trial period, the program was launched on a large scale in 1987; by mid-1989 it was serving 500,000 of the country's poorest pre-school children. This number is expected to double in the near term.

development by the late 1980s. Lending for human development, climbed from 5.5% of total Bank lending in FY87-89 to 14.2% of Bank lending in FY90-92, when it averaged \$3 billion per year. The number of human development projects has also risen sharply from an average of 26 per year in FY87-89 to 45 in FY90-92. Three features stand out:

- The Bank's investment portfolio in human development is relatively young, with about

57% of lending (36% of projects) approved in the FY87-92 period; in PHN, 68% of lending and 53% of projects was approved in that period. Thus, a relatively small part of the portfolio has been completed and audited. Strengthening early feedback, for example, through the Annual Review of Lending and General Operational Reviews, is therefore particularly important.

- Education no longer dominates the sector. PHN lending will grow at a faster rate than education in FY93-95; the annual volume of each is expected to fluctuate between \$2 billion and \$3 billion in FY93-95.
- Integrated social sector projects specifically designed to protect the poor during periods of economic adjustment are new. Many such projects are designed as social investment funds; they support a range of education and training services and health and nutrition interventions targeted at the poor, and bolster the capacity of governments to monitor impact at the household level (Box 5).

3.3 Broader Lending Objectives

23. In tandem with the expanded volume of lending, lending objectives evolved -- from a relatively narrow emphasis on physical infrastructure to sector-wide and policy-based strategies. This evolution was driven by the need to address the social consequences of the macroeconomic crisis in many countries in the 1980s, and by the accumulating evidence that a coherent and effective framework for social policy is essential to sustain economic progress. Intensified support for basic services to reduce poverty, and focus on building experience in new areas of lending have resulted.

Box 5: Honduras Social Investment Fund

The Bolivia Emergency Social Fund was created to help protect the poor during implementing of a macroeconomic stabilization and adjustment program begun in 1985. It is designed as a quick-disbursing mechanism for financing small, technically simple projects formulated and carried out by a variety of public, private and voluntary agencies. In appraising the projects the Fund focuses on two criteria: (a) the potential benefits of the project for the poor; and (b) the technical soundness of the project. Technical supervision is provided to implementing agencies to carry out projects in a wide variety of fields, including social infrastructure, economic infrastructure, cooperative and small credit programs, and social services in health, nutrition and education.

By financing labor-intensive social infrastructure projects, the Honduras Social Investment Fund also aims at generating employment for those unemployed due to adjustment and for the persistently poor. Designed to protect living standards of marginal groups in economic crisis and improve the delivery of social services, subprojects address a broad spectrum of health, nutrition, and education services -- in-school breakfasts, training of midwives and health workers, and materials and supplies for primary schools. A pilot nutrition assistance program enables the government to test targeting mechanisms, logistics, and distribution channels for food coupons. The coupons provide a 30% caloric and protein supplement to participating mothers and children. A program to restructure social sectors is expected to improve delivery of services and develop a monitoring and evaluation system.

Increased Support for Basic Services

24. Foremost, the focus of education lending has shifted toward basic education, and support for nutrition and health services, including family planning, has increased sharply. Lending

for primary education has tripled since FY89, and the average number of projects per year has nearly doubled. Since the first primary education project in FY70, there have been 115 such projects through FY88, an average of six per year, compared to 44 such projects during FY89-92, an average of 11 per year. Almost all of the recent operations aim at broadly enhancing learning achievement and focus explicitly on improvements in the quality of instruction, provision of learning opportunities for disadvantaged groups, including girls, and most recently, early childhood development. Project design has in many instances been influenced by the FY90 Primary Education Policy Paper and the recommendations of the 1990 World Conference on Education For All sponsored by UNDP, UNESCO, UNICEF, and The World Bank.

25. Bank lending for health has tripled since FY86. While maintaining a central focus on primary health care, lending operations in recent years have increasingly emphasized strengthening capacity for formulating health policy, program planning, and management. Greater attention is also being given to women's health and its impact on the health and welfare of families, to selected priority diseases, and to the financing of the health sector, including investments in hospitals. For example, health projects are increasingly being designed to emphasize safe motherhood in view of the high maternal mortality which persists in many countries, but is preventable by improved prenatal and delivery care as well as family planning. While in FY86, there were only nine projects with safe motherhood components. By the end of FY92, there were 70 such projects under implementation. PHR work on disease priorities has helped to shift the focus of assistance toward health interventions with the greatest cost-effectiveness.

26. Lending for nutrition through PHN projects has increased from an average of \$27 million in FY84-87 to \$56.5 million in FY92. In addition, 43% of the structural adjustment loans approved in FY91 included nutrition components or conditions to protect the nutritional status of the poor, and several agriculture sector projects include nutrition components. The new generation of nutrition projects are often designed in the context of overall poverty reduction strategies. They emphasize the provision of nutrition services, targeted to reach the poor and children under three years of age and their mothers. Projects generally support behavioral change in nutrition practices through social marketing techniques, address household food security needs through women's income-generating schemes, for example, and help to provide micronutrients. Institutional strengthening and careful evaluation of impact are common features.

27. The widening context for population activities since they began in 1970 -- integration with health and nutrition in 1980, and with other social sector operations since 1987 -- has been associated at each stage with considerable expansion in volume of lending and number of projects. In the 1970s, lending for 19 projects averaged \$30 million a year; from FY80 to FY87, lending for 31 projects averaged \$50 million; during FY88-FY92, 34 projects provided average yearly lending of \$164.4 million. Especially noteworthy is the expansion of population lending in Africa following efforts by the Bank and other donors to support countries through an "Agenda for Action to Improve the Implementation of Population Programs" (Box 6).

28. A recent OED review of Bank population lending and a PHR "best practice" paper on family planning provide the empirical underpinnings for the design of effective

Box 6: Population Activities in Africa

Population growth is yet to peak in sub-Saharan Africa, where despite the onslaught of AIDS, increases are expected into the next century. Many countries are taking action to meet and stimulate demand for child spacing and limiting family size. Several countries have adopted national population policies, and others have stated their intention to do so. The Bank has joined other agencies in supporting the "Agenda for Action to Improve the Implementation of Population Programs in Sub-Saharan Africa in the 1990s" (the African Agenda), guided by a Policy Advisory Committee of African population specialists and policymakers. It is designed as a participatory process to ensure commitment to population and family planning programs at all levels. Multi-disciplinary country teams -- already active in **Burkina Faso, Ghana, Kenya, Nigeria, and Senegal** -- will eventually be formed in over 20 countries to obtain the views of beneficiaries, implementors, and policymakers and help bridge gaps among them. Communities are then expected to set up small local projects to address population and development concerns in an integrated way.

The African Agenda is a collaborative effort by UNFPA, IPPF, and the World Bank, with the support of WHO and the African Development Bank and additional funding from the Netherlands and Norway.

population projects. They emphasize the need (i) to raise quality of service and thereby increase demand; (ii) to increase access to family planning services, especially for those who, by reason of poverty or geography are hard to reach; (iii) to mobilize private resources to help in service provision; (iv) to coordinate fully with other donor agencies and local institutions, in order to leverage the Bank's support with grant assistance, and to build country commitment and infrastructure; and (v)

to strengthen program management and technical capacity.

New Emphasis on Poverty Reduction

29. The stresses of economic stabilization and structural adjustment may constrain the already-meager income-earning opportunities of the poor and their access to basic services. The Bank has responded in several ways. Increasingly, structural adjustment loans (SALs) address social policy issues or set the stage for preparing human development strategy and sectoral adjustment operations (SECALs). Many such operations specify allocations, or rates of growth of public spending, for education and PHN, and increased operating budgets for basic materials. Also, much of the increased lending for education, health, and nutrition is targeted at populations most at risk -- the poor, women, and children (Box 7). Nutrition operations, for instance, demonstrate that improved nutrition can reduce the primary effects of poverty, even in the absence of economic growth. And in several countries, mostly in Africa and Latin America, social investment funds (SIFs) have been established with Bank support to assist small, locally-managed human development projects. These operations are designed specifically to counter the temporary, adverse social effects of economic reform. Recently, they have increasingly supported more of the longer-term interventions designed to reduce chronic poverty. They do not, however, substitute for more far-reaching restructuring of social sector (and other) expenditures in support of poverty reduction and growth. In fact, there is a risk that they divert attention away from strengthening the institutions and basic programs in sectoral ministries and thus contribute to delay of essential sector or policy reform. Another risk is that they may result in

Box 7: Targeting Education Interventions: Brazil Innovations in Basic Education Project

Targeted at children of poor and migrant families in greater Sao Paulo, the Brazil Innovations in Basic Education Project supports health, nutrition, and education interventions to improve primary school learning and retention and pre-school enrollment. About 49% of proposed classrooms are in school districts where more than half of households live in poverty (i.e., earn less than two minimum salaries), and 90% of new classrooms in districts where more than 40% of households live in poverty. The construction program is based on availability of land, with poorest districts being served first. The pre-school component provides a package of nutrition and health actions -- in-school feeding, health screening, immunizations, and micronutrient supplementation -- to enhance educational inputs. Through school location and means testing, the program is targeted to families earning less than three minimum salaries. Program funds are available to municipalities which:

- develop a six-year program for pre-school expansion in the neediest neighborhoods;
- are consistent with recommended guidelines on student-teacher ratios, use of books and materials, teacher training, and space requirements;
- form a partnership with NGOs judged to be managerially and technically competent;
- demonstrate capacity to sustain recurrent costs of expansion; and
- demonstrate capacity to administer the program.

In this way, the project is expected to reach about 350,000 children from the poorest families in urban Brazil.

setting up safety net programs that are not fiscally sustainable. These trends are being monitored carefully with a view to taking remedial actions when necessary.

Emergence of New Lending Emphases

30. The sharpened country focus has increased the Bank's attention to sector work and lending in several previously neglected areas. Recognition of the critical role of **women in development** led to the expansion of the office of the adviser on WID into a full-fledged WID Division in 1987, to provide analytical and project design support to operational divisions. Since then, the topic has been increasingly "mainstreamed" in operations. All Technical Departments have established at least one special position to deal with WID issues, and most Country Departments have designated WID coordinators. This enhanced attention to the subject has had a major impact on Bank operational work. By FY92, 38 percent of all projects and over three quarters of human development projects included actions targeted specifically for women. **Adult health** is becoming more important in the lending program, as populations age and epidemiological and health problems evolve in many borrower countries. The disease burden is still largely composed of infectious and parasitic diseases mainly affecting children, but is expanding to include non-communicable diseases (e.g., cardiovascular diseases and cancers) which mainly affect adults. The emergence of the AIDS pandemic reinforces this emphasis on adult health. In addition, **labor market and employment** issues are receiving increased attention; in FY91-92, six projects were designed exclusively to support labor market reforms and six others included significant employment and labor market components. Finally, the strengthening of national capacity for **scientific research and technology development** (S&T) is rapidly emerging as an important area of lending. The number of projects which provide support for S&T programs increased to five in FY90, six in FY91 and to nine in FY92. Universities, in

particular, have a special role to play in building national capacity to address S&T issues by multiplying professional skills, generating new knowledge, and creating the base of understanding on which technological change and innovation can be mounted.

3.4 More Diverse Lending Instruments

31. In response to the increasingly diverse and changing needs of borrowers, the Bank has used five main instruments to finance human development programs: the traditional specific investment loans (SILs) and more recently, sector investment loans (SECILs), social investment funds (SIFs), sector adjustment loans (SECALs), and hybrids, which combine features of adjustment and investment operations. The newer instruments are designed to support sectoral policy reforms, with SECALs and hybrids targeted specifically to countries that are implementing economic adjustment programs. Under SECILs, the responsibility for appraisal and supervision of specific subproject investments is transferred to the borrower. Such loans usually have strong strategic content, support part of a longer-term investment program, and provide funding through an intermediary organization which is largely responsible for project implementation. SIFs are a variation of sector investment loans. The projects supported by social investment funds often focus on locally managed small-scale interventions.

32. Although specific investment loans remain the dominant means of lending for human development, even in support of major policy reform, use of other lending instruments is growing. Of 212 operations approved during FY87-92, 34 were SECILs, 10 SIFs, seven SECALs, and two hybrids. Of these 53 operations, 41 were approved in FY90-92. Although lending for human development is

increasingly policy-based overall, education operations have used the new instruments most frequently. In PHN, all but five of the 68 operations approved during FY87-92 have been SILs.

3.5 Strengthened Research and Policy Work

33. The larger, more diverse lending program is served by a strengthened and more operationally focused program of research and policy work. Work on cross-cutting issues of poverty reduction and women in development has been integrated in one Department (PHR) with traditional sectors of education, population, health, and nutrition. As a result, gender issues permeate research and policy work on education, PHN, and employment, and significant progress has been made in identifying guidelines and best practices related to female education, employment, safe motherhood, and women's health more broadly. Household-level work on living standards measurement studies (LSMS) has provided important new analytical tools for poverty-oriented, cross-sectoral analysis. LSMS-type methods are being applied in several countries in the Africa Region under the Social Dimensions of Adjustment (SDA) initiative, and in other regions through collaborative arrangements between PHR and regional staff.

34. The research and policy program has been explicitly designed to help the Bank improve operational practice by addressing gaps in knowledge about "what works", "with what benefits" and "at what cost"; disseminating knowledge about best practices; and fostering collegial exchange and a shared sense of purpose among staff dispersed throughout the Bank.

35. Major themes of current work are (i) measuring the outcomes of policy through work

on methodologies for assessing learning achievement, analyzing disease control priorities, determining the impact of family planning programs, and monitoring living standards data in selected countries; (ii) identifying "best practice" through the analysis of cost and the benefits across a range of investment options and policy interventions with respect to women's productivity and health, family planning and contraceptive use, micronutrient malnutrition, and different levels of education; (iii) developing strategies for sectoral finance and management through research on the relative role of the government in the education and health sectors and on methodologies for resource allocation and targeting of interventions; and (iv) assessing links between macro-economic and sectoral policy, especially the impact of economic policies on household income, and of labor market policies on employment and the efficient allocation of labor and the demand for trained manpower.

36. The aim of policy work in health and education is to provide analytical underpinnings for lending in new areas (Box 8) and the treatment of priority issues such as the relative role of the government and private providers in the social sectors, the efficiency of public provision of services and the management of services. This policy work draws upon the lessons of operational experience, especially as documented by OED, and from studies by the Bank and outside sources, and contributions of scholars and policy-makers from developing countries, often in policy seminars organized jointly with EDI. These extensive consultations have been critical in sharpening operational focus.

37. Several policy and "best practice" papers from this work program have been discussed by the Board: Primary Education (FY90),

Box 8: Linking Policy and Practice: Togo Technical Education and Vocational Training Project

Drawing on many lessons and recommendations of the recent Bank policy paper on vocational education and training -- including the need for a demand driven training system, increased linkages to the private sector, and enhanced planning and monitoring -- the Togo Technical Education and Vocational Training Project helps to spearhead change from a socially oriented supply driven training system to a demand driven, employment oriented system responsive to the needs of the private sector.

The project supports development of planning and monitoring capacity within the Ministry of Technical Education and Vocational Training, allowing it to follow labor market trends and to launch, in cooperation with employers, a wide spectrum of National Training Fund. The project also finances the development of sector specific vocational training centers which, in collaboration with industry, professionalize the formal and informal training system by both increasing the practical content of technical training and strengthening the theoretical content of traditional apprenticeship programs.

Vocational Training (FY91), and Family Planning (FY92). "Best practice" papers on women in development, micronutrients, and women's health, and policy papers on higher education and secondary education are expected in the future, as is a sector policy paper on education in FY95. The health sector will be reviewed in the 1993 WDR.

38. This research and policy work has enhanced the Bank's capacity to play a more active role in the international academic and aid communities and influence the international agenda on human development policy. In education in particular, the Bank is a leading source of international comparative research

and policy analysis. For example, its findings influenced the agenda and the outcomes of the World Conference on Education for All, and the subsequent mobilization of international support for basic education development. The international health community has more diverse sources of policy advice, but the Bank has established itself as a credible partner and a widely respected source of research and policy analysis on public health economics in the Third World. This allowed the Bank to play a key role, for example, in launching the Safe Motherhood Initiative.

3.6 Collaboration with New Partners

39. Its evolving role in human development is precipitating changes in the way the Bank interacts with borrowers, NGOs, and the international aid community. Bank operations are now more likely to mobilize partnerships in support of human development, based on mutual recognition that provision of basic education, health, and nutrition services is made more effective by the involvement of beneficiaries in program design and management, by mobilizing private sector sources of funding for these services at a time when government budgets are severely constrained, and by the efficiencies to be gained from organizing national and donor resources around a country's own human development strategy.

40. As the Bank has become more intensively involved in human development, the collaboration with other UN agencies active in this field has intensified. The Bank's comparative advantage lies in its capacity for country-specific economic and sector analysis, and its ability to support large-scale programs of investment and policy reform. The work of other UN agencies complements that of the Bank through:

- exchange of research findings and lessons of operational experience, often organized under the auspices of specialized agencies such as UNESCO, WHO and ILO;
- cofinancing of investment programs drawing, for example, on UNICEF's expertise with intervention at the community level, and UNDP technical assistance funds;
- advocacy for increased international priority for human development issues such as basic education (with UNDP, UNICEF and UNESCO), safe motherhood and family planning (with UNFPA);
- providing experience and technical expertise which include many areas less familiar to the Bank, for example, early childhood development (UNICEF), science education (UNESCO) and AIDS research (WHO).

41. The Bank is relying increasingly on national experts and borrower staff for sector work, project preparation, and implementation. The results are analyses and project designs that are more responsive to local needs and priorities and reflect the local commitment which is essential for successful implementation of difficult policy reforms (Box 9).

42. Extensive national involvement is especially crucial when Bank projects serve as a framework for coordinating support from several donors to a sector or sub-sector, particularly in projects that support the provision of basic services. Donor coordination has been most successful when orchestrated by country officials on the basis of a nationally developed plan of action (Box 10). Nearly half of the human development projects approved in FY91-92 benefitted from co-financing, which amounted to more than \$1.2 billion (10.3 percent of project costs). The highest proportion of co-financing was for integrated social sector projects followed by PHN and education.

Box 9: Nigeria National Population Project: Reliance on National Experts for Project and Sector Work

Based on Nigeria's National Population Policy and prepared against a background of national debate on religious issues, regional balance, and women's rights, this project's objectives are to strengthen the institutional base for undertaking a large-scale, intersectoral National Population Programme (NPP), over the coming decades.

The project will establish a Population Activities Fund, a mechanism to fund and evaluate subprojects. Subprojects will be implemented by collaborating agencies such as federal, state and local government bodies, universities, NGOs, and the Nigerian Institute of Social and Economic Research. A small Population Activities Fund Agency will be developed to assist with the solicitation and preparation of additional subprojects, and to appraise, approve, and supervise them. Considerable reliance is being placed on local consultants, and to this end, the project will finance development of a roster of local consultants, further training of selected consultants, and the costs of deploying them for subproject preparation with collaborating agencies.

43. NGOs are playing an increasingly important role in implementation, most prominently in the PHN sectors (Box 11), and this is increasing in basic education projects. Following the Education For All Conference, for example, a group of NGOs -- with support from the Bank and other donors -- created a network to exchange information on their experience with the implementation of education projects.

3.7. Increased Demands on Staff

44. The expansion and diversification of the Bank's involvement in human development have not been without problems. These

Box 10: Bangladesh: Donor Coordination in the Population and Health Sector

The Bangladesh Fourth Population and Health Project is the largest population and health program supported by the Bank so far anywhere. The IDA-led Bangladesh Population and Health Consortium -- 13 external donors and three UN executing agencies (UNFPA, WHO, and UNICEF) -- is providing about \$500 million, and the government, \$165 million for a total of \$665 million.

During project formulation, strategy and sectoral priorities in population and health were sorted out in intensive discussion at government-donor workshops and a special conference.

In addition to strengthening the country's population program and family planning service delivery, the health care system will be oriented toward public health, including maternal health, to make basic services more accessible to the rural and urban poor. Specific objectives include: (i) reduced fertility levels through an increase in contraceptive prevalence to 50 percent; (ii) lower morbidity and mortality in children under 5; (iii) safer deliveries and reduced maternal mortality to 4.5 per 1,000 live births; (iv) reduced disability, morbidity and mortality from a range of common poverty-related diseases (e.g., tuberculosis and leprosy); and (v) improved nutritional status of women and children.

changes have imposed an increased burden on staff in terms of work load, professional support, and changing skill requirements. Specifically:

- The growth in number of staff has, inevitably, lagged behind the rapid growth in lending and workload. Over the period FY88-91, the number of PHR lending operations increased by 63% and lending volume by 201%, compared with a 32% increase in the number of

Box 11: Ghana Second Health and Population Project: Support to NGOs in the Management and Delivery of PHN

The government of Ghana has prepared a framework for intensified cooperation with about 300 NGOs that provide health, population and nutrition services to a large portion of the Ghanaian people. The project promotes the qualitative improvement, reform, and extension of coverage of the family planning and health services both of the Ministry of Health (MOH) and of leading NGOs. NGO participation is extensive. The National Catholic Secretariat (NCS) will be responsible for managing a component to equip and maintain district-level hospitals. MOH has invited a number of NGOs active in the health sector in Ghana to take leadership in managing primary health care services at the district level where the need exists. NCS and other capable NGOs will thus manage all the primary health care services of selected districts in Ghana.

Of the total IDA credit of \$27.0 million equivalent, \$4.0 million will be made available to NGOs as grants (of which \$0.8 to the National Catholic Secretariat, \$2.8 million to the Planned Parenthood Association of Ghana, \$0.3 million to other mission hospitals, and \$0.1 million to other family planning NGOs).

positions and a 24% increase in the number of staff on board. This is substantially above the Bank-wide growth in operational staff positions which average 4.7% over the same period. Furthermore, since the end of FY91, the number of PHR positions has increased by more than 15%. At the beginning of FY93, the PHR sector had 359 positions, of which 324 were filled. Rapid growth in workload and the lag in filling vacant positions, reflecting the inevitable delays in identifying suitable candidates, have taken their toll. The

1989 Staff Attitude Survey found that sector staff reported a stress level far above the Bank average. The recent rapid increase in staff is expected to help address these problems.

- The gap in staffing has, to a large extent, been made up by the increased use of consultants. This raises the possibility that the Bank's experience is not adequately internalized in country dialogue and in the design of future operations.
- More policy-based lending, increased emphasis on institutional development, and the emergence of new areas of lending require staff with strong and up-

to-date professional skills. Yet, more than a quarter of the staff currently on board are new to the sector or to the Bank. Staff development, with an emphasis on technical skills for the first group and "Bank" skills for the other, is therefore a central priority for the sector.

- The dispersion of technical staff into some 31 sector divisions leaves many units without a "critical mass" of professional expertise, sometimes placing undue burden on lone specialists. This has made cross-fertilization and networking among specialists difficult.

These issues are being examined by the recently established Sector Staffing Group (paras. 80 and 83).

IV: LESSONS LEARNED

45. Although the portfolio of human development investments is relatively young, and the objectives and types of projects undertaken recently are significantly different from those of earlier years, lessons are emerging to guide the Bank in refining its assistance strategy in the 1990s. Most importantly, experience suggests that policies matter. A well-designed policy and institutional framework can provide wide access to basic human development services even in low-income countries. Without such a framework, increases in GNP alone often do not improve poor people's lives.

46. Experience further shows that project specific investment loans do not always yield the desired policy change, and that sectoral reform must be approached as more than the sum of individual investments. In addition,

technical assistance, when deployed, has not always served to build borrower capacity for policy formulation and sector management.

47. Rather, Bank support has been most effective when based on (i) sector-wide programs of reform and development; (ii) in-depth analysis of sectoral issues; (iii) building national capacity for program design and implementation; (iv) continuous attention to implementation; and (v) systematic monitoring of outcomes.

4.1 Support for Sectoral Programs of Reform and Development

48. Lending practices, while evolving, are not always aligned with the demand for strategic support at the sectoral level. Specific investment loans still dominate lending, as

widespread use of sectoral lending instruments (SECILs, SECALs, SIFs, and hybrids) has been constrained by two factors. First, these instruments are more difficult to design and implement, and call for substantial borrower capacity and for sustained inputs from experienced Bank task managers. Second, perhaps most importantly, adjustment loans are designed to be quick-disbursing, to respond to short-term balance of payments needs, whereas human development reforms typically mature over a much longer time-frame. SECALs may therefore have only limited applicability in the social sectors. Participation in the financing of the total cost (investment and recurrent) of a time-slice of a sectoral development program through a SECIL or SIL will often be more appropriate.

49. Attempts to address these constraints through training and creative project design are accelerating the move toward sectoral lending approaches. These approaches differ significantly, however, across sectors and countries. Borrowers' analytical and managerial capacities to implement a sectoral approach to human development vary substantially as does the Bank's operational expertise in technical and economic analysis, institutional appraisal, and project design. The design of Bank-supported human development operations will reflect these country conditions and sectoral constraints.

4.2 In-depth Analysis of Sectoral Policy Issues

50. There is no substitute for good sector work as the basis for the design of lending operations. This is especially true as lending for human development becomes more policy-based. Policy-makers and managers in the social sectors are faced with the challenge of selecting performance goals for human development in accord with national objectives for social and

Box 12: Measuring Program Outcomes

Until recently, human development project rarely attempted to specify and measure outcomes. It is rapidly changing. The Egypt National Schistosomiasis Control Project, aims at reducing infection rates and averting 4600 deaths per year. It requires annual reports on: (i) input measures, including number of rural health units providing schistosomiasis control services; (ii) process indicators, including numbers of persons screened and numbers found positive according to six analytical categories; and (iii) outcome measures, including intensity of infection for a sample of patients at each health facility, and number of cases admitted to hospitals.

The Nigeria Primary Education Project proposes specific strategies for monitoring and evaluating major project components: the extent to which teachers use methodologies introduced in training; the number of textbooks available to pupils; the balance between expenditures on salaries and instructional materials; the quantity, quality, and timeliness of data analysis; and tests for selected grades in order to measure student achievement.

The India Family Welfare Project sets specific targets for increasing effective contraceptive use, decreasing crude birth and death rates, decreasing infant mortality, increasing average birth weight, increasing immunization rates, and improving ante natal care coverage. The project also specifies objectives with regard to the number of secondary, primary, and community health centers per thousand population.

economic policy, and identifying indicators to guide their attainment. Project objectives for Bank-supported PHR operations have typically focused on indicators of coverage such as enrollments or access to health and family planning services. Relatively few projects have specified objectives in terms of learning achievement, better health, or reduction in fertility. This has hampered the appraisal and

evaluation of the cost-effectiveness of project components designed to improve the quality of service. Some recent projects, however, have tried to formulate targets on outcome (Box 12).

51. Investment decisions in human development are strategic, and must be based on a range of indicators, including labor market data, cost and financing information, manpower requirements, epidemiological data, earnings profiles, and demand for services. Well-designed investment programs are typically based on broad analytical work, including:

- analysis of (sub)sectoral conditions, legal framework, institutional capacity, and policy options;
- assessment of public resource requirements and resource mobilization strategies in the context of public expenditure reviews;
- evaluation of the cost and benefits of particular investment options;
- understanding of private demand and the willingness and ability of households to seek and pay for services;
- review of the social policy framework, including assessment of how synergies among human development investments can be exploited;
- assessment of the private sector's role and potential contribution to the financing and provision of human development services; and
- recommendations for strategic action derived from an analysis of options based on national priorities, conditions, and international experience.

Box 13: Institutional Development in the Education Sector: Ethiopia

Building institutions that effectively manage sectoral development is a process that requires attention sustained over a long period of time, often a decade or more. In the mid-1970s, the Ethiopian government committed itself to improving the quality, quantity, and relevance of education and training at all levels and to eradicating illiteracy. Great efforts were made to provide education equitably throughout the country, and communities were mobilized to assist in organizing, providing, and operating many aspects of education and training.

Success is partly attributable to a program of institutional development supported, in part, through a series of IDA education projects. Considerable investments, complemented by long-term technical assistance, were made in the development of institutions and procedures for effective management. The essential functions of the Ministry of Education were strengthened, including its inspectorate, research and curriculum development capacity, planning and statistics capability, project management office, materials production and dissemination agency, and school construction and maintenance service. A Professional Training Center was set up for training all staff in the education sector. Under a program of decentralization, decision-making authority and management responsibilities were transferred to regional education offices, regional teacher training institutes, district pedagogical centers, and community associations. It is noteworthy that administrative costs as a proportion of total budgets remained relatively low.

52. A recent review of education sector work compared the reports issued in FY91 with the findings of a similar study of FY85 reports. The technical quality of analyses had improved considerably, particularly in areas where the Bank has undertaken policy work and is well-

versed, i.e., access, efficiency, effectiveness of inputs, and finance. The review recommended strengthening analysis of the institutional and political feasibility of policy recommendations.

4.3 National Capacity Building

53. With the move toward sectoral and policy-based lending, the usual concern for good project management has broadened. Concern about institution-building and developing skills in the design and management of national programs has intensified (Box 13). In many countries, the public sector will continue to provide human development services, which entails a need for technical support and supervision to large numbers of service providers in widely dispersed locations. Administrative systems, often inefficient, need strengthening in three areas: (i) policy development, regulation, and monitoring by central ministries; (ii) policy and project implementation at the local level; and (iii) systematic, two-way information flows between the local, intermediate, and central levels. A pilot project in Algeria, approved in FY91, addresses such needs in support of health sector reform through developing information systems, training key staff, and strengthening the capacity for strategic planning.

54. If human development investments are to be sustainable, building institutional capacity deserves at least as much attention as the transfer of resources. In fact, the effectiveness of the latter depends upon the former. With institutional development, responsibility for the preparation, appraisal, and supervision of specific investments can be shifted to borrower agencies, thus bolstering borrower commitment and "ownership" of Bank-supported operations and fostering development.

Box 14: Promoting Private Initiatives: Primary Education in Bangladesh

Pressures resulting from rapid population growth, insufficient budgetary resources, and weak institutional capacity have prompted the government of Bangladesh to turn to the private sector for assistance in achieving primary education goals. NGOs in Bangladesh have a proven track record of resource mobilization and innovation in program quality and delivery.

The World Bank supports the strategy through the 1990 Bangladesh General Education Project. Funds are provided to experienced NGOs to implement non-formal primary education programs, and to less experienced NGOs to develop their capacity to design and implement education projects in the future.

One of the chief beneficiaries of Bank funds is the Bangladesh Rural Advancement Committee (BRAC). BRAC has a proven track record in non-formal basic education. Its program provides literacy and numeracy skills in a three-year period to the poorest rural children who remain unreached by the formal school system. The program effectively tailors education to local needs, mobilizes community participation, and trains thousands of local teachers. It has been particularly effective in increasing girls' participation. By 1991, BRAC was operating about 4,500 village schools, each managed by one teacher (usually female) serving up to 30 students. Nearly 70% of those enrolled are girls. About 95% of the students transfer at the end of the program to the fourth grade in government schools.

55. Evidence is mounting on the success of strategies that increase the participation of beneficiaries in the delivery of local services. The clustering of schools in managerial units with considerable autonomy is being piloted in

Latin America and South Asia with promising results. Many operations are testing new ways to exploit the complementarities between the private (including NGOs) and the public sectors (Box 14). The involvement of parent-teacher associations in improving the quality of schooling has had a positive impact on projects in Chile and Mali, for example.

56. The importance for good management of a good information system based on reliable data, including locally disaggregated data by gender, is abundantly clear. Well-analyzed data on basic indicators, such as student performance and cost of instructional inputs by district, has helped policy-makers in Zimbabwe (Box 15) and Thailand, for example, make key resource allocation decisions.

4.4 Implementation

57. Well-formulated policy objectives and good technical design of a project will yield desired outcomes only through effective implementation. Performance ratings of Bank-supported human development projects have been consistently above average. While the rapid expansion and the increasing complexity of the PHR project portfolio has led to some deterioration in portfolio performance, the proportion of projects facing significant implementation problems (supervision rating 3 or 4) in FY92 was 14% in Education and 16% in PHN, still below the Bank-wide average of 18%. Inevitably, as the portfolio expands rapidly into new areas and supports new objectives, new implementation challenges are arising. The extent to which they are addressed effectively will be a key factor determining the impact of Bank lending for human development.

58. Operational experience suggests that the major constraints to effective implementation

Box 15: Using School-Level Data to Direct Resources: Zimbabwe

An FY91 sector study, *Zimbabwe A Review of Primary and Secondary Education: From Successful Expansion to Equity of Learning Achievements*, provides a model for using management information to target education resources. The study identifies the most poorly performing schools through multilevel analysis of student achievement data. It then analyzes the factors behind low achievement, and proposes strategies to enhance equity among schools.

Analysis of examination scores shows widely different rates of achievement across the five types of secondary schools in Zimbabwe, with high-fee-paying trust schools performing the best, district council schools performing the worst, and government and mission schools in between. The study also found significant differences in achievement and longevity in school by gender.

Analysis of data drawn from school surveys, ministry financial and personnel records, and field visits confirmed that the resource base and government subsidies of different types of schools also varied widely, with financing skewed toward schools with educationally less-at-risk children. This was despite a school financing policy which, on the surface, appeared highly equitable.

On this basis, it was reasoned that a move toward a system of positive discrimination -- to provide compensatory resources for schools showing evidence of few resources and relatively poor learning achievement -- would be desirable in the long term. This would require a considerably strengthened monitoring and administrative capacity. In the short term, it was suggested that a system be developed whereby some additional resources be provided to high-priority expenditures, and the existing per capita grant approach be modified to equalize expenditures per student. Some funds would also be set aside to improve the resources of the least endowed schools.

are usually managerial, involving important issues which are unfamiliar to some borrowers and Bank staff. The demands of procurement and accounting are becoming increasingly

onerous as Bank lending finances fewer large-scale civil works and equipment contracts and supports more large-scale procurement of items such as textbooks, food supplements, pharmaceuticals, scholarships for disadvantaged children, and increments to teachers' salaries. Moreover, the challenge of implementation goes well beyond administrative issues, especially in operations that deliver basic services. In countries with fragile distribution networks, the logistics of distributing centrally procured inputs poses special challenges, especially outside the major population centers. Furthermore, implementation of human development programs almost always involves changes in the professional behavior of hundreds of thousands of staff and managers of small, isolated service delivery points, such as rural health clinics and primary schools.

59. The Bank historically has modelled investment strategies in human development on the "blueprint" designs of the infrastructure sectors. This generally was appropriate as long as physical facilities were the main object of Bank lending for human development. As the portfolio has changed, however, the Bank's implementation strategies have become more flexible, sensitive to local conditions, and responsive to beneficiaries. Allowing for local variations in program content is often critical to success, and is the rule, rather than the exception, in many human development programs. Within the framework of clearly specified objectives, they increasingly emphasize program adaptation based on experience as implementation proceeds. Project designs increasingly are testing such models (Box 16).

60. Implementation of these new style human development projects require effective supervision. In FY92, the average supervision coefficient for PHN projects was 20.9 staff weeks and for education projects 11.0,

**Box 16. Flexible and Adaptable Project Design:
Chile Primary Education Improvement Project**

Over the past decade, Chile has implemented significant reform of the social sectors: redefining the role of government, decentralizing major social development responsibilities to municipalities, promoting privatization, targeting public social expenditures to low-income groups, and channelling resources to municipal and private subsidized schools. Taken as a whole, the reforms offer communities considerable flexibility to respond to local needs and objectives.

The project supports these reforms by strengthening the institutional capacity of the Ministry of Education's central, regional, and provincial offices, as well as the education departments of municipalities to direct and manage a decentralized program. The project also includes components to improve the managerial skills of pre-school and primary school principals, to enable them to take advantage of funds available under the decentralization program.

The project includes a \$38 million fund designed to foster local initiatives to address problems related to quality weaknesses at the school level. It supports the restructuring of local curricula in reading, writing, mathematics, and science education through the participation of teachers and school principals, and establishes and implements small school-level projects to improve quality in 5,000 municipal and private subsidized primary schools. Resources are made available on a competitive basis, assessed on the relative cost-effectiveness and innovativeness of proposals developed at the local level.

compared to a Bank-wide average of 14.1 staff weeks. The large variation in supervision effort between the human resource sectors is notable. To determine the underlying cause, the Sector Staffing Group is planning to undertake a detailed analysis of the sector's supervision effort.

61. As important as Bank supervision is to performance during implementation, it cannot substitute for weak institutions. There are limits both on the resources available for supervision and on the range and effectiveness of that supervision. Good performance is a function of the capacity of national institutions, and helping to build this capacity should be a central focus of Bank appraisal and supervision. Bank projects will need to provide explicit support for building strength in this area.

4.5 Monitoring Outcomes

62. Monitoring the delivery of physical inputs has been reasonably effective in PHR projects. Outcomes of program investments, however, have been assessed systematically in only a few cases. Yet, where outputs have been carefully monitored, the lessons for the design of future investments have been extremely valuable. The Tamil Nadu Nutrition projects (Box 17), the Bolivia Emergency Social Fund, and the Brazil Rural Education project illustrate the benefits of good monitoring and evaluation.

63. Recent efforts in the education sector to enhance the knowledge and skills of Bank staff through dissemination of "best practice" and training have had positive results. About 43% of the education projects approved in FY90-92 included support for the measurement of learning outcomes, as compared to 26% in FY85-89. While the initial effort of research, analysis, and training was led by PHR, the regional Technical Departments are now staffing to provide support in this field to SODs.

Box 17: Monitoring and Evaluating Progress: Tamil Nadu Nutrition Projects in India

Operational research has been a particular strength of the Tamil Nadu Nutrition projects, with monitoring and evaluation studies built into project design. The first project's (FY80) goal was to improve the nutrition and health conditions of children (especially on those aged 3-36 months) and pregnant and lactating women in 9,000 villages. Nutrition monitoring was based on growth charts, updated monthly and publicly displayed on a standard wall chart. How key nutrition indicators for the village were moving and how well the community nutrition worker was getting services to the disadvantaged, compared to the general population, were visible. These monitoring and feedback activities were key to success, with moderate and severe malnutrition reduced by about 50%. By project's end, its community nutrition centers held probably the largest collection of high-quality longitudinal data on child growth in the world.

The project's evaluation system entailed a baseline survey of each district before implementation began. Then, evaluation studies were undertaken in 1982, 1984, and 1987 to review project performance. The well-developed system of monitoring and evaluation, combined with mid-project studies, enabled continuous examination of project performance, allowed for the immediate resolution of potential problems, and provided a solid foundation for the development of strategies for the second project (FY90).

For it, the initial monitoring and evaluation system was refined and adapted for the whole state of Tamil Nadu. Principles introduced in the project have been incorporated into other Bank-assisted projects.

V. FUTURE DIRECTIONS

64. As a result of improved organizational structure and expanded lending, the Bank is well-positioned as a source of policy advice and financing for human development in the 1990s. The immediate priority is to consolidate progress and stay the course toward intensified intersectoral linkages and sharpened country focus. But more is needed. In view of the rapidly expanding demand for human development operations, the Bank must apply its resources to those areas where it has a clear comparative advantage. The Bank's ability to combine economic and technical analysis suggests that the Bank's trademark output should be pitched at policy reform and investment. This requires (i) intensifying support for sectoral programs; (ii) aligning lending policy and practice; (iii) strengthening the empirical base for action; and (iv) pursuing professional excellence in staffing.

5.1 Intensify Support for Sectoral Programs

65. To exploit the Bank's advantage more fully, links between human development investments and economic policies need to be further solidified, and the use of lending instruments which support broad programs of reform and development facilitated (paras. 16 ff and 31-32).

Links with Macroeconomic Policies

66. Strengthening these links require the explicit consideration of human resource supply and demand issues in country economic work. On the supply side, this entails analysis of human development expenditures and its integration into Public Expenditure Reviews, taking into account special sectoral features -- long gestation periods, vast array of providers

and recipients, high ratio of recurrent to capital expenditures, and the often highly-political choices involved. Moreover, analysis of non-budgetary factors affecting the supply of skilled labor, such as population growth, health policy, and programs promoting the labor force participation of women, is needed for each country.

67. Demand for human resources originates both in the household, which derives utility directly from members' health and education, and with producers of goods and services, who have a derived demand for high-quality labor. Analyses of demand are often incomplete. Economic and sector reports need to consider the implications of rising income and aging population on the demand for health care, for example, and the implication of changes in a country's product mix (from non-tradables to tradables, or from low-skill, labor-intensive products to high-skill, knowledge-intensive products) for investments in education and training. The resulting shifts in relative prices can have important effects on poverty levels if compensatory measures are not in place. Demand analyses should also take account of the private costs of education and health services.

68. A pivotal link between human development and economic policies is the labor market. Its efficiency in matching skills with employment opportunities and facilitating the flow of labor from less productive to more productive uses, is a central element in productivity and economic growth. By contrast, labor market inequities and imperfections can impede attainment of social and economic development objectives. For example, the fact that women have less access to education than men (an inequity) reduces their wages from

formal sector employment and also fuels the rationale for discriminatory barriers against their employment in urban areas (an imperfection). Attention to labor market issues in economic and sector work has increased rapidly in recent years and is expected to continue.

Sectoral Lending

69. The shift toward operations that are most effective in supporting sectoral policy and program reforms and in exploiting linkages with the macroeconomy will need to be accelerated. Especially promising is the experience with sector investment loans (SECILs). Examples cover a wide spectrum including support for science and technology development in Brazil, family planning and higher education in Nigeria, and small-scale employment, nutrition, and health projects in Bolivia.

70. Such a shift has implications for sector work as well as project design and implementation. Sector work should be closely linked to country strategies for growth and poverty alleviation, based on in-depth technical analysis of sectoral constraints and consistent with the lessons of research and experience. Moreover, appraisal of lending operations should concentrate on quality of the proposed sectoral policy framework; the related public expenditure program, including conditions for financing specific programs; and the institutional and managerial capacity to execute, monitor, and evaluate the proposed program. Increasingly, staff of borrower agencies should take responsibility for sector work and supervision; the Bank's policy advice should be provided through analytical support to, and facilitation of, the work of borrower institutions instead of through extensive reports prepared by Bank missions.

5.2 Aligning Operational Policy and Practice

71. Moving toward sectoral and policy-based lending strategies calls for a review of operational procedures and practices to ensure that they suit the needs of new-style human development projects. Two issues are emerging as critical: recurrent cost financing and institutional development.

Recurrent Cost Financing

72. External support for basic human development has been constrained by the reluctance of many donors to provide financing for recurrent expenditures. Yet, recurrent expenditures in education, nutrition, health, and family planning are part and parcel of human capital investment, as both recurrent and capital expenditures are necessary to the creation of an economic asset - a skilled and healthy worker - generating a stream of benefits over a long period. What is important is a broad view including not only the initial investment in physical infrastructure, but also the cost of operating and maintaining the facilities thereby financed. In the absence of external support for recurrent expenditures, many physical facilities will be used inefficiently or not at all, or countries will choose lower-priority but more capital-intensive projects for which external funds are more readily available. At the same time, there are legitimate concerns about the extent to which external financing of recurrent costs will create long-term dependency.

73. The Bank's guidelines on financing of recurrent expenditures provide a high degree of flexibility, but interpretation varies widely. The principle of Bank policy in this area - financing of incremental recurrent costs on a declining basis - is unlikely to change significantly. But practice is evolving toward deeper analytical and more explicit policy treatment of recurrent

cost issues during project preparation to ensure the sustainability of investments in human development, while at the same time using more fully the flexibility of the guidelines to ensure the availability of adequate funding. Specifically, this means emphasizing economic criteria as the basis for recurrent cost financing; recognizing the importance of strategically focused, recurrent cost financing in the human development sectors; and restricting major recurrent cost financing, especially of salaries, to those cases where a sectoral financial framework (linked to a public expenditure review) has been agreed upon, including mechanisms and benchmarks for monitoring implementation and the phase-out of external support.

Capacity Building

74. In cases where the weakness of borrower agencies responsible for sector analysis, project design, implementation, and supervision is a major constraint, institutional development and capacity building must be the central focus of the Bank's work. In particular, the Bank needs to strengthen its own understanding of issues and policy options through analytical work to clarify the issues and the policy options; operational experimentation will be needed to test the viability of different approaches. In developing a work program on institutional development, PHR education and health divisions are pulling together analytical work and operational experiences from around the Bank. In addition, Bank sector work and project preparation should focus explicitly (and disproportionately) on the analysis of institutional issues by sector. The Bank should also provide small, flexible loans (possibly technical assistance loans) for capacity-building and operational research, as well as accord high priority to funding from the Institutional Development Fund to specialist support and

training for the design and implementation of institution-building efforts.

75. Developing capacity to monitor progress toward social policy goals, such as improved nutrition, better health, and improved learning achievement is particularly important. Bank-supported projects should ensure that program evaluations go beyond measuring input delivery (e.g., financial resources provided, personnel recruited and trained, facilities constructed and furnished, materials distributed), to monitoring processes and outputs and measuring achievement (e.g., in nutritional status, fertility rates, morbidity and mortality, student learning, and household living standards). Support for country efforts to establish management information systems to monitor and evaluate human development, and strengthen national capacity to evaluate the effects of inputs and processes on the desired outcomes is expected to be a central feature of future Bank operations.

5.3 Strengthen the Empirical Base for Action

76. Successful lending for human development requires a continued effort to integrate research findings and operational experience into sectoral analysis and project design. Borrowers seek access to state-of-the-art knowledge reflecting the lessons from experience of developing and developed countries that can be adapted and applied to their situations.

77. Over 25 years, the Bank has accumulated a substantial body of knowledge on human development, documented in Operations Evaluation Department (OED) reviews, PHR research and policy analyses, sector studies, and project completion reports. It has also developed and deployed advanced tools for analytical work in the sector.

Applying this expertise to country-specific issues and the design of national programs gives the Bank an opportunity to serve borrowers in a unique way.

78. Maintaining the quality of expertise and ensuring operational relevance are vital to the effectiveness of Bank investments. It is essential that: (i) the research and policy work of Sector and Operations Policy (OSP) and the Technical Divisions (TDs) stay firmly focused on current and anticipated demands of lending operations, (ii) the lessons of operational experience be documented and synthesized systematically and subjected to cross-country review and analysis by TDs, OSP, and OED; (iii) social output indicators be developed and refined and monitoring and evaluation components included in all projects; and (iv) knowledge about comparative effectiveness be disseminated broadly.

5.4 Pursue Professional Excellence in Staffing

79. The effectiveness of Bank support for human development in the 1990s will ultimately hinge on the dedication and quality of staff. The rapid expansion of lending and the entry into unfamiliar areas of lending threaten to erode the traditions of technical expertise and operational rigor to which the sector has long been committed. It is inevitable in a demand-driven situation that staffing patterns lag somewhat behind the needs, where those needs are changing rapidly. Thus, the number of regular staff who are experienced technical specialists in health, education, population and nutrition has not kept pace with the growth in lending volume and numbers of projects in those sectors. Excessive reliance on consultants commits considerable staff time to oversight of consultants to ensure compliance with Bank standards and format. A key element of the sector's strategy, therefore, is enhancing both

skills of technical staff and understanding by generalists of technical issues in human resource development.

80. To maintain excellence, four sector staffing issues are receiving urgent attention: (i) the balance of regular staff positions with lending volume and number of operations; (ii) staff development and professional exchange among sector specialists; (iii) recruitment of new staff; and (iv) training staff new to the social sectors. In this regard, efforts are underway to harmonize staff resources with the expanded work program by accelerating growth in the number of regular staff positions in the sector and reducing reliance on consultants; sustain investment in state-of-the-art training for sector specialists; launch an aggressive external recruitment campaign to fill existing vacancies and improve the mix of skills; and implement sector-specific orientation programs on a regular basis for the many new entrants into the sector.

5.5 Conclusion

81. Significant gains have been made in the Bank's ability to promote human development and, in many respects, the Bank is well-poised to meet the changing needs of its clients. The institution's view of human development has broadened, shifting from provision of physical infrastructure to sector-wide and policy-based strategies. The Bank is pursuing an increasingly integrated and country-focused approach to human development, enabling a better exploitation of intra-sectoral synergies and linkages with general economic policy.

82. While much has been achieved, significant challenges lie ahead. Apart from country-level hurdles -- low spending priority given to human development, restricted absorptive capacity, and political limits on

much-needed reform -- the Bank faces its own limitations. First, the move toward sectoral and policy-based approaches to human development has been slowed down by the relative neglect of institutional development issues in the past. Second, the broadening of lending objectives and the emergence of new areas of lending have been so rapid that policy and research work has, on occasion, lagged behind operational requirements. This is especially true in the critical area of institutional development. Third, pressures on staff have constrained the Bank's capacity for operational innovation, effective supervision, and systematic assessment of project outcomes.

83. These issues are being addressed by the sector. The number of regular staff is

increasing gradually, and an extensive staff training program is being implemented. Policy and research are focusing on the consolidation of research findings and lessons from experience both from within and outside the Bank. Institutional development is increasingly emerging as the central challenge for the sector and is receiving increased attention in policy work and training. The challenges the sector faces are formidable, but they can be met effectively, provided the resources available are targeted carefully to address the priority issues outlined in section V. In this way, the Bank will be able to continue to play its role as a leading source of finance and policy advice for human development.

**Annex Table I: Annual World Bank Lending for Human Development,
FY 1963-94**

FY	Education		PHN		Social Sector		Total Human Development	
	Lending	Number of Projects	Lending	Number of Projects	Lending	Number of Projects	Lending	Number of Projects
63	5.0	1	0.0	0	0.0	0	5.0	1
64	17.6	3	0.0	0	0.0	0	17.6	3
65	29.5	3	0.0	0	0.0	0	29.5	3
66	34.0	4	0.0	0	0.0	0	34.0	4
67	51.8	6	0.0	0	0.0	0	51.8	6
68	24.2	5	0.0	0	0.0	0	24.2	5
69	81.8	10	0.0	0	0.0	0	81.8	10
70	79.9	11	2.0	1	0.0	0	81.9	12
71	107.9	14	7.8	2	0.0	0	115.7	16
72	180.4	14	34.4	2	0.0	0	214.8	16
73	293.6	18	5.0	1	0.0	0	298.6	19
74	153.1	11	17.0	2	0.0	0	170.1	13
75	223.8	19	40.0	2	0.0	0	263.8	21
76	321.3	20	25.8	2	0.0	0	347.1	22
77	288.6	16	47.3	4	0.0	0	335.9	20
78	351.9	20	58.1	2	0.0	0	410.0	22
79	496.0	18	114.0	4	0.0	0	610.0	22
80	440.1	13	143.0	4	0.0	0	583.1	17
81	747.9	18	13.0	1	0.0	0	760.9	19
82	526.4	19	36.0	2	0.0	0	562.4	21
83	547.9	21	120.0	7	0.0	0	667.9	28
84	701.9	20	244.0	6	0.0	0	945.9	26
85	936.8	20	193.0	7	0.0	0	1129.8	27
86	839.5	18	420.0	11	0.0	0	1259.5	29
87	439.8	14	54.0	6	0.0	0	493.8	20
88	864.0	19	304.0	8	0.0	0	1168.0	27
89	964.0	20	550.0	11	0.0	0	1514.0	31
90	1487.0	21	813.5	12	119.9	6	2420.4	39
91	2252.0	26	1102.8	18	464.8	10	3819.6	54
92	1883.7	26	922.3	13	40.7	3	2846.7	42
93*	2438.4	34	2240.3	28	129.9	5	4808.6	67
94*	1705.8	25	2533.8	29	512.1	7	4751.7	61
95*	4116.9	50	2102.5	32	353.9	9	6573.3	91

* Projected lending.

Annex Table II: World Bank Human Development Lending by Region, FY 1963-94

FY	LENDING	AFRICA	ASIA	EMENA	LAC
Education (US\$ Millions)					
63-69	243.9	93.8	48.9	45.6	55.6
70-74	814.9	229.6	221.6	233.1	130.5
75-79	1681.6	379.1	456.3	619.7	226.6
80-84	2964.2	514.6	1539.7	555.8	354.1
85-89	4044.1	865.5	1669.5	938.6	570.5
90-92	5622.7	1030.0	2312.6	908.5	1371.6
93-95*	8261.1	1317.7	2257.6	1722.7	2963.1
Total	23,632.5	4430.3	8506.2	5024.0	5672.0
PHN (US\$ Millions)					
63-69	0.0	0.0	0.0	0.0	0.0
70-74	66.2	12.0	39.4	9.8	5.0
75-79	285.2	0.0	199.6	29.8	55.8
80-84	556.0	76.0	325.0	50.0	105.0
85-89	1521.0	380.0	691.0	136.0	314.0
90-92	2838.6	588.4	1149.6	544.1	556.5
93-95*	6876.6	1032.3	2676.9	924.6	2242.8
Total	12,143.6	2088.7	5081.5	1694.3	3279.1
Social Sector (US\$ Millions)					
90-92	625.4	177.4	57.5	173.0	217.5
93-95*	995.9	34.5	40.1	642.7	278.6
Total	1621.3	211.9	97.6	815.7	496.1
Total Human Development (US\$ Millions)					
63-69	243.9	93.8	48.9	45.6	55.6
70-74	881.1	241.6	261.0	242.9	135.5
75-79	1966.8	379.1	655.9	649.5	282.4
80-84	3520.2	590.6	1864.7	605.8	459.1
85-89	5565.1	1245.5	2360.5	1074.6	884.5
90-92	9086.7	1795.8	3519.7	1625.6	2145.6
93-95*	16,133.6	2384.5	4974.6	3290.0	5484.5
Total	37,397.4	6730.9	13,685.3	7534.0	9,447.2
Total Human Development (Percent)					
63-69		38.5	20.0	18.7	22.8
70-74		27.4	29.6	27.6	15.4
75-79		19.3	33.3	33.0	14.4
80-84		16.8	53.0	17.2	13.0
85-89		22.4	42.4	19.3	15.9
90-92		19.8	38.7	17.9	23.6
93-95*		14.8	30.8	20.4	34.0

* Projected lending.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

SecM92-1359

FROM: Vice President and Secretary

October 15, 1992

NOTICE OF COMMITTEE OF THE WHOLE MEETING

AND

SEMINAR

A meeting of the Committee of the Whole, followed by a Seminar of the Executive Directors of the Bank, will be held on Tuesday, October 20, 1992 at 10:00 a.m. in the Board Room, under the Chairmanship of Mr. Karaosmanoglu, Managing Director. The agenda is as follows:

COMMITTEE OF THE WHOLE

Issues in Adjustment Lending: A Summary of Forthcoming
Operational Directives (SecM92-1306)

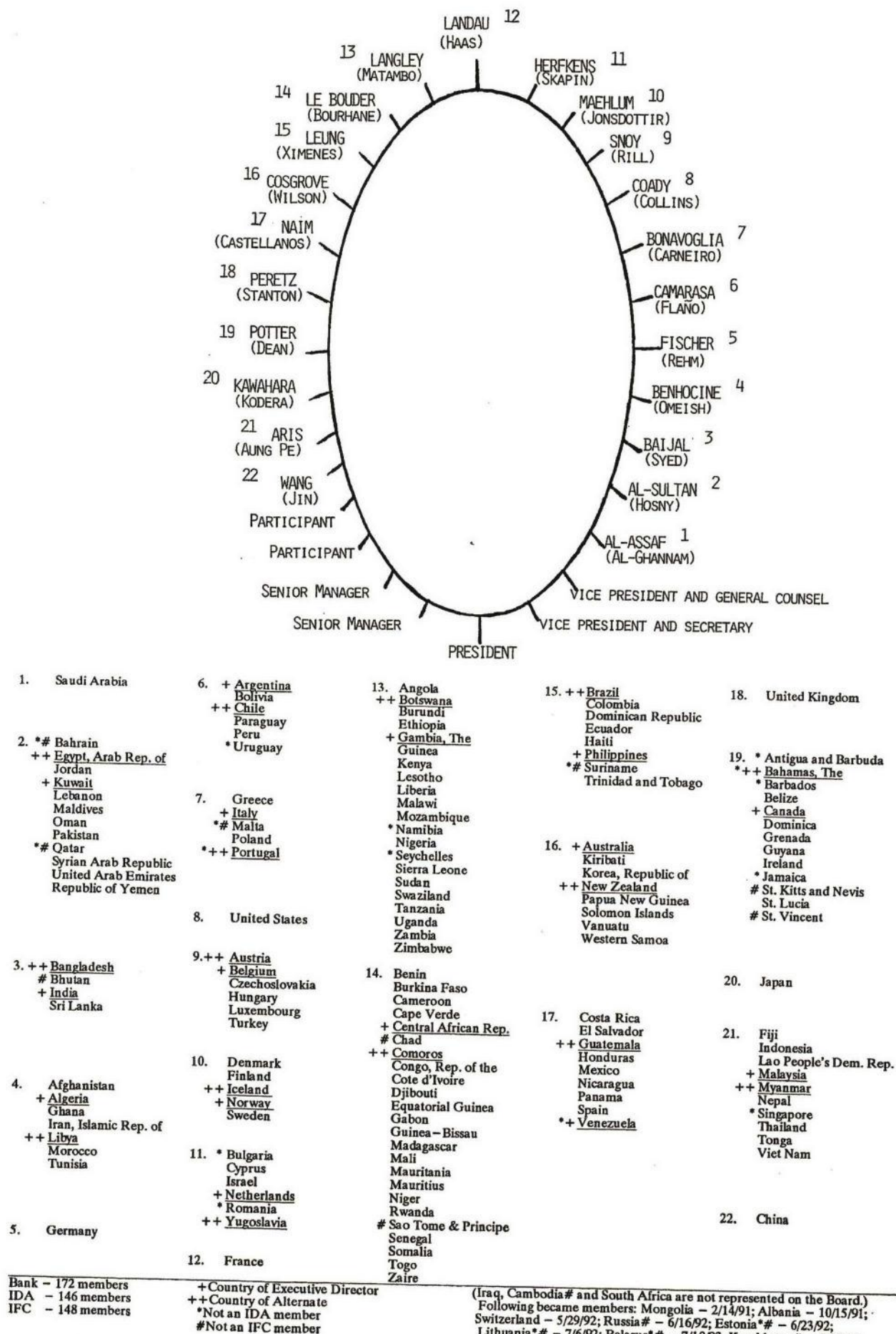
SEMINAR

Supporting Human Development: Progress and Challenges
(SecM92-1320)

Distribution:

Executive Directors and Alternates
Office of the President
Executive Vice Presidents, IFC and MIGA
Vice Presidents, Bank, IFC and MIGA
Directors and Department Heads, Bank, IFC and MIGA

EXECUTIVE DIRECTORS - SEATING CHART



SUPPORTING HUMAN DEVELOPMENT

Questions raised by the EDs

1. What is the comparative advantage of the Bank in this sector? How do we collaborate with and complement other UN agencies? (Henrikson, McConnell)
2. To what extent are existing policies and procedures for appraisal still appropriate for a sector where the nature of lending is changing rapidly and moving away from infrastructure (Henrikson)?
3. What is the next step? How do we propose to continue our dialogue with the Board on evolving Bank policy in this rapidly expanding sector (Henrikson, Harris)?
4. Is the policy on recurrent cost financing in this sector satisfactory? (Mseka, Harris, McConnell)?
5. Why are the demands of procurement in the new style human development projects more "onerous" (para.58)? What is the Bank doing to address them (Harris)?
6. How can the Bank support analytic work and provide policy advice in countries where no lending is envisaged in the sector (Henrikson)?
7. How is the Bank handling staffing issues in this sector, particularly consultant use, skill mix and geographic distribution? How many technical specialists are being recruited (Mseka, McConnell)?
8. How, specifically, has labor market research been translated into operational applications (Harris)?
9. There are few specific references to Eastern Europe in the paper. What is the Bank strategy there (Tzveкова)?
10. Has the interaction between SODs, TDs and OSP been effective? How will the new structure affect this (Harris)?

grass roots formula
innovation
experimental projects
RBCs, etc. bilateral
have advantage

Staff
training
awareness

Health, water
Policy, etc.
building, etc.
Policy, etc.

Policy
flexible
consultation with
SOD and only see
national ROR

Sustainability
issue
RBC, etc.
new
sector
more
financial
plans

Zimbabwe
Thailand

Project in
Poland

Local Cost financing - Policy? relation to income levels