3. Laying the Foundation: World Bank Support for Poverty Diagnostics

<table>
<thead>
<tr>
<th>Highlights</th>
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</thead>
<tbody>
<tr>
<td>❖ The Bank is considered a leader and valued partner in poverty diagnostics by governments and other stakeholders, providing an important global public good.</td>
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<tr>
<td>❖ The Bank’s Poverty Assessments (PAs) are generally of high technical quality and make good use of available data to derive poverty indicators, poverty profiles, and identify poverty drivers, but at times they inadequately synthesize knowledge on poverty in the country.</td>
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<tr>
<td>❖ The rigorousness of poverty diagnostics is often constrained by the quality and accessibility of data.</td>
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<tr>
<td>❖ Poverty Assessments could have had more impact if the diagnostics were better timed with political cycles and disseminated, and if their policy recommendations were more actionable or specific.</td>
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</table>

Poverty data provide the basis for identifying the poor and measuring poverty. But understanding the constraints to reducing poverty requires solid analysis. Good poverty diagnostics can not only pinpoint the symptoms of poverty but also identify its causes and provide policy options. This chapter evaluates the technical quality of the Bank’s poverty diagnostics, examines whether the diagnostics have provided the needed guidance to country programs on poverty reduction, and identifies the constraints. The evidence for this chapter is drawn primarily from a review of the Bank’s Poverty Assessments (PAs) in 20 countries, supplemented by relevant findings from country case studies, staff and stakeholder surveys, and focus group meetings.

Technical Quality of Poverty Assessments

The Bank’s PAs are generally of high technical quality. Governments and other stakeholders largely consider the Bank a global leader and valued partner in the development of poverty diagnostics, acknowledging the Bank’s comparative advantage in providing global knowledge products.\(^1\) Three-quarters of government and nongovernment stakeholders noted that PAs and Poverty and Social Impact Analyses (PSIAs) provide well-grounded analysis and identify key constraints to poverty reduction.\(^2\) Bank staff expressed similar opinions about the quality of the Bank’s poverty diagnostics. The views of both groups were corroborated by an in-depth review of PAs in 20 countries and by the 10 country case studies.
CHAPTER 3
LAYING THE FOUNDATION: WORLD BANK SUPPORT FOR POVERTY DIAGNOSTICS

The criteria to evaluate the quality of the 20 PAs are consistent with the World Bank’s 2004 Guidance Note on Poverty Assessments by examining to what extent the assessments:

- Provide background information on available poverty surveys and data
- Make good use of available survey and other data to provide a clear understanding of the extent and drivers of poverty
- Assess the adequacy of the countries’ poverty-reduction institutions, programs, and funding
- Evaluate poverty monitoring and evaluation arrangements
- Propose specific and actionable recommendations for reducing poverty
- Influence the countries’ poverty-reduction strategies and programs, help build in-country capacity, and support joint work and partnerships.

Although the 20 PAs varied considerably in their depth of analysis and coverage of topics, the review consistently found three positive attributes. Most of the PAs reviewed make good use of the information available, produce clear poverty profiles, and identify the main constraints to poverty reduction. Nearly all made use of the available data and explored the obstacles to poverty reduction nationwide, in the regions most affected, and across social groups. The review identified the Ethiopia and Indonesia PAs as examples of good practice with strong poverty diagnostics (box 3.1).

**Box 3-1. Good Practices for Poverty Assessments**

*Well-Being and Poverty in Ethiopia: The Role of Agriculture and Agency* (2005) and *Making the New Indonesia Work for the Poor* (2006) were particularly well suited to inform poverty-reduction policies and programs. Both assessments:

- Explicitly drew upon many data sources, provided full descriptions of the available information base, and concisely integrated other existing knowledge
- Made good use of all available surveys and other information through clear presentation of the extent and drivers of poverty, identification of excluded groups, detailed analysis of empowerment and governance, compelling assessments of remoteness and gender inequalities, and presentational features that showed how the poor experience poverty
- Integrated information about the governments’ key poverty-reduction institutions, strategies, funding, and programs (though neither assessment provided a discrete summary of those aspects)
- Included annexes with specific recommendations for capacity building and improving poverty-reduction monitoring and evaluation
- Provided a clear statement of objectives, a succinct “Striking Statistics” section, and prioritized, rigorous, and highly specific policy recommendations across multiple sectors
- Made strong efforts to engage government, development partners, academics, and civil society during Poverty Assessment preparation.

*Source: Review of Poverty Assessments for 20 countries conducted for this evaluation.*
Characteristics of the Poor and Drivers of Poverty Reduction

IDENTIFYING THE POOR

The Bank’s diagnostic work typically describes a country’s poverty profile. When survey data are of good quality and representative at disaggregated levels, diagnostics usually estimate the national poverty headcount and, at least to some extent, explore differences across geographic areas or zones (such as urban/rural, valleys/hilltops). These diagnostics provide a picture of the characteristics of the poor. Good-practice PAs (for example, Brazil, Egypt, India, Papua New Guinea, and the Republic of Yemen) went further by undertaking or providing technical assistance for detailed poverty mapping at the local level. Some diagnostics even reported on vulnerability, seasonal poverty, transient and chronic poverty, and inequality. The level of detail and focus on heterogeneity varies by country, but is vital to targeted policy formulation to reduce poverty.

Several PAs (including Afghanistan, India, Lao PDR, Moldova, and the Republic of Yemen) went beyond the typical analysis of poverty’s determinants. They examined more deeply the well-being of marginalized ethnic minorities, indigenous peoples, tribal groups, castes, and other excluded groups, using both income and non-income indicators and reviews of sociological and anthropological literature, as described in box 3.2. Such analytic work is essential for understanding what challenges the poor and vulnerable face and how policies may affect marginalized populations.

Box 3-2. The Face of Poverty and Disadvantaged Groups

Aggregate assessments of poverty can hide patterns of poverty incidence within a country. The social, economic, or political exclusion marginalized groups face can often intensify the severity of their deprivation. Good-practice PAs identify how multifaceted deprivation is related to the depth of poverty experienced by a certain group. For example:

- The 2010 Afghanistan PA found that the Kuchi (Pashtun nomads) “not only suffer from a higher prevalence of poverty, but the Kuchi poor are on average poorer compared to other groups” (World Bank, 2010b, 26).
- The 2011 India PA found that “scheduled tribes lag 20 years behind the general population” and “caste has been the predominant marker of deprivation and privilege in India” (World Bank 2011d, 227).
- The 2006 Lao PDR PA found that “ethnic minorities account for one-third of the population but make up more than half the poor” (World Bank 2006b, 129).
- The 2004 Moldova PA found that “many groups additionally face impediments imposed by social barriers and norms—their multiple levels of deprivation are compounded by social exclusion and discrimination within society” (World Bank 2004c, 11).
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DRIVERS OF POVERTY REDUCTION

The main drivers of poverty reduction identified and discussed in the majority of country cases include growth, distribution, education, health, social protection, and employment. Most poverty diagnostics examined the key drivers of income and non income poverty at the national, regional, and zonal (rural/urban) levels, and across social groups. They considered determinants of the changes in poverty incidence over time (such as growth and distributional changes) and explored the obstacles to poverty reduction nationwide, in the regions and areas most affected, and across social groups.

Intense research during the past decade highlighted the complex nature of the forces behind poverty reduction (box 3.3). Although there is now greater agreement on the types of deprivation that are bad for both poverty reduction and growth (for example, child malnutrition), there remain unresolved analytical and empirical issues on the exact nature of “inclusive growth,” and on the nature and magnitude of various trade-offs between growth and distribution.

Many country case studies provide good examples of how growth and inequality play a role in poverty reduction. Bangladesh showed negative or no effect of growth on poverty reduction because of inequality in the 1990s and early 2000s, and then saw redistribution facilitate poverty reduction in later years. Romania demonstrated both the negative effects of a decline in growth on poverty in the 1990s and early 2000s (though it was mitigated by improved income distribution) and the positive effects of improved growth, leading to a decline in poverty (with a small contribution from lower inequality). Guatemala experienced modest declines in poverty accompanied by growth between 2000 and 2006, with modest reductions in inequality, but nearly no change in extreme poverty levels. From 2006 to 2011, Guatemala had the same growth rate as the preceding period, but an increase in poverty incidence and a significant decrease in extreme poverty. The Philippines diagnostics discuss the growth paradox in which poverty rose despite growth, concluding that it may partially be due to “limited dynamism” of growth coupled with high degrees of inequality.
Among the 20 PAs, some themes and drivers were more important in some Regions than others. The three Europe and Central Asia countries highlighted the roles of national and international migration, employment, labor markets, and social protection systems and programs. For the three Middle East and North Africa countries, social protection systems and programs were most important.

Growth is most often identified in poverty diagnostics as the key driver of poverty reduction (in 7 of the 10 country cases). But the type of growth (or its inclusiveness) is also crucial. The 2008 Bangladesh PA characterized poverty reduction as driven by a social and economic transformation that was increasing returns to the assets of the

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**Box 3-3. Literature on the Drivers of Poverty Reduction**

A large amount of research has examined the growth-inequality-poverty nexus and provided theoretical and empirical evidence for the broad drivers of, and impediments to, poverty reduction.

One strand of the literature has tried to answer the question of how much the poor benefit from aggregate economic growth. Seminal cross-country studies found that growth in average income is highly correlated with poverty reduction (Ravallion and Chen 1997; Ravallion 2001). This strand of the literature argues that economic growth is of central importance for poverty reduction, and growth is a primary determinant of the variation in the decline (Kraay 2006; World Bank 2005b; Gasparini and others 2007; Dollar and others 2014). Another strand of the literature emphasizes the role of distribution and the interdependence among growth, inequality, and poverty reduction. It argues that the effect of growth on poverty reduction is greater in low-inequality countries because the growth elasticity of poverty reduction in low-inequality countries is several times larger than that observed in high-inequality countries (Ravallion 1997, 2007; Lustig and others 2002; Bourguignon 2004; World Bank 2005b; Fosu 2010). The empirical finding shows that inequality not only has a negative impact on economic growth (Herzer and Vollmer 2012; Benjamin and others 2010; Knowles 2005; Voitchovsky 2005) but also on its sustainability over time (Berg and others 2012). Initial inequality levels, in particular, initial differences in human capital and social exclusion, could play an important role in determining how growth can influence poverty reduction (Ravallion 2001). Yet another strand of the literature highlights the role of growth composition in poverty reduction. It argues that growth in service sectors, which often absorb low-skilled workers, shows more poverty reduction power than that in agriculture or industry. Initial urbanization could enhance access to markets and infrastructure, thus positively influencing the poverty impact of nonagricultural growth (Ravallion and Datt 1996; Ferreira and others 2010).

Some empirical studies show that growth in labor-intensive sectors contributes the most to poverty decline (Loayza and Raddatz 2006; Christiaensen and Demery 2007), and some recent decomposition exercises highlight the importance of labor income as the main factor behind poverty decline (Inchauste and others 2012). At the same time, other studies explored the heterogeneity of initial conditions in human capital accumulation and the role of growth in non-labor–intensive sectors (Ravallion and Datt 2002).
poor, primarily in higher wages, especially for nonfarm employment. Increasing labor force participation of women and overall increases in education also contributed to reducing poverty. Education and health were repeatedly identified and analyzed as key drivers of poverty reduction in both the country cases and the PAs. Almost all PAs explored the impact of access to education and health services on poverty reduction, and additional sectoral work such as Public Expenditure Reviews (PERs) delved further into the links between education, health, and poverty reduction.

Linking growth to poverty reduction requires jobs, particularly productive jobs, and the pattern of growth and job creation affects the responsiveness of poverty reduction to that growth. The quality and depth of labor market analysis and recommendations for generating more jobs has varied. In the Philippines, several pieces of recent diagnostic work—particularly the 2013 *Philippine Development Report*—explored the relationship between the pattern of growth and job creation. Weak growth in productive jobs domestically was identified as a constraint to inclusive growth and poverty reduction, and the linkages between migration, remittances, and poverty incidence were highlighted. In Nigeria, the 2009 *Nigeria Employment and Growth Study* was critical to the Bank’s dialogue on non-oil growth. It asserted that jobs and poverty reduction were synonymous (when combined with agricultural growth) and flagged employment as a major driver for poverty reduction. But it did not make explicit links to household income poverty analysis, unbundle recommendations, or distinguish among the non poor, the moderately poor, and the poorest. The weak link between real wage growth and poverty reduction was not explained.

A good practice for PAs is to identify the relationship between growth and poverty reduction, calculate growth incidence curves, and project poverty outcomes using the poverty-growth correlation (Bourguignon 2004). In Bangladesh, growth incidence curves differentiated the patterns of poverty reduction and inequality between the two halves of the 2000–2010 decade. In Malawi, drawing from panel survey data, the PA showed crucial differences in changes in income among different segments of the rural population: real incomes of the rural poor are falling, and only the better-off households’ experience growth in real expenditures. But in less convincing cases, such as Nigeria, PAs linked macroeconomics, growth, and poverty reduction only at a high level of generality, without clearly identifying channels for “trickling down.”

Existing diagnostic work makes a convincing case that improvements in social development contribute to poverty reduction. Social development is generally understood to encompass equity and social justice, including social inclusion, sustainable livelihoods, gender equity, and increased voice and participation. Social
exclusion hampers the ability of people from disadvantaged groups to participate in social and economic life. It results from and represents structural inequities that lie at the heart of much inequality. In many developing countries, although the better-off enjoy a living standard similar to those in the developed world, the poorer segment of the population faces severe challenges in many non-income dimensions, including the persistence of child malnutrition, high maternal mortality, and low (particularly girl) school enrollment.

The Bank’s diagnostic work on poverty at times offers useful information to guide targeting interventions to address social development and exclusion. In Romania, since re-engaging in the early 1990s, the Bank identified gaps in coverage, targeting, and integration of social protection arrangements and provided actionable recommendations to address issues in health service delivery. The primary aim was to restructure services toward better hospitals—with more care provided by ambulatory and primary care services—and to seek savings in such areas as expensive, unnecessary medications. In Guatemala, the poverty diagnostics focused on more direct interventions to reach the poor, such as conditional cash transfers (CCTs), and on stronger efforts to equalize access to productive infrastructure and social services. Extreme poverty seemed to respond well to CCTs introduced in the latter 2000s, providing useful analytical underpinning for the interventions.

Social delivery systems determine the access to and quality of basic services for the poor, often relying on subnational governments. Local institutional capacity, particularly in the poorest municipalities, determines the effectiveness of additional transfers from the center to the front lines of service delivery. This is the case in Peru after a strong decentralization reform. In Nigeria, federalism and decentralization—overlaid with sizable resources from oil revenue—complicated the formulation and implementation of the Bank’s program. A lesson learned from the Nigeria case is that greater emphasis on governance, stronger subnational engagement, a sharper focus on results, and appropriate choices in the design and selection of lending instruments can increase the impact of pro-poor social service delivery.

**Timeliness and Dissemination**

The time between data collection and assessment completion has improved, but many assessments still work with outdated information. In the staff survey, 37 percent of respondents identified the delay between the release of analytical work and the drafting of country strategies as one of the most important constraints to developing country strategies. There were no significant variations across respondents mapped to the Bank’s Regions. Shorter and more regular poverty notes and updates were seen as having greater potential for being used (both by the clients and the country
teams) than longer but less timely PAs. For example, a large PA right before the Country Partnership Strategy process starts may have less impact than regular poverty updates submitted to the country team. Thirteen of the 20 PAs were completed within three years of a survey to estimate the poverty headcount (table 3.1).

### Table 3.1. Years between Survey and Poverty Assessment Completion

<table>
<thead>
<tr>
<th>Lag (years)</th>
<th>Number of countries</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>Yemen, Rep.</td>
</tr>
<tr>
<td>2</td>
<td>7</td>
<td>Afghanistan, Congo, Dem. Rep., Egypt, Guyana, Indonesia, Kyrgyz Republic,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Moldova</td>
</tr>
<tr>
<td>3</td>
<td>5</td>
<td>Armenia, Bangladesh, Columbia, Lao PDR, Nigeria</td>
</tr>
<tr>
<td>4</td>
<td>2</td>
<td>Brazil, Iraq</td>
</tr>
<tr>
<td>5</td>
<td>1</td>
<td>Mozambique</td>
</tr>
<tr>
<td>6</td>
<td>3</td>
<td>China, Ethiopia, India</td>
</tr>
<tr>
<td>8</td>
<td>1</td>
<td>Papua New Guinea</td>
</tr>
</tbody>
</table>

Source: Systematic Review of Poverty Assessments for 20 countries.

Understanding the impact of public expenditure and revenue policies on the poor is central to informing policymaking. But fewer than half of the country strategies in FY2004–2013 were preceded by PERs in the previous three years (table 3.2). Two-thirds of PERs discussed reorienting public spending to benefit the poor, and two-fifths conducted (or referred to) incidence analysis and looked into the distributional impacts of public policies. Of the 146 PSIAs since FY2004, roughly 40 percent were explicitly referred to when designing budget lending policy operations.

### Table 3.2. Fewer than Half the CAS/CPSs were Preceded by PERs within Three Years

<table>
<thead>
<tr>
<th>Region</th>
<th>Same year</th>
<th>One year or less</th>
<th>Two years or less</th>
<th>Three years or less</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFR</td>
<td>6 (9%)</td>
<td>14 (22%)</td>
<td>27 (42%)</td>
<td>34 (53%)</td>
</tr>
<tr>
<td>ECA</td>
<td>4 (8%)</td>
<td>15 (29%)</td>
<td>25 (48%)</td>
<td>32 (62%)</td>
</tr>
<tr>
<td>LCR</td>
<td>5 (13%)</td>
<td>9 (23%)</td>
<td>11 (28%)</td>
<td>13 (33%)</td>
</tr>
<tr>
<td>EAP</td>
<td>2 (9%)</td>
<td>3 (14%)</td>
<td>6 (27%)</td>
<td>7 (32%)</td>
</tr>
<tr>
<td>MNA</td>
<td>2 (13%)</td>
<td>2 (13%)</td>
<td>2 (13%)</td>
<td>3 (20%)</td>
</tr>
<tr>
<td>SAR</td>
<td>0 (0%)</td>
<td>1 (8%)</td>
<td>1 (8%)</td>
<td>2 (17%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>19 (9%)</strong></td>
<td><strong>44 (21%)</strong></td>
<td><strong>72 (35%)</strong></td>
<td><strong>91 (44%)</strong></td>
</tr>
</tbody>
</table>

Source: Staff review of the CAS and PER during FY2004–2013.
Reaching a wide array of stakeholders can improve the impact of poverty diagnostics on strategy formulation. The PAs would have benefitted from better communication and wider dissemination.

The July 2004 Guidance Note on Poverty Assessments called for wide dissemination of “the results of poverty work within the Bank and outside” to “ensure strong linkages between PAs, the development of CASs, and the design of lending operations and nonlending activities” (World Bank 2004a). There are several examples of successful partnerships with the government that strengthened the dissemination of poverty diagnostics. The report Poverty in Lao PDR 2008: Lao Expenditure and Consumption Survey 1992/03-2007/08 benefitted from extensive consultation and dissemination, such as a launch workshop, dissemination to universities and provinces, and online access, including statistics and information in Laotian. In the Philippines, the key findings of Bank analytical work are frequently disseminated to both stakeholders and the public through events in the World Bank Manila Office and in World Bank Knowledge for Development Centers throughout the country.9

In several instances, it appears the Bank did not adequately focus on communicating with stakeholders, which limited the impact and effectiveness of the diagnostics. In Nigeria, Bank outreach was quite limited. No one interviewed outside the Bank was aware of any of the Bank’s three PAs produced since 2004.10

Lack of time and budget, along with lack of support from the professional communications team to create targeted messages were cited by focus group participants as main constraints to effective dissemination of findings and collaboration with government counterparts. The focus group participants also noted that more institutional recognition is often given to large poverty assessments, and the Bank does too little to disseminate the findings of its smaller poverty related work, either internally or to its country clients.

Constraints to Poverty Diagnostics

Data remain a severe constraint to the depth and rigor of poverty diagnostics in some countries. For example, of the 20 PAs reviewed, 10 had at most one round of household surveys since 2000 and could not establish poverty trends.11 The depth, rigor, and usefulness of diagnostics vary considerably across countries, related to a significant extent to the variation in the availability, quality, and accessibility of data. Although some PA task teams tried to use other sources of information and draw on their country knowledge, the reliability of results was tenuous. One-third of the
respondents to the Bank staff survey identified insufficient poverty data as the main constraint to carrying out PAs and PSIAs. Not surprisingly, concerns about data were stronger among staff working on fragile and conflict-affected states and countries with limited data. In several instances, weak data limited the ability to draw meaningful conclusions and make credible recommendations (box 3.4).

**Box 3-4. Weak Data Limit the Scope and Robustness of Poverty Diagnostics**

Nigeria accounts for about 7 percent of the world’s extreme poor, yet high-quality data on the poor are not consistently available. When *Nigeria: Poverty and Vulnerability: A Preliminary Diagnostic* (2004) was being prepared (it was never finalized), the most recent data were from a 1996 household consumption survey and a 2003 Core Welfare Indicator Questionnaire. The assessment provided only limited insights into Nigeria’s poverty profile and its drivers of poverty. Weak data also limited the scope of the most recent 2013 PA. Methodological issues impaired the comparability of survey data between the 2004 and 2010 surveys, which limited the Bank’s ability to take more effective measures to reduce poverty.

Limited access to the full data sets made it difficult to assess the quality of Egypt’s poverty data, at least until the 2010 revolution. Compounded by the challenges in using the administrative price and the concentration of households at relatively low levels of consumption, poverty estimates are highly sensitive to the choice of poverty lines. Using estimates from the Central Agency for Public Mobilization and Statistics, some poverty diagnostics may have missed the increasing vulnerability of migrant workers in the informal sector in urban areas, even though the diagnostics correctly identified poor households in Upper Egypt. This may have failed to provide a robust signal to policymaking.

*Sources: Country studies of Nigeria and Egypt; World Bank 2014d.*

PAs could have had more impact if the analysis of institutional aspects of poverty had been stronger; if the policy advice had been more specific and actionable; and if the analysis had gone beyond economic considerations to fully take into account the social—and particularly the political—framework for removing obstacles to poverty reduction. The majority of PAs reviewed paid inadequate attention to the political context of the economy, such as government institutions, strategies, and funding for poverty reduction. The inadequate coverage of institutional dimensions and the deeply rooted political economy likely limited the impact of the diagnostics. None of the 20 PAs provided a comprehensive discussion of the key actors and funding resources for poverty reduction, and none positioned these actors and resources in the context of government poverty-reduction strategies and programs.

For Bangladesh, the three PAs produced during 2004–2012 treated public expenditure and administration primarily as a technocratic issue and did not
broaden the analysis to consider the underlying political economy. Much of the institutional, policy, and program context for poverty reduction was instead contained in poverty-related sector work (especially in education, health, and social protection), although the PAs concentrated on the drivers of poverty. For Senegal, the analysis did not explicitly discuss the social and political constraints to implementing policy.

Synthesizing knowledge inside or outside the Bank is often beyond the coverage of a PA. The 2004 Guidance Note on Poverty Assessments requires “an analytical synthesis of the existing body of knowledge on (i) assessments of the poverty situation, (ii) analyses of the impact of growth and public actions on poverty, and (iii) appraisals of poverty monitoring and evaluation systems. Despite these requirements, none of the PAs included an analytical synthesis of knowledge (that is, in-country knowledge of poverty, relevant sectoral issues, or on donor programs). Only five of the 20 PAs reviewed, including the two good-practice PAs of Ethiopia and Indonesia, summarized the governments’ overall poverty-reduction strategies or explained how the PAs would contribute to the development of those strategies. This deficiency left Bank staff in a weak position to mobilize and use knowledge on poverty more comprehensively, and to know which government actors to engage in dialogue.

Better engagement of beneficiaries and using existing (or commissioning new) participatory or qualitative analyses would enrich poverty profiles and inform poverty diagnostics. Of the 20 PAs, at least 15 referred to participatory analysis and qualitative information. But only five were well informed by and directly included participatory analysis and qualitative information (Democratic Republic of Congo, Indonesia, the Kyrgyz Republic, Mozambique, and Papua New Guinea). These five set standards for good practice. For example, in the Democratic Republic of Congo’s PA, the description of who the poor were, how they experienced poverty, and what their priorities were for overcoming poverty was heavily influenced by participatory analysis and a 2004 opinion survey.

**Good Practices and Lessons**

Robust poverty diagnostics in some countries have identified the challenges faced by the poor and the corresponding policy interventions. In Malawi, the Bank’s diagnostic work focused on ways to reverse stunting\(^{12}\) and helped to inform the Nutrition and HIV/AIDs project that has worked to promote sustained improvements in child nutrition. But when robust and timely diagnostics are absent, the recommended policy interventions suffer. In Liberia, the Bank’s estimate of timber output and revenue collection were too optimistic. The unbalanced support favored commercial goals at the expense of community forest management and
conservation. The resumption of large-scale commercial logging (which did little to enhance local livelihoods) did not yield the expected benefits in terms of growth or poverty reduction.

Well-executed Bank diagnostics make a real policy difference by improving information transparency and putting poverty into the national discourse with a technical perspective. In Guatemala, poverty maps and means testing became part of the government’s public programs and strategic planning. In the Philippines, the World Bank’s poverty diagnostics helped set the agenda and policy discourse (IEG 2007). The Lao PDR PA identified the concentration of extreme poverty in the Priority Districts and helped target Bank support for basic infrastructure, education, health, and other social services in these areas, which disproportionately benefitted the extreme poor, ethnic minorities, and other disadvantaged groups.

In some PAs, a focus on the non-income dimensions of poverty helped address key constraints to poverty reduction. In Romania, the PA supported the production of poverty and exclusion maps, using data from the census and household surveys such as information on deprivation (nutrition, durables, housing), education, health, and employment, and (from a specially designed survey) on social capital of the different segments of the population. In Cambodia, a policy and program impact assessment underpinned the Education Sector Support Project (Filmer and Schady 2006). In Georgia, the Bank sponsored work to improve the efficacy and efficiency of social protection programs and the targeting of poverty alleviation funds.

Special attention to the demand side of service delivery in some countries tailored interventions to meet the needs of the poor. In Peru, pockets of extreme poverty are concentrated in rural indigenous groups, so their demand for and use of social services depends on how the services are aligned to their cultural practices. The 2005 Peru Poverty Assessment used an integrated (general equilibrium) approach to examine not only the supply side of growth and sustainability issues, but also the demand side, including social services used by the poor. The programmatic analytical and advisory assistance program RECURSO (derived from the Spanish acronym for Rendimiento de Cuentas para los Resultados Sociales, meaning Accountability for Social Responsibility) identified the needed actions to improve incentives on the supply side to provide adaptive services to the poorest segments of the population (for example, ethnic minorities and the disadvantaged).

Poverty diagnostics can and have been tailored to country specifics and provided concrete recommendations. In Lao PDR, the PAs provided a good understanding of extreme poverty and of the special concerns of poor women and upland ethnic minority groups. They also set priorities for poverty reduction measures, and
provided a credible framework and menu of options that contributed to effective
dialogue with the government, international development partners, and other
parties. In Malawi, the Bank’s diagnostic work provided concrete recommendations
to address obstacles to reducing poverty, considering the Malawian context and
drawing on a broader body of analysis beyond that of the Bank.15 In Romania, a joint
Bank-UNICEF report conducted a rapid assessment of the impact of the 2009 crisis.
The Bank also used 2011 census data to update Romania’s poverty map, and
supported development of poverty and inclusion indicators at the subnational level
by including data on marginalized communities in a recently published report.
These efforts responded to an increased focus on inclusion.

Few diagnostic works have realized their full potential for deepening the analysis of
the social and political dimensions of poverty—they miss an opportunity to deepen
analysis of social inclusion and strengthen policy impact to advance the Bank’s
overarching goal for greater inclusion. Social exclusion hinders the ability of people
from disadvantaged groups to participate in social and economic life. It is often the
reason why gains in health, education, employment, and prosperity systematically
bypass people from disadvantaged groups. No single institutional arrangement for
ensuring such inclusion will be optimal for all societies. How a society provides
opportunities for inclusion is context- and time-dependent, linked to the political
economy and power-sharing arrangements and whether the poor have a voice in
determining national economic policies.

NOTES

1 The Bank produces many poverty-related diagnostics, including Poverty and Social Impact
Analyses, Public Expenditure Reviews, and Country Economic Memoranda. But the
evidence for this chapter is drawn primarily from a review of the Bank’s Poverty
Assessments in 20 countries, supplemented by findings from the case studies, staff and
stakeholder surveys, and focus group meetings.

2 The overall positive assessment of the quality of the PAs is broadly consistent with the key
findings of the previous analysis presented in OED’s 2004 Annual Review of Development
Effectiveness: The World Bank’s Contributions to Poverty Reduction and the 2003 Quality
Assurance Group Assessment Quality of ESW in FY02.

3 The 20 PA countries were purposively selected to (a) provide equal coverage of each of the
Bank’s six regions (four countries each for Africa and East Asia and the Pacific, and three
countries each for the other four regions), (b) include countries with greater rates of poverty
either as a proportion of the developing world’s poor, or as a share of country population,
and (c) cover at least one weak-data country in each region.
The increase in poverty is thought to be linked to a global decline in remittance flows. The decline in extreme poverty is thought to be linked to public sector efforts to expand and better target social safety nets, and to ramp up social spending. The decline is also linked to a significant decline in inequality between 2006 and 2011, most notably in rural areas where most of the extreme poor are concentrated.

A job not only produces income to support consumption and to provide resources for the future (such as providing education, health care, and assets for family members), it also contributes to self-esteem, a sense of personal security, and even social cohesion.


The release of the analytical work may have been timed to inform government decision making and not the CAS timing.

But 46 percent of staff working on FCS countries believed these delays to be a constraint, compared with 36 percent for non-FCS countries.

There are 12 centers throughout the country in seven different universities as well as an inside of an array of research centers, such as the Congressional Policy and Budget Research Department of the House of Representatives.

Part of the reason for the weak dissemination was the political environment, particularly given the sensitivity of the poverty numbers in the country. While outside the scope of the IEG study period, the IEG mission observed the importance the Bank team is giving to the communication of the next 2014 Nigeria Economic Report whose special topic is Poverty.

The selection of the PAs in countries with weak data in the review is to reflect the challenges of conducting PAs with limited information. This does not reflect the share of PAs with weak data to the total of the PAs.

In Malawi, the Bank partnered with USAID to produce a report on barriers and facilitators to infant and young child feeding. The report drew on multiple sources of information, including an anthropological study on feeding practices, covering three regions in Malawi. See: IYCN Project 2011.

The advice from the World Bank Group led the government to believe that forest products would yield $108 million in revenues for the period 2007–11 on a timber volume of 3.3 million cubic meters. In reality, only 5 percent of forest concessions reached the production stage, while revenue collection was roughly $10 million—less than one-tenth of projections. (cited from IEG 2012b).

These instruments either did not exist in Guatemala, or existed only in very rudimentary form, until the 2003 PA was prepared. Before then, this topic was considered too sensitive to discuss in view of the country’s historical and political circumstances.

In Malawi, the diagnostics had breadth of coverage with a strong team leader facilitating collaboration among a cross-sectoral team, although inevitably some parts of the country team engaged more than others.