7. Conclusions and Recommendations

This evaluation examined the World Bank’s support for poverty reduction in its country programs over the period of FY2004–2012. It unpacked the main line of inquiry — ”How, and how well, has the World Bank focused its programs on reducing poverty?” — into five interrelated elements in the evaluative chain—data, diagnostics, strategy formulation, strategy implementation, and feedback loops—to assess the poverty focus of the Bank’s country programs. It reviewed the adequacy of the information base and usefulness of the analytical underpinnings in support of country strategy formulation and implementation, and evaluated the consistency of the poverty focus throughout the evaluative chain and the strengths and weaknesses of the feedback loops.

The evaluation finds that although the Bank has focused its support for poverty reduction in most of its country programs using a combination of lending and nonlending instruments, there is significant room for improvement. While the Bank’s work on data and diagnostics were generally good, there is significant variation in coverage and quality across countries. Moreover, for many countries, strategy formulation and implementation can be improved considerably. Areas that require attention include better reflecting the findings and recommendations of the poverty diagnostics in the country strategy formulation, enhancing the consistency of poverty focus in strategy implementation and portfolio design, and strengthening results monitoring and feedback loops.

Summary of Evaluative Findings

Poverty Data. The Bank provides countries with support to build capacity to collect poverty data, a global public good that serves as a foundation for poverty-reduction efforts. Programs like the LSMS contribute to the collection of robust and credible data. But data availability and quality are uneven and the gaps are widest where the poverty challenge is most serious—in low-income and fragile economies. High-quality poverty data are a product of statistical systems capable of producing consistent estimates of income and non-income poverty using censuses, surveys, and administrative data. Many countries require assistance to produce statistics that meet the standards required for international reporting. Sustainability without external support is a challenge for many countries, compromising the timeliness and quality of data. Lack of political will, particularly in countries where poverty is a sensitive political topic, weak technical capacity, and costs remain major obstacles to improvements in data quality and its accessibility, which hinders the understanding
of the magnitude, geography, and nature of poverty. The ability of the World Bank to meet these challenges would be enhanced by partnering with the countries and with other development agencies to fill persisting gaps in coverage and generate good-quality data more uniformly across countries, by investing in sustainable data collection by government agencies, and by reinforcing the Bank’s responsibility to help collect, analyze, and make public data on poverty and development. There is broad scope for strengthening the Bank’s role as a global provider of high-quality and consistent poverty data.

**Poverty Diagnostics.** The Bank produces poverty diagnostics of high technical quality, often in partnership with countries and other agencies. Poverty Assessments generally make good use of available quantitative data to derive poverty incidence indicators, identify the key drivers of poverty, and develop a poverty profile. The robustness of diagnostics is constrained mainly by weak poverty data. The best diagnostic work has been done in countries in which good-quality data were available in a timely manner. However, the country case studies suggest that the analysis in the poverty assessments often does not fully take into account the social and political economy framework for and obstacles to poverty reduction or tailor the recommendations on poverty reduction to the specific country context. The resulting absence of specific and actionable policy recommendations, along with the lack of alignment between the timing of analytic work with political cycles and weak dissemination, has in many cases weakened significantly the impact on strategy formulation of otherwise solid poverty diagnostics.

**Country Strategy Formulation.** The Bank’s country strategy documents demonstrate awareness of and a focus on poverty reduction. With variations across countries, they are largely consistent with the poverty diagnostics, though the linkage between the analytics and the strategies often is not discussed directly or explicitly. As might be expected, the Bank’s strategy is more poverty-focused when the client government has a clear commitment to poverty reduction and its own development strategy is poverty-focused. When serious poverty challenges combine with weak government commitment to poverty reduction, the Bank faces a dilemma: to reduce engagement or continue support in areas that are tangential to poverty reduction priorities. Political factors and uncertain opportunity then complicate the Bank’s country assistance strategy and its overall effectiveness. In low-income countries, the PRSP process has been important in focusing strategies on poverty (both income and non-income), increasing cohesion in sectoral strategies and the overall macroeconomic framework, and improving coordination among donors and recipient countries.
Chapter 7
Conclusions and Recommendations

Country Strategy Implementation. The Bank’s country strategies and the interventions supported by its lending and nonlending portfolio broadly reflect the client countries’ poverty reduction strategy and development priorities. Deviations of the Bank portfolio from formulated strategy often occurred in response to a changing external or internal environment. This is understandable and necessary when driven by external shocks or major political changes that lead to changing national strategies. Deviation may also result from weak government commitment to a poverty reduction agenda. Among the instruments, analytic and advisory activities (AAA) are usually well deployed to impact on policy and on lending related to poverty reduction. The Bank’s lending instruments, on the other hand, may not have been used enough to maximize complementarities and synergies to strengthen their collective impact on poverty reduction. In particular, project lending is often viewed narrowly and on its own terms rather than as a means of leveraging far greater non-Bank resources and having a broader and more sustained impact. Complementarity of the lending portfolio with AAA, and the complementarity between policy lending and investment lending are important and experience is varied.

Feedback Loops. The Bank’s mechanisms for learning from project experience, from results to data analysis to diagnostics to strategy formulation and implementation, have generally been weak, though with significant variation across countries. The Bank does generate information and learning about poverty reduction from its programs, and in most cases, the formal processes of M&E are required but inconsistently implemented. At the project level, the processes tend to focus narrowly on outputs or immediate outcomes and often fail to reflect the broader impact of an intervention in the medium or long term. Deficiencies in the M&E design for projects are most frequently identified as shortcomings in Bank support at entry. At the strategy level, they tend to focus on the process itself (i.e., “checking the box”) without an assessment of whether a real difference is being made to poverty. In both cases, the processes are not systematically integrated in the strategy or in individual projects. Project and program-level M&E are most effective when they measure outcomes and inform the design and implementation of country strategies, providing a basis for scaling up support to better leverage resources. Improving the use of poverty data in project M&E to improve planning and implementation is crucial. Finally, the formal process for preparing a country strategy often includes some form of participatory consultation. However, there is limited evidence that such consultations have had strong effects on either the design or implementation of Bank strategies.

This evaluation has focused on recent World Bank experience supporting poverty reduction in countries at a time when major changes in the Bank’s strategy and
structure have just taken place. It addresses a topic central to the Bank’s new twin goals, without evaluating major aspects of these goals, including attention to the distribution of services, income, and opportunity (shared prosperity); the importance of social inclusion (inclusive growth); and sustainability over time. While not specifically addressing the topic, this evaluation does point to the critical importance of social and political dimensions of poverty which are often less central to the Bank’s analytic work than its economic and more measureable determinants.

Poverty diagnostics that factor in the structures of political authority, institutional capacity, and excluded communities and their social characteristics were found to be better prepared to provide actionable policy recommendations for reducing poverty. In many countries, a large segment of the extreme poor are isolated culturally or geographically and excluded socially and economically with little voice. Much of the public services and interventions need to fit their cultural features. Country strategies need be candid in recognizing these challenges. The social contract must include mechanisms to raise adequate resources to support these policies. Ensuring inclusion of the poor in the growth process requires investments that improve opportunities and provide safety nets to protect the vulnerable against extreme deprivation and shocks.

The issues identified in this report will become increasingly important for achieving the twin goals. Strong data and diagnostics must underpin the new Systematic Country Diagnostic work to present a comprehensive view of priorities for eliminating extreme poverty and improving distribution in all countries. Strategies need to be brought into closer alignment with diagnostics and address social and political constraints, or at a minimum demonstrate awareness of them. With limited financial resources, the Bank can still support transformative change through using its diagnostic work, technical assistance, and lending instruments as pilots for scaling up and as catalysts to leverage resources from other stakeholders. Enhancing the relevance, efficiency, and effectiveness of Bank support must draw on constant learning from experience and deploying this knowledge to deliver better results.

The effectiveness of the Bank’s interventions in poverty reduction will increasingly depend on how the Bank uses its diagnostic work, technical assistance, and lending instruments as pilots for scaling up and as catalysts to leverage resources from other stakeholders. Focusing on mechanisms that facilitate the deployment of analytic and advisory activities to influence policymaking, as well as on using its policy lending and investment lending in a complementary manner to crowd-in resources from other stakeholders, including particularly the partner countries, is essential for the Bank to maximize its impact on poverty reduction.
CHAPTER 7
CONCLUSIONS AND RECOMMENDATIONS

Recommendations

The Bank is relatively well positioned in the early links in the results chain—data and diagnostics—capable of providing high-quality inputs for policy and decision making, but requires more consistent delivery across client countries. There is greater scope for improving Bank performance in the later links (strategy, portfolio implementation, and learning from feedback) if it is to deliver on the institutional commitment to the twin goals. The findings support recommendations in all five areas to guide improvements of the Bank’s future work on poverty reduction, in particular in the process of the design and implementation of the Systematic Country Diagnostics (SCDs) and Country Partnership Frameworks (CPFs), calibrated to individual country circumstances.

POVERTY DATA:

- Ensure that poverty data development and reporting needs are comprehensively addressed in the SCD and country policy dialogue to identify gaps, steps to fill them, and requisite financing arrangements.
- Advocate and organize support to sustainably improve the capability of national statistical agencies, both internal operational support and in partnership with external agencies.
- The Bank Group should take a stronger lead in strengthening mechanisms for quality and transparency on poverty data, motivate country compliance, and regularly disseminate data.

POVERTY DIAGNOSTICS:

- Strengthen the Bank Group’s poverty diagnostic work to ensure that it incorporates relevant social and political dimensions of poverty analysis.
- Focus poverty analysis on actionable priorities for policy interventions to accelerate poverty reduction and develop the SCD discussion of linkages between recommended actions and their expected impact on poverty reduction.

STRATEGY FORMULATION:

- Pursue the recommended actions on poverty from the SCD through CPF country strategies.
- In the country strategy address the mix between indirect poverty interventions (inclusive growth) and direct poverty interventions (social safety nets, access to basic services) with attention to their sequencing to achieve the Bank’s twin goals.
STRATEGY IMPLEMENTATION AND FEEDBACK LOOPS:

- Develop and adopt explicit evaluation protocols for piloted interventions to capture lessons from experience on poverty reduction, with a view towards opportunities for scaling up successful interventions.
- Ensure attention at project inception to evaluability through (1) developing standards for baseline measurement, (2) explicit linking of the baseline to indicators relevant to project objectives, including any that refer to poverty or inclusion impacts, and (3) robust planning for monitoring data required for ex-post evaluation.