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institutions, rules
& behavior

stakeholders

sourcebook

Social Analysis
Sourcebook:

Incorporating Social Dimensions into Bank-Supported Projects

social diversity
& gender

social risk

participation

SOCIAL ANALYSIS SOURCEBOOK:

Incorporating Social Dimensions into Bank-Supported Projects

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Ian Johnson
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EXECUTIVE SUMMARY

This sourcebook presents a conceptual framework for social analysis and describes how task teams can incorporate its principles into project design, implementation, and monitoring and evaluation. It is not a policy statement and does not prescribe any mandatory requirements. Instead, it provides guidance on good practice to improve the quality and impact of social analysis by harnessing it to examine the social opportunities, constraints and likely impacts of Bank-supported operations, based on the lessons learned during the past five years. The sourcebook describes a systematic approach that places social analysis in the service of poverty reduction by focusing directly on equity and social sustainability to improve social development outcomes.

The term social analysis has multiple meanings associated with the word "social." Some people equate it with the social sectors, others to the West European notion of social policy, and still others to the adverse social impacts of development that require mitigation. None of these is sufficient to capture the social dimensions relevant to the wide range of investment operations supported by the Bank and other multilateral financial institutions. This sourcebook describes an approach that is open-ended in terms of social development outcomes and yet practical. It offers five entry points to understand social complexities. These point out the parts of society most relevant to investment projects and suggest methods for studying them. This allows the task team to draw up a realizable plan of action with the confidence that they have overlooked nothing critical.

In addition to this sourcebook, the Social Development Department is preparing supplementary sectoral guidelines for social analysis that will be issued separately.

The value of social analysis

• The Bank does social analysis in connection with its lending program to determine the suitability of programs proposed for Bank financing. The Bank's concern as a development institution is that the money it lends should make a significant impact on the economic and social development of Borrowers.
• Economic growth is more likely to reduce poverty when development is equitable and sustainable. Since poverty is multi-dimensional, equitable and sustainable development entails measures that strengthen inclusion, empowerment and/or security outcomes to sustain the gains of economic development.
• Social analysis enables the Bank to assess whether a proposed program or operation is likely to meet its social development objectives and to recommend measures to help meet them.
• Social assessment enables the Borrower to examine the project's sustainability and to take action to enhance it.

Five entry points

• Bank social scientists use five "entry points," or dimensions of inquiry, to struc-

ture their work: social diversity and gender; institutions, rules and behavior; stakeholders; participation; and social risk.
• Good social analysis includes sound analytical work and well-defined strategic outputs from each of these entry points.
• The five entry points give teams a clear map of the socio-cultural barriers and bridges to project goals, a good sense of the institutional arrangements and resources they will need and a set of indicators against which to measure their success in meeting the project's development objectives.

Building social analysis into project design

• Social analysis's major value is its contribution to a project's design and its development impact.
• The incorporation of social analysis into a project depends on adequate funding, realism, problem solving, cross-learning, good communication and capacity-building alliances.
• Social scientists should cultivate skills in project management, orient their work toward project processes and results, and involve themselves in all stages of the project cycle.
• Social scientists help determine where in the project cycle the five entry points can be applied, and incorporate their findings into key project documents.

Social assessment

• "Social assessment" refers to the analysis that the Borrower undertakes during project design to assess the social feasibility of the project.
• Social assessment enables the Borrower to target the project to the poor and vulnerable, and ensures the Borrower and the task team that their project objectives are acceptable to the intended beneficiaries.
• A good social assessment draws on a mix of social sciences and methodologies, focusing on the specific project context.
• As with social analysis generally, the five entry points are a useful way for Borrowers to structure their thinking and analytical work during a social assessment.

Instruments for addressing the social dimensions of development

Addressing the social dimensions of development in the context of Bank-supported operations may involve analytical work undertaken through one or more of the following instruments:

(1) upstream macro-social analysis, undertaken by the Bank as inputs into the Country Assistance Strategy (CAS), or to support policy formulation and sector strategies

(2) project-level social analysis, undertaken by the Bank for **sociological appraisal** of the opportunities, constraints and likely impacts as an integral part of project appraisal, to examine whether the project's likely social development outcomes justify Bank support

(3) social assessment, undertaken by the Borrower to incorporate stakeholders' views

into the project design and to establish a participatory process for implementation and monitoring

This approach to social analysis gives the Bank's staff, Borrowers, consultants and partners a shared framework for evaluating the social dimensions of lending operations.

Organization of the sourcebook

Chapter 1 provides a general introduction to the guidelines. Chapter 2 explores the five entry points of social analysis, with case examples. Chapter 3 offers guidance on incorporating social analysis into the project design. Chapter 4 treats social assessment. Chapter 5 describes some key lessons and future trends of social analysis. Guidance on country social analysis is under preparation and will be issued subsequently. In addition, the Social Development Department, in collaboration with sector specialists, is also preparing sectoral guidelines for social analysis to help task teams address the social dimensions of their projects within their respective sectors.

This sourcebook has been written for multiple audiences. Chapter 1 provides an introduction of the basic concepts of social analysis for all readers. Chapter 2 is most relevant for social analysts, Chapter 3 for members of task teams, Chapter 4 for the Borrower and those consultants who will undertake social assessment. The sectoral guidelines, which will be issued subsequently, will be most relevant to those working in the specific sectors.

ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank	LAC	Latin America and the Caribbean
AFR	Africa Region	LIL	Learning and Innovation Loan
AIDS	Acquired ImmunoDeficiency Syndrome	M&E	Monitoring and Evaluation
APL	Adaptable Program Loan	MAP	Multisectoral APL
BA	Beneficiary Assessment	MAPP	German Development Institute for impact assessment of poverty alleviation projects
BP	Bank Procedures	MNA	Middle East and North Africa
CAS	Country Assistance Strategy	MSM	Men who have Sex with Men
CBO	Community Based Organization	NGO	Non-Governmental Organization
CDB	Caribbean Development Bank	OED	Operations Evaluation Department
CDD	Community Driven Development	OM	Operational Manual
CEA	Country Environmental Analysis	OMS	Operational Manual Statement
CGA	Country Gender Analysis	OP	Operational Policies
CSID	Country Social Information Database	PA	Poverty Assessment
CSW	Commercial Sex Workers	PAD	Project Appraisal Document
EAP	East Asia and the Pacific	PCD	Project Concept Document
ECA	Europe and Central Asia	PIP	Project Implementation Plan
ERL	Emergency Recovery Loan	PLWHA	Persons living with HIV/AIDS
ESW	Economic and Sector Work	PPA	Participatory Poverty Assessment
FIL	Financial Intermediary Loan	PRSC	Poverty Reduction Support Credit
FY	Fiscal Year	PRSP	Poverty Reduction Strategy Paper
GDP	Gross Domestic Product	RAP	Resettlement Action Plan
HDI	Human Development Index	ROSCA	Rotational Savings and Credit Association
HIV	Human Immunodeficiency Virus	SAR	South Asia Region
IBRD	International Bank for Reconstruction and Development	SIL	Specific Investment Loan
IDA	International Development Association	STD	Sexually Transmitted Disease
IDB	Inter-American Development Bank	TAL	Technical Assistance Loan
IPDP	Indigenous Peoples Development Plan	TOR	Terms of Reference
IDU	Injecting Drug Users	UNAIDS	United Nations Program on HIV/AIDS
KAP	Knowledge Attitudes and Practices		

CHAPTER 1:
WHY SHOULD WE DO SOCIAL ANALYSIS?

Understanding the social world in which the Bank's investment projects[1] operate is critical to any effort to reduce poverty. The Bank undertakes social analysis in connection with its lending program in order to determine the suitability of the program for Bank financing. The Bank's concern as a development institution is that resources it lends should make a significant impact on the economic and social development of Borrowers. The poverty reduction impact of economic growth is enhanced when development is equitable and sustainable.[2]

Social analysis[3] enables the Bank to assess whether a proposed program or operation is likely to meet its social objectives and to recommend measures that will ensure that these objectives are met. Social assessment (for a definition, see Chapter 4) enables the Borrower to examine the sustainability of the project and to incorporate measures that enhance the project's sustainability. Both processes—analysis and assessment—involve examining the project's socio-cultural, institutional, historical and political context, and stakeholder views and priorities, and including as many relevant stakeholders as feasible in the project cycle. Good social analysis can thus broaden social support for economic and social development.

Social analysis tells us whether a proposed project contributes to equitable and sustainable development. Equitable and sustainable development is a long-term goal. A single project, or several, cannot achieve it. Nonetheless, as a goal it illuminates the pathways to social development. Equitable development involves leveling the playing field so that intended beneficiaries and other key stakeholders can express their opinions and participate in the development opportunities created by a project. Sustainable development is compatible with its socio-cultural context—the institutions that are expected to implement the project have the capacity to do so and have some sense of ownership of the project's objectives.

The *World Development Report 2000/2001*[4] presents a multi-dimensional view of poverty and calls for public actions that promote opportunity, facilitate the empowerment of poor people and enhance security, as essential elements of poverty reduction strategies. Since poverty is multi-dimensional, equitable and sustainable development entails measures that strengthen social development outcomes and sustain the gains of economic development (see Fig. 1.1).

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1. The term "project" is used somewhat generically here. In practice, this includes projects and programs.

2. To many people, the term "sustainable development" refers only to the sustainability of the natural environment. To others, the term has a social component, one that includes equitable economic opportunity and widely shared benefits. Because this type of equity is precisely the value that social analysis adds to sustainable development, this report uses the term "equitable and sustainable development" to stress the social component of sustainability.

3. Social analysis was formally introduced to the Bank as an integral part of project appraisal in OMS 2.20, *Project Appraisal,* January 1984. Since then the Bank has expanded its work through the use of social assessments to examine the social dimensions of development. This sourcebook is a further refinement of that approach and describe a shared social analysis framework for the Bank's staff, borrowers, consultants, and partners.

4. World Bank, 2001. *World Development Report 2000/2001: Attacking Poverty.* New York: Oxford University Press for the World Bank.

The social development outcomes of individual projects fall under the following headings: social inclusion, empowerment and/or security. In this sourcebook, these three terms are defined as follows in the context of a project:

• **Social inclusion** is the removal of institutional barriers and the enhancement of incentives to increase the access of diverse individuals and groups to development opportunities.

• **Empowerment** is the enhancement of the assets and capabilities[5] of diverse individuals and groups to function, and to engage, influence and/or hold accountable the institutions that affect them.

• **Security** encompasses improved management of the social risks arising out of development interventions.

Social inclusion can involve such measures as:

• Access to public goods and services generated by the project
• Access to market opportunities created by the project
• Access to information
• Addressing the separate needs of women and men in the project

Empowerment can involve such measures as:

• Enhancement of physical or financial assets
• Strengthening of capabilities in the form of human or social capital
• Increased voice and participation in the project
• Increased transparency and accountability

Security can involve such measures as:

• Mitigating the adverse impacts of resettlement
• Security of property
• Rule of law
• Addressing social tensions and conflict
• Post-conflict reconstruction
• Increased social cohesion / social reintegration
• Access to the judicial system

Social analysis can help the Borrower design and implement a project-specific social development strategy to achieve one or more of those outcomes.

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5. The concept of empowerment presupposes the improvability of assets and human capabilities, while acknowledging their interconnectedness. Amartya Sen describes capability as the substantive freedom to achieve alternative combinations of functions, i.e. a person's freedom to convert primary goods and services to promote her ends and achieve various lifestyles she has reason to value. Amartya Sen, 1999. *Development as Freedom.* New York: Alfred A. Knopf, pp. 74-75. Sen argues that a complete understanding of human capabilities needs to take note of (1) their *direct* relevance to the well-being and freedom of people; (2) their *indirect* role through influencing *social* change; and (3) their indirect role through influencing economic production. Ibid., p. 296.

FIGURE 1.1   SOCIAL ANALYSIS AND THE BANK'S MISSION
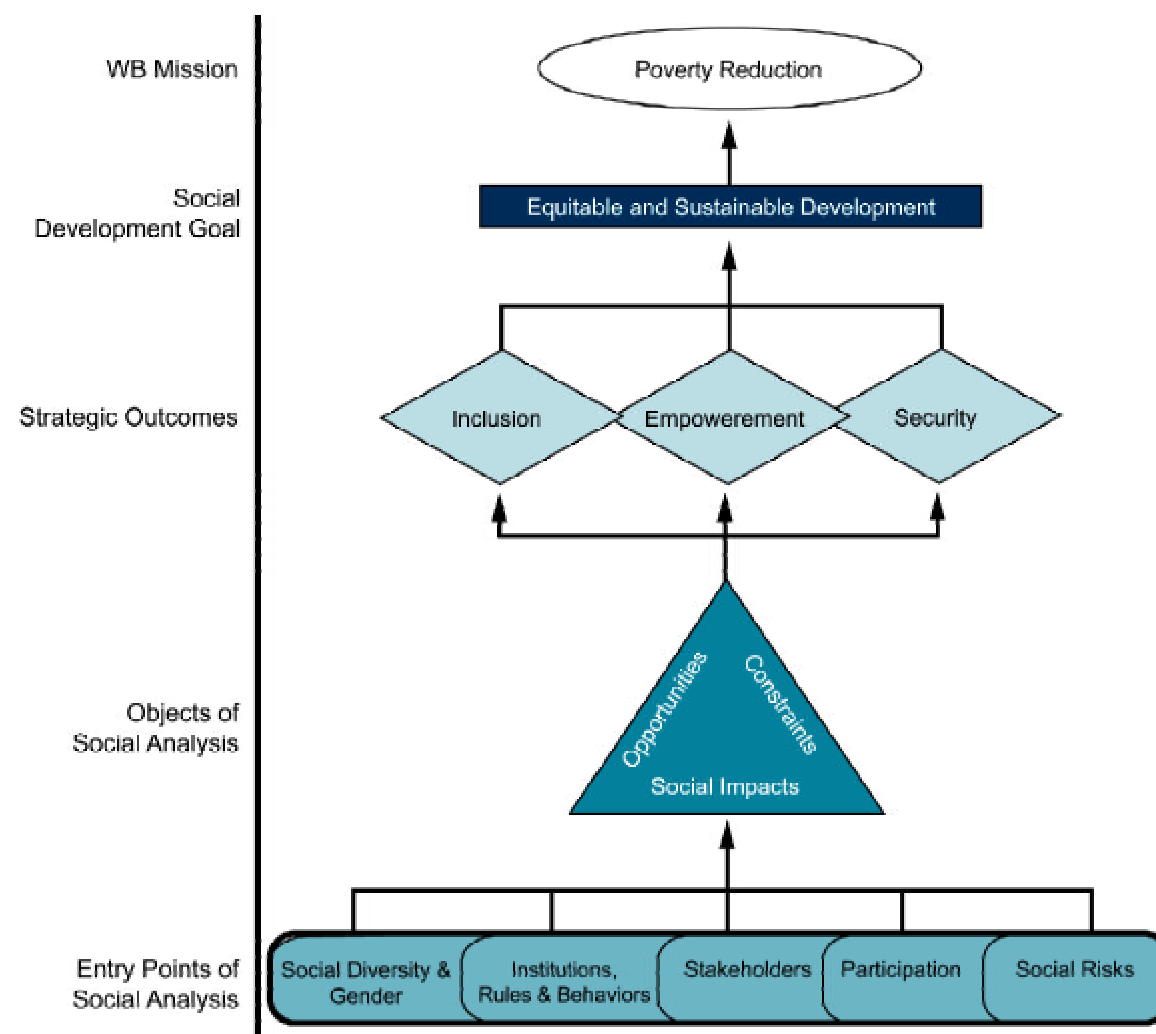
Social analysis does so by (i) examining the social opportunities, constraints and likely impacts relevant to the project; (ii) assessing the role of beneficiaries in project design and implementation; and (iii) helping the Borrower to explicitly identify and monitor the project's expected social development outcomes[6] and social risks. These outcomes are achieved by measures that (a) increase access of the poor to markets and public services, (b) increase the social and economic assets and capabilities of people, especially the vulnerable and the poor, (c) mitigate adverse impacts and address social tensions and conflict, and (d) increase the accountability of public institutions to citizens. A social development strategy would thus help to increase benefits to the poor and reduce social and political risks that could undermine the gains of development thereby increasing the sustainability of projects.

The Goal of the Sourcebook: Multidimensional Studies and Common Conceptual Frameworks

The Bank, partners and Borrowers work together best when they share thinking about a project. This sourcebook aims to provide a common conceptual framework and draw task teams toward a practical approach that identifies key social issues to be considered in project design and appraisal.

Good social analysis yields multidimensional studies that go far beyond simple ethnographic descriptions of different social groups. Revealing the complex relationships among different groups and focusing on assets and livelihoods, multidimensional social analysis asks how people perceive, act on and negotiate their interests. It has the potential to change the nature of project beneficiaries from recipients of aid to active participants in development, and provides the basis for a more needs-oriented, bottom-up approach to development.

How are status and other forms of social capital used and guarded by different groups? Who wants change? Who clings to the status quo? What norms and values drive adaptive responses to change or maintain allegiances? What is the "trajectory" of various norms and values? Are they becoming more or less widespread, diffuse, distilled?

Participation

The poor face a special challenge in their effort to participate in economic development. Unlike other citizens, they often lack the time, ability, or access required to articulate their interests. They spend their resources meeting their basic needs for food, shelter and clothing. They spend their time seeking access to goods and services that others obtain far more easily, such as education, credit, health services, physical safety and property rights. For many, the opportunity and ability to participate in the development process is further limited by a lack of relevant information.

The margin between poor people's efforts to improve their lot—or even maintain what little they have—and the disruptive effect of external events, seasonal changes, sickness and death is perilously thin in many countries. In unstable societies it is thinner still. Whether the instability stems from economic mismanagement, ethnic conflict, military violence, or widespread corruption, the poor have no reliable hedge against disaster.[7]

Social analysis facilitates the proper understanding and reflection of the *interests* of the poor in planning and implementing projects, and their *involvement* when feasible.

Poverty's Dimensions

Poverty is multi-dimensional.[8] It is not merely a *condition*—though it is often measured by criteria such as assets, income levels, or daily caloric intake. Development analysts, such as Amartya Sen, have written extensively on the value of broadening the concept of poverty beyond income deprivation to include deprivation of basic capabilities.[9] Poverty is also a *position* in society, the product of dynamic interactions and transactions among social groups and institutions.[10]

Economic opportunities for the poor are limited. When the poor find room to improve their livelihoods they often do so outside formal economic structures. Because the legal frameworks, public policies and administrative procedures of the formal economy generally do not protect informal activity (and often discourage it), the poor lack access to protections that are taken for granted by participants in the formal economy.[11]

Even where the state functions well, its policies and practices may block or discourage development opportunities for the poor—often frustrating the efforts of well-meaning development partners in the process. In some societies, the borders between the formal and informal economy may be further reinforced by considerations of ethnicity or gender, thereby imposing additional barriers to opportunity and to the equitable distribution of the benefits of growth.

How Social Analysis Contributes to Social Development

Social analysis improves project quality by revealing the dynamic interplay between people and institutions. It traces the barriers to opportunity on "maps" that take into account the institutionalized rules of the economic game, categories of social diversity, and the interests and influence of multiple stakeholders.

Done well, social analysis shows us how to overcome constraints and to activate the often invisible incentives and channels through which development is fostered and sustained. Social analysis thus charts a path to social development.[12]

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6. Social development outcomes are the results that the project is expected to achieve. These outcomes tend to involve social inclusion and greater empowerment and/or security.

7. For a discussion of economic and social stability and human security as pre-conditions for sustainable development, see OP/BP2.30, *Development Cooperation and Conflict.*

8. *World Development Report 2000/2001: Attacking Poverty.*

9. See in particular Chapter 4, "Poverty as Capability Deprivation," in Sen, *Development as Freedom.*

10. For an economist's expose of civil, political and socioeconomic determinants of poverty see Partha Dasgupta, 1993. *An Inquiry into Well-Being and Destitution.* Oxford: Clarendon

11. Hernando De Soto, 2000. *The Mystery of Capital.* New York: Basic Books.

12. World Bank, 2000. *New Paths to Social Development—Community and Global Networks in Action.* Washington, D.C.: The World Bank.

Social analysis of proposed projects examines the extent to which they are likely to lead to desirable social development outcomes. The analyst identifies opportunities and constraints arising from the country's socio-cultural, institutional, historical and political context and, armed with that knowledge, prepares strategies that are more effective in achieving the project's intended social development objectives to help reduce poverty.

Social analysis also helps to assess the likely outcomes, impacts and social risks that need to be considered in the design of the project. Complementing economic and institutional analysis, social analysis assesses the likelihood that the project will be socially sustainable,[13] that its social benefits and economic opportunities will be widely shared and that the project will contribute to the country's development objectives as well as to the Bank's core mission of poverty reduction.

Social analysis is multi-dimensional. Various aspects of social analysis are also covered by specialized work on environment,[14] resettlement, participation,[15] gender[16] and empowerment,[17] that have contributed to the evolution of social analysis in the Bank. For more details on the evolution of social analysis, see Annex 1.

Countries that are in, or at risk of, violent conflict, and projects that result in involuntary resettlement or impacts on indigenous peoples require specific analyses, described in the respective operational policies,[18] to ensure sensitivity to these issues.

The general precepts of social analysis are relevant for all lending operations and can also inform country and sector strategies.[19] As the guidance on social analysis economic and sector work (ESW) is still under preparation, and the Bank's operational policy adjustment lending is being updated, this edition of the Social Analysis Sourcebook focuses on invest-

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13. A project is considered socially sustainable if it provides equitable economic opportunity for the diverse social groups residing in the project area, if its social benefits are widely shared among those groups and if its design is compatible with the culture and institutions of the local groups who will be affected by it. The use of the term "compatibility" does not imply that all forms of existing culture are inherently good. Culture has sometimes been conceived as "the set of attributes that allow people to mobilize differences between themselves and others." Arjun Appadurai, 1996. *Modernity at Large: The Cultural Dimensions of Globalization.* Minneapolis, MN: University of Minnesota Press. As enunciated by Vijayendra Rao and Michael Walton, culture is not a given set of reified, primordial phenomena embedded within national, religious or other groups but a dynamic, endogenous, contested and forward-looking set of process that interact with economic and social behaviors. "Introduction: Culture and Public Action." in Vijayendra Rao and Michael Walton, eds., *Culture and Public Action* (forthcoming).

14. World Bank, 1991. *Environmental Assessment Sourcebook.* Washington, D.C.: Environment Department.

15. World Bank, 1996. *Participation Sourcebook.* Washington, D.C.: Office of the Publisher. Online at http://www.worldbank.org/wbi/sourcebook/sbhome.htm.

16. World Bank, 2001. *Engendering Development: Through Gender Equality in Rights, Resources, and Voice.* Washington, D.C.: Office of the Publisher. Online at http://www.worldbank.org/gender/prr/.

17. World Bank, 2002. *Empowerment and Poverty Reduction: A Sourcebook.* Washington, D.C.: Poverty Reduction and Economic Management Network. Online at http://www.worldbank.org/poverty/empowerment/sourcebook/draft.pdf.

18. OP/BP2.30, *Development Cooperation and Conflict*; OP/BP 4.12, *Involuntary Resettlement*; OD4.20, *Indigenous Peoples.*

19. This is reflected, for example, in the integration of some social analytical methods and tools that focus on the impact of policy reforms within the PSIA User's Guide. World Bank, 2002. *User's Guide to Poverty and Social Impact Analysis of Policy Reform.* Washington, D.C.: Social Development Department (SDV) and Poverty Reduction Group (PREM). Online at http://www.worldbank.org/psiauserguide. For social aspects of adjustment programs supported under Bank loans and credits, see OP/BP8.60, *Adjustment Lending.* See also OP 4.15, *Poverty Reduction* (forthcoming) and " World Bank Interim Guidelines for Poverty Reduction Support Credits," May 31, 2001, para. 5 for social impact analysis of PRSCs. The interim guidelines are available online at http://wbln0018.worldbank.org/html/eswwebsite.nsf/PRSC/Guidelines+PRSC.

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ment projects. Advice on good practices in social analysis relevant for adjustment lending will be issued subsequently. In the interim, SDV and OPCS will continue to be available and support teams on a case-by-case basis on social analysis for adjustment operations.

The Forms of Social Analysis in Bank Operations

Social analysis instruments may include (1) **macro-social analysis** of the socio-cultural, institutional, historical[20] and political context carried out upstream as inputs into the Country Assistance Strategy (CAS) process, or to support policy formulation and sector strategies, (2) **sociological appraisal** of the opportunities, constraints and likely impacts done as an integral part of project appraisal to judge whether the project's social development outcomes have been clearly identified, the project is socially sustainable and Bank support is justified, and (3) **social assessment**, undertaken by the Borrower for the purpose of obtaining the views of stakeholders in order to improve the design of the project and establishing a participatory process for implementation and monitoring. During project appraisal, the focus of social analysis is the social viability of the investment project. Table 1.1 illustrates how the three instruments fit together.

Some of the elements of upstream social analysis may be covered in other ESW, for example country environmental analysis (CEA), poverty assessment (PA), or country gender analysis (CGA). Similarly at the project level, some elements of social analysis may be addressed in documents like an indigenous peoples plan, an environmental assessment, or an institutional analysis. The important thing is that the social component of project analysis should cover the scope of social analysis described herein; whether the social analysis is done jointly with these other studies, precedes them, or supplements them can be determined by the Bank task team. The social analyst should incorporate the work done by others when it is available and fill in the gaps present between these other studies.

Social assessment is normally conducted before appraisal (see figure 1.2). During project preparation, if important information is lacking or if the involvement of beneficiaries is critical to the success of a project, the Bank may recommend that the Borrower undertake a social assessment. In other cases, such as for Learning and Innovation Loans (LILs), social assessment may even by undertaken during project implementation.

Upstream social analysis as a form of economic and sector work

Social analytic work on any country ideally begins upstream with ESW done as an input into a poverty reduction strategy paper (PRSP) or CAS.

Upstream social analysis consists of countrywide, sub-national (state or region) and sector-wide analysis. Under certain circumstances it may focus on a particular issue—corruption, local institutions, conflict, sub-populations—of particular relevance to the country. In practice, upstream social analysis may stand alone or be linked with other analyses, such

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20. In countries with underlying social tensions and latent or actual conflict, the social analysis of the context should pay particular attention to these issues. See OP 2.30, *Development Cooperation and Conflict.* The Conflict Prevention and Reconstruction Unit is developing guidance on conflict analysis.

as poverty assessments, country environmental analysis, or sectoral studies, at the national or sub-national level. Even when social analysis is integrated with other ESW instruments, it is expected to cover the range of relationships between people and institutions relevant to that policy domain.

Upstream social analysis normally examines the broad country context, covering the social, institutional and policy issues relevant to the country program or a particular sector. Its subjects include broad social policy issues, including the legal, institutional and political environment, the social priorities of the country, and the key opportunities, constraints, likely impacts and social risks in economic and social development.

Upstream social analysis complements economic and institutional analyses by making it possible to assess the likelihood that the project will enhance equitable opportunity and sustainability, contribute to the country's development objectives and advance the Bank's core mission of poverty reduction. Upstream social analysis can also clarify the social conditions that precede and follow conflicts in society, mapping a country's vulnerability to the outbreak or escalation of violent conflict, its ability to defuse conflict and how development assistance can help strengthen a country's resilience to violent conflict.[21] It can suggest ways for addressing these issues through country-level social policies and strategies—and through Bank projects. More detailed guidance on country social analysis is currently under preparation and will be added to the sourcebook in a subsequent edition.

Upstream social analysis may facilitate stronger commitments by stakeholders through mutual exploration and discussion of key social issues. This commitment often pays off in the form of additional engagement of stakeholders during implementation. It also helps the Borrower clarify social priorities, create appropriate social policies and plan for these within a strategic framework.

Social analysis in the project appraisal process

Social analysis is an integral part of project appraisal. It draws on the findings of relevant upstream work and on work done by partner agencies or in-country analysts, including those affiliated with other networks within the Bank.

In many projects, sociological appraisal is informed by a social assessment undertaken by the Borrower as part of project design. In other projects, sociological appraisal may rely on primarily on upstream analytical work or call for a social assessment down the road.

Social analysis during project preparation and appraisal focuses on the opportunities and constraints, and the likely outcomes, impacts and risks of a project. It asks whether the social benefits and outcomes of the project have been made clear and then determines whether the opportunities offered by the investment outweigh the social costs. It also assesses alternatives to the project and provides inputs to feasibility studies and design.

The social scientist's role does not end with project appraisal. Its practitioners make and apply decisions about the social dimensions of the project at many points during the project cycle. During the identification stage, the analysts identify social issues relevant to the sector; assess the adequacy of available information on those issues; identify individuals, groups and institutions that have a stake in those issues; and decide whether the Bank should advise the Borrower to undertake a social assessment. During the design stage, the analysts assess the quality of prior social analysis, and anticipate social issues that might arise during implementation, monitoring and supervision. The team focuses on the institutional arrangements that will affect the project's implementation, and designs indicators for monitoring and supervision. If the project team properly applies the methodology, they will have a clear map of the project's social development components by the end of project appraisal.

TABLE 1.1   THREE APPROACHES TO SOCIAL ANALYSIS IN WORLD BANK OPERATIONS

INSTRUMENT	DESCRIPTION	CONTEXT	USES	ROLE
Upstream social analysis	Country-wide, sector-wide or issue-based analytical work[22]	Either as stand-alone ESW or integrated with PA, CEA, CGA; or sectoral ESW	Input into CAS, PRSP, or sector-wide programs	Bank
Sociological appraisal as part of the project appraisal process	Appraisal of the social dimensions of projects	Draws on information available from upstream social analysis and related ESW, prior project documentation, external data and studies, and social assessments undertaken for the project	To examine opportunities, constraints and likely impacts to determine whether the project is socially sustainable so as to justify Bank support for the project	Bank. If information from prior studies is insufficient or if the project is contentious, the Bank may recommend that the Borrower undertake a social assessment
Project supervison	Supervision of social aspects of the project	Supervision missions, review of project reports and ongoing stakeholder consultations	Feedback and adaptation during implementation	Bank
Social assessment	A method that uses a mix of qualitative and quantitative tools to determine the likely social impacts of a project on stakeholders-and the likely effect of stakeholders on the project	As participatory research during project preparation, and as an ongoing process to enable involvement of beneficiaries and affected persons during implementation	To take account of the views and preferences of affected people and other stakeholders so as to improve design of a project; and to establish a participatory process for project implementation and monitoring	Borrower. The Bank clears the terms of reference and reviews the findings of any social assessment carried out during preparation

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21. For more information on the Conflict Analysis Framework, see "Conflict Analysis" on the World Bank Conflict Prevention and Reconstruction Unit's website, http://www.worldbank.org/conflict. For information on other analytic and consultation tools relevant to social analysis, see "Tools and Methods" on the World Bank Social Analysis website, http://www.worldbank.org/socialanalysis

22. Examples of issue-based analytical work would include analyses of ethnicity, local institutions and social accountability.

Social assessment—at various stages

Through social assessment, Borrowers weigh the likely social benefits and costs of proposed projects. (They may do the assessment work themselves, or they may hire external consultants.) Social assessments also enable Borrowers to identify key stakeholders and to ensure an appropriate framework for their participation. In many projects, social assessment functions provides a framework for beneficiaries to participate in the project's preparation, implementation and monitoring. Social assessments thus help involve and give voice to the poor. At the same time, they ensure that project objectives are acceptable to the range of people that the project intends to benefit.

A Common Framework for Social Analysis: Five Entry Points

Social reality, like economic reality, is complex and can be approached from many different angles. These guidelines recommend five "entry points" for social analysis. The points are not intended as a checklist. They are a set of lenses for examining related dimensions of social reality. By combining those dimensions a wholly different view of social reality emerges, one that is greater than the sum of its parts.

The entry points for initiating social analysis are treated in detail in the next chapter and summarized for convenience below.

Social diversity and gender. Social analysis first examines how people are organized into different social groups, based on the status ascribed to them at birth—according to their ethnicity, clan, gender, locality, language, class, or some other marker—or on the status or identity they have achieved or chosen—civil servant, industrial laborer, white collar worker, environmentalist.

Institutions, rules and behavior. Social groups relate to each other in different ways. Some cooperate, while others compete. Still others may be in conflict. Social analysis examines the groups' characteristics, intra-group and inter-group relationships, and the relationships of those groups with public and private (e.g., market) institutions.[23] It also examines the norms, values, and behavior that have been institutionalized through those relationships. In so doing, social analysis helps us understand the socio-cultural context in which investment projects and other development interventions take place. The analyst uncovers not only formal organizations and networks, but also the rules—formal and informal—that influence behaviors within those organizations.

Stakeholders. Stakeholders include the various groups who have an interest or a stake in the project. They include those who are likely to be affected by the project as well as those who may have an influence over the project. The interests of various groups in the development process are the subject of stakeholder analysis.[24] Questions are cast in a way that helps to clarify social dynamics. For example, the analyst asks not just what divisions exist in a society, but also which of those divisions really count in the context of a particular development

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23. For more details on market institutions, see World Bank, 2002. *World Development Report 2002: Building Institutions for Markets*. New York: Oxford University Press for the World Bank.

24. For more information on stakeholder analysis, see *A User's Guide to Poverty and Social Impact Assessment*, Op. Cit., p. 13.

FIGURE 1.2   SOCIAL ANALYSIS SEQUENCING IN WORLD BANK INVESTMENT PROJECTS
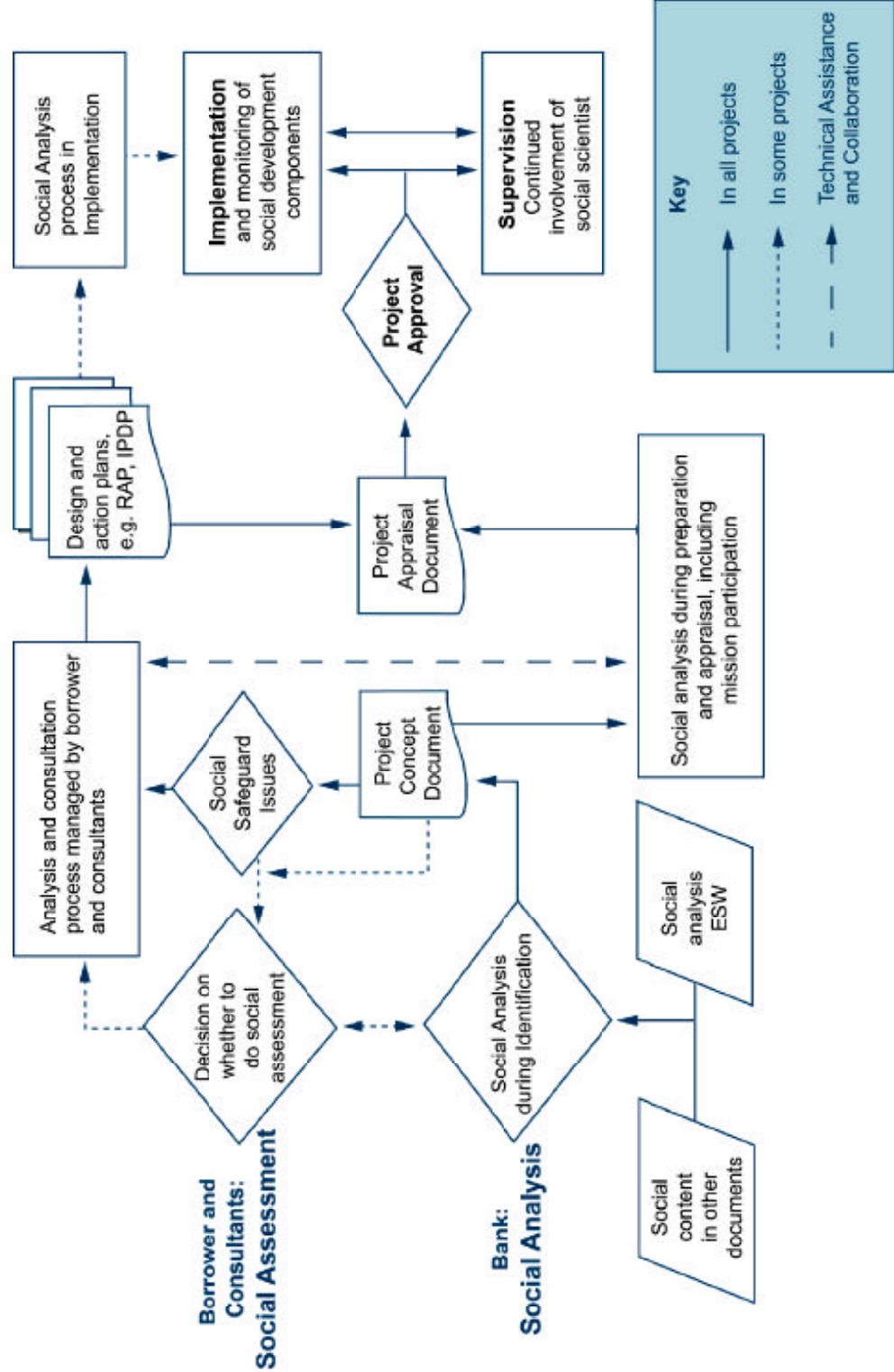
intervention. Stakeholder analysis examines the characteristics and interests of the vulnerable and the poor as well as those of other stakeholders who may have greater influence on the project. In looking at social differentiation, social analysis examines not just where boundaries lie but also how permeable they are.

Participation. Social analysis also examines opportunities and conditions for participation in the development process. Participation refers to the extent to which stakeholders can influence development by contributing to project design, influencing public choices, and holding public institutions accountable for the goods and services they are bound to provide. Participation also refers to the extent to which poor or excluded people are likely to benefit from access to opportunity. A project intended to provide benefits to the poor—such as an education project—may increase existing inequalities if some groups are less able than others to access the project benefits, on the basis of gender, ethnicity, or other determinants of status and access. Social analysis identifies the assets poor people own or control, including the physical and financial capital they are able to mobilize. It also examines their capabilities—in the form of their own human capital (health, education, skills, and experience) and their social capital (organizational networks and relationships).

Social risk. Finally, social analysis looks at what might go wrong—for the project, for the Borrower and for vulnerable groups—when constraints are removed and people compete for the opportunities created by a project. Social tensions or conflict between groups can undermine project objectives just as surely as ignoring political economy can allow powerful stakeholders to capture or undermine project benefits. Identifying such risks early and monitoring them carefully during implementation are essential to project success.

Equally important is assessment of the social risks emanating from the project. These range from the obvious, such as involuntary resettlement, to more subtle impacts, such as institutional reforms that affect access to goods and services. Project interventions that change the terms for provision of goods and services may increase efficiency but also inadvertently increase vulnerability to exogenous factors such as an imperfect market or fluctuations in global market prices. Social analysis examines these risks and explores how the project might address them so as to achieve its development objectives.

Together the entry points help project planners understand how the pieces of the social puzzle fit together—and how to design operations, monitoring systems and evaluations that will maximize the project's development objectives and social development outcomes.

Organization of the Book

This first chapter provided a general introduction to the guidelines. The next chapter explores the five entry points of social analysis, with case examples. Chapter 3 offers guidance on incorporating social analysis into the project design. Chapter 4 deals with social assessment, mostly in regard to investment projects. Chapter 5 describes some key lessons and future trends of social analysis. Guidance on country social analysis is under preparation and will be issued subsequently. In addition, the Social Development Department, in collaboration with sector specialists, is also preparing sectoral guidelines for social analysis to help task teams address the social dimensions of their projects within their respective sectors.

CHAPTER 2:
THE SCOPE OF SOCIAL ANALYSIS

Done well, social analysis makes it easier to achieve sustainable development by revealing the social systems that can affect the success of a project and by informing the design of the project's social development strategy.

To ensure that social analysis provides a thorough picture of those systems, Bank social scientists use five "entry points," or dimensions of inquiry, to structure their work. Those entry points are:

- Social diversity and gender
- Institutions, rules and behavior
- Stakeholders
- Participation
- Social risk

Depending on the circumstances and context of a particular project, the scope of social analysis may be restricted or expanded. Some entry points may be more salient than others.

This chapter explains the entry points in depth, discussing each in terms of the kinds of analytic work involved and the strategic outputs that task managers can expect.

Social Diversity and Gender

All societies are composed of diverse social groups that may be identified on the basis of gender, ethnicity, religion, age and culture, as well as "spatial" (geographic) and economic characteristics. These social categories are important to investigators for the simple reason that they are important to the people who use them to define themselves and their neighbors. They can form the basis for vested interests, provoke or restrain action, and determine access to opportunity.

People have no choice about some social categories. Gender, age, ethnicity, language, race and religion are among such *ascribed* categories. If you are a 70-year-old man of a certain clan, you are an "elder"—this is not a matter of choice. But social diversity also includes *achieved* categories, such as those based on occupation, other social roles, or membership in social movements. In reality, individuals—and occasionally groups—do "cross over" from one social category to another, and the degree of social mobility can be a good indicator of social development. With increasing inter-ethnic marriages, even ethnicity has become fluid in many societies, and occasionally the gender barrier is also crossed. Moreover, how people and groups perceive themselves, and their relationship with others, does not always match how they are perceived by others.

What makes social diversity complex—and important in social analysis—is that all these forms of identity can be reinforced or weakened by other elements in society, such as institutions or technology.

TABLE 2.1   CHECKLIST OF DIVERSITY CATEGORIES

ASCRIBED	MIXED	ACHIEVED
Age Caste Ethnicity or Race Gender Sexual Orientation	Language Native/Immigrant Religion Spatial & Geographic Location Disability	Citizen/Migrant Education Ideology Land-Ownership Occupation/Livelihood Political Affiliation Unionization Urban/Rural

Analytic work on social diversity and gender

The first objective of this analytical entry point is to reveal the lines along which a society is organized. Ultimately we want to know how social diversity affects opportunities for development effectiveness. We may find that people distinguish between members of tribe A and tribe B, but those identities may or may not limit opportunity for one tribe or the other. Gender may be a significant category in that much of a society is organized around male-female differences. But how does being female or male matter? Are men and women equal or unequal? In what situations?

Even good data sometimes miss important social categories. Censuses do not always reflect indigenous ethnic groups, religious differences, or language barriers. Nonetheless, understanding diversity based on these differences may be a prerequisite for effective development, and targeting of marginalized and vulnerable groups, such as indigenous peoples, may be necessary to achieve sustainable development. In many countries, the social safety net offered by the national social security system is limited to the formal sector. Social analysis can help to identify social groups that may be excluded from the formal sector and, by examining their coping strategies, help to find ways to strengthen their risk coping mechanisms.

The analyst can tighten his or her focus on the situations and systems relevant to the proposed project. Consider for example the identification of social groups operating a production system. Drawing the lines of social diversity and finding out how they matter is straightforward. The analyst examines the different activities in that system and asks:

- Who farms the land, harvests the forest, fishes the sea, feeds the livestock?
- Who bakes the bread, mills the timber, cans the fish, processes the milk?
- Who hauls commodities to market, warehouses them, packages them?
- Who sells or trades the commodities?
- Who builds and maintains the bridges, roads and docks through which goods move?
- Who manufactures the tools, equipment, supplies and vehicles used in these activities?
- Who finances the transactions?

BOX 2.1 CASE STUDY—A COMMUNITY-BASED RURAL INFRASTRUCTURE PROJECT

Rural areas in one Asian country suffered from a serious lack of basic public infrastructure like clean water, roads, electricity and sewerage. Initial efforts by the government to address these issues were hampered by centralized planning and budgeting that did not meet the priority needs of rural communities, leading to the decision to decentralize local infrastructure development.

Even when planning and budgeting for public infrastructure was decentralized, initially inadequate stakeholder analysis obscured the fact that local structures were often run exclusively by men. Moreover, in multi-ethnic communities, the dominant tribe rarely shared decision-making authority with representatives of smaller ethnic groups.

In allowing existing local authorities to define the community's needs and priorities without considering gender or ethnicity, the small-scale infrastructure projects implemented under the project were based solely on the interests of traditional local decision-makers, some of whom had personal political ambitions. These leaders concentrated on physical infrastructure such as roads, community buildings, and a clinic—concrete manifestations of achievement that they hoped would win them votes. They required the community to help with the construction. This disproportionately increased the work burden on women, who now had to juggle construction with child rearing and agricultural work. The roads and clinics were located far away from the houses of the village's ethnic minorities.

Social analysis gave more promising results. After a social diversity analysis identified gender and ethnic bias in the traditional decision-making structures, the project assigned responsibility for planning and implementing the project to a new committee. To ensure that all decisions would reflect the entire community's needs, the new committee included women and representatives of the ethnic minorities who developed a new list of priority projects—such as education and microcredit—that responded to the diverse needs of the community. The women identified the need for a cooperative kindergarten, which would free up time for them to work in their micro-enterprises. The clinic was built in a more accessible location and drew on the medical knowledge and practices of all the ethnic groups in the community.

The analyst then follows up with questions about whether the relationship between one's identity in the system and one's access to opportunities is fixed or changeable.

Finally, the concept of social diversity implies that the position of social groups in a society can change and, in changing, affect the relationship between groups and their access to opportunities. As illustrated by the following example from Indonesia, social groups can gain power and lose it—they may be respected by one generation but not by the next.

In prewar Modjokuto the town's traders were a self-contained, set apart, rather despised group; today they are becoming integrated into a broad and generalized middle class within an uncertainly urbanizing structure. In prewar Tabanan the aristocrats were the unquestioned political and cultural elite of the region; today their position is increasingly threatened by the growth of a universalistic civil bureaucracy and the populist sentiments of nationalist ideology. It is thus neither upward or downward class mobility or the blockage of these which is necessarily crucial but any kind of decisive change in intergroup relations, which … stimulates active efforts to anchor social positions to new moorings.[25]

Project planners should not assume that any social group's identity is cast in stone. Merely identifying the social importance at a given point in time of membership in a Muslim brotherhood in Senegal, in State Tree Farm No.10 in China's Hainan province, or in the Kuna Congress of Panama tells us little. It is also important to understand how these groups interact with others in society, and whether their trajectory is up or down in relation to the opportunities that development presents.

Strategic outputs of social analysis of diversity and gender

A good analysis of diversity and gender first shows how social groupings shape and color social issues. Second, it identifies those social groups capable of contributing to project design and implementation. Third, it generates indicators to be monitored during project implementation. If the project intends to address issues of diversity, its monitoring systems should disaggregate beneficiaries and other relevant social actors on the basis of gender, age, ethnicity, location and other characteristics. Failure to do so in societies where such characteristics are sensitive indicators of exclusion, vulnerability or poverty leaves task teams with no way of knowing whether the investment operations will be successful in meeting their objectives.

Because it identifies social groups, analyzes the relations among them, gauges constraints to opportunity, and defines indicators sensitive to social diversity, the analysis of social diversity and gender is an important step toward a complete social analysis. Yet the complete picture also includes the institutions, rules and behavior that structure the activities of social groups.

Institutions, Rules and Behavior

This entry point is used to understand the relationship between organizations and institutions, that is, the formal and informal rules of the game in society. This is critical because many development interventions, including projects and policy reforms, depend for their implementation on institutional change. It is often assumed that institu-

tions (including markets) function smoothly and according to formal rules. In practice, though, transaction costs, ineffective enforcement and lack of competition or accountability can lead to sub-optimal performance of government, market, or civil institutions.[26]

Institutions are commonly accepted *codes* or *rules* that govern or influence behavior and that allow organizations to interact. The Napoleonic Code, the potlatch of the indigenous people of the northwest coast of North America, the tradition of the *samurai* in Japan—all are institutions, and all have rules. Organizations, by contrast, are formal structures with defined roles, responsibilities and decision-making processes.[27] Organizations may be mere structures, real only in the legal sense unless they start to function. Organizations can, over time, become institutionalized.

Institutions can be thought of as a form of *social capital*. Social capital reflects how relationships between people enhance those peoples' ability to get things done. Thus, social capital can have vertical and horizontal dimensions. Vertical social capital describes connections between people that operate through institutions where one person has power over another. Horizontal social capital inheres among peer groups. When social analysis considers institutions, rules and behavior, it seeks to capture the character of vertical social capital.

The analyst must be careful not to treat the government as a unitary institution. Governments should be differentiated both horizontally and vertically. Ministries and departments at the same level of government have varied and often conflicting agendas. Within individual ministries and departments, the professional bureaucracy may have different goals than the political appointees and decision-makers may have different interests from the staff in the trenches. An example of this is the attempt at changing the large and traditionally powerful Forest Departments in Indian states from policing and controlling agencies to agencies facilitating local communities' access to development and natural resource utilization. While people in senior positions frequently support this change, local-level forest officers may see their position threatened and their scope for earnings reduced, and may therefore block attempts at empowering communities. Similar divisions will exist between different levels of the government—between municipalities, states, or provinces and the central government. These differences will be even more important when the political structure provides lower levels of government with an independent power base and reduces their accountability to higher levels (if not to their constituents). Finally, government officials who are elected will respond very differently to public pressure than those who are appointed will.

Institutional rules of the game can be formal and codified, or informal, expressed through practices or behavior. It is this difference that makes the analysis of institutions, rules and behaviors challenging. A government ministry's formal decision-making process may show that the minister is in charge, but everyone within the ministry may understand that the minister's permanent secretary really holds the reins.

25. Clifford Geertz, 1962. "Social Change and Modernization in Two Indonesian Towns." in Everett C. Hagen, ed. *On the theory of social change: how economic growth begins.* Cambridge, MA: Massachusetts Institute of Technology, p. 406.

26. *A User's Guide to Poverty and Social Impact Analysis*, Op. Cit., pp. 9-10.
27. Douglass North defines organizations as purposive entities (e.g., public agencies or firms) which have a formal structure and seek to achieve certain objectives within the opportunities and constraints afforded by the institutional framework of society. Douglass North, 1990. *Institutions, Institutional Change and Economic Performance.* New York: Cambridge University Press.

Interaction between institutions often alters formal rules or creates a subset of informal norms. For example, a well functioning judiciary would assume that judges are appointed on merit and that they be assigned cases by a transparent system. In practice, in some countries, the judiciary face insecure tenure and poor financial incentives, which increases the chances of corruption. In one such country, instead of being randomly assigned, the informal norm was for cases to be selected by judges themselves, which gave them even more discretion. These facts emerged from the analysis undertaken to examine the underlying social and institutional reasons for endemic corruption and the huge backlog of cases. Both formal rules and informal norms needed to be modified. A judicial reform project engaged key stakeholders, including the judiciary and civil society, to find realistic ways of addressing these constraints, leading to the establishment of a merit-based screening process for judges, a system for computer-generated random assignment of cases, and collaboration between the judiciary and NGOs to introduce greater transparency leading to considerable improvements in judicial performance.

It is important to discern the character of vertical social capital relevant to an investment project. The formal and informal organizations relevant to a project may exist in the community, in the public sector, or in the market. They can make or break a project; they can be bridges to social development, or barriers.

Analytic work on institutions

Social analysis of institutions, rules and behavior complements institutional analysis conducted to appraise the institutional capacity of the project executing agency. Social analysis focuses on institutional rules and behaviors, both formal and informal, that are likely to affect the attainment of a project's development objectives. Like other forms of institutional analysis, social analysis takes as its subject organizations and institutional rules at the level of the state, the market and the community.[28]

When studying institutions, the social analyst is interested in the rules that govern the institution's behavior. The social analyst studies the written and unwritten behaviors of formal and informal institutions, focusing on the rules that help or hinder people's access to opportunity—their inclusiveness, their accountability, their accessibility, their ownership—rather than on their efficiency as providers of goods or services.[29] Social analysis treats the people who work in the institutions as stakeholders in a project, and recognizes that the corporate entities of the institutions themselves have distinct interests in the project.

For example, if a proposed project aims to promote earning opportunities for urban slum women, then it must consider an array of potentially relevant organizations and institutional rules. Banks might supply working capital, but so might informal money-lenders. Kinship rules may also be important. When allocating market stalls, the formal municipal government is important, but the local religious organization may control most of the best spaces.

Once the relevant organizations have been identified, social analysis examines the flow of goods, services, information and resources between those organizations and their Borrowers and the flow of decisions about allocating those resources.

In many developing countries, mainstream organizations have formal sets of rules and practices that they consider normative and that the dominant social group enforce. *Informally*, though, leaders may be interested in channeling goods, services and public works to their kin, tribe, political organization, or ethnic group. One of the most typical examples of this is the dilemma of the bureaucrat who is expected to be impartial and treat everyone the same, while his relatives, tribe members, or people from his home district expect him to favor them with benefits and resources. The realization that such social relationships may count for more than formal rules of behavior, and often act in contradiction to them, is essential to the analysis of institutions and their rules.

Because such informal systems exist, we need an analysis that goes beyond formal organizational charts, mission statements, legislative mandates and institutional proce-

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BOX 2.2 CASE STUDY—A COMMUNITY-BASED POVERTY REDUCTION PROJECT

Almost two-thirds of the population in one African country live below the poverty line, largely because of the lack of social and economic infrastructure to boost the poor's labor potential. Government poverty-reduction programs have had little impact at the community level. Projects often missed their targets and duplicated others' efforts. The social and economic infrastructure did not meet the needs of the poor, lacked staff and equipment, and was frequently left unfinished. Political patronage and inadequate targeting of benefits meant that many of the facilities were used, but not by the hard-core poor for whom they were built. Institutional analysis was not used to examine the range of community-based organizations that were already providing social services—services that often reached the most vulnerable groups. Projects thus did not know about those organizations' knowledge and best practices, and created parallel structures that were less effective and credible than the community-led ones.

Social analysis helped the project make better use of existing community assets. A participatory stakeholder analysis produced criteria for targeting the most vulnerable groups who had the least access to social and economic infrastructure. The project used several participatory techniques to encourage these groups—female-headed households, ethnic minorities and the elderly—to identify and prioritize their needs. Different groups were asked to participate in designing the project, to create a sense of ownership. Indicators were developed to monitor beneficiaries throughout implementation. Through institutional analysis, the project planners identified the most effective and trusted community-based organizations and recruited them as partners. Building on their past efforts, these organizations took charge of delivering services to the poorest. The project also identified their weaknesses and addressed them through institutional capacity-building programs.

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28. For a summary description of institutional analysis for policy reform, see *A User's Guide to Poverty and Social Impact Analysis,* Op. Cit., pp. 67-68.
29. Other groups within the Bank also specialize in the analysis of institutions. With public institutions, the Public Sector Management Group plays the part. A number of units focus on the efficiency of private institutions.

dures. We must examine the motivations and relationships between individuals and groups within the organization.

Since no system works perfectly, the analyst determines where formal and informal rules and behavior overlap. Even if a large organization appears to be controlled from the top, lower-level functionaries may exert influence simply by obstructing information and manipulating allocation decisions. Where this happens, examine incentive structures to determine how they might be changed.

Analyses of institutions, rules and behaviors may also distinguish between roles and the people who fill them. Informal and formal institutional rules may be used and interpreted differently depending on who is charged with their implementation. The analyst may wish to find out who pays homage to whom, who is in a position to facilitate reforms, who is in a position to obstruct and who is good at mediating between them. It may also be important to identify other relevant relationships, such as those among "batch-mates" in the administrative service, people having graduated from the same university, or other similar networks that shape people's ability to expect support from each other.

Strategic outputs of analytic work on institutions

Good social analysis of institutions, rules and behavior should produce sound judgment of key institutional players' effects on project outcomes. If certain rules and behavior patterns pose problems for the project's goals, then those responsible for the project need to know whether and how to overcome them. The project's success may depend on understanding these issues which can thus help make institutions more inclusive and accountable.

The analyst can use several tools to back up his or her judgment. The first uses static and process maps of the relevant organizations and institutions. A *static* map is a snapshot of structures and roles. A *process* map follows the path of money, decisions and information through an organization.

The second tool is a plan for involving relevant institutions in the development process. This plan consists of a *counterpart matrix* in which institutions are matched with tasks and phases of the proposed project. Such a matrix identifies areas of organizational weakness or areas that Bank support might strengthen, expand and extend.

The third tool is an enumeration of enabling conditions for the institutions needed for project success to work and achieve the objectives of the project. Involving key stakeholders, including those directly responsible for implementation and the intended beneficiaries, often helps to identify the possible solutions to the institutional constraints in the formal rules and informal norms affecting policies, systems, procedures, or implementation in a manner that is more effective in achieving the project's objectives. The challenge is to build coalitions for change[30] between these groups and the state institutions concerned with poverty reduction.

The final strategic output should be monitoring indicators that will be tracked during project implementation. Such indicators usually pertain to enabling conditions— policy changes, procedural innovations, involvement of social groups in key activities,

training and capacity-building—that are essential to achievement of the project's objectives. Sample indicators include the hiring of bilingual loan officers who can speak with poor members of their ethnic group, or changes in policy to permit hiring female agricultural extension workers to help female producers.

Similarly, evaluation systems should measure the consequences of the enabling conditions, such as whether having information available in their language has encouraged an ethnic group to take out more small business loans, or whether female workers advised by female agricultural extension workers have increased their output relative to those advised by men.

Even when coupled with a diversity and gender analysis, the social analysis of institutions does not fully describe the context of a given project. To understand how they relate to the project, we need to conduct a stakeholder analysis.

Stakeholders

Stakeholders do not merely have an opinion, and they are not just present where the project is working. Stakeholders, be they organizations, groups, or individuals, have *interests*—something at stake—in the project's outcome. They may also have some degree of *influence* over the project. Stakeholders thus include both those who affect and those who are affected by the project.

Some stakeholders are vocal, demanding, well-organized and influential. Others have been invisible and inaudible, perhaps because the powers-that-be have not recognized their organizations. Some may oppose the project and others may try to capture its benefits. A Bank project that aims to reduce poverty may be the last thing some stakeholders want. Some stakeholders may also be vulnerable to manipulation by political parties or other powerful interest groups. Effective engagement of stakeholders thus requires an understanding of their interests and their degree of influence.

Analytic work on stakeholders

Stakeholder analysis reveals the nature and magnitude of social actors' interests in and influence on a project. The first step is to identify the stakeholders. Stakeholders are not limited to those affected by the project. They also include those who can affect the project. They can be winners, losers, or indifferent. The analyst must distinguish between the actual effects of the project on the different stakeholders and those stakeholders' perceptions of the same.

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30. James D. Wolfensohn, 1999. "Coalitions for Change." Address to the annual meeting of the World Bank Group, September 28.

31. Note that stakeholder analysis often entails looking beyond a developing country's borders to count key international nongovernmental organizations, certain industrial countries, and multinational businesses as stakeholders. For example, the global network of the indigenous human rights movement that emerged in the 1990s, with important support from the European Community, dramatically enhanced the power of the indigenous poor. It is no longer possible for multinational or national business corporations to ignore their existence; increasingly, negotiation with local communities and international organizations that protect them is becoming the norm.
32. For an empirical analysis of the obstacles that the poor face in securing property rights, business licenses and building permits in Peru, Indonesia, Egypt and elsewhere, see De Soto, Op. Cit.

The next step is to analyze the interests and influence of the players, examining their *assets* and *capabilities*, both material and intangible. Among the intangibles are long-standing patron-client relationships, access to the media, membership in global networks and public perception of the group's legitimacy and integrity.[31]

The third step is to differentiate stakeholders by their attachment to the status quo or, conversely, their desire for change. Even public-sector regulatory agencies can be complicit (often inadvertently) in the systematic exclusion of intended project beneficiaries and need to be understood as stakeholders.[32]

The following questions help to understand the stakes within state institutions, community organizations and interest groups:

• Which stakeholders are contracted to do the institution's work, either as employees, laborers, managers, quality control agents, or contractors?
• Which stakeholders control and distribute the goods, services and works that the institution provides?
• Which stakeholders are accountable for failure to deliver, and how are they penalized?
• Who disseminates information, measures performance, monitors compliance and defines success?

BOX 2.3 TASK TEAMS IGNORE STAKE HOLDER INTERESTS AND INFLUENCE AT THEIR PERIL

In one project, a federal environmental agency collaborated with an indigenous peoples organization and domestic and international NGOs to design a project to build rural infrastructure and manage natural resources. However, the project neglected to take account of powerful timber, ranching and mining interests that had considerable influence over the state and local governments which they used to try to undermine the project's development objectives.

In another project, social analysis showed that land invasions by the dominant ethnic group had marginalized ethnic minorities. This was possible because the dominant ethnic group controlled the bureaucracy and had obstructed land-tenure security for the minorities.

While the project design provided measures for the participation of minority ethnic groups in infrastructure subprojects and training, and avenues for women's participation in microcredit projects aimed at developing schools, lack of attention to the interests of implementing agency staff prevented the project from addressing the central issue of land tenure insecurity faced by these groups.

In another project, citizens groups documented the fact that customary users of a forest were in danger of losing their access to the forest because of government plan to offer concessions to private interests to exploit the forest's resources. This analysis served as a basis for the government, communities and investors to negotiate a participatory management system, whereby local communities undertook mutually beneficial environmental management functions, such as enforcing restrictions on firewood gathering and herd size, in exchange for new rights to sustainable resource use.

Stakeholders are best compared by comparing their commitment to the status quo against the influence they wield (figure 2.1). Stakeholders that have considerable influence and are determined to prevent change (quadrant A in the figure) are the greatest challenge for many projects. Groups that want change, whether or not they have much influence, are possible counterbalances (quadrants B and D). The project needs to find ways to increase the influence of groups that favor change but lack influence and to mediate between influential groups that favor change and groups that oppose it.

A stakeholder analysis matrix, such as the one in figure 2.2, is a useful tool to summarize and compare stakeholder categories in terms of their relevance to the project, their characteristics, their interests and their influence.

Once the existing arrangements among private interest groups and government institutions are mapped out, the analyst asks whether those arrangements will help or hinder achievement of the project's development objectives. That question represents the third phase of stakeholder analysis: designing institutional arrangements and project activities in such a way that these development objectives will be met. Often, social analysis shows that existing arrangements need to be modified.

Strategic outputs related to stakeholders

Stakeholder analysis yields four main outputs:

• Potential winners and losers—those who will be positively or negatively affected by the project—are identified.
• Participants' commitment to the goals of the project—their *ownership* of the project—is assessed. Ownership assessment determines stakeholders' willingness to stick with the project's goals. A low level of ownership means that the stakeholder cannot be counted on, and that the stakeholder's weak commitment may affect other stakeholders. There is no simple test of ownership. Assessing it requires knowing the interests of the particular stakeholders and the pressures under which they work. It is also important to recognize that many people will readily agree to something if they see it as necessary to get the proposed project benefits, but may be less enthusiastic about implementing the agreed-upon actions once the project has been formally approved. A realistic assessment of ownership may have to go beyond words and promises to assess actions and other concrete evidence.
• The likelihood of the stakeholders' assisting or obstructing the project's development objectives is evaluated.
• Monitoring stakeholder involvement during implementation can be straightforward if the social analysis defines indicators that involve decisions and outcomes, such as agreement on eligibility requirements, changes in policies and procedures, added institutional responsibilities, new contracting mechanisms and decisions to target certain social groups.

Taking stakeholders as an analytical entry point yields a finite set of stakeholders that may be included in project design and implementation by helping to weigh the opportunities for partnerships among the stakeholders and the risks derived from this analysis, as well as a plan to develop partnerships among stakeholders.

FIGURE 2.1 STAKEHOLDER INTEREST VERSUS STAKEHOLDER INFLUENCE

TABLE 2.2 STAKEHOLDER ANALYSIS MATRIX (SAM)

Stakeholder Categories	Relevant Stakeholders	Characteristics Social Situation, Location, Size, Organizational Capability	Interests Commitment to Status Quo vs. Openness to Change	Influence H=High, M=Medium, L=Low
Government Policymakers				
Implementing Agency Staffs				
Intended Beneficiaries				
Adversely Affected Persons				
Organized Interest Groups (business associations, trade unions)				
Civil Society (NGOs, CBOs, Religious Organizations)				
Donors				
Other External / International Stakeholders				

Participation

Effective participation includes participation of beneficiaries in project design and implementation as well as participation in the opportunities created by the project.

Analyzing the equity and effectiveness of participation

When using participation as a dimension of social analysis, the analyst first examines the degree to which social groups affected by a project can participate in the oppor-

BOX 2.4 CASE STUDY—RURAL ROADS

Variation in the incidence of poverty may correlate closely with disparities in access to infrastructure and thus to public assets and markets. A study showed a strong correlation between level of poverty and access to market towns.

Road-building was the central feature of an important infrastructure pilot project. An isolated, deprived area was chosen for the pilot. Planners foresaw no direct negative effects and considered indirect negative effects like deforestation and resettlement minimal. The expected positive outcomes were better access to urban markets, education and health care.

Building the road did not appear to improve welfare. It turned out that a road meant little if the poor had no means of transport. Dependency on a limited number of vehicles kept transaction costs very high. The road improved market access for everyone along its route, resulting in oversupply and decreasing prices. Worse, the villagers in the pilot project considered it unsafe to travel at night. They thus did not reach the market until lunch, by which time most shoppers had already purchased what they needed.

The situation of women did not improve because they were still responsible for household work. Despite improved access to schools, children did not attend because they were expected to help with household and agricultural work. Subsequent consultations revealed that certain social and economic behaviors—malnutrition, alcoholism, poor productivity—were linked, and that those links reinforced stagnation and poverty. Other negative effects appeared as well, in particular, increased rural-urban migration, and male abandonment of households.

Following a social analysis based on consultations with local NGOs and villagers, the project was redesigned. The first challenge was to better identify stakeholders based on beneficiary profiles, social diversity and gender, and to design an outreach strategy. After discussions with villagers revealed keen demand for rehabilitating some non-motorized tracks in the village, the project team re-directed funding from roads to tracks. The project team also agreed to offer technical assistance for land-use planning, marketing and commercialization strategies for local products; expose local authorities to participatory approaches; and enhance coordination between provincial municipalities and their districts.

The new approach included an important concept: community level micro-enterprises to build, maintain and design the roads and tracks. The micro-enterprises contributed to a sense of ownership and built organizational and technical skills. The cash compensation that the enterprises yielded enabled communities to strengthen their organizations and to cope with their needs. Communities and road-committee members reinvested their savings in local enterprises, improving their welfare and stimulating the local economy.

NGOs active in the area were hired to implement some project components, thereby further enhancing local capacity. The project included extensive training to help communities gauge the market potential of their products and to meet market demands for quantity and quality. It also trained local officials and community leaders.

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tunities created by the project and then studies existing modes of participation to improve the effectiveness of stakeholder participation.

Equity of opportunity to participate in benefits

The analyst then asks whether the assets and capabilities of the groups affected by a project enable them to reap the benefits of the project. The assets of these groups can be physical (land, vehicles, equipment, storage facilities, infrastructure) or financial (access to credit, working capital, savings, cash flow). The analyst determines what these groups own or control and what capital they can raise and how.

The groups' capabilities are as important as their assets. How are their *human resources*—their health, education, specialized skills and experience and organizational capability? What organizational resources or social capital do they enjoy? Horizontal social capital, or the relationships among peer groups within communities, is an asset that can lower transaction costs and help establish networks that yield information or promote economic activity. Capability thus allows persons to function, exercising their freedom to convert their entitlements, in the form of command over goods and services [assets] into well-being. From this perspective, development is not a matter of expanding supplies of commodities, but of enhancing the capabilities of people.[33]

In analyzing the assets and capabilities of the poor, one almost always discovers liabilities and deficiencies as well. Which assets and capabilities are present and which are lacking? Can those that are lacking be fostered or created? Even when the poor have assets and capabilities sufficient to allow them to participate in productivity gains, they often face barriers to their effective use. Because those barriers are likely to be embedded in institutions (particularly in their informal rules) and are often applied along social lines and reinforced by certain stakeholders, the other entry points of social analysis are likely to reveal them.

FIGURE 2.3 ANALYZING EQUITY OF OPPORTUNITY

Opportunities for:	Assets		Capabilities	
	Physical	Financial	Human resources (e.g. skills and experience)	Organizational (e.g. unions, farmers' organizations, social capital)
Livelihood (production)				
Well-being (consumption)				
Voice (influence)				

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33. Amartya Sen, 1984. *Resources, Values and Development.* Cambridge, MA: Harvard University Press, p. 511.

The following matrix (figure 2.3) can be used as a identify which assets and capabilities need to be strengthened to create equitable opportunities for vulnerable and poor groups. The matrix should assess the relative strengths and weaknesses of different categories of beneficiaries and affected persons, as identified in the stakeholder analysis.

Organizing effective participation

All societies have systems through which people express interests. All such systems have some degree of inclusion and exclusion. Understanding local and traditional forms of participation is crucial to designing an effective participation framework.

Participation is organized in different ways around the world. Each case includes customary forms of participation that are proper subjects of social analysis. These forms may not offer participation on equal terms, but they may still be very real and even compelling to marginal, vulnerable and poor people. In short, participation analysis should not superimpose a rigid template over existing systems but rather should understand what the most effective forms of participation in a society are.

Since participation in most developing countries happens through intermediaries—social group leaders, spokespersons, village chiefs, officials—whose legitimacy is largely determined by customary practice, social analysis determines how these intermediaries interact with the poor, and which of them are acceptable to project stakeholders as key participants in the project's preparation, design, or implementation. Project leaders then decide whether existing modes of organizing participation engage all relevant stakeholders. Grafting the proposed project activities onto existing, customary ways of organizing participation will usually be the best approach. Sometimes, though, it will be necessary to design new modes of participation.

Where existing forms of participation do not make sense—for example, where they exclude significant stakeholders—social analysis can propose procedures and principles to restructure participation drawing on the global experience of participation mechanisms.[34] There is no set menu, nor are there universal procedures and principles. To restructure participation, the analyst examines the incentives and mechanisms needed to induce participation. These incentives and mechanisms cluster around several basic questions:

- Which stakeholders will be hired to work in the project as employees, contractors, laborers, managers, quality control inspectors and so on?
- Who among the stakeholders will control and distribute the goods, services and works that the project offers?
- How are those controlling the flow of resources held accountable? If they undermine project objectives or fail in their responsibilities, can they be removed? If so, through what grievance mechanisms?
- Who will control and disseminate information, measure performance, monitor compliance and determine success?

34. *Participation Sourcebook,* Op. Cit.

- Will training and capacity-building enhance the performance of stakeholders in any of the above areas so as to ensure growth of development opportunity for the poor, marginal and vulnerable?

Strategic outputs of analytic work on participation

A participation study has three key outputs:

- An analysis of equity of opportunity, which project leaders use to judge whether the social benefits of the project are likely to reach all targets
- Strategies for involving stakeholders as participants
- A plan for meeting the costs of participation

Project participation has costs: in time away from work; in money for transportation, lodging and food; in participants' energy to prepare themselves by training, studying and negotiating to reach agreements. There are "social" costs to participation, as well. Women may not feel free to talk in the presence of men; uneducated people may be cowed by the presence of more educated people; citizens may fear criticizing or even disagreeing openly with authorities. The first step in helping people shoulder the costs of participation is simply to make it clear that such costs exist.

Introduction of innovative behaviors and novel mechanisms of participation can involve additional costs that should be reflected in the project budget. If stakeholders are to bear the cost, then the cost should be factored into the project design along with an analysis of the capacity and willingness of the stakeholders to absorb it (and with an acknowledgement of its contribution to the project). More often than not, stakeholders already bear the cost of customary ways of doing things and so the project cost estimates need not be changed.

Monitorable indicators of project participation should include any transaction costs the participants incur. This includes stakeholders, government officials, contractors and civil society intermediaries. Monitoring participation also requires documenting the *consequences* of participation—the project-financed goods, services and works that result from participation. It matters little if people travel many miles to participate in deliberations if they are unable to affect outcomes or the efficiency and efficacy of project investments. Participation is not always a case of "more is better." Unless the time and cost involved is matched by real and perceived benefits to the participants, involving stakeholders in participation is likely to be more of a ritualistic exercise and lead to cynicism or distrust with the process.

Another dimension of participation and consultation is the need to manage expectations and to provide timely feedback and follow-up to the participants. People who are asked their views do not always have a clear understanding of the complex nature of multi-stakeholder involvement, and become disillusioned or angry when they realize that their views and opinions may not have been accepted or incorporated the way they expected. It is therefore essential to be clear to the participants about how the decision-making process will function, to explain that compromises may have to be made, and to follow up in a timely manner with additional information and sharing of the decisions reached.

Evaluating participation investments and outcomes involves both quantitative and qualitative tracking of indicators over the life of the project. Evaluation is best done with the direct involvement of the communities whose participation is being monitored.

Social Risk

This entry point is crucial. It is here that the analyst asks, What can go wrong? What sort of risk management measures should be designed to address identified risks? Once we take all risks and risk management measures into account, is the project still justified? Answering these questions requires pursuing the other entry points of analysis.

The social risks of any project[35] can be broken down into five categories (Table 2.2). *Vulnerability risk* includes increased exposure or susceptibility, especially of the vulnerable and poor, to endemic risks or external shocks. The analyst explores how to manage such risks. Three other kinds of risk can affect the project itself. *Country risks*—e.g. political instability, ethnic or religious tensions, violent conflict and the militarization of society—are often beyond the control of individual task managers but must be considered during project appraisal. *Political economy risks* are those that might affect the project's intended beneficiaries as an indirect result of the project. Undermining of goals and elite capture of benefits are good examples of this type of risk. *Institutional risks* include inappropriate institutional arrangements, weak governance, complexity and low capacity. Finally there are *exogenous risks,* such as regional conflict or macroeconomic changes that are likely to affect social development outcomes.

TABLE 2.2   COMMON EXAMPLES OF THE FIVE KINDS OF RISK

Vulnerability	Increase in exposure to stress or shocks
Country Risks	Conflict and violence, political instability, ethnic and religious tension
Political Economy Risks	Capture of benefits, opposition or distortion of project by influential stakeholders
Institutional Risks	Poor governance, limited technical and administrative capacity, design complexity
Exogenous Risks	Terms of trade, regional conflict, climate effects

[35] The concept of social risks described herein is a slight adaptation of that enunciated in *A User's Guide to Poverty and Social Impact Analysis,* Op. Cit., pp. 89-91.

The capture of project-related assets often increases risks, and rules cannot always prevent this. In one country embroiled in conflict, a social-safety-net project was designed to operate through government contracts with NGOs. Project manuals made it clear that *all* poor groups would be eligible for temporary employment in infrastructure construction and maintenance. The contracts, however, went exclusively to NGOs allied with the besieged government. The political opposition, branded illegal by the government, was denied access. As a result, the temporary employment opportunities became political rewards, heightening the legitimacy of opposition claims and further intensifying conflict.

Analytic work on social risk

Because the poor lack the means to manage risk and to cope with external shocks, the first step in analyzing social risk is an assessment of the vulnerability of the poor populations that the project could affect. The Bank's Social Protection Unit has produced guidelines for assessing the sources of risk and vulnerability.[36] They decompose vulnerability into three components of a "risk chain": (1) the *risk*, or uncertain events, (2) the options for managing risk, or the *risk responses*, and (3) the *outcome* in terms of welfare loss. The guidelines define "vulnerability" as "the forward-looking state of *expected* outcomes, which are in themselves determined by the correlation, frequency and timing of realized risks and the risk responses. Households are *vulnerable* if a shock is likely to push them below (or deeper below) a predefined welfare threshold (e.g., poverty)."[37] They point out that vulnerability

> (a) is forward-looking and defined as the probability of experiencing a loss in the future relative to some benchmark of welfare, (b) a household can be said to be vulnerable to future loss of welfare and this vulnerability is caused by uncertain events, (c) the degree of vulnerability depends on the characteristics of the risk and the household's ability to respond to the risk, (d) vulnerability depends on the time horizon, in that a household may be vulnerable to risks over the next month, year, etc. and responses to risk take place over time, and (e) the poor and near-poor tend to be vulnerable because of their exposure to risks and limited access to assets (broadly defined) and limited abilities to respond to risk.[38]

The project context can offer a lot of information about risk. Historical patterns of rainfall and flooding, health statistics, the political economy of the region—all offer clues about risk. It is equally important to listen to what the poor say about risk, for they know the probabilities all too well.

36. Canagarajah, R. Sudarshan, Karin Heitzmann and Paul B. Siegel, 2002. "Guidelines for Assessing the Sources of Risk and Vulnerability." Social Protection Discussion Paper 0218, available from the Social Protection Unit, the World Bank, Washington, D.C.
37. Ibid., p. 6.
38. Ibid., pp. 1-2.

The effects of the project on the asset endowments and self-insurance mechanisms of potentially affected populations are also important. The analyst begins by looking at the physical assets of the poor (to gauge their capacity to self-insure) and at other factors—their human capital (level of education), their capacity to diversify income, their links to networks such as mutual self-help and gift-exchange groups, and their access to credit markets for consumption-smoothing. In the context of involuntary resettlement, loss of land for a marginal peasant may mean that the entire household is at risk of becoming destitute, whereas it may not constitute a risk at all for a wealthier landowner with multiple holdings and sources of income.[39]

Because time and timing are important in determining vulnerability—one may be ill for a few days or for a few months; one may fall ill when the need for one's labor is high, or when it is low—standard household-income surveys are usually inadequate. Here, social science methods, such as focus groups and participant observation, can make a big difference in understanding vulnerability.

The poor have always found ways to respond to risks—by migrating, converting cash to jewelry, maintaining common infrastructure, extending families through marriage and joining associations like rotating savings and credit associations (ROSCAs). When necessary, they have coped with shock by selling off livestock, reducing food consumption, or taking loans from moneylenders. While the former set of "risk responses" are sustainable, the latter tend to further impoverish the poor by undermining their asset base and increase their vulnerability to the next risk.

Social risk analysis aims to establish thresholds or limits within which social groups can mitigate risk and withstand externally induced shocks. The challenge of project design is to choose mechanisms through which the project—possibly in conjunction with government, the private sector and civil society—can raise those thresholds.[40]

The social outcomes of risk responses are often conditioned by how vulnerability is defined and understood. Victims of conflict and violence may receive very little attention if the state views them as parties to the conflict rather than as victims. It is important to know how victims are likely to be viewed, because introducing new investment resources can exacerbate conflict and increase vulnerability. The Conflict Analysis Framework[41] whcih has been developed in the Bank for conflict analysis, especially those aimed at determining a society's sensitivity to conflict, provide useful indicators of conflict.[42] If most or all of the indicators for conflict are present, before a project is undertaken a more detailed conflict analysis is recommended before undertaking the project.

After vulnerability risks come the three types of risk to the project itself: country risks, political economy risks and institutional risks.

Box 2.5   *CASE STUDY—RETHINKING HIV/AIDS*

As HIV/AIDS spread rapidly in one country, infected people were isolated, neglected and feared. Despite donor efforts and the presence of NGOs, there were no signs of improvement. Donors were channeling their funds toward:
- Improvement of hospital facilities and access to medical care and drugs.
- Education campaigns using TV and radio to reach high-risk groups—youths, single men, prostitutes and truck drivers.
- Programs designed to enable patients and others living with HIV/AIDS to earn income.

Social analysis revealed that access to hospitals and medication was not the real issue. The stigma of HIV/AIDS was so strong that families and communities were unwilling to care for HIV/AIDS patients. Suspected seropositive people were avoided or shunned. Doctors revealed that family members had offered to pay them to poison the sick. Even in urban areas, the treatment of HIV/AIDS was seen as waste of scarce resources due to a belief that no one was ever cured. Hospitals were used as dumping grounds.

Where patients did have access to treatment, TV and radio commanded insufficient authority and trust to change attitudes. Communities polled by the social analysis explained that local leaders, churches, mosques and markets were more authoritative and trusted sources of information. In rural areas, the analysts learned that messages must first be explained to the village head, who then passes them on to his ward heads for transmittal to the male heads of households.

The social analysis also showed that women were much less aware than men of existing educational programs, preventive measures and care opportunities—a very serious problem since HIV/AIDS was viewed as a "woman's disease." The HIV/AIDS risk groups had to be expanded to include married men, married women and their babies.

Finally, the analysis showed that income-generating activities for people living with HIV/AIDS were ineffective due to social exclusion. The analysts recommended additional research to uncover possibilities for community patronage of income-generating activities.

A new HIV/AIDS project design and implementation paid specific attention to gender, for example by supporting efforts to reduce mother-to-child transmission and the risk of infection of adolescent girls. The project recommended voluntary and confidential counseling and testing to protect segments of society that had been marginalized by HIV/AIDS. Mandatory testing was strongly discouraged for the same reason. The project design included periodic social assessments to monitor social marginalization.

Corruption, here defined as outright rent seeking and bribery, can be a major country risk to the project and its beneficiaries. Payoffs and bribes to obtain services that are supposed to be delivered free, or to evade responsibilities and obligations, can frustrate

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39. Cernea, Michael M. and Christopher McDowell, eds., 2000. *Risks and Reconstruction: Experiences of Resettlers and Refugees*. Washington, D.C.: The World Bank.

40. For more information on social risk analysis, see *A User's Guide to Poverty and Social Impact Analysis*, Op. Cit., p. 38.

41. For more information on the Conflict Analysis Framework, see "Conflict Analysis" on the World Bank Conflict Prevention and Reconstruction Unit's website, http://www.worldbank.org/conflict.

42. The main variables in predicting conflict are the history of outbreaks of violence , regime instability, militarization of society, ethnic domination, active regional conflict, and youth unemployment.

the project's goals and exacerbate vulnerability. Urban dwellers in the developing world have no trouble distinguishing the payments made to corrupt police officials, licensing agents and health inspectors from the gifts customarily exchanged among members of a clan, intermarried families of elites, political patrons and clients, and other social groups that underpin the formal structures of government. Participants in such exchanges consider them reciprocal social obligations, not corruption. But customary gifts can become bribes when ethnic, class, community and language boundaries are crossed.

Political economy risks can also have a significant impact on project outcomes. Two common political economy risks relevant to projects are the capture of benefits by elites and the undermining of project goals by powerful interest groups whose interests are threatened by project objectives. For example, well-intentioned irrigation management reforms may be undermined by the landed elite who have been utilizing their connections with the Irrigation Department to obtain a disproportionate share of water resources. In many countries irrigation reform has involved forming water users' associations. In some cases, though, large farmers modified their strategy and took over the water users' associations to protect their privileges. Similarly, agricultural reforms intended to increase farmers' incomes through private market channels may not succeed if the traders or marketing companies are able to internalize most of the benefits of these reforms. Conversely, if the local marketing companies feel threatened by external competition, they might oppose and undermine the reform.

Institutional risk can arise when a new implementing agency is created with staff from a public-sector organization that performed a different function. The staff positions are filled, but there is a danger that the staff will not understand or not have the ability to perform its new functions. The tendency of development projects to create project management units or specialized agencies or organizational structures to implement the project more efficiently may in itself constitute a risk to sustainability, and even undermine national efforts at capacity building or decentralization through the support of project-specific "parallel structures."

Finally, economic shocks induced by broad ideological or policy shifts are well-documented sources of exogenous social risk. Investment operations based on privatizing state-owned enterprises or opening up markets to cheaper imports are two examples of externally induced shocks that have had unanticipated social consequences. For example, opening textile markets in a developing country while the industrial countries remained protected can result in the immediate and complete dismantling of a thriving textile manufacturing sector. Social analysis can anticipate such outcomes by asking which social groups the project would make vulnerable. It may not be possible to persuade industrial countries to change their trade policies, but an interim social-safety net can help the displaced textile workers while they establish themselves in other sectors.

As with all risks, knowing where social risk is likely to come from makes re-

ducing it easier. Institutional and stakeholder analyses are valuable for identifying likely sources of social risk. In some instances, existing mechanisms for managing social risks can prove useful for enhancing development opportunities.

Mapping risks on a grid according to their probability of occurrence and their significance helps to determine what risk-management measures are appropriate for a given project (figure 2.4). As the risk approaches the northeast corner in the figure it becomes increasingly important to prevent or manage the risk. Risks clustered in the southeast quadrant are important but improbable; they call for a contingency plan. Risks clustered near the northwest quadrant—relatively mild but likely—should be reconsidered.

FIGURE 2.4   SOCIAL RISK ASSESSMENT GRID[43]

LIKELIHOOD OF RISK				
HIGH	R	R	MP	K
SUBSTANTIAL	R	R	MP	MP
MODERATE	I	R	T	T
LOW	I	R	T	T
	LOW	MODERATE	SUBSTANTIAL	HIGH

IMPORTANCE OF RISK

K = *Killer assumption*. Scratch the design and start over, because the risk is unacceptably high.
MP = *Modify plan*. Take action to anticipate likely risk by changing design or introducing complementary measures.
T = *Triggers*. Establish measurable indicators that, upon being reached, trigger changes in design or measures to address distribution, compensation, adverse impacts, etc.
R = *Review and reconsider*
I = *Ignore*

Strategic outputs of social risk analysis

The principal output of social risks analysis is a full picture of the risk and vulnerability of the target population and other groups potentially touched by the project. The next is a plan that raises the risk threshold of the target population by marrying traditional mechanisms of risk reduction and management to other measures that the project team can design and implement. For example, if the project could disrupt incomes, and if rotating savings and credit associations are a traditional form of consumption-smoothing, then the project might increase the availability and flow of consumption credit by hiring a qualified NGO to start a microcredit operation.

43. *A User's Guide to Poverty and Social Impact Analysis, Op. Cit.*

Projects often face risks that lie outside their control. In such cases, project leaders may only be able to contribute policy dialogue. But sometimes policy dialogue can itself reduce risk. Public health is a good example. For large numbers of the poor, morbidity is one of the most common stresses, with risks to livelihood a prominent result. Public health policies have huge multiplier effects on large-scale risk reduction. The same holds for example for property rights and bankruptcy laws.

To manage risks once they are incurred, an investment project should include sub-projects that can be deployed as needed for the benefit of local populations. Examples of such sub-projects include micro-finance schemes and improvements to agricultural extension programs.

Investment projects cannot prevent hurricanes or war. The available responses again lie in the realm of policy dialogue—notably on public safety nets such as social funds, cash transfers and health insurance. Risks cannot always be predicted or managed, but we should be alert to their existence. Decision makers have to consider how policy impacts might vary in different plausible scenarios.

Scenario Analysis[44] helps policymakers understand uncertainties arising out of changes in strategic external conditions. Each analysis considers the social, economic, political, or technological outcomes that drive change in the country in order to highlight unexpected risks. Like most risk assessments, scenario analysis works best when a mixed team of decision-makers and stakeholder representatives conducts it. Bringing stakeholders into scenario analysis allows them to give risk estimates that the decision-makers might otherwise overlook. Their participation also lends legitimacy to whatever plans for responding to uncertainty the analysis might yield. Once they have created scenarios, the team draws up contingency plans, which might include changes in policy sequencing or timing.

Five Entry Points, One Result

If the five entry points of social analysis are properly used, then the resulting social analysis will enable task teams to plan their projects with a full understanding of its complex social environment. Teams will have a clear map of the socio-cultural barriers and bridges to project goals, a good sense of the institutional arrangements and resources they will need and a set of indicators against which to measure their success in meeting the project's development objective.

CHAPTER 3:
BUILDING SOCIAL ANALYSIS INTO PROJECT DESIGN

Social analysis is not just a useful analytical method. Its real value lies in its contribution to project design and development impact. Despite this, project planners often overlook the power of social analysis as an operational tool.

Task teams may miss opportunities to introduce social issues into projects for various reasons. Task-team leaders and counterpart officials may neglect to include social scientists in project design and decision-making. Even if their potential contributions are recognized, staffing and time constraints may prevent Bank social scientists from providing inputs and advice. The project's budget may lack the funds for a social scientist's participation as a full member of the task team.

Social scientists may appraise the potential impacts of a project but not turn their findings into operational recommendations. By limiting themselves to advocacy and focusing on problems, they may fail to identify practical solutions.[45]

Social scientists, whether Bank specialists or national team members, may not have enough project management experience or technical knowledge to translate their findings into practical recommendations. The documentation and studies from which they derive their social analysis may lack enough specific information to formulate operational recommendations.

In order to realize their potential to improve projects through social analysis, social scientists must (1) cultivate skills in project management, (2) orient their analytical work toward project processes and results, and (3) involve themselves in all stages of the project cycle, from preparation to implementation and evaluation. For their part, project staff can work with social scientists to reap the full benefits of social analysis, as we shall see in the next section.

Integrating Social Analysis into Project Design and Implementation—What Does it Take?

Several conditions affect the likelihood of the findings of social analysis being reflected in a project's design and applied during its implementation. These conditions include adequate funding, realism, problem solving, cross-learning (especially in regards to budgeting, logistics and technical issues), good communication and capacity-building alliances. We will review each in turn.

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44. Jonathan Maack, 2001. "Scenario Analysis: A Tool for Task Managers." in *Social Analysis: Selected Tools and Technique*, World Bank Social Development Paper no. 36 (June).

45. "In some cases the professionals involved in [social analysis] had little practical experience with development programs.... They were seen as conveyors of specific social agendas, rather than as independent specialists capable of transforming social analysis into policy recommendations." Gacitua-Mario, 1997. "Social Assessment in the World Bank Operations in Latin America: Lessons Learned." Paper presented at the April meeting of the International Association for Impact Assessment.

Adequate funding

The review of Bank social assessment mentioned above showed that financial constraints were the single biggest obstacle to the participation of social scientists in the project cycle. Even when social analysis is given weight during project preparation, the resources needed to engage social scientists beyond the design phase are often inadequate. Resources for their participation during supervision are rare.

Everyone with a stake in the project's success can play a role in overcoming such deficiencies.

- *Senior Bank managers and task team leaders* should consider budgeting for social analysis an integral part of project preparation and—in projects that have substantial social-development components or that depend on community participation for successful implementation—for the participation of social scientists throughout the project cycle.
- *Managers of relevant counterpart institutions* should make the necessary investments in staffing and training of local scientists.
- *Social scientists*, whether working for Bank or the Borrower, whether staff or consultants, should try to acquire project-management skills and assume their fair share of responsibility for project design and implementation. Using the log frame for project planning and monitoring is one such necessary skill.

A realistic approach

Wishful thinking about how societies *should* work makes for poor social analysis. Social scientists need to recognize that development interventions are carried out throughexisting legal and institutional frameworks, in cooperation with existing organizations and in the context of existing social practices. Ideals should not be shelved, but they should be tempered by awareness of what is possible and what is not.

BOX 3.1   THE VALUE OF REALISM

Social analysis of an agricultural technical assistance project noted that flaws in the land tenure system excluded the poor from access to project benefits. The analysts recommended that public lands be distributed among landless peasants, without considering the political feasibility of their recommendation. A more practical approach would have been to make the recommendation in the context of policy dialogue on the CAS, which might have led to a new operation aimed at reforming the land administration system at the national level.

Had the analysts considered a different target group—rural farmers having land title but lacking the means to market their products—they might have envisaged another route to poverty alleviation among the landless: technical assistance aimed at creating jobs in food processing, canning and other small agricultural industries.

Problem solving

Designing a project implies selecting the most efficient combination of mechanisms, resources and institutions available. Social scientists need to look for resources that will maximize certain conditions while minimizing others.

The social scientist seeks to maximize the following conditions...

- Participation of beneficiaries and affected persons, especially the most vulnerable and excluded groups.

Transparency and social accountability among the agencies responsible for project execution and for the delivery of expected benefits.

- Improvement in peoples' livelihoods as a result of the project.
- Strategic alliances and opportunities for capacity-building among various stakeholders designed to enhance the project's objectives.

... while minimizing others:

- Risks of adverse socioeconomic impacts of a project.
- Risks of impoverishment or further marginalization of vulnerable groups resulting from a project.
- Capture of the project's intended benefits or opposition by influential stakeholders.
- Social constraints to the delivery of services and benefits under the project.

BOX 3.2   KEY DESIGN AND OPERATIONAL ELEMENTS

The design and operational arrangements of all projects emerge from negotiations among the actors involved. The following points, among others, must be agreed upon:

- Design components that have high opportunities for social development or, conversely, high social risks.
- Practicalities of action plans that promote inclusion, empowerment and security, by supporting equity of opportunity, participation, social risk management and social impact monitoring.
- The best possible institutional mechanisms for the project, including public- and private-sector institutions, NGOs and community organizations.
- Design of the technical assistance component, especially the strategy for institutional development and capacity-building among the most excluded stakeholders.
- Decision-making mechanisms, grievance mechanisms and other operational arrangements.
- Allocation of financial resources for the above-mentioned activities.
- Human resources, staffing and training needs for the project.
- Communication between the project and stakeholders.
- Logistical arrangements, procurement rules, disbursement mechanisms and reporting procedures.

By clearly defining the points to be maximized and minimized, and by examining the opportunities, constraints, likely impacts and risks, social scientists can produce more realistic recommendations.

The means chosen to carry out a project, including institutions and administrative procedures, are not neutral. Political constituencies and interests are always involved. In this sense, a design decision may have political consequences. If a coalition of stakeholders is established to support the project, that group will exercise political power. Likewise, strategies aimed at empowering disadvantaged social groups, especially the most vulnerable, are likely to involve intermediaries such as local leaders or representative organizations.

Development interventions must be tailored to the society in which they will be carried out and to the resource endowments, capabilities, skills and values of the groups in that society. Social scientists need to be aware that changing existing power relations may pose risks for the poor. More powerful groups, seeing their position and privilege threatened, may seek to block change or even to hurt those promoting change.

Cross-learning

Developing some familiarity with economics makes it easier to discuss with economists how to integrate social and economic development. Social scientists can also greatly enhance their influence by acquiring knowledge and experience—of administration and management, particularly budgeting and logistics, and also the technical issues central to sector work.

One way to learn is by asking pertinent questions about the mechanics of budgetary, logistical and technical processes. With respect to budgets, the social scientist needs to know about special accounts and to consider the implications of who manages accounts and allocates resources. Who makes the final decisions about spending and logistics? How are resources supposed to flow to the local level?

A useful exercise in this regard is to extract from the general project budget all items related to the recommendations made in the social analysis. Social scientists are well advised to prepare their own social development budget comprising these items. That budget can then be used to supervise project implementation.

Logistics (vehicles, transportation, access to field operations, equipment, secretarial support, conditions for field workers and so on) are not minor details. Are the project's logistics adequate to serve beneficiaries and communities, especially those located in remote areas? In some projects and countries, decentralization of field operations might be necessary to achieve social development goals.

The social scientist needs technical knowledge not only to gain and maintain credibility with the task team but also to provide relevant information from the social analysis. Since each sector represents different opportunities for the social scientist and requires different approaches to incorporating social issues into the design and sequencing of implementation strategies, social scientists will need to become familiar with the concerns and opportunities of the sector in which they will be working.

Communication of promises and commitments

Good communication translates into better governance and thus develops mechanisms for social accountability, but good communication rarely comes easily. During the preparation of project documents such as the project appraisal document, operational manual, legal agreement and other project documents, the social scientist should work alongside the task manager and lawyer to present the social aspects of the project, especially the social analysis recommendations, in straightforward language. The Borrower should be encouraged to disseminate a brief summary of the project, in appropriate language and format, to community organizations and other project partners. The summary should pay special attention to programs and actions that address these groups' concerns and expectations.

Understandings reached between government officials and communities and beneficiaries during consultations should be recorded and made available in writing to affected parties. Such records form the basis for transparency and become a valuable tool for monitoring and evaluation.

Alliances and capacity among local counterparts

While performing their analysis, social scientists should be alert to whether the local project team is likely to need additional capacity. The continuity and sustainability of key actions and programs will depend heavily on the local team in the counterpart agency, which will likely remain in place for the life of the project. When conditions change, or when lessons learned suggest changes, it is the local staff who must make adjustments to the project while protecting its main social development goals. The social scientist therefore has an interest in ensuring that the social perspective of local staff is broad and deep enough to address community needs, manage conflict, and accomplish other tasks crucial to the social analysis. If it appears that the local staff will need training, then the social scientist should check on the resources available for that purpose.

Enabling conditions

Even when social analysis has been adequately translated into design and operational arrangements, development initiatives can fail if the right set of enabling conditions—decisive external factors and circumstances—is lacking. Social scientists need to sharpen their ability to identify the enabling conditions of a particular project and exercise imagination and creativity in dealing with them.

The social contexts in which projects operate are complex, and enabling conditions are often hidden behind tacit agreements made among governmental agencies or implied in a covenant of the legal agreement. Thus, it can be difficult to identify at the outset the particular enabling condition or conditions around which the project's operational strategy should be centered.

In some cases, the enabling condition may be the creation of a new organization or the strengthening of an existing institution. It could also be the role of a champion, or enabling conditions to encourage partnerships with other stakeholders, such as influential local leaders or potential investors. Or it may be the passage of new legislation by the

national legislature, the promulgation of a new policy by the executive, or the approval of a new sectoral or regional policy.

Identifying enabling conditions requires knowledge and experience of the sector and country and a deep understanding of the history and state of the society. Social scientists should engage in discussions with sector specialists and with policymakers, lawyers and project managers for the Bank and its Borrowers about the enabling conditions for a particular project, sharing with them the findings of the social analysis to inform policy formulation and decision-making.

Using the Project Cycle to Integrate Social Analysis into Design and Operations

The World Bank's project cycle offers many opportunities to inject recommendations from social analysis into project design and implementation (figure 3.1). Many of these opportunities arise in connection with official project documents, events, and activities. Each section below summarizes the typical content of a document, event, or activity and notes key topics in which social scientists should take an interest if their social analysis is to find its way into operations.

Project concept document (PCD)

An early review of the PCD,[46] even if it is not complete, is a useful entry point for social scientists. In an ideal situation, the social scientist is a member of the task team and contributes to writing the PCD and subsequent project documents. When not an actual member of the task team, the social scientist should initiate dialogue with the task team during project identification, even before the PCD is drafted, to raise broad questions about the relevance of the social context.

What social benefits could emerge from the project? How can the project serve the interests of the poor and most marginalized groups in society? How does the project intend to reduce poverty? Are there past projects of a similar nature, or in related sectors, that bear on the proposed project? What are the potential social risks associated with the project?

The key social issues relevant to a project are normally summarized in section E.6 of the PCD. During the PCD stage the task team is expected to enumerate issues that are already well understood and to describe the proposed steps for completing the social analysis of those issues about which further clarity is needed. The PCD documents the proposed measures for completing the social analysis, including the conduct of a social assessment by the Borrower for projects with substantial, outstanding social issues. Relevant social development issues may also be explicitly identified within the development objective. These are normally discussed in greater detail in the sections on development and strategic context, the rationale for the project including the consideration of project alternatives, and sustainability and risks. The social scientist should give special atten-

FIGURE 3.1 GENERIC DESIGN ELEMENTS AND OPERATIONAL FACTORS DERIVED FROM THE RECOMMENDATIONS OF SOCIAL ANALYSIS

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46. The Project Concept Document reflects the findings of the scoping exercise, including the actions proposed to complete the social analysis and to address social issues in project design.
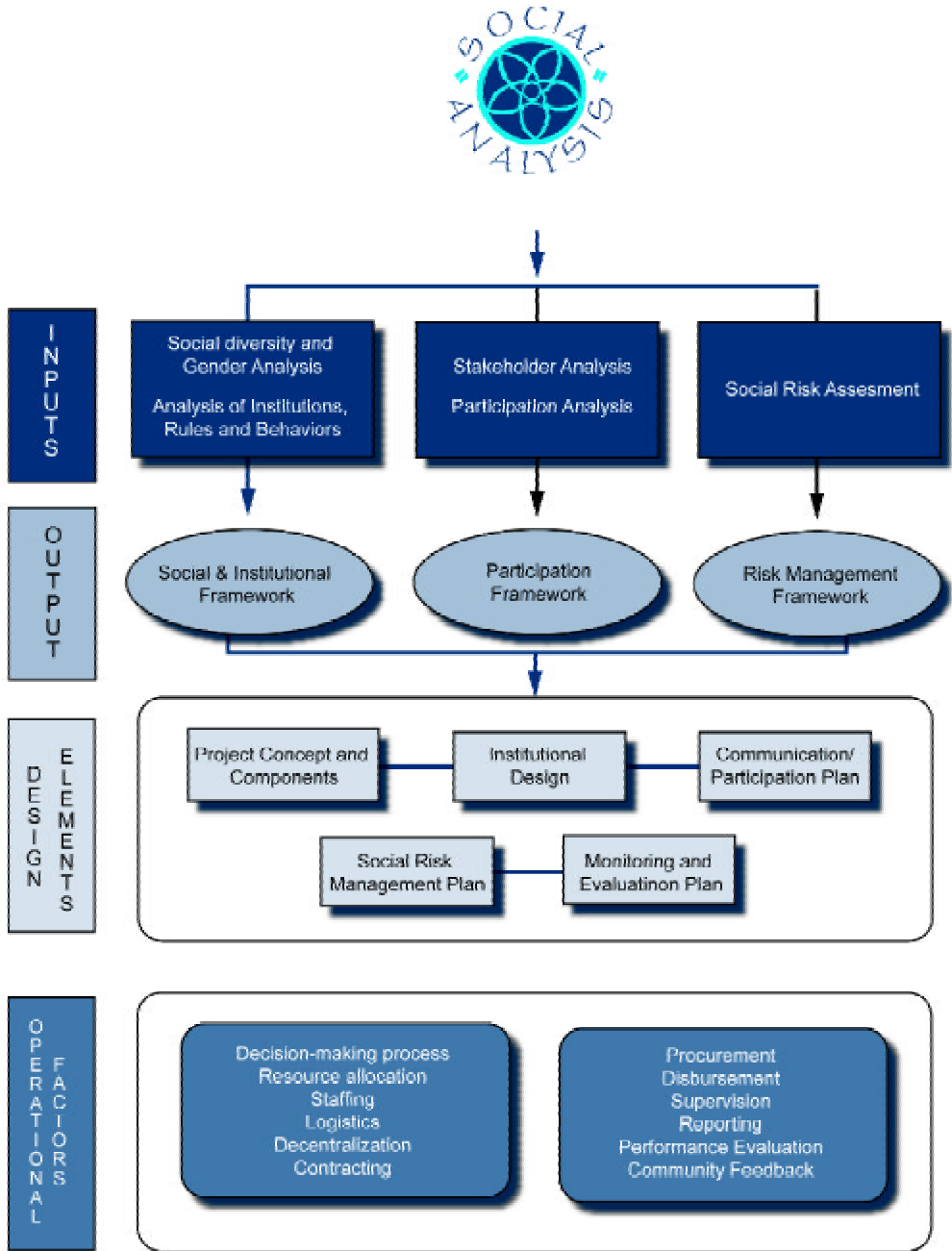
> **BOX 3.3   SUPPORTING THE BORROWER'S SOCIAL ASSESSMENT—TIPS FOR THE SOCIAL SCIENTIST**
>
> Budget limitations often prevent Borrowers from combining quantitative and qualitative methods in their social assessments. And Borrowers often resist collecting sensitive information. Both constraints make analysis less rigorous and reliable.
>
> Take steps to prevent such problems. Communicate a clear plan for both social analysis and social assessment before designing research methods and designating areas of investigation. Trumpet the merits of social assessment. Encourage collaboration with other donors. Identify in advance competent and qualified local consultants who will participate in the social assessment.
>
> One of the most productive investments the Bank's social scientists can make is to build the social-assessment capacity of local research teams. Local social scientists can play key roles in monitoring, mid-term reviews and implementation completion reports, and in troubleshooting during supervision missions.
>
> To find social scientists with knowledge and experience related to the project, check with local universities and independent consultants. Disclosure of project documents should be undertaken in accordance with the Bank's disclosure policy. Encourage Borrowers to ensure that local consultants fully understand the project rationale and the Bank's expectations and requirements.
>
> Identify resources for strengthening the social awareness and capacity of the country team responsible for project preparation. Arrange encounters between the local team and the Bank's task managers and officials at the Bank's local office. Show respect for their views and knowledge by sharing with them your drafts, as well as the final social analysis.

tion to establishing indicators to monitor intended social benefits and development outcomes and risks.

It cannot be assumed that poverty reduction will occur simply because of the project's good intentions. The flow of new services, new infrastructure, and new jobs, or the formalization of informal rights and the revaluation of the assets and capital of the poor, may well alleviate poverty. But the links between such actions and their expected benefits for the poor should be clearly and unambiguously specified in the logframe within the Project Summary,[47] which provides an opportunity to link project activities and budget allocations to specific outputs and outcomes. Those specifications will drive the project design, and the indicators listed there will serve as the baseline for monitoring and evaluating project outcomes. This logframe may be initiated at the PCD stage, but it is normally completed by project appraisal.

47. PCD Annex 1

Project appraisal document (PAD)

The PAD builds on the basic information provided in the PCD. Social scientists are expected to summarize the social analysis in the relevant section (currently section E.6) of the PAD. More detailed social analysis, such as the findings of social assessments done by the Borrower, may be included in an annex. The recommendations presented in the social analysis section and annex should be consistent with the overall organization of the project.

The social analysis should clarify project objectives and benefits, stimulate discussion of winners and losers, and inform consideration of project alternatives, sustainability and risks. The institutional design of the project should reflect the agreements reached with the Borrower on the project's social development outcomes and the mechanisms and resources needed to achieve those outcomes. When social safeguard issues (e.g., involuntary resettlement or indigenous peoples) are identified, the social scientist should verify compliance with relevant operational policies. Appropriate indicators and benchmarks should be identified to monitor progress and project implementation, and resources for monitoring should be adequately provided for as a condition of project appraisal. Social scientists frequently overlook the section of the PAD devoted to controversial aspects of the project. The PAD should clearly spell out special risks, corruption, violence, weak ownership, poor governance, stakeholder opposition and other relevant controversial aspects.

> **BOX 3.4   MAKING THE MOST OF THE PCD—TIPS FOR THE SOCIAL SCIENTIST**
>
> Meet with the task manager, the country lawyer as well as other members of the project team to clarify expectations and concerns. Convey information about the project's socio-cultural, institutional, historical and political context. Highlight the social diversity of the country, the historical exclusion of women or other disadvantaged groups, the role played by civil society organizations, the role played by informal social organizations and other salient social issues.
>
> Study the political economy surrounding the project and explore with the project team any underlying assumptions of the Borrower's assessment. Conduct a stakeholder analysis of implementing partners to understand interests and motivations of key actors. Learn how and why the project originated, so as to gain insight into the Borrower's degree of ownership and the likely direction of the project. Ask the same questions—tactfully—of counterpart officials, local consultants and local social scientists.
>
> Review supervision reports and implementation completion reports from previous operations of similar scope, paying special attention to previous difficulties in delivering project benefits, disbursing resources, establishing communications, monitoring results and sustaining infrastructure or services.
>
> Help write (or review) the terms of reference for the social assessment (if one is required), and advise the Borrower on selection of consultants for the social assessment. For tips on engaging stakeholders, beneficiaries and the Borrower in the social assessment, see Chapter 4.

In addition to spelling out the social risks identified by the social analysis, the PAD should spell out a corresponding risk-management strategy. Awareness of potential risks is not enough. Other disciplines can be brought in to further assess identified risks and to help prepare the risk-management plan. For endemic risks, the statutory responsibilities of participating organizations—governmental and nongovernmental—to monitor, avoid and manage risks must be made explicit. The risk-management role, functions and resources of each should be clearly assigned. In a country prone to floods or conflict, for example, investing in a disaster-management plan might be a cost-effective way of protecting the poor against those risks.

If political economy is a concern, the social scientist should assess whether operational arrangements are likely to be adequate to prevent vested interests—local elites, politicians, consultants, or international firms—from capturing project benefits. The social scientist can greatly benefit the task teams by providing different scenarios for dealing with opponents and supporters of the project.

The same procedure could be followed with other potential risks, such as those involving noncompliance with Bank safeguard policies or other adverse social impacts, such as exacerbation of disparities of gender, ethnicity, religion, language and geography. Social analysis and social assessment are often done in situations governed by the Bank's social safeguard policies affecting indigenous peoples and cultures, or involuntary resettlement. In such situations, the social scientist will often be called in to confirm that policy frameworks, mitigation plans, organizational capacity and other actions needed to comply with the safeguards have been addressed satisfactorily.

Not all risks can be fully mitigated, but a strategy should be developed to minimize the impact of country risks and exogenous risks on the vulnerable and the poor.

Operational manual

The social scientist should read the project's operational manual (OM). The OM

contains rules, procedures and norms that may facilitate or impede strategies for achieving social development's key goals: inclusion, empowerment and security. If possible, the social scientist should participate in drafting the OM, thereby helping project teams define arrangements and procedures that are consistent with the social development strategies. A brief look at the content of any OM will immediately reveal its relevance for social scientists hoping to see their analytical work embodied in socioeconomic infrastructure, services, opportunities and benefits.

Typically, an OM encompasses the rules and procedures agreed upon between Bank and Borrower in relation to:

• Preliminary activities to initiate the project, including organization of the project implementation unit, organization of key information and documents, and conditionality for project effectiveness.

• Agreements on enabling mechanisms, delivery mechanisms and targeting, including selection of beneficiaries and eligibility criteria; geographic, socioeconomic, or sociocultural targeting; enabling mechanisms to create opportunity; delivery mechanisms to provide goods and services; and targeting mechanisms.

• Responsibilities for project implementation, including institutional arrangements and statutory responsibilities for project execution, other institutions and organizations that will support the project, capacity-building activities and implementation arrangements for each component.

• Planning and preparation of project budget, including the annual operational plan and expenditures budget, resource allocation by source of funds, and mechanisms for budget control and revision.

• Arrangements for procurement, including norms for purchasing services (very relevant if community organizations will act as providers or consultants), procurement procedures and responsibilities, resources for contracting consultant services, Bank approval requirements and the annual training plan.

• Arrangements for supervision reporting, including the mid-term review and completion report.

• Arrangements for project oversight, monitoring and evaluation, including modalities, contracts and key indicators.

Arrangements for disbursements, including authorized signatures for disbursements and replenishment.

The OM contains annexes referring to the final agreements reached between the World Bank and the Borrower on key matters such as eligibility criteria for targeting investments; selecting beneficiaries, localities and regions to be covered by project actions; and financing community initiatives and sub-projects—all highly relevant to the achievement of social development objectives. Unless social scientists pay close attention as the OM is prepared, the recommendations of the social analysis may be left out of the final implementation arrangements.

The social scientist should work with the TTL to point out to the Borrower any inconsistencies between the recommendations of the social analysis and arrangements proposed in the OM. If for example the social development strategy conflicts with the institutional

arrangements under which the project will be implemented, the Bank team should bring this to the attention of the Borrower. If recommendations from the social analysis are systematically or persistently ignored by the Borrower, then the social scientist should inform the country director that the project's development objectives may be endangered.

Project implementation plan (PIP)

Although preparing the PIP is the Borrower's responsibility, its development offers important opportunities for integrating social analysis into a project. Give special attention to the preparation of the operational plan, especially for the first year of the project wherein operational arrangements and field provisions are put in place.

Preparing the PIP is a delicate task that often involves designing formats for collecting information, selecting beneficiaries, defining entitlements and so on, as well as drafting terms of reference for staffing the project management unit and recruiting social development consultants and community development specialists. Decisions on all such matters should take account of relevant social considerations. In addition, flexibility should be built into project implementation plans, so that changes can be made in response to lessons learned from monitoring and from stakeholder feedback.

The presence in the field of the Bank social scientist and sometimes of the task manager improves the operational relevance of social analysis. Field presence means that key task team members are "on continuous supervision." Task managers can build in formal and informal mechanisms, such as stakeholder workshops for disseminating social assessment findings and consultation with key stakeholders as part of the social assessment process during implementation. These need to be explicitly included in the PIP. The social scientist can build awareness of social issues that may affect the project, and sometimes generate consensus about those issues, by disseminating findings from the social analysis to the Borrower, beneficiaries and stakeholders.

Project legal documents

The project legal documents typically include the Loan/Credit and Project Agreements, as well as any supplemental letters. They describe the project and specify the Borrower's legal undertakings in respect of the project, including as appropriate those dealing with safeguard policies and other key social development objectives agreed with the Borrower. They also set out the financial conditions of the loan/credit, as well as the procurement and disbursement requirements.

Social scientists should participate in project negotiations and review the Minutes of Negotiations, especially the sections dealing with key social aspects of the project. They should carefully review the legal agreements negotiated by the Bank and Borrower to ensure that they document the agreements reached on the measures to achieve the key social development objectives and outcomes of the project.

As a member of the Bank task team, the social scientist should provide feedback to stakeholders involved in the stakeholder consultations, and ensure that they, especially the potential beneficiaries and affected groups, are aware of the project's conditions and do not have false expectations.

Supervision and monitoring

Supervision and monitoring are important management tools that provide task managers with quick feedback on project effectiveness during implementation. They have become increasingly important as the Bank moves away from "blueprint projects" toward more flexible planning that allows project leaders to make adaptations on the ground.

Task managers can use participatory monitoring and evaluation to systematically evaluate progress and impact early in the project cycle. In the participatory process, the perspectives and insights of all stakeholders, beneficiaries as well as project implementers, are tapped. All stakeholders identify issues, conduct research, analyze findings, make recommendations and take responsibility for necessary action. The participatory aspect of the process is particularly effective because stakeholders involved in identifying problems and solutions develop ownership of the project and tend to be more amenable if corrective actions later prove necessary. The social scientist can be invaluable in helping to analyze stakeholder response and the changes needed make the project more effective.

Many supervision reports make no reference to social issues or the achievement of social development goals, focusing instead on physical and economic indicators of progress and technical or financial performance—disbursements, bids, procurement of goods and services, and the like. Monitoring reports offer social scientists another opportunity to go beyond standard supervision reports and obtain other views. It is a good strategy to obtain opinions and information from key allies among beneficiaries, nongovernmental organizations and third parties, and then to share that information with project managers.

BOX 3.6   PARTICIPATION TIPS FOR SOCIAL SCIENTISTS

Social scientists can make important contributions by reviewing all aspects of the participation strategy. Does the design reflect the recommendations of the social analysis to build capacity and participation among the poor? Are incentives to foster participation needed? Have enough resources been set aside for consultations and capacity-building among beneficiary organizations and other relevant stakeholders?

If the consultation strategy for implementing the project is not well defined in project documents, verify that feedback mechanisms are available to beneficiaries and involved communities. Also check whether the implementing agency has a plan for disseminating information to the targeted communities.

The participatory strategy can be made more effective by including a section in the OM that includes a clear definition of the rights and duties of community-based organizations and beneficiaries in project execution. Be sure to specify the kinds of decisions in which representatives of the community or of beneficiary groups are or are not allowed to participate.

Highlighting the monitoring and evaluation/social impact monitoring findings in supervision reports is useful for identifying the type of changes or adjustments needed, and also for examining the social consequences of the project. This is best accomplished by working together with the task manager, the country team and the executive agency or agencies on the design and implementation of the needed adjustments. Beneficiary groups, especially the most disadvantaged, need to be made aware of project changes and to have the opportunity to express opinions and make suggestions. Finally, the agreements reached should be recorded and made part of the monitoring and evaluation system.

It is important for the social scientist to participate in the mid-term-review and to use that opportunity to review and adjust the strategies for inclusion, participation and social risk management that resulted from the social analysis. Before the project closing date arrives, the social scientist prepares contributions to the Implementation Completion Report.

Mid-term review

The mid-term review gives the social scientist a good opportunity to review the outcomes of the social analysis, the knowledge acquired on social issues related to the project, the appropriateness of the analyst's recommendations and the need for adjustments, additional studies, or changes in emphasis. The social scientist should recommend adjustments in the project's structure, objectives, scope and target groups.

Applying the Five Entry Points of Social Analysis in Project Design

Some basic principles can guide social scientists and practitioners in their efforts to meet the broad social development objectives of inclusion, empowerment and security.

Social diversity and gender

Analysis of social diversity and gender provides crucial insight into how poverty is linked to people's position in society. Such analysis shows how factors like ethnicity, geographic location, religious identity, or gender themselves form the basis for exclusion from opportunities of all types. In the first instance, the results of the analysis bear on project design in determining which groups should be targeted.

Targeting mechanisms are relevant to many development interventions. However, they are crucial to social development goals in two types of projects: those in which historical exclusion of highly vulnerable groups is likely to continue, and those in which facilities, infrastructure, services and benefits are likely to be captured by influential individuals and groups.

Analysis of social diversity and gender points to possible operational arrangements for inclusion in the project. The answers to the following questions should guide these arrangements.

• What prevents public expenditures from reaching the poorest and most vulnerable groups? Are the reasons related to ethnicity, political agenda, or geographic isolation?
• What are the risks of social discrimination among beneficiaries? What socio-economic, political, or religious factors are at work?
• Are self-targeting mechanisms available?
• What instruments, mechanisms and processes are available to adjust for social diversity?
• Does the implementing agency have sufficient administrative capabilities to apply the recommended targeting mechanisms?
•What can be done to strengthen institutional capabilities, if such strengthening is needed?

To achieve gender balance, for example, the project design may require that women share in the leadership of local community management structures and be represented not only in surveys and focus groups but also in project planning meetings.[48] Staffing the executive unit could be an important starting point for gender balance.

If implementing agencies lack the capacity to address gender issues adequately, the social scientist should seize the opportunity to design, in conjunction with the national or local offices that have statutory responsibility for gender issues and women's affairs, a training package to raise gender awareness and skills among governmental officials, community leaders and project stakeholders. Operational rules may be needed to involve the offices responsible for gender issues in development initiatives.

Logistical arrangements—transportation, timing of activities, alternative support for domestic work—should be considered to help facilitate women's participation.

Any action to promote and facilitate gender equity should be explicitly included in the project budget. Gender monitoring indicators should be established and built into the project's operational procedures to translate gender-based recommendations into practice.

Like gender, other factors like age, ethnicity, religion and geography can be barriers to participation in economic growth and development opportunities. The challenge is to create mechanisms to include excluded groups not only as beneficiaries of the project but also as participants in decision-making processes.

Where religion and cultural characteristics are discriminating factors, attention is needed to ensure that the field team includes adequate representation of diverse religious and cultural groups. If that is impossible or inappropriate in a particular project or situation, social scientists should work with project managers to find other ways to ensure religious and cultural diversity.

Meetings, consultations and other project events should be planned with an eye to cultural sensitivities, norms and values, including religious ceremonies, important dates and traditional customs. Such considerations may require allocation of extra resources and time for project execution.

48. Elizabeth Bamberger, 1999. "Gender Review of Social Assessment in the LAC Region." in World Bank, *Latin America and the Caribbean Region.* Washington, D.C.: Office of the Publisher.

Where ethnicity is the basis for exclusion, operational arrangements should reflect some of the internal organizational characteristics of the relevant ethnic groups, such as respect for the roles of traditional authorities. Again, a flexible time frame will be needed to allow consultations and decisions among ethnic groups, as well as adequate human resources to enable the project to reach out to them.

Where language is a discriminating factor, budgetary resources will be needed to hire translators throughout the life of the project. Important project documents should be translated into the language of the excluded groups. Adjusting for linguistic exclusion may also require hiring multilingual field staff, extra time to develop appropriate materials and time during project execution for consultations with communities that speak local dialects or that lack access to the language that officials use for project business.

Where geographical location is a discriminating factor, the executive unit may need to be decentralized to additional field branches may need to be established in remote areas. This would imply additional budgetary resources and extra time to work in remote areas. The guiding principle is to bring the project closer to those living in remote areas.

Institutions, rules and behavior

If the analysis of institutions, rules and behavior has adequately delved into the formal and informal institutional rules of the game, and the relevant organizations and their behavior (see Chapter 2), it is likely to have revealed not just where power is located in the system, but how it is exercised; not just how the flow of goods, services and information is supposed to work, but how it actually works. In short, in terms of design, the analysis will reveal where there are potential barriers or bridges to successful implementation.[49] During project design, the social scientist can look at this information and ask questions like:

- Have all the institutions and organizations been considered, including those in the marketplace, the public sector and the community?
- Is the culture of potential partner organizations a good fit with the project's goals?
- Do the human resources available have the appropriate background and values for this project?
- Is the incentive structure in the organization or institution conducive to project success?
- Does the organization engage in other activities or have other mandates that send a "message" to constituents or beneficiaries that is different from or that contradicts the message the project wants to send?

Project design can adopt several strategies to deal with these realities. For example, a project can decide to overcome existing weaknesses in human resource capacity by investing in training to improve capacity, or by inculcating new values to change the

organizational culture within existing organizations. Projects can also change the structure of incentives by altering pay scales, or by investing in non-material incentives such as raising the status and prestige of priority work within the organization. When these measures are unlikely to achieve desired results with existing organizations, a project may address institutional weaknesses by creating parallel organizations or using existing alternative organizations. All such design options must of course be made by weighing the political and other costs involved.

Stakeholders

Social analysis of stakeholders traces the characteristics, interests and influence both of those stakeholders who affect and who potentially will be affected by the proposed project. Its outcomes—essentially a map of possible winners and losers with indications of their degree of attachment to change or to the status quo—are an important determinant of what practical tactics need to be built into the project's design. The social scientist ought to be able to provide advice like the following:

- Which stakeholders (individuals or groups) to engage as project partners
- Which stakeholders have potential negative influence and high degree of influence that needs to be managed, and how
- How to increase ownership among key stakeholders
- Which stakeholders have negative interests, but lack significant influence and can thus be safely avoided
- How certain anticipated "losers" as a result of the project are likely to react, and possible ways they can be compensated
- How those stakeholders with positive interests, but low influence, can have their influence increased (i.e., through use of the media.)

Participation

Analysis of participation provides another level of understanding of the barriers and bridges to achievement of a project's objectives. Wherever relevant, mechanisms for participation of beneficiaries and other key stakeholders should be integrated within the project's operational arrangements.

Participation of beneficiaries plays a major role in achieving empowerment outcomes of a project. Empowerment refers broadly to the expansion of freedom of choice and action. The Empowerment Sourcebook issued by the PREM network describes the links between empowerment and improved project performance and provides further guidance on how it applies to the Bank's work.[50]

Access to information. Social scientists should establish, consistent with the Bank's Disclosure Policy, procedures to disclose and disseminate project-related information, including feedback from relevant stakeholders, in a manner that can be easily accessed by interested stakeholders.

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49. The PSIA User's Guide argues that institutions are important in that they mediate the transmission of certain development impacts to households or groups. Second, institutions are often the object of many types of reform which change the incentives and rules that govern public and private organizations. Third, many types of development projects or programs call for a central (or in some instances an accompanying) role of particular organizations in their implementation. See *A User's Guide to Poverty and Social Impact Analysis*, Op. Cit., p. 15.

50. *Empowerment and Poverty Reduction: A Sourcebook,* Op. Cit.

Recognition of informal organizations. Those who are excluded from development opportunities may well belong to informal organizations and institutions that operate outside the formal economy, beyond and sometimes even in spite of the state. They often possess sufficient social capital to provide services to their members. Because of their social role, they are natural allies of social development initiatives aimed at improving social equity and reducing poverty. The operational challenges is to help the Borrower develop suitable mechanisms for involving appropriate informal organizations whose goals are in line with the project's objectives, in project implementation.

When recommending roles for community-based organizations, social scientists should examine their capacity to take part in project implementation. When that capacity is low, special support services, external facilitators, or training may be needed. Again, such strategies require budgetary and human resources that should be specified in the project appraisal document and operational manual.

Revaluation of the assets of the poor. The single most powerful means of empowering the poor is to formally recognize the property and other assets that the poor hold informally.[51] Social analysts examine the opportunities and obstacles present in a given social context to increase the value of the assets of the poor. Even at the project level, the agency responsible for project execution can protect or increase asset value through design changes, such as modifying the alignment of roads, or procedural changes, such as relying on social capital or use-rights in place of collateral for microcredit.

Accountability. Poor, vulnerable and excluded groups benefit when the institutions responsible for project execution are made accountable to them. Accountability often implies mechanisms for third-party monitoring and reporting through which the most vulnerable groups can access key information on project management and results. Social scientists can use third-party monitoring to propose, review and negotiate with project managers arrangements to address the constraints of political economy and lack of credibility identified by the social analysis. This often helps to increase the project's credibility, particularly in situations of social exclusion or social tensions.

Social risk

In addition to exogenous and country risks to the project, project risks may include vulnerability, political economy, or institutional risks that can undermine the project's development objectives (see Chapter 2). These risks could include the possibility that the project may create, reinforce, or deepen inequality and social conflict, or that the attitudes and actions of key stakeholders may undermine the project's development objectives. During project design, relevant risks should be identified and assessed in terms of their importance to the project and their likelihood of occurrence. Figure 2.4 provides a tool that can help task teams to assess risks and determine appropriate risk management actions for identified risks. While all identified potential risks should be monitored during project implementation, the more significant risks may imply a reconsideration of project design, while others may trigger corrective action, should they materialize.

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51. Ibid.; De Soto, Op. Cit.

Mechanisms for Delivery of Project Benefits

Delivery mechanisms are obviously necessary in development interventions designed to provide infrastructure, goods and services. Their importance is less obvious in projects involving policy or institutional reform. But the fact is that all projects must *aim to achieve* the social development outcomes promised in their design. Social scientists should be aware of the basic operational principles that can affect the delivery of expected project benefits.

In countries where the existing policy and legal framework stands in the way of delivering services or benefits, social analysis, conducted in consultation with the lawyer, may identify a need for changes in legislation or regulations, to be discussed in policy dialogues between the World Bank and the borrowing country.

Even small details can cause delivery failures, as the supervision reports of Bank-financed projects attest, but it is important to understand the real nature of the constraint. For example, while lack of vehicles may be a constraint in some projects, others may suffer from fuel shortages. Still others may be affected by rules and procedures governing transport expenditures.

Do grassroots organizations have a bank account that they can use to receive and manage project funds? The project team needs to think about the flow of funds in order to finance project activities smoothly.

When it appears that implementation mechanisms may fail due to management deficiencies in government or to the inability of government agencies to cooperate effectively with community-based organizations and informal institutions, the project's operational arrangements should focus on building institutional capacity or modify its implementation mechanisms.

Failures in the provision of infrastructure, services and social development benefits can also result from political interference by stakeholders with vested interests, from poor management, or from corruption. If such problems appear likely, capacity-building efforts based on sound institutional analysis are in order.

Conclusion

A successful process of operationalizing social analysis should result in clear agreements with the Borrower on the following:

- An agreement on the intended social development outcomes of the project.
- An agreed upon "map" of who the likely "winners and losers" are and how they are likely to react, and a politically and financially realistic plan of how to deal with both. For example, if the project design calls for decisions on project resources and services to be made on the basis of inter-community competition, a plan might exist to provide training to "losing" communities to prepare proposals to other agencies.
- An agreement on the institutional arrangements for the project that would spell out which organizations will be directly involved, along with the roles and responsibilities of the relevant departments and people.

• Action plans incorporated in the project design that spell out how to deal with safeguard issues, such as resettlement or indigenous peoples.

• An agreement on indicators to monitor the project and an agreement on a monitoring and evaluation plan. Indicators are more useful if they are easily verifiable. The M&E plan should make clear distinctions between indicators that can be directly attributed to the project and indicators whose performance depends in part on other variables. These should be reflected in the Project Summary logframe included in the PAD. The monitoring and evaluation plan should include not only what kinds of data and information are going to be collected but also clear guidance about monitoring and evaluation intervals, methods and resources needed. Finally, the monitoring plan should include guidance on what steps to take in the event that problems are discovered during monitoring.

• An agreement on a plan for the participation of key stakeholders. This should spell out how stakeholders as beneficiaries will be involved in the project process and outcomes, and how other, non-beneficiary stakeholder groups will achieve ownership of project goals.

CHAPTER 4:
SOCIAL ASSESSMENT

Social assessment is the instrument the Borrower uses to analyze social issues and solicit stakeholder views for the design of Bank-supported projects. Social assessment findings are appraised as an integral part of social analysis. This chapter contains advice and information for task teams, Borrowers and social scientists. It explains each of the main steps in a social assessment. It also suggests how task teams can use the social assessment to identify the opportunities, constraints and social risks inherent in the project and to put these ideas into design and implementation.

Basic Concepts of Social Assessment

Social assessment is a type of social analysis that may be undertaken by the Borrower as part of project design. Social assessment is often continued, and in some cases (such as for LILs) may even be initiated, during implementation. Social assessment helps to make the project responsive to social development concerns. Social assessment assists the Borrower in reaching the vulnerable and the poor and ensures that the project objectives are acceptable to the intended beneficiaries. Development initiatives informed by social assessment alleviate poverty, enhance inclusion and build ownership while minimizing and compensating for adverse social impacts on the vulnerable and the poor.[52]

• Social assessment is analytical. It uses the five entry points of social analysis presented in Chapter 2.
• It is process-driven. It facilitates continuous feedback from beneficiaries and stakeholders during preparation and implementation.
• It is operational. It combines analysis of the socio-cultural and institutional context with stakeholder consultations to generate operational recommendations for the project.

Social assessment facilitates the systematic participation of relevant stakeholders in project design and/or implementation. During implementation, it increases the likelihood that those whom the project is intended to benefit gain equitable access to those development opportunities. By gathering and analyzing operationally relevant information, social assessment allows the Borrower to articulate the project's social development outcomes and impacts and to establish meaningful indicators and systems to monitor and evaluate them.

Those responsible for social assessment on the Borrower's side examine project design and the institutional arrangements surrounding the project. In order to enhance equitable access to project benefits, they may recommend modifications of those arrangements or even suggest new institutional structures for project implementation. In some cases, a social assessment may lead to redesigning the project.

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52 . *Social appraisal* is the due diligence that the Bank undertakes to understand key social issues and evaluate tradeoffs. *Social assessment* is the process used by the Borrowers to assess the likely impacts of projects on key stakeholders.

Responsibility for Social Assessment

Although an assessment of relevant social issues has been part of the Bank's approach to project appraisal since 1984, the use of social assessments to inform this appraisal process only emerged in the 1990s.

Initially, Bank staff undertook the social assessments personally. By FY01, local scientists (that is to say, scientists from the project country) carried out over 80 percent of social assessments, allowing more direct application of country knowledge and local language skills.[53] The idea of having Borrowers conduct assessments for project preparation is not new. Borrower-led work on environmental assessment and social safeguard policies such as resettlement has a well-established history. By the end of the decade, many Borrowers had assumed greater ownership of the social assessment process. Borrowers began using their own staff or consultants to gather data and write analyses, launching social assessment dialogues, analyzing formal and informal rules of the game, and drawing lessons for project design and implementation. Indeed, an increasing number of project implementation units restructured their organizations to accommodate social scientists, public relations officers, coordinators from NGOs and social impact-monitoring specialists.[54]

Most Borrower-managed social assessments are, in fact, carried out by local consultants. Social assessments have become a significant source of capacity-building for local social scientists.[55] The Borrower and local social scientists now work closer together to gather the relevant data and write analyses, and Borrowers have adopted a more systematic approach to stakeholder relations and participation issues.

The Bank still normally helps the Borrower develop the terms of reference for the social assessment and advises them on content and coverage. The Bank may also assist the Borrowers in mobilizing resources for gathering and analyzing data for the assessment. The Bank also still supports its Borrowers through stakeholder seminars and other participatory efforts. The Borrower's role in the social assessment is described in box 4.1.

The country ownership inherent in Borrower-managed social assessment is beneficial in that there is a greater likelihood of local capacity-building and sustained attention to social dimensions during project implementation. At the same time, it can lead to a perception of lack of objectivity, especially when the project is dealing with contested domains. Some governments may be reluctant to examine controversial issues or to release analytical results, precisely because they fear the political backlash. This reluctance is understandable, particularly in conflict countries where any excuse may provide a pretext for outbreaks of violence. In most cases, however, social assessments can help build credibility by promoting wider stakeholder ownership through transparency in the policy dialogue and participation in the project.

Deciding Whether to Do a Social Assessment

Poverty reduction requires flexible programs and projects, substantial economic and sector work, and the transparent involvement of multiple partners. These lessons, now firmly grounded in the Bank's comprehensive development framework, are reflected in the procedure for writing standard poverty reduction strategy papers and in the practice of multi-sectoral lending. Economic and sector work has also expanded its scope and now involves a multitude of social groups whose values and behaviors have become critical to successful program and project preparation and implementation.

Given these changes in the nature of lending programs, the decision to advise the Borrowers to perform a social assessment for a given project now depends on several factors. If the Bank is supporting an Adaptable Program Loan (APL) or a Learning and Innovation Loan (LIL), it may agree with the Borrower to launch a social assessment

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BOX 4.1 BORROWER ROLE DURING SOCIAL ASSESSMENT

- Plan the social assessment as an integral part of project formulation.
- Clarify the project's social development outcomes.
- Identify and assess social safeguard issues relevant to the project.
- Identify sources of information for analyses of social diversity, institutions, stakeholders, participation and social risks, and additional data-collection methods.
- Assess the significance of social diversity and gender issues.
- Examine formal and informal institutions that may bear on the project's social development outcomes, and the informal rules and behaviors of those institutions.
- Examine the interests and influence of key social and institutional stakeholders.
- Examine key stakeholders' opportunities for participation in project design and implementation.
- Assess the social risks, including likely adverse impacts and uncertainties that might affect the project's objectives.
- Drawing on the above, formulate a strategy to include intended beneficiaries, especially the vulnerable and the poor, in project benefits; recommend institutional arrangements to achieve the project's objectives and social development outcomes; prepare a participation plan for the project; and develop indicators to monitor inputs, outputs, processes and social development outcomes of the project.

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53. Consultants liaise with the communities, convene community meetings and collect data for the social assessment. Local researchers enriched the analyses with their knowledge of the social and institutional context while gaining valuable experience by applying that knowledge to a development problem.

54. Examples of these projects include the Russia Federation-Coal Sector Adjustment Loan Project (P038550) and the Azerbaijan-Greater Baku Water Supply Rehabilitation Project (P008288). Michael Cernea and Ayse Kudat, 1997. *Social Assessment for Better Development*. Washington, D.C.: The World Bank.

55. With the assistance of the World Bank and trust funds from the Swiss Development Corporation, local social scientists in Central Asian countries were able to develop a cross-country network of professionals with training and experience in conducting social analysis and assessments. Its members have participated in numerous development projects.

during project implementation. If the Bank has lending experience in the sector or the geographical area, it may decide to continue with appraisal based on prior knowledge. Previous projects may supply enough information for a perfectly acceptable analysis of social and gender issues and of institutions.

Social assessment may be helpful if the Bank is unfamiliar with the socio-cultural context of the country, lacks detailed information on or understanding of stakeholder institutions, lacks evidence of participation, or has insufficient or unsatisfactory experience with lending in the specific project area.

Social assessment is recommended in projects that depend on behavioral change among individuals or within organizations, involve community implementation or beneficiary participation, or are targeted to the needs of the vulnerable and the poor. Social assessment is also useful for bridging "ownership gaps" on the part of the Borrower, by involving formal and informal stakeholders in design and implementation.

Social assessment is advisable for project approval under the following circumstances:

- The project is likely to have adverse social impacts, particularly on the vulnerable and the poor.
- Influential stakeholders contest the project's objectives or design.
- Social development outcomes are at risk.
- A knowledge gap about social development in a project area or sector makes it impossible for the Bank to endorse the project without further examination.

The Facets and Phases of Social Assessment

Like the social analysis conducted by the Bank, social assessment is more than a report. It is both a process and a set of products. The ideal social assessment is all of the following:

- A process through which the Borrower better understands how the socio-cultural, institutional, historical and political contexts influence the social development outcomes of specific investment projects and sector policies.
- A means to enhance equity, strengthen social inclusion and cohesion, promote transparent governance and empower the poor and the vulnerable in the design and/or implementation of the project.
- A mechanism to identify the opportunities, constraints, impacts and social risks associated with policy and project design.
- A framework for dialogue on development priorities among social groups, civil society, grassroots organizations, different levels of government and other stakeholders.
- An approach to identify and mitigate the potential social risks, including adverse social impacts, of investment projects.

The Borrower-led social assessment process intersects the World Bank project cycle at several points, typically during pre-appraisal and appraisal (figure 4.1). The collaboration ideally begins during project identification, with the Borrower providing social information relating to the sector and project area. If any safeguard issues are involved, then rel-

evant safeguard documentation should be prepared and disclosed prior to appraisal in accordance with the relevant social safeguard policies,[56] and the Bank's disclosure policy.

FIGURE 4.1 THE SOCIAL ASSESSMENT PROCESS AND THE WORLD BANK PROJECT CYCLE
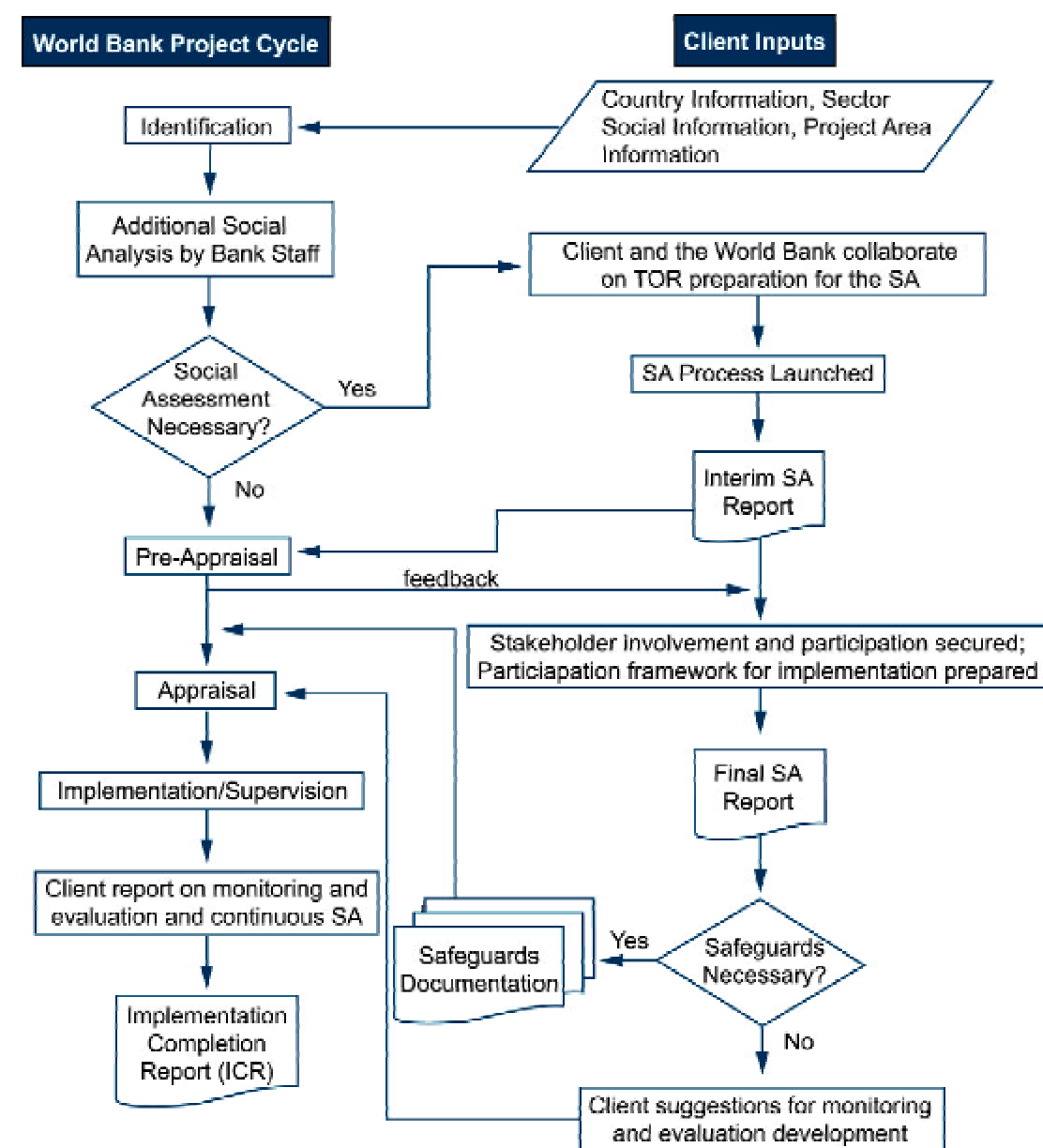
56. OP 4.11, *Cultural Property*; OP 4.12, *Involuntary Resettlement*; OD 4.20, *Indigenous Peoples*. See the World Bank Operational Manual, online at http://wbln0018.worldbank.org/institutional/manuals/opmanual.nsf/textonly.

If the Bank recommends a social assessment, it cooperates with the Borrower to prepare terms of reference. After the Borrower's interim social assessment is reviewed by the Bank, the Borrower prepares a final report that, along with suggestions for monitoring and evaluation, it furnishes to the Bank. The timing of this process may depend on whether the social assessment is being conducted in part to provide information as part of a Bank policy requirement.

Terms of reference for social assessment

The terms of reference for social assessment[57] typically requre analysts to explore the following elements in detail:

- Objectives of the social assessment and links to intended social development outcomes and impacts of the project.
- The project's socio-cultural, institutional, historical and political context.
- Legislative and regulatory considerations pertinent to the project.
- Each of the five entry points of social analysis in respect to the project.
- The opportunities, constraints and likely social impacts of the proposed operation.
- Research methods, employing mixed methods, including quantitative and qualitative analysis, and triangulation to validate data, whenever possible.
- Available knowledge and data for socially sustainable project design, implementation, monitoring and evaluation.
- Project design inputs to secure positive social development outcomes and minimize negative effects of the project.
- Strategy for achieving social development outcomes, including recommendations for institutional arrangements (formal, informal and market institutions) to attain desired social development outcomes and impacts.
- The social assessment's implications for the consideration of alternative implementation arrangements.
- Operational recommendations for project design, implementation, monitoring and evaluation.
- Identification of adequate monitoring and evaluation procedures and indicators.
(A generic terms of reference for social assessment is provided in Annex 4.)

Duration and cost

Although data may be gathered and initial assessments made before the project is appraised, social assessment normally continues during the project, to facilitate implementation and monitoring. By constantly reviewing implementation processes and outcomes, social assessment gives feedback. Project personnel can then adapt implementation arrangements within the framework of the project's overall objectives. Unexpected stakeholder resistance, for example from traditional elites, may require new participation arrangements.

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57. For templates of sector-specific terms of reference, see the forthcoming sectoral guidelines.

The discrete activities of social assessment, such as data gathering and analysis, usually take three to six months from preparing the terms of reference to reviewing the final report. Fieldwork usually needs one to three months, depending on the complexity of the research methodology.

Costs vary greatly by country, project type and scope, research tools and methods and local skills and capacity. In FY01, for example, the mean cost was $36,000 and the median was $25,000. This does not include bank staff costs. Costs may rise if a more detailed analysis is necessary to consider social safeguard policies in the social assessment. Such costs are still significantly lower than what the total cost would be if the safeguard studies were carried out independently. The Bank and other donors often support the country by making trust funds available for the discrete elements of social assessments.

Tools and Methods[58]

Social scientists use a broad array of data-gathering tools, both qualitative and quantitative, in social assessment. Depending on the people and social issues under study, a combination of tools may be used to obtain data, validate it and analyze it. In addition to substantive analytical tools, social assessment uses participatory tools that can increase understanding and ownership of projects.

The choice of tools and methods for a specific social assessment will depend on several factors, such as the project area and the quality of previous social development information specific to the project, region and sector (figure 4.2). Resource constraints, the time frame for the social assessment, the availability of capable human resources and the information gaps that the social assessment needs to fill will also affect the choice of methodology.

Clarity on research methodology is important. Good social assessment is guided by a clear statement of the research hypotheses and the social processes and relationships that the social assessment will examine. Social assessment often uses multiple units of analysis, for example households, individuals within the household, and supra-household units like communities. The research methodology should be clear about what results it expects from each unit of analysis, and what data-collection techniques will work best for each unit. Using multiple units of analysis enriches the assessment. Whichever methodology is chosen, the social analyst should justify the choice of sampling employed. Results are more robust when the social assessment uses representative samples, control groups, or matching pairs. Structured or semi-structured questionnaires, interview protocols.

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58. See the tools and methods section of the Social Analysis website, http://www.worldbank.org/socialanalysis. The tools and methods of social analysis and of poverty and social impact analysis overlap considerably. A common volume on tools and methods is therefore being prepared, and will be released as a separate document. Several helpful works on the subject already exist; see for example Dennis J. Casley and Krishna Kumar, 1988. *The Collection, Analysis, and Use of Monitoring and Evaluation Data.* Baltimore, MD: The Johns Hopkins University Press for the World Bank; Richard A. Krueger et al., 2001. *Social Analysis: Selected Tools and Techniques.* Social Development Paper no. 36, available from the Social Development Department, the World Bank.

tocols, guides and other research aids add rigor. However, some qualitative data-collection techniques, such as key informant interviews, employ more open-ended techniques.

Most data-collection efforts initially focus on social diversity and gender, combining quantitative methods such as surveys with qualitative methods such as focus groups, semi-structured interviews and field research (box 4.2). Qualitative procedures are ideal for complex, poorly understood phenomena. They are particularly useful in describing multidimensional interpersonal interactions and non-income dimensions of poverty that are more difficult to capture in quantitative terms.

Qualitative data collection using rapid appraisal methods[59] for social research, such as beneficiary assessment, participatory rural appraisals, focus groups and key infor-

FIGURE 4.2   SELECTION OF SOCIAL ANALYSIS STUDY METHODS AND TOOLS
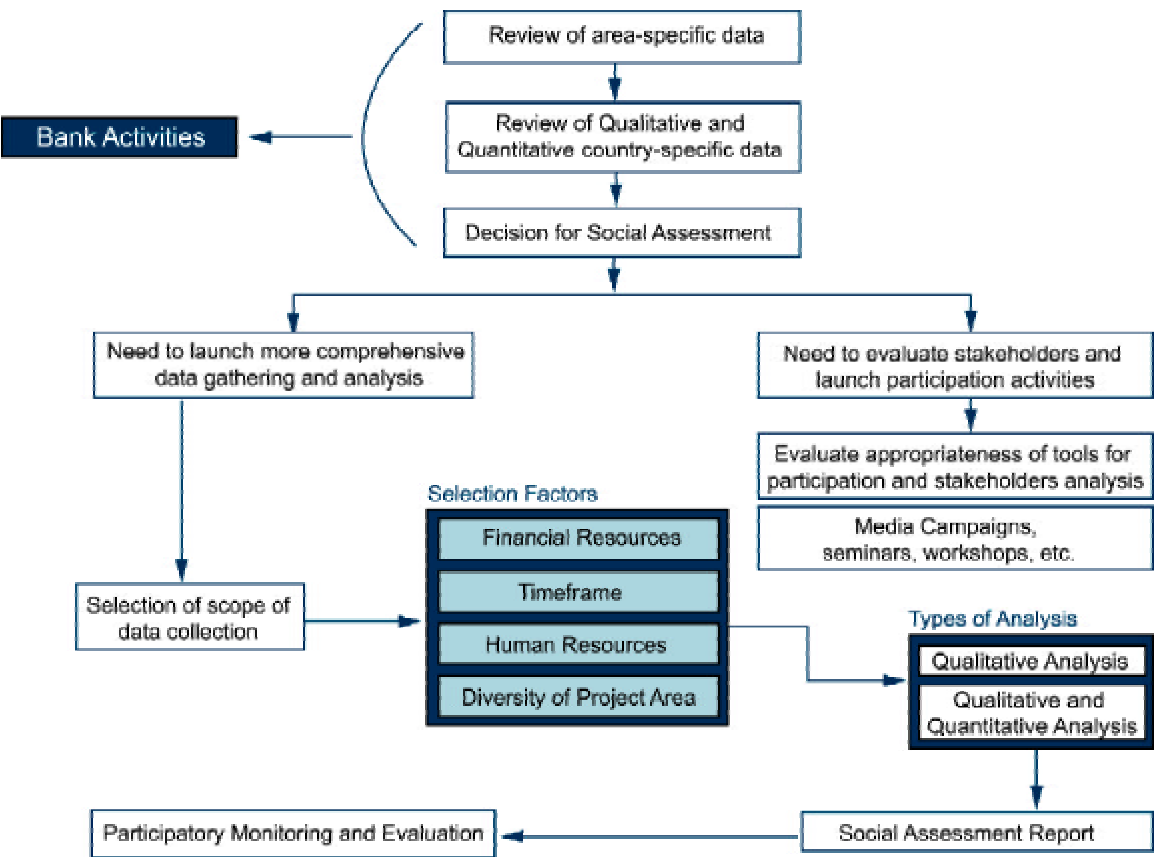
BOX 4.2   SOCIAL DIVERSITY AND PARTICIPATION ANALYSIS

The Ukraine-Coal Sector Social Mitigation Project (P040561) social analysis employed both qualitative and quantitative methods and sought input from a range of stakeholders. Methods included:

• A survey of 20 representatives of different organizations and power structures
• 50 in-depth interviews with dismissed miners
• 12 in-depth interviews with representatives of organizations participating in negotiating transfer payments (mine associations, executive committees, trade unions, etc.)
• 4 focus-groups with recipients and distributors of free coal
• 20 in-depth interviews with representatives of different organizations involved in private business development or employment-employment services, non-governmental organizations, successfully functioning private enterprises and so on
• 5 participant-observer reports from the mines
• A case study of a miners' settlement (Gruzsko-Zoriansky) that was fully dependent on a closing mine
Analysis of mass-media coverage of coal industry restructuring and employment in the region

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mant interviews, are also used to analyze stakeholders and (formal and informal) institutional rules and behaviors, as well as the relationships among them.[60]

The right "mix" of qualitative and quantitative research methods will vary from project to project. Ravi Kanbur has pointed out the weaknesses at each end of the spectrum:

> Numerical information can be more easily aggregated, but it can miss out on nuance and texture. General coverage aids representativeness, but it can lose context. Statistical inference can help in discussion of causality, but misses out on the power of inductive approaches. And so on.[61]

The different research methods can also have different social implications; the qualitative tradition has placed more emphasis on the ethics of doing research on poor popula-

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59. Krishna Kumar, ed., 1993. *Rapid Appraisal Methods*. Washington, D.C.: The World Bank; Michael Bamberger and Joseph Valadez, eds., 1994. *Monitoring and Evaluating Social Programs in Developing Countries*. Washington, D.C.: The World Bank.

60. In addition to a household survey, the social assessment for the Baku Water Supply and Sanitation Project used qualitative methods to identify the complex relationships between formal organizations and their informal constituents. Cernea and Kudat, Op. Cit.
61. Ravi Kanbur, 2001. "Qualitative and Quantitative Poverty Appraisal: The State of Play and Some Questions." Paper presented at Cornell University, March 15-16.

tions with no direct benefit for the poor themselves and has emphasized the importance of communicating research findings back to the poor in language they could understand. The quantitative tradition lacks this emphasis, instead rationalizing that if research influences policy directly or indirectly, it is worthwhile.[62]

Kumar, argues that quantitative and qualitative research can address different types of research questions. Qualitative methods are particularly appropriate when:

- Descriptive information is sufficient for decision-making.
- An understanding is required of the motivations and attitudes that may affect people's behavior, in particular the behavior of target populations or stakeholders in intervention.
- Available quantitative data must be interpreted.
- The primary purpose of the study is to generate suggestions and recommendations.
- The need is to develop questions, hypotheses and propositions for more elaborate, comprehensive formal studies.[63]

Martin Ravallion among others has explored the possibility of combining qualitative and quantitative research methods, for example using the same sample groups for targeted interviews and household surveys. He stresses, though, that while small movements toward the center of the spectrum can yield large gains, larger movements seem to yield smaller gains.[64] There is no one best combination of research tools and methods; as Vijayendra Rao has remarked, though, "it helps to have had tea with a statistical outlier."[65]

As the social assessment proceeds, information obtained on social diversity and gender issues is incorporated into the stakeholder analysis. The stakeholder analysis should ask whether the institutions under evaluation are responsive to such groups and, if they are not, what kind of institutional structure would be necessary to include them in the project.

Data on social diversity can be used to identify social risks and appropriate safeguards. The analytical process must be iterative, since additional studies may be necessary to identify, explore and formulate responses to the risks, opportunities, constraints and likely impacts associated with a project.

The data gathering and analytical work of the social assessment process can contribute to building a participation framework for the project.[66] This formulation needs to pay special attention to inclusion of the poor and marginalized groups in project implementation.

62. Ibid.

63. Krishna Kumar, 1993. "An Overview of Rapid Appraisal Methods in Development Settings." in Krishna Kumar, ed., *Rapid Appraisal Methods*. Op. Cit., pp. 21-22.

64. Some of these diminishing returns may have more to do with the researchers than the research: "The main barriers to mixing QUAL and QUAN methods appear to lie in the resistance of practitioners and reviewers to stepping outside the traditional boundaries of practice." Martin Ravallion, 2001. "Can Qualitative Methods Help Quantitative Poverty Measurement?" Paper presented at Cornell University, March 15-16.

65. Vijayendra Rao, 2001. "Potters and Slums: Two Qualitative/Quantitative Projects in India." Paper presented at Cornell University, March 15-16.

66. *Participation Sourcebook*, Op. Cit.; for the poverty reduction strategy formulation, see in particular the poverty reduction strategy paper chapter on participation, online at http://www.worldbank.org/participation/PRSP.htm.

The social assessment process should include monitoring and evaluation of social impacts over the life of the project. Because many Borrowers lack the ability to design appropriate monitoring and evaluation systems, the Bank must often act to build country capacity. Choosing among the different approaches for monitoring and evaluation should be done case by case, since the monitoring indicators must reflect the social objectives. The indicators should measure input (benchmarks), process, output, outcomes and impacts to determine whether the intended social development impacts actually materialize.

The SA ensures that all proposed M & E is carefully scheduled, fully budgeted and properly supervised. The monitoring and evaluation framework should also include a feedback system to enable timely modifications to the project, if necessary.

A Borrower-owned mechanism for monitoring outcomes and impacts and fine-tuning project supervision and implementation is a critical part of the social assessment process. Such a mechanism will fail without appropriate indicators and adequate resources.

The social assessment should help the Borrower define transparent and participatory evaluation procedures, ensure that monitoring and evaluation procedures will be an integral part of the project's risk management plan and ensure that all proposed monitoring and evaluation activities are carefully planned, fully budgeted and properly supervised.

Ensuring the Quality of Social Assessments

As the responsibility for social assessment shifts to the country, it becomes even more important to define criteria for acceptable quality. Some useful criteria pertaining to each of the five entry points of social analysis appear below.

- *Social diversity and gender analysis*: Confidence intervals and significance levels should accompany any quantitative analysis done in the social assessment. The analysis should disaggregate data by gender and income level and identify the underlying causes of vulnerability.
- *Institutions, rules and behavior*: The institutional analysis should include a detailed assessment of the formal and informal organizations likely to affect the project and the informal rules and behaviors among them. It should describe the relationships between stakeholders and those institutions, identify institutional constraints to success and suggest methods to overcome those constraints.
- *Stakeholders*: A satisfactory stakeholders analysis will identify and describe the characteristics of those people and groups who affect or are affected by the project, and who thus have an interest and some degree of influence over the project's outcome.
- *Participation*: A good participatory framework will bring otherwise excluded groups affected by the project as well as project beneficiaries into the social assessment process and deploy appropriate mechanisms to sustain such participation in project implementation.
- *Social risks and vulnerability*: The project's social risks should be identified and risk management plans prepared. The affected populations should be identified so that the design and implementation stages of the project can address their vulnerability.

Social diversity and gender[67]

Social development issues are diverse, and no single body of social theory or methodology is sufficient for their identification and exploration. Bringing together social anthropology, sociology, ethnography, geography, political science, social psychology, law and other social science disciplines with a mix of qualitative and quantitative methodologies enhances the quality of social assessment.

Social assessment is useful because it is concrete and situation-specific. The Borrower's analytical team should begin by identifying and analyzing issues using broad sectoral and region-specific information. The team should then focus on the project context, looking into the following:

- Key characteristics, including gender, ethnicity and age, as well as any cultural, spatial, economic, historical, or other characteristics that may cause the project to affect social groups differentially.
- The assets and capabilities of diverse social groups.
- The power relationships among social groups.
- Conditions that encourage or impede the participation of groups in the project, as well as their potential contributions to the project's objectives.

Three social assessments made during different land-tenure projects each approached social diversity in slightly different terms. The social assessment for the Bolivia-Sustainability of the National Systems of Protected Areas Project (P060474) linked social diversity with the social risks of potential conflict by looking at land tenure issues among particular groups. The Panama-Land Administration Project (P050595) social assessment analyzed five different "socio-geographic" scenarios, documenting existing practices and developing recommendations for design and implementation. The social assessment for the Mexico-Indigenous And Community Biodiversity Conservation Project (P066674), in turn, used community mapping to create an overlay of ecological zones with indigenous community boundaries. This mapping could then have been used to explore power relations within and among the various communities.

Gender analysis focuses on gathering information about the differences between men's and women's roles, activities, needs and opportunities. The Bank may help the Borrower by collecting gender-disaggregated data (both qualitative and quantitative) that highlights men's and women's different roles and learned behaviors. The Bank may also start a dialogue with the Borrower to identify gender issues and to assess the reciprocal relations between those issues and projects. Gender analysis helps Borrowers to understand gender-based differences in access to resources and women's needs in relation to men's. It also clarifies gender roles within the household and society.[68]

Bank-Borrower dialogue on gender may focus on the following key concepts:

- *Practical gender needs* relate to women's needs within their traditional gender roles and responsibilities as derived from their life experiences. When asked what they need, women usually focus on immediate practical needs for food, water, shelter, health and so on.
- *Strategic gender needs* relate to the broader needs of women in the development process and involve analysis of systemic factors that may limit women's access to resources and benefits (including property ownership) compared to men's. Strategic gender needs are harder to identify than practical gender needs, but addressing them can be instrumental in reducing gender disparities and enhance women's participation in the economic development of their countries.[69]
- *Intra-household dynamics* picture the household as a system of resource allocation. All members—men, women and children—have different roles, skills, interests, needs, priorities, access and control over resources. Any development intervention that affects one member of the household will affect all others. Hence, it is important to understand the rights, responsibilities, obligations and patterns of interaction among household members.
- *Inter-household relations* examine the relations of individuals and households within larger groupings, such as professional or religious groups or extended families, with whom they are involved in labor exchanges, flows of goods and other alliances for survival. It is important to understand the social organization of these larger networks and the gender differences in roles, functions, and access to public goods and services.

The social assessments done for the Senegal-Social Development Fund Program (P041566) and the Peru-Rural Roads Rehabilitation and Maintenance Project (P037047) both contain good examples of gender analysis. The former discusses the different development priorities articulated by men and women without privileging the men's perspectives as the norm. The latter also noted that men and women did not oppose each other over the main project concerns, but rather only in how they ranked the problems that they faced. This approach yielded a better understanding of how men and women use transport and roads differently, an understanding that found its way into the project activities. The Panama-Land Administration Project (P050595) social assessment incorporated gender when discussing inequities in women's access to land, describing the gender barriers to land-tenure regularization.

Institutions, rules and behavior

The social assessment maps the organizations and capabilities of socio-cultural institutions and social networks relevant to the project, examining the formal and informal rules, incentives and behaviors that are likely to affect project outcomes. Institutions themselves can be thought of as the rules that govern the relationships among stakeholders.

The social assessment cannot provide all of the institutional analysis required to design and implement a project. Its task is to help design the social interventions required to

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67. More information on gender analysis is available at http://www.worldbank.org/gender/assessment/gamethod.htm.
68. Ibid; *Participation Sourcebook,* Op. Cit.

69. For more information on gender, see OP 4.20, *The Gender Dimension of Development*. See also World Bank, "Integrating Gender Into the World Bank's Work: A Strategy for Action," November 26, 2001; World Bank, 2001. "Integrating Gender in World Bank Assistance." Operations Evaluation Department Report No. 23035.

reduce poverty, promote social inclusion and increase the country's ownership of the project. The social assessment should incorporate institutional concerns that are directly pertinent to achieving the project's social development objectives, including any that may mitigate the adverse impacts of resettlement.[70] In many cases the institutional analysis also focuses on budget processes, to verify that the proposed arrangements are adequate to deliver the intended inputs under various risk-reduction and impact-mitigation strategies.

Focusing as it does on the feasibility of proposed targeting measures, the sustainability of the proposed participation arrangements, and the interface between beneficiaries and formal implementing institutions, the institutional analysis carried out during the social assessment process complements the technical, economic and financial assessments conducted by other specialized teams. It also identifies sources of social capital on which to build the development initiative and points to local institutions that can help mobilize stakeholders to achieve development objectives.

The Borrower may focus on the following questions while conducting an institutional analysis:

- Which actors influence decisions and outcomes?
- What incentives do they have?
- What formal and informal rules affect their decisions?
- What is the information and communication structure of the institutions involved in a project? Is it adequate? If not, how can that structure be changed to support the desired outcomes?
- What changes in rules and incentive systems are needed to yield desired outcomes?

Several steps are necessary to develop a good understanding of institutions and organizations, an understanding capable of generating inputs for the design and implementation of the project. The first step involves analyzing the fit between local and informal institutions and the formal political and administrative apparatus at higher levels. Studying the rules of the game, both formal and informal, contrasts with approaches that focus on formal governmental organizations to the exclusion of informal organizations and institutions based on community, kin, or solidarity. Any good understanding of how institutions and organizations affect the project's beneficiaries will also include private-sector institutions.

Macro-institutional issues

The social assessment should include a countrywide analysis of national issues, such as the nature of property rights, subsidy arrangements and regional investment policies. Although the Borrower may already be quite familiar with these issues, the social assessment may help to reveal their particular relevance to the project. National

issues and policies may have important implications for social equity and inclusion in the context of a particular project, and the social assessment can help factor these implications in project design.

Obstacles to equitable access

The poor and other vulnerable groups (women, youth and older people) who are intended beneficiaries of the project may encounter difficulties in accessing project resources. The reasons could vary. They include formal and informal institutions, local customs, inter-group relations, institutions (family, kinship groups, tribal and ethnic affiliations), formal and customary laws, and information and communications systems. In some cases, formal and informal institutions reinforce exclusionary practices and deny minority groups access to goods and services. In others, formal institutions counteract traditional exclusions but may meet resistance for a period of time. It is therefore important for the Borrower to analyze the institutional basis of exclusions and evaluate the potential success of new institutional arrangements throughout the social assessment process.

Stakeholders

In addition to the beneficiaries of the project and other groups directly affected by it, stakeholders may include organized interest groups from the public, private and civil sectors who have an interest in the project.

During stakeholder analysis, the Borrower examines the *characteristics* of each stakeholder group to assess its *interest* in and likely *influence* over the project's social development outcomes. This analysis yields an understanding of each stakeholder's degree of ownership of the project's objectives and contributes to the design of the participation strategy. Stakeholder analysis also informs the design of risk-management measures by identifying those who might attempt to undermine the project or groups who might capture its benefits disproportionately, preventing those the project is intended to benefit from doing so.

The Borrower may have a long history of interaction with key stakeholders and an understanding of how a given project will affect them. Political and bureaucratic allegiances may hinder the Borrower's ability to carry out and act on a transparent and objective analysis of stakeholders, though. For that reason it may be advisable for the assumptions and results of the stakeholder analysis to be made publicly available for review by other stakeholders. Reviewing the findings of the stakeholder analysis done during the social assessment is an important part of the Bank's social analysis process.

Some stakeholders will support the objectives of Bank-financed activities, particularly their emphasis on inclusion and on reducing poverty. It is important to insure that such groups participate in the project. Others may try to block social development efforts. In such cases, the social assessment can suggest ways of reducing or otherwise dealing with such opposition. A review of the available secondary literature and initial fieldwork may reveal which groups and agencies are most directly concerned about the initiative. Consultations with policymakers, representatives of central and local government, knowledgeable local and international social scientists and local NGOs serve to

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70. For instance, a resettlement plan would deal with the adequacy of the legal and institutional framework set up to compensate affected populations, including coordination of governmental and non-governmental institutions.

complete the findings that emerge from such review.

Participation

Most social assessments do not concern themselves with stakeholder participation in a broad sense. They tend to focus on the participation of the poor and, occasionally, of certain segments of civil society organizations. Although participation is sometimes undertaken independently, it should not be neglected in the social assessment process. Properly conceived social assessments cover participation of the poor and vulnerable in the assessment process and in the distribution of the benefits of development initiatives. They also aim to generate broader stakeholder participation in support of poverty-focused, inclusive practices.

Both types of participation are important. The social assessment process can facilitate stakeholder participation, but by itself it cannot insure that participation will produce the desired results. Because sustained participation toward the objectives of the project is an ongoing challenge, a carefully designed information and communication strategy can be an important element supporting the social assessment process. Such a strategy may have several elements:

- Mechanisms to share information from the social and institutional analyses with the broader group of stakeholders and partners, including national governments and international organizations, civil society groups and communities (box 4.3).
- Mechanisms to ensure a continuous flow of information to encourage the constructive and informed participation of key stakeholder groups throughout project implementation.
- Feedback mechanisms to ascertain stakeholder responses to the information provided.
- Procedures to involve stakeholders in monitoring and evaluation.

Social risk

As part of the social assessment process, the Borrower should identify groups that are vulnerable to conflict, violence or economic shocks and, in the light of socioeconomic trends indicated by the diversity analyses, examine the nature and root causes of their vulnerability. The Borrower may then formulate special project components or targeting mechanisms to strengthen opportunities for these groups.

In the Nigeria-HIV/AIDS Response Project (P070291), social assessment, vulnerability and gender inequity are linked in the following terms: "Women and girls are more susceptible to HIV/AIDS, are more likely to be subject to sexual abuse and other forms of violence, and are most likely to be ostracized and discriminated against if they become infected by HIV."

The Albania-Social Services Delivery Project (P055383) social assessment—explicitly a vulnerability assessment—notes the need to extend the definition of vulnerability beyond "traditional" groups to groups whose plight includes social stigma, such as battered women or women undergoing divorce.

In the Greater Baku Water Supply Rehabilitation Project (P008288), the poorest segments of the population bear a disproportionate share of the high costs of public services. This observation suggested a restructuring of tariffs. Doing so increased the project's financial sustainability while providing better services to the poor.

Social risk and vulnerability analysis usually would:

- Identify and assess the social risks of adverse social impacts, especially on vulnerable and poor groups.
- Identify the country risks caused by political instability; conflict; ethnic, religious, or social tensions; and endemic corruption.
- Identify and assess the risk of weak country ownership or opposition to the project by powerful stakeholders that may undermine the project's development objectives.
- Identify and assess institutions that may oppose or lack resources to implement the project.
- Identify any likely exogenous risks to the project and describe their projected effects.

BOX 4.3 PARTICIPATION IN A PROJECT IN THE EAST ASIA AND PACIFIC REGION

Community participation in the organization and management of this project has been an important factor in its success. In consultation with farmers and local communities, extension workers from agriculture, forestry and public works carry out technical planning, implementation and supervision. NGOs and consultants are sub-contracted to facilitate the participation of farmers and the community in planning and implementation.

Key components are jointly managed by the community and broadened through extension programs. The project provides financing to promote comunity-farming nurseries and emphasizes avoidance of discrimination against women.. The community handles marketing and processing of seedlings. Land titles are granted to those farmers who best manage and finance the new farming practices.

The development of community seedling nurseries is meant to improve farmers' control over seedling quality and price. The project focuses on community planning through informed participation related to interests in the local watershed.

The project strongly emphasizes the decentralization of responsibility, accountability and ownership to province and district governments, while seeking to better delineate tasks and communication at and between all levels. Nevertheless, national institutional strengthening is also a large component of the project, one that is viewed as necessary to maintaining overall control through a central body.

The analysis of social risks focuses on the nature and magnitude of adverse social impacts, especially on the vulnerable and the poor, and assesses possible mitigation or risk management measures, such as resettlement action plans, indigenous peoples' development plans and other types of social-mitigation programs relevant to the project. Building on the institutional and stakeholder analyses, it suggests means of dealing with opposition from influential stakeholders, including members of the staff of implementing agencies who may lose power or resources.

If the assessment reveals that risks have a high probability of undermining the project's basic development objective or its social development outcomes, the project should be redesigned.

BOX 4.4 PARTICIPATORY DESIGN AND IMPACT MONITORING IN THE PHILIPPINES-WATER DISTRICTS DEVELOPMENT PROJECT (P004576)

The Water Districts Development Project focuses on surveying water users' willingness to pay as a crucial element in the development of water districts throughout the Philippines. All sewage, sanitation and drainage projects are developed in collaboration with households, communities and city councils.

Engineering designs are presented case by case and implemented using a demand-based approach, according to individual and community willingness to pay. This initial stage, which sets the gears in motion for the entire project, is heavily dependent on community participation. Monitoring the works also requires some community participation.

Local organizations act as monitors, relaying information about the progress of projects under construction. Capacity-building for community organizations is budgeted through the training program of the sewage and sanitation development component.

Local accountability also plays a role. Water supply and sanitation services provided by decentralized organizations are accountable to local officials, who work with community representatives at all stages of project design and implementation.

The planned interactions between the community and local institutions are strong. Demand at the local level is established through consultation with beneficiaries at the city council levels, and monitoring requires regular feedback from users through workshops and supervision missions. An auditing system provides reliable and timely feedback from consumers on their degree of satisfaction with the services from the utility and from local NGOs.

CHAPTER 5:
THE WAY FORWARD

The role of social analysis within the Bank has evolved considerably over the past two decades. Social analysis was first recognized as an ingredient of Bank-supported operations in the 1984 policy statement on *Project Appraisal* (OMS 2.20). Since then, there has been considerable evolution within the Bank, both in the nature of the lending portfolio and in the manner in which social analysis is done (see Annex 1).

Collaboration between the Social Development Department (SDV) and the Quality Assurance Group (QAG) since 1999, involving systematic reviews of quality at entry and supervision of the lending portfolio, has led to a much better understanding of the contribution of social analysis to Bank operations. Further lessons have been derived from a more focused SDV review, involving interviews with a sample of task managers and social scientists to obtain feedback on the value added of social analysis in Bank operations. Finally, the ongoing work by SDV and the regional Social Development Units has led to a much clearer understanding of the work program priorities and trends within the Bank and in borrowing countries. This understanding has helped us identify good practices.

Good practices in social analysis

• **Country Ownership:** clear definition of roles and responsibilities for social analysis, with Borrower-managed social assessments and Bank responsibility for sociological appraisal, leads to greater country ownership and likelihood of sustainability

• *National capacity building:* social analysis work is undertaken by local social scientists for more than 80 percent of projects, leading to in-country capacity-building both within borrowing agencies and among local consultants and research institutions

• *Stakeholder participation during implementation:* continuing the social assessment process during implementation provides an effective mechanism for stakeholder consultation and participation; this is particularly relevant for projects with complex or contentious social aspects, or projects whose success depends on behavioral change among key stakeholders

• *Participatory monitoring:* participatory monitoring increases transparency and accountability, leading to greater citizen ownership

• *Decentralization:* the experience of some regions suggest that greater role of experienced staff based in country offices allows deeper country knowledge, more effective supervision and greater operational impact of social analysis

Good practices for operational impact

• *Social development outcomes:* focusing on social development outcomes of Bankoperations that go beyond mitigation of adverse social impacts increases development impact

- *Analysis of alternatives:* analytical work conducted early in the project cycle and including the perspectives of multiple stakeholders enables more effective inputs into project design and the analysis of alternatives

- *Integration within task teams:* integration of social development specialists within task teams increases the operational relevance and impact of social analysis on project design and implementation

- *Monitoring & Evaluation:* M&E systems include explicit indicators to monitor social development outcomes, processes and impacts, with benchmarks, roles, responsibilities and resources for social impact monitoring clearly established

- *Upstream linkages:* upstream country-level social analysis conducted either as stand-alone ESW or jointly with other ESW products informs the CAS and project-level social analysis

- *Social impacts of policy reform:* social analysis makes the links between projects and policy explicit, and considers the social impacts of relevant policy reforms

- *Building a community of practice:* social analysis is internalized by other sectors that build in-house capacity to undertake social analysis and integrate it within their analytical and project preparation work

New instruments for social analysis

The Social Analysis Sourcebook is one of a series of outputs that the Social Development Department is producing to strengthen the Bank's social development work. Several related, parallel activities will generate complementary products in the near future. These include:

- *Sectoral guidelines for social analysis:* As described in the introduction, additional sectoral guidelines are being prepared that describe the most frequent social issues arising within those sectors, and the means to address them in the project context. These will be refined over time with feedback from project experience.

- *Tools and methods for Borrower and Bank staff:* The sourcebook has deliberately focused on providing guidance on a systematic approach to social analysis. Additional technical guidance on specific tools and methods is under preparation and will be released subsequently.

- *Electronic decision-maker's tool for social analysis:* A prototype electronic decision tool for decision-makers, including the Borrower and Bank task teams, has been designed and will be piloted in FY03. Based on the feedback received, it will be developed as a stand alone tool or will be integrated into subsequent editions of the sourcebook.

Country-level social analysis: Specific guidance on country-level social analysis is under preparation

- *Bank policy on social analysis:* The Bank's policy on social analysis will be updated and put into the OP/BP format.

- *Sector Strategy Paper:* The Social Development Department is currently preparing a Sector Strategy Paper (SSP) on social development. The sourcebook is an input to the SSP and will be an important instrument contributing to its implementation

- *Capacity-building:* In FY02, the Social Development Department expanded its Learning Program at headquarters considerably. An ambitious training program is now being developed to shift the focus of training from headquarters to the regions, and from Bank staff to in-country social scientists, in order to build greater in-country capacity.

ANNEX 1:
EVOLUTION OF SOCIAL ANALYSIS AT THE WORLD BANK

Since 1984, the World Bank has been institutionalizing social analysis in its investment operations. Social analysis was first introduced into Bank operations as the "sociological" part of project appraisal (OMS 2.20) in 1984. In 1985, the Bank published *Putting People First*, a compilation of papers describing the application of social analysis to the design of agricultural and rural development projects. In terms of describing the relevance of social analysis to planned development programs, the book represented a major advance in the Bank's thinking.[71] Almost two decades of social analysis across the regions have resulted in a solid body of knowledge for learning from our successes and failures, as well as for standardizing many of the methods, tools and skills involved.[72]

Beginnings—Addressing World Poverty

Social analysis entered the Bank's agenda in 1968, when then-Bank President Robert McNamara emphasized the importance of addressing world poverty. In an institution that had primarily invested in roads, bridges and dams, this announcement signaled a paradigm shift that was pivotal in reshaping the Bank's outlook regarding the relevance of social issues to the lending portfolio.[73] The World Bank was not alone in undergoing this fundamental shift in approach. Many other multilateral, bilateral and academic institutions began searching for the best way to factor the "social" into development. The United Nations created the human development index (HDI) as a means of better assessing the human condition throughout the world. During the 1980s and early 1990s other banks, such as the Caribbean Development Bank (CDB), Inter-American Development Bank (IDB) and Asian Development Bank (ADB), created new units within their organizations to focus specifically on social development.[74] Development banks have also embraced a general strategy of cooperation with non-governmental organizations that share similar concerns.

By 1995, when the World Summit for Social Development was held in Copenhagen, 117 heads of state and agencies of the international community consolidated their concerns in the Copenhagen Declaration, which clarified and prioritized the goals of social development and the means for achieving them world-wide.[75] Focus shifted toward making development work for the poor and finding methods that would enable the social impacts of development to be assessed just as the economic and technical aspects of projects are assessed.

New Roles for Social Scientists

This accomplishment was the culmination of several decades of intensive and experimental approaches by many groups and individuals studying social analysis. The World Bank, for example, brought in social scientists in the mid-1970s to help inform their technical teams about the country context of a given project and to assist the team in navigating through the various bottlenecks at both national and local levels. Social scientists did more than bring important language skills and country knowledge to the project; they also shared a vision of "service to the project" and the development paradigm of improving livelihoods.[76]

This early involvement of social scientists, who assisted the task teams in understanding the socio-cultural and institutional concerns of a given project, laid the foundation for social analysis practices at the Bank. Their knowledge and tools were quickly assimilated for addressing the thorny problem of involuntary resettlement and deciding how to deal with such adverse impacts. Avoiding such adverse impacts became the prevailing social development focus of the Bank until the mid-1990s.[77] In 1980 the Bank became the first international development agency to issue a policy statement on involuntary resettlement.[78] The Bank also developed social policies regarding indigenous peoples and people displaced through resettlement. Heightened concern for these issues also underscored the importance of consulting and participating with affected groups, and helped to shift the Bank's social concerns toward the culturally appropriate development of indigenous peoples.

During the same period, social scientists were invited to work on investment projects, where they became involved in a host of social issues related to rural development, water and irrigation, forestry and agriculture. Gender also became a pertinent social issue in 1984 when it was explicitly included under social issues in OMS 2.20.[79] A specific policy on the gender dimension of development was issued in 1994 and revised in 1999.[80]

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71. Michael Cernea, ed., 1991. *Putting People First: Sociological Variables in Rural Development,* 2nd ed. Oxford: Oxford University Press for the World Bank.

72. For a summary of the Bank's approach to social analysis in the 1980s, see Kurt Finsterbusch, Jasper Ingersoll and Lynn Llewellyn, eds., 1990. *Methods for Social Analysis in Developing Countries.* Boulder, CO: Westview Press.

73. It is worth noting that up until this time the World Bank had primarily been made up of engineers, financial analysts and technical experts. In addition to bringing poverty alleviation to the agenda, McNamara's era also brought the economists' perspective into the lending portfolio, namely how to identify which projects would most likely lead to economic growth.

74. Caribbean Development Bank, 1998. *Guidelines for the Social Analysis of Development Projects*; Inter-American Bank, 1999. *Renewing the Commitment to Development*; Asian Development Bank, 1993. *Guidelines for Incorporation of Social Dimensions in Bank Operations.* All Washington, D.C.: Office of the Publisher.

75. The Ten Copenhagen Commitments are an enabling environment for social development; poverty eradication; full employment and secure and sustainable livelihoods; social integration; gender equity; basic services and promotion of culture; accelerated development of Africa and the least developed countries; social dimensions in structural adjustment; increased revenues for social development; and strengthened cooperation for social development.

76. Information gathered from discussions with Gloria Davis, March, 2002.

77. Sue Jacobs, 1998. "World Bank experience with Social Assessment: Practice at a Turning Point." Paper presented at the April meeting of the International Association for Impact Assessment.

78. Formerly known as OMS 2.23, *Social Issues Associated with Involuntary Resettlement in Bank Finance Projects*, February 1980. Subsequently revised as Operations Policy Note (OPN) 10.08, *Operational Policy Issues in Treatment of Resettlement in Bank-finance Projects*, October 1986, and then as Operational Directive (OD) 4.30, *Involuntary Resettlement,* June 1990. OP/BP 4.12, *Involuntary Resettlement*, December 2001, replaced OD 4.30.

79. OMS 2.20, *Project Appraisal*, para 62.

80. OP 4.20, *The Gender Dimension of Development.*

Better Data, Better Methods, Better Analysis

Like other multilateral and bilateral institutions during the 1980s, the Bank began to introduce more systematic approaches to data collection and analysis of environmental and social impacts. Not only did these assessments provide pertinent information about the project but the process also began to transform policymakers' ideas about the benefits of pre-planning. Beneficiary assessment[81] (BA) and other methods proved important for understanding beneficiaries and their needs and helping them to better grasp the goals and methods of Bank interventions. Since BAs give as much weight to the views of beneficiaries as they give to "experts," this methodology represented yet another significant shift in the Bank's approach to social analysis.

Other methods, such as participatory rural appraisal,[82] applied qualitative techniques for participatory analysis by drawing on views of the rural community, including leaders and small farmers, men and women, to map out the opportunities and constraints facing rural communities. Likewise, participation established itself in the Bank both as concept and practice as a way of engaging beneficiaries–especially the poor–and other stakeholders directly in the development process. Public involvement also grew into a central plank of the approach that social impact assessment[83] practitioners outside the Bank used. Participatory development called for involving local populations in collecting data and emphasized the importance of sharing data as a form of inclusion and, ultimately, of involvement in the development process. This expanding engagement in participatory approaches crystallized with the participatory poverty assessment (PPA), introduced within the Bank in 1992 as a formal instrument to contribute to country poverty assessments. PPAs include the views of the poor in the analysis of poverty and the formulation of strategies to reduce poverty through public policy.[84]

The 1987 reorganization of the Bank placed social scientists in regional environmental units, where they helped to deal with "problem projects" that were known to have significant environmental impacts. This was seen as a positive step forward since it generated more awareness about social analysis in the Bank. It also gave social scientists the opportunity to glean important lessons from the environmental arena, including how projects that are well-intentioned can nevertheless have negative impacts. Social scientists took many "good practices" from the environmental assessment approach and integrated these into what would later come to be known as "social assessments." The more recent method developed at the German Development Institute for impact assessment of poverty alleviation projects (MAPP),[85] which builds on the World Bank's social assessment approach, gives further credence to participatory processes and also proposes evaluation tools to indicate the level of poverty alleviation.

81. Lawrence Salmen, 1987. *Listen to the People.* Washington, D.C.: The World Bank.
82. Robert Chambers, 1994. "The Origins and Practice of Participatory Rural Appraisal." *World Development* v22n7 (June), pp. 953-969.
83. Rabel J. Burdge, ed., 1994. *A Conceptual Approach to Social Impact Assessment.* Middleton, WI: Social Ecology Press.
84. Andy Norton et al., 2001. *A Rough Guide to PPAs Participatory Poverty Assessment: An Introduction to Theory and Practice.* London: Overseas Development Institute.
85. Susanne Neubert, 2000. *Social Impact Analysis of Poverty Alleviation Programmes and Projects: A Contribution to the Debate on the Methodology of Evaluation in Development Cooperation.* London: Frank Cass Publishers.

The Resettlement Watershed and Interdisciplinary Cooperation

Gradually, the involvement of social scientists in a multitude of sector and environmental projects led to a more proactive commitment by the Bank to enhance the social impact of its projects. As a result of this concern, in 1992 the Bank created the Division for Social Policy and Resettlement to specifically further social development objectives.[86] By 1996, an interdisciplinary Social Development Task Group, made up of both economists and non-economic social scientists, was established to examine the various approaches used in the social development arena at the Bank. The resulting report emphasized the need to integrate policies and procedures pertaining to social development, and to mainstream social analysis and participatory approaches in projects and analytical work.[87] Among a host of important recommendations, the report highlighted the need to incorporate social analysis into Bank projects through social assessments or other instruments. These recommendations resulted in the creation of the Social Development Department as part of the 1997 reorganization, and the initiation of more intensive work on social analysis.

Until this period, poverty reduction efforts in the Bank had been characterized by a tendency in each unit to focus on what it did best. Economists focused largely on the macroeconomy and on prices. When they looked at the poor, they focused on household income and expenditure. Public-sector management concentrated largely on the formal sector and the formulation of rules and regulations. Human development specialists concentrated on public sector delivery of education, health and other social services. Social development experts concerned themselves almost exclusively with the poor and, taking their cue from environmentalists, on limiting the harm caused to them by projects or policies.

Until 1997, social development specialists did not generally extend stakeholder analysis to include even the lowest levels of government. Nor did they tend to examine in much detail the political economy, group relations, or actual institutional practices. With the reorganization, however, a process of conceptual and disciplinary integration began. The limitations of doing business along strict sectoral lines had by now become apparent, and the emphasis shifted from sectoral divisions to multidisciplinary country teams.

In the past three years, the Bank has arrived at a multidimensional understanding of poverty that calls for even greater interdisciplinary collaboration. There is greater recognition that even economic institutions are embedded in social relations, that getting the prices right is not enough, that poverty is not just about income, that formal rules are often different from (if not actually in conflict with) informal ones, that government commitment to delivering services may sometimes be an empty promise, and so on. This awareness was formalized, in part, by the 2001 world development report on attacking poverty, which recognizes the salience of creating opportunity, empowerment and security to overcoming poverty.[88]

86. Paul Francis and Susan Jacobs, 1999. *Institutionalizing Social Analysis at the World Bank.* Washington, D.C.: The World Bank.
87. *Social Development and Results on the Ground: Task Group Report.* Social Development Paper No. 22, May 1, 1997.
88. *The Strategic Compact: Renewing the Bank's Effectiveness to Fight Poverty,* February 13, 1997.

A Fuller Concept of Social Analysis

The changes over the past several years open the way toward more fully integrating social analysis into the Bank's business. The changes helped advance the argument that social analysis must be scaled up to a more comprehensive level of understanding and include more difficult questions, such as, "what goes into making a society function well?" Or, "what makes for countries that have a history of inclusivity and equity?" Thus, social analysis also requires understanding what has worked well for a society in its past, since we know that history carries with it both positive and negative legacies that must be incorporated in a broader social analysis framework.

Because social analysis provides an in-depth view of relations between elements of the social world, and since *all aspects of the Bank's work deal with the social world in one way or another*, it adds critical value to what the Bank does. Understanding not only who the key stakeholders are but also how they negotiate, maintain, enhance and protect their interests, and where the social fabric of which they are a part is thin and where it is thick, may make the critical difference between project success and failure.

Inculcating this expanded concept of social analysis within the Bank is the challenge of the next decade. It represents a different way of looking at, entering into and engaging with a highly complex world through a variety of approaches that address different levels of social reality: at the project level, but also at the level of policies and programs; at the local level, but also at meso and macro levels; and indeed in some cases at global or regional levels, such as with cross-border conflicts or international movements of people, goods and services. Each of these represents a different set of challenges that will require broadening the scope of skills and analytical tools even as we deepen and systematize our engagement at the local level to achieve more effective operational results. The full range of challenges is being considered during the formulation of the social development strategy. The Bank's work on social analysis uses multiple tools and instruments, described in the Social Analysis Sourcebook, to provide analytical and operational inputs toward the realization of this strategy.

ANNEX 2:
APPLICATION OF SOCIAL ANALYSIS IN SPECIALIZED LENDING INSTRUMENTS

The specialized lending instruments, such as Learning and Innovation Loans (LIL), Adaptable Program Loans (APL), Financial Intermediary Loans (FIL), Technical Assistance Loans (TAL) and Emergency Recovery Loans (ERL) are designed to deal with special operational conditions. Social analysis has flexibility permitting adaptation according to the nature of the lending instrument to which it is applied. In most LILs, social analysis may only be possible during implementation. For the umbrella instruments (APL and FIL), the institutional framework for social analysis may be established up front, while the analysis itself is normally undertaken during project implementation. In ERLs, social analysis is normally undertaken during implementation to include the vulnerable and the poor among project beneficiaries. This annex describes how social analysis may be adapted to each of these instruments.

Learning and Innovation Loan[89]

LILs are experimental operations that pilot new project designs and test the feasibility of innovative institutional arrangements. These are relatively small loans (less than $5 million) that are often a "greenhouse" for future projects and can be instrumental in establishing social development strategies and institutional arrangements to implement them. When undertaking social analysis for LILs, task teams incorporate provisions for monitoring social development outcomes, to enable adaptive learning during implementation.

LILs are intended to allow for experimentation and piloting in order to determine the best course of action and assess the Borrower's capacity before moving to a larger-scale project, or to test the potential of an approach to overcome a particular constraint to development so as to gain consensus before adopting that approach. The social analysis for a LIL typically identifies the social issues and appraises activities that the implementing agency or agencies will carry out to pilot and test social strategies. Social assessment is undertaken more often during implementation of the LIL. Involvement of local stakeholders in these activities normally helps to test solutions that affect them.

The increasing use of LILs poses questions about the extent of social analysis during project *preparation*, given that one of the intents of a LIL is to learn from project *implementation*. Some task teams feel that LILs reduce the perceived need for up-front social analysis, leaving it instead for the implementation phase. The social development team considers that the best practice in preparing LILs is not through formal social assess-

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89. For more details see the World Bank Operational Manual, online at http://wbln0018.worldbank.org/institutional/manuals/opmanual.nsf/textonly.

ments but rather through applying *sociological imagination* to project design. LILs also let teams identify possible opportunities and social risks that could be explored further.

Brazil-State Pension Systems Reform Technical Assistance Project (P057910)

The government of Brazil was concerned about the fiscal sustainability of their pension system. However, the government was also concerned that reforming the system might be politically unsustainable. The government decided to proceed with a Brazil State Pension Systems Reform LIL to better understand the problem and to update their data-collection and modeling techniques. The Bank team used the opportunity to demonstrate how comparisons and forecasting could be appropriate tools for crafting reforms. In April 1998, the team presented the results from the LIL to the Ministries of Finance, Social Security and Administrative Reforms. The ministers thought that the results and information from the pilot were useful and that the new approach was applicable to Brazil's case. The LIL thus served two purposes. It demonstrated new techniques to the ministries, and it convinced the Government to apply those techniques to the wider problem of pension unsustainability.

Bringing more stakeholders into the process helped to develop better understanding among the state and federal ministries of the true extent and gravity of the problem, and to realize that the existing models and options could not address these deeper structural problems. The reformers within the government proposed a constitutional amendment to help solve the problem. The lessons from the LIL are being circulated through the states and the media to build awareness about and popular support for the constitutional reform. In this instance an initially small and experimental project succeeded in uncovering the social dimensions of Brazil's pension problems in a way that a larger project might not have been able to do.

Bangladesh-Air Quality Management Project (P057833)

In the Bangladesh Air Quality LIL, the Bank team did not conduct social analysis studies during preparation, but showed creativity in addressing *potential* social issues. Since much of Dhaka's air pollution, which disproportionately harms the poor, comes from two-stroke three-wheelers, the Bank and Borrower teams agreed that the solution to the problem of air pollution lay in changing behavior, not just in regulation or enforcement.

The Borrower worked with the press, unions and oil distributors on a "hearts and minds campaign." They established a combined three-wheeler taxi/driver clinic, where a mechanic would examine the health of the three-wheeler while a doctor would examine the health of the driver. The clinic revealed that drivers were using twice the necessary oil in the gas mixture, and that they could work only five days at a time in the polluted air before they had to take to bed to let their lungs recover. The taxi drivers reported that gas attendants sell them a pre-made oil/gas mixture, so the implementing agency worked with oil distributors to develop two-stroke packs with the right mixture of gas and oil. The new mix saves both the taxi drivers and the three-wheeler owners on operating costs. The taxi drivers can work more days and earn more money, and their families spend less time and money coping with illness.

The insights about stakeholders' interests during project preparation laid the groundwork for an innovative approach that opened promising avenues for action. Such innovative use of the sociological imagination may be more relevant for some projects, particularly for LILs. When combined with M&E during implementation, it can be an effective form of social analysis.

Adaptable Program Loan

APLs emphasize the Borrower's capacity to conduct social analysis and to appraise the potential social impacts of each project in the series. In APLs, the social analyst assesses the Borrower's criteria for approving and its procedures and institutional capacity to prepare each project. When the capacity is found to be lacking, the project includes measures to build capacity in the more important implementing agencies.

APLs are designed to fund long-term development programs through a series of projects. Whereas LILs operate on a short timeframe, APLs operate on a ten- to fifteen-year cycle. These loans mix policy reform and investment and can provide a good opportunity to achieve social development outcomes efficiently. APLs establish performance benchmarks, indicators and periodic evaluations that are reviewed over the life of the loan. They require long-term commitment to solve long-term problems and several opportunities to adopt project design during implementation. This is the APL's strength and its limitation.

India-Haryana Power Sector Restructuring Project (P035160)

In the India Haryana Power Sector Restructuring APL, the government decided that a long-term perspective for improving the power sector made sense. Such reform entails real political and social risks, since the changes to the sector will hurt many stakeholders at least in the short term. Farmers and some consumers will pay higher rates, but will also receive better service. Power-sector employees may lose their jobs to private competitors. Worse, while many of the adverse effects were immediate, many of the benefits would take time to implement. To manage these risks, the Borrower worked to build political consensus for reform before the APL was approved. Various stakeholders were brought into the project design and implementation process. Consumers, for example, have representatives on a steering committee that gives guidance on designing reforms. The staff of the utility have also been extensively informed and consulted. Senior management of the power utility has held numerous meetings to explain the long-term reform program and its implications for staff of the utility.

Financial Intermediary Loans[90]

Financial Intermediary Loans (FIL) support the development of financial institutions and provide funds for general credit or for development of sector or specific subsectors. Under a FIL or a FIL component of an investment loan, the Bank provides funds

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90. OP 8.30, *Financial Intermediary Lending*.

to eligible participating financial intermediaries for onlending, at the intermediaries' risk, to final Borrowers. The objectives of such lending include (a) supporting reform programs in the financial sector or related real sectors; (b) financing real sector investment needs; (c) promoting private sector development; (d) helping to stabilize, broaden and increase the efficiency of financial markets and their allocation of resources and services; (e) promoting the development of the participating financial intermediaries; and (f) supporting the country's poverty-reduction objectives. FILs are provided in the context of sound analytical work on sector issues, appropriate technical assistance and, as relevant, adjustment operations to address policy issues.

Bangladesh-Second Poverty Alleviation Microfinance Project (Microfinance II) (P059143)

The Microfinance II FIL was designed to overcome the constraints that its predecessor, the Microfinance I FIL, had encountered. The Borrower used stakeholder discussions and formal and informal consultations to identify the major issues and to develop new strategies for microcredit delivery. The project team discovered that the hardcore poor had been excluded from the first program, largely because they were landless and lacked a permanent residence. The rest of the community worried that, should the hardcore poor default, they would have to shoulder the extra debt burden. Consultations with stakeholders and PO staff resulted in recommendations on how to include the hardcore poor, such as housing facilities, skills training, lower interest rates and longer installment periods.

Another obstacle was the lack of training and information. Most sub-borrowers needed some type of special skill or training to be able to run their business. Many needed to learn how to read and write and how to keep accounts. They wondered which businesses are most successful in given instances, and they requested training in marketing. Sub-borrowers also lacked information about the availability of raw materials. These uninformed and untrained sub-borrowers repeatedly found themselves confined to the same ill-paying jobs: petty trade and small shops, cattle rearing and fattening, tailoring, etc.

The Second Microfinance Project had three main components:

• The hard-core poor component, which targeted program expansion, changing the microcredit delivery system and diversifying financial services
• Micro-enterprise lending component to help progressive or graduate microcredit sub-borrowers or micro-entrepreneurs who have entrepreneurial talents to scale-up their activities
• The mainstream microfinance - rural microcredit component to support horizontal and vertical expansion of rural microcredit, to respond to the unmet demand and the need for larger loans per sub-borrower, respectively

FILs require a special approach because the project is meant to finance multiple sub-projects whose details are unknown at project appraisal. The Bank normally relies on the implementing agency to screen sub-projects and do appropriate social analyses when appraising the sub-project before it approves the sub-loan. Social analysis for FILs may involve examining sector-wide social issues, or it may involve preparing an umbrella framework that lays out the responsibilities for undertaking social analysis for individual sub-projects on behalf of the apex organization managing the credit fund. The Bank can also appraise and where necessary support the strengthening of the implementing agency's capacity to design a social strategy for the sub-projects and to monitor its implementation.

India-ILFS-Private Infrastructure Finance Project (P039935)

During project preparation, social analysis involved establishment of a framework and institutional responsibility for identifying, assessing and managing social (and environmental) concerns. During implementation, the initial social analysis provided in the framework is supplemented by further analysis for each sub-loan. This involves a separate Resettlement Action Plan and an Environment and Social Report that is appraised by the apex organization for each sub-project.

Emergency Recovery Loans[91]

ERLs are designed to restore assets and production levels immediately after extraordinary events like war, civil disturbance or natural disaster disrupt a country's economy. ERLs focus on rapid reconstruction of economic, social and physical systems within a short period. These loans are also used to strengthen management and implementation of reconstruction efforts. They often include assistance for developing early warning systems or disaster-resilient technology to prevent or mitigate the impact of possible emergencies. The goal of ERLs is productive restoration, not relief.

Because emergency recovery projects need to be processed rapidly, they would not normally allow for a full social analysis. However, it is useful to understand how social conditions precipitated or exacerbated an emergency, and to see what social issues may influence the targeting or effectiveness of recovery mechanisms and need to be monitored. Rapid social analysis can be instrumental in establishing the social indicators that ERLs need to monitor.

Ecuador-El Niño Emergency Recovery Project (P055571)

The Ecuador El Niño Emergency recovery project used social analysis to establish criteria and mechanisms to ensure that the project's benefits reached the poorest. The social assessment identified the relevant stakeholders and designed culturally and socially appropriate mechanisms for community participation. The social assessment process continued during implementation.

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91. For more details see the World Bank Lending Instruments brochure, online at http://siteresources.worldbank.org/PROJECTS/Resources/lendinginstrumentbrochure.pdf; see also OP 8.50, *Emergency Recovery Assistance*, in the World Bank Operational Manual http://wbln0018.worldbank.org/institutional/manuals/opmanual.nsf/textonly.

The El Niño phenomenon posed an additional strain on Ecuador, where half of the people live below the poverty line. The hurricane was devastating: thousands of homes were destroyed, road networks were damaged, extensive agricultural areas were rendered uninhabitable and many people lost their livelihoods. The World Bank project planned to resettle 1,001 of the poorest families. The social analysis done during project preparation revealed that resettlement should not to be limited to relocation but rather had to be done in a socially sustainable way. The project contracted ten local NGOs to train members of urban coastal communities in social and community organization and income-generating activities.

Using the information and experience of local NGOs and the Red Cross, the Borrower did an initial stakeholder analysis and established criteria for project participation. They prepared separate resettlement plans for each of the ten project communities. The municipalities took the lead in preparing these plans. Each plan included socioeconomic information about the participating families, descriptions of participation procedures, implementation procedures, monitoring and evaluation criteria, budgets and timetables.

Officials in the Ministry of housing, municipalities, NGOs and project families participated in implementation. An NGO facilitated the communication between government, local authorities, project personnel and communities. Local contractors and project families were hired for construction. In each of the ten cities, local teams carried out social assessments.

As a result, the new communities quickly established their own social organizations and economic activities: local security patrols, fire brigades, electricity and water users' associations, elder and child care, and more. School attendance and employment have increased and many new small businesses have been established.

Technical Assistance Loans[92]

TALs are designed to strengthen the capacity of entities that are directly affected by the policies, strategies and institutional reforms promoting further development in a specific sector or in the country as a whole. TALs most often focus on improving management and staffing, and technical, physical, or financial resources. They also focus on specific gaps in information or personnel that might jeopardize reform objectives.

Since capacity-building is not simply the acquisition of skills and technology but also often involves institutional change, social analysis can be useful for TALs. Social analysis helps to map institutional rules and behavior, including organizational constraints and formal and informal practices. Social Analysis is also useful for analyzing stakeholders and their capacity to achieve intended outcomes.

TALs often accompany larger loans and finance studies on how to support them.

In such cases TALs may finance social analysis or social impact monitoring studies during implementation.

Russian Federation Coal Sector Adjustment Loan (SECAL) II (P054086)

The Russia Coal SECAL was accompanied by a TAL that financed annual social impact monitoring studies. The Bank team worked closely with the Russian social scientists who conducted the social assessment. Interviews with miners, their families and communities generated a broad range of views. Relying on stakeholder participation, the social assessment aimed to establish the appropriate framework for coal sector restructuring. It assessed the socioeconomic characteristics of households in mine basins; determined how social compensation protected the labor market, workers' expectations and attitudes; and gauged the level of trust toward government-sponsored relocation programs and other institutions. The perceived social impacts of the closures and downsizing were considerable: employment losses, inadequate compensation and deteriorating social services. The major stakeholders (miners' unions, government, communities) lacked consensus on the reform. Initially, most of them distrusted the government, the payment transfers and the adequacy of the reform measures.

Social tensions arising from the negative social impacts jeopardized the reform. A stakeholder and institutional analysis helped to reconcile stakeholder priorities with the project's economic goals. Based partly on the experience of Russia Coal SECAL 1 and consultations with stakeholders, the Borrower decided that it would be more transparent for the Ministry of the Treasury to deliver social protection funds directly to the workers through the treasury than for the Ministry of Energy to funnel the money through regional governments. A system of checks, balances and independent assessments to ensure that all actors followed the rules laid out in mine closure plans. The flexible, socially oriented participatory approach not only managed to prevent conflict but did so by empowering stakeholders and by creating a sense of "ownership" of and commitment to the reform. In a legal vacuum and amidst fiscal instability, all of the laid-off workers received their benefits and payments on time, and the productivity of mines improved by 77 percent between 1994 and 2000.

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92. See the World Bank Lending Instruments brochure, online at http://siteresources.worldbank.org/PROJECTS/ Resources/lendinginstrumentbrochure.pdf; or the World Bank Operational Manual at http://wbln0018.worldbank.org/ institutional/manuals/opmanual.nsf/textonly.

ANNEX 3:
HELP MENU ON SOCIAL ANALYSIS FOR TASK TEAMS

Social development practitioners make and apply decisions about the social dimensions of the project at several stages during the project cycle. In practice, this involves application of social analysis principles, exercising judgment on what is most relevant to each project. While it is not feasible to anticipate all possible issues that may need consideration, certain generic questions can facilitate decision making. This annex provides a list of such questions to help task teams and social development specialists in undertaking social analysis and in using its findings to inform project design.

At the broadest level, the social analysis process generally involves consideration of the following:

- Does the project call for social analysis?
- What relevant analysis has been done already?
- Does prior analysis provide sufficient information to assess the social opportunities, constraints and likely impacts of the project?
- Do information gaps suggest that the Borrower should undertake a social assessment?
- How can the Bank help the Borrower in this assessment?
- How can the findings from the Borrower's social assessment and the Bank's social analysis be integrated into the project?

Relevance of Social Analysis to the Project

During identification, Bank task teams typically assess the need and scope for social analysis by considering questions such as the following:

- What social issues arising out of the socio-cultural, political, or institutional context are relevant to the sector?
- Are there ways of designing the project so as to provide significant benefits and opportunities for people, especially for the vulnerable and the poor?
- Are social issues likely to impose constraints on the project?
- Are the likely social impacts on different social groups and institutions known, and are they positive or benign in terms of their impact on the vulnerable and the poor?
- Are project activities likely to be controversial, or are impacts uncertain?
- Does the project's success depend on behavioral change among staff of implementing agencies or other public institutions, or among intended beneficiaries?
- Can social analysis make a significant contribution to the body of knowledge needed for project appraisal?

These questions help the task team to assess the relevance and significance of social issues to the project and the areas to focus on during project design and appraisal.

Assessing the Information Available

The task team proceeds to determine whether enough information is available to ensure that the project's social development objectives can be met and to prevent social risks from compromising the project. Core diagnostic studies, such as poverty assessments, done in the last three years tend to be highly relevant. Monitoring and evaluation reports and implementation completion reports from earlier projects in the same sector or region are often a good source of information on social risks that need to be considered by the project. At this stage, the following questions are of relevance to the task team:

- Is any upstream social analysis ESW available for the country?
- If the project had an earlier phase, are relevant social analysis information available from earlier reports (e.g. mid-term reviews, supervision reports, socioeconomic evaluation studies, or Implementation Completion Reports)?
- Are data or relevant social analysis information available in core diagnostic ESW or sectoral ESW?
- Are any social assessments or other forms of social analysis (e.g. social impact assessment, participatory poverty assessment) available for Bank-supported projects in the country?
- Is any form of social analysis available from other international development agencies, in-country government agencies, or in-country researchers (e.g. local universities, research institutions, NGOs)?
- Is quantitative data relevant to examine the key elements of social analysis available and accessible from the World Bank or external databases?

Having ascertained what information is available, the task team considers whether it is able to complete the social analysis needed for project appraisal or whether the Borrower should be advised to undertake a social assessment prior to project appraisal. A useful way of doing this is to examine if there is enough information to analyze the social issues relevant to the project arising out of each of the key elements of social analysis:

- social diversity and gender
- institutions, rules and behavior
- stakeholders
- participation
- social risks

If enough information can be assembled on these key elements during the identification phase to identify the opportunities, constraints and likely social impacts of the project, then the task team may conclude that the project should proceed with design and appraisal. If the social impacts are complex and available information leaves the social scientist and the task team uncertain about the likelihood of achieving the project's social development objectives, the Borrower may be advised to perform a social assessment to generate additional information needed for the Bank team to complete appraisal of the project's social dimensions.

Completing the Social Analysis

The following questions organized around the five elements provide a useful checklist for the Bank's task team to explore during project preparation, and for them to consider during project design and appraisal. The exact nature of the questions will invariably need to be adapted to the country context and the nature of the project.

Social diversity and gender:

- Does the information and analysis provide an understanding of the interests of and impacts on socially differentiated groups:
  - ◆ based on ascribed status (e.g. ethnicity, gender)?
  - ◆ based on achieved status (e.g. civil servants, unionized workers, traders, members of professional organizations)?
- Does the information and analysis provide an understanding of the characteristics of and project impacts on the vulnerable and the poor?
- Does the information and analysis of gender issues allow an assessment of likely gender-based impacts?
- Does the information and analysis provide an understanding of the characteristics of and project impacts on ethnic minorities or other disadvantaged groups?
- Can social analysis help to overcome some of the constraints faced by any of the above disadvantaged groups to increase their access to opportunities and benefits?

Institutions, rules and behavior

- Does the analysis provide an understanding of formal organizations and community institutions at the local level?
- Does the analysis provide an understanding of relevant government institutions and market-based organizations that will affect project outcomes?
- Does the analysis enable an understanding of the informal rules and behaviors in those institutions that are likely to affect project outcomes?
- Does the analysis provide adequate information on the formal and informal relationships among social groups?
- Does the analysis provide adequate information on the relationships between social groups and formal organizations and institutions?

Stakeholders

- Have the key stakeholders that will affect or be affected by the project been clearly identified?
- Have all the institutional stakeholders, including those within the government and outside the government, been clearly identified?
- Have the characteristics, interests and influence of the key stakeholders been analyzed?
- Is the information available sufficient for the task team to incorporate stakeholder

priorities in project design?
- Is the information available sufficient for the task team to decide how to address stakeholders that may undermine or oppose the project's objectives?

Participation

- Does the analysis identify ways of involving stakeholders in project design?
- Does the analysis provide an understanding of the opportunities and constraints to stakeholder participation?
- Is the analysis sufficient for the task team to prepare a participation action plan for stakeholder involvement in project implementation and monitoring?
- Where relevant, does the analysis examine ways of increasing public access to information and making government institutions more accountable for the goods and services they have been tasked with providing?

Social risk

- Has the analysis identified significant social risks to the project (country risks, political economy risks, institutional risks) and risks emanating from the project (vulnerability risks, exogenous risks)?
  - ◆ Is the country prone to political instability or ethnic, religious or social tensions that could affect project outcomes?
  - ◆ Is there any risk of the project's objectives being opposed or undermined by powerful interest groups?
  - ◆ Is the project exposed to institutional risks (such as inappropriate or overly complex institutional arrangements, poor governance, weak ownership or capacity)?
  - ◆ Is the project expected to increase vulnerability of the poor (e.g. through involuntary resettlement, or other adverse social impacts)?
  - ◆ Is the project likely to increase exposure of the poor or other social groups to exogenous shocks (e.g. exchange rate fluctuations, global market prices, external trade barriers)?
- Have the identified risks been analyzed and assessed in terms of their likelihood of their occurrence and importance to the project?
- Is the task team aware of any other significant social risks that should be analyzed?
- When the Bank task team feels that the information is sufficient to complete the social analysis for the project, they may draw on this information when considering the project's design and institutional arrangements.

If the task team finds many unanswered questions, the best solution is to advise the Borrower early during project preparation to undertake a social assessment. The Bank team may help the Borrower prepare terms of reference for the social assessment to fill the gaps in information. The success of country-managed social assessment depends on country ownership of the social assessment process, the availability of in-country capacity to undertake the social assessment, and adequacy of resources for the social assess-

ment. When a social assessment is undertaken, its findings also inform the project's design and institutional arrangements.

Design Considerations

Social development activities

Social development activities are the actions included in the project to address the key social issues emerging from the social analysis and to implement the strategy designed to achieve the project's intended social development outcomes. These have been discussed in considerable detail in Chapter 3. The questions to consider are:

- What should be the project's social development outcomes, and what sort of strategy would be needed to achieve those outcomes?
    - ◆ Does the project need discrete components to achieve its social development outcomes?
    - ◆ Does the project need special targeting mechanisms to include disadvantaged groups in project benefits?
    - ◆ Does the project need a mitigation action plan to offset adverse impacts on the vulnerable and the poor?
- Will the project benefit from stakeholder participation in implementation and monitoring and public accountability?

Implementation mechanisms

The social analysis also provides useful insights that can inform the design of the project's institutional arrangements for the implementation phase. Following the social analysis, the following questions remain relevant:

- Will the project need new mechanisms or institutional arrangements to achieve its social development objectives?
- What sort of institutional mechanisms and resources would be appropriate to facilitate participation of key stakeholders?
- What sort of risk management measures can be put in place to minimize and manage potential social risks?

Monitoring and supervision

Bank task teams have to balance the desirability of selecting a few key performance indicators with the need to include a minimum set of indicators that allows the project team to monitor key inputs, outputs, processes, outcomes and impacts. Monitoring the social dimensions of the project faces the same challenges. The analyst should ponder the following questions while making decisions on monitoring and evaluation:

- What minimum indicators can be established to monitor the project's social development activities, outputs, outcomes, processes and impacts?
- Will the project track social development indicators as an integral part of the

project's monitoring and evaluation system, or will special studies be necessary?
- Will the project benefit from participatory monitoring and evaluation?
- What resources would be necessary to monitor and supervise monitoring activities related to the project's social development objectives?
- Will social development indicators be included in the baseline survey or will separate benchmarks be needed to measure impacts?
- Given the nature of the project, what sort of supervision plan would be appropriate for the social dimensions of the project?

ANNEX 4:
GENERIC TERMS OF REFERENCE FOR
SOCIAL ASSESSMENT

Social assessment (see Chapter 4) is the instrument used most frequently by the Borrower to analyze social issues and solicit stakeholder views for the design of Bank-supported projects. Social assessment helps make the project responsive to social development concerns, including seeking to enhance benefits for poor and vulnerable people while minimizing or mitigating risk and adverse impacts. It analyzes distributional impacts of intended project benefits on different stakeholder groups, and identifies differences in assets and capabilities to access the project benefits

A social assessment is made up of analytical, process, and operational elements, combining (a) the *analysis* of context and social issues with (b) a participatory *process* of stakeholder consultations and involvement, to provide (c) *operational* guidance on developing a project design, implementation, and monitoring and evaluation (M&E) framework. Bank staff then (a) provide guidance and technical assistance to the borrower (and consultants) to undertake the social assessment, and (b) verify, assess and appraise the Borrower's social assessment findings, as an integral part of their social analysis.

This annex provides a generic Terms of Reference for social assessments. This Terms of Reference is offered as guidance only; task teams are expected to assist the Borrower in adapting this general framework based on country, sector and project specific needs and specificities. The scope and depth of the social assessment should be determined by the complexity and importance of the issues studied, taking into account the skills and resources available. If requested, the World Bank would also consider supporting related programs of capacity building in social assessment processes.

To the extent possible, the project social assessment should build on existing data and analysis relevant to the sector and project. Consideration should be given to doing the social assessment in two stages, by first conducting a Rapid Context Assessment of available data, identify stakeholders and key issues, and undertaking a gap analysis of where additional data or consultations are required. Based on that, an update and further detailing of the Terms of Reference may be done.

Introduction

This section should state the purpose of the terms of reference, identify the development project to be assessed and explain the implementing arrangements for the social assessment.

Background Information

Pertinent background for potential parties who may conduct the social assessment, whether they are consultants or government agencies, would include a brief statement of the rationale for the project, its intended objectives, a description of its major compo-

nents, the implementing agency(ies), its current status and timetable, and whether there are any associated projects.

Purpose and Objectives

Summarize the general objectives and scope of the social assessment, briefly lay out the main design and methodological issues related to completing the social assessment, and discuss its timing in relation to the project preparation, design and implementation.

Task 1: Description of the Proposed Project

Provide a full description of the project to the extent known when the social assessment is undertaken. Include the following information: location, size, schedule and planned sequence of activities, resources available, expected implementation arrangements and life span. If the proposed project has more than one component, describe each one as it relates to social analysis.

Task 2: Description of the Socio-Cultural, Institutional, Historical and Political Context

Conduct a rapid review of available sources of information to describe the socio-cultural, institutional, historical and political context in which the project operates. The review should include qualitative descriptions and quantitative indicators of development trends relevant to the project, such as significant demographic changes, patterns of asset ownership and livelihoods, external political or economic environment, etc. The purpose of this exercise is to describe what constraints and opportunities the context poses to the project.

- *Socio-cultural context:* Describe the most significant social and cultural features that differentiate social groups in the project area. Describe their different interests in the project, and their levels of influence. In particular, explain any particular effects the project may have on the poor and excluded. Does the project offer any opportunities to influence the behavior of and outcomes for such groups? Are there any known conflicts among groups that may affect project implementation?
- *Institutional context:* Describe the institutional environment; consider both the presence and function of public, private and civil society institutions relevant to the operation. Are there important constraints within existing institutions, e.g. disconnect between institutional responsibilities and the interests and behaviors of personnel within those institutions? Or are there opportunities to utilize the potential of existing institutions, e.g. private or civil society institutions, to strengthen implementation capacity?
- *Historical context:* Describe the "big picture," those conditions in the history of the country that might uniquely impinge upon the project. If a project proposes to restructure an industry that had great importance and visibility in the national economy, such as coal mining in Eastern Europe, it may be reasonable to assume

that industrial layoffs would be affected by political economy issues. In a country with a history of tension between ethnic or religious groups, the operation may need to be extra-sensitive to differential impacts on those groups.

• *Political context:* Describe the political background relevant to the project. Political instability, for example, could affect long-term project planning, as could an election between the project design and implementation phases. On the other hand, a shared political vision such as the drive for EU accession can be an important enabling condition for a project.

Task 3: Legislative and Regulatory Considerations

Review all national legislation and regulations pertinent to the project, as well as the broader policy and reform context within which the project takes place. Pay particular attention to laws and regulations governing the project's implementation and the access of poor and excluded groups to goods, services and opportunities provided by the project. In addition, review the enabling environment for public participation and development planning. Social analysis should build on strong aspects of the legal and regulatory systems to facilitate program implementation and identify weak aspects while recommending alternative arrangements. (The TOR should specify those that are known and require the consultant to investigate other arrangements.)

Task 4: Key Social Issues

The social analysis provides the baseline information for designing the social development strategy. The analysis should determine what the key social and institutional issues are in relation to project objectives; identify the key stakeholder groups in this context and determine how relationships between stakeholder groups will affect or be affected by the project; and identify expected social development outcomes and actions proposed to achieve those outcomes. Social development outcomes are the socially relevant results the project is expected to achieve, such as poverty reduction, equity and inclusion, strengthening of social capital and social cohesion, and promotion of accountable and transparent governance, as well as the mitigation of adverse impacts arising out of the project.

The key elements and entry points for the social analysis relevant to the project (see Chapter 2) encompass:

(a) **Social diversity and gender**: Examine how people are organized into different social groups, based on the status ascribed to them at birth – according to their ethnicity, clan, gender, locality, language, class, or some other marker – or on the status or identity they have achieved or chosen – civil servant, industrial laborer, white collar worker, environmentalist, etc. Importantly, an analysis of social diversity also includes looking at the ways in which such diversity interacts with social and power relations and the implications this has for questions of access, capabilities and opportunities;

(b) **Institutions, rules and behavior**: Examine social groups' characteristics, intra-

group and inter-group relationships, and the relationships of those groups with public and private (e.g. market) institutions (including the norms, values and behavior that have been institutionalized through those relationships). Such an analysis should provide a detailed assessment of the formal and informal organizations likely to affect the project and the informal rules and behaviors among them. Possible institutional constraints and barriers to project success, as well as methods to overcome them, should be described.

(c) **Stakeholders**: Identify the various groups who have an interest or a stake in the project. Stakeholders are those who are likely to be affected by a project, as well as those that may influence the project's outcomes. In addition to the beneficiaries of the project and other groups directly affected by it, stakeholders may include organized groups from the public and private sectors as well as civil society who have an interest in the project. The characteristics, interests and likely influence of various groups in the development process are the subject of stakeholder analysis;

(d) **Participation**: Examine opportunities and conditions for participation by stakeholders – particularly the poor and vulnerable – in the development process (e.g. contributing to project design, implementation and/or monitoring; influencing public choices and decision-making; holding public institutions accountable for the goods and services they are bound to provide; access to project benefits and opportunities; etc). Otherwise excluded groups affected by the project as well as project beneficiaries should be brought into the social assessment process, and appropriate mechanisms to sustain such participation in project implementation and monitoring should be deployed; and

(e) **Social risk**: Identify social risks (e.g. country risks, political economy risks, institutional risks, exogenous risks, and vulnerability risks, including but not limited to those that may trigger World Bank Safeguard Policies). Social risk analysis examines the social groups vulnerable to stress and shocks and the underlying factors that contribute to this vulnerability. Drawing on this, risk management plans should be prepared with an eye to addressing these concerns during project design, implementation, and monitoring and evaluation.

The analysts examine these key elements in order to assess and describe the opportunities, constraints and likely social impacts of the proposed operation. The consultant should fill the gaps in the information on these issues that the Bank task team identifies, and should summarize information from other organizations where available.

Task 5: Data Collection and Research Methods

Describe the design and research methodology for the social analysis. In this regard:

• Clarify the research objective by stating the research hypotheses and identifying the social processes and relationships to be examined by the social assessment;

• Build on existing data;

• Clarify the units of analysis for the social assessment: intra-household, household level, as well as communities/settlements and other relevant social aggrega-

tions on which data is available or will be collected for analysis;

• Choose appropriate data collection and analytical tools and methods, employing mixed methods wherever possible; mixed methods include a mix of quantitative and qualitative methods, and a mix of data from different units of analysis for triangulation of results;

• Provide the rationale for sampling employed, including criteria for research sites and selection of respondents. Employ representative sampling wherever possible. When this is not feasible (such as when dealing with impacts on a discrete population group, explain the reason and criteria for purposive sampling employed. For purposive sampling or qualitative research, research rigor is enhanced by providing a control group or establishing matching pairs to obtain robust results;

• Establish baselines and/or benchmarks with indicators for use in future monitoring. Indicators should be of such a nature that results and impacts can be disaggregated by gender and other relevant social groups.

Task 6: Strategy to Achieve Social Development Outcomes

Identify the likely social development outcomes of the project and propose a social development strategy, including recommendations for institutional arrangements to achieve them, based on the findings of the social assessment. The social development strategy could include measures (a) that strengthen social inclusion by ensuring that both poor and excluded groups and intended beneficiaries are included in the benefit stream and in access to opportunities created by the project (i.e. a *social inclusion framework*); (b) that empower stakeholders through their participation in the design and implementation of the project, their access to information, and their increased voice and accountability (i.e. a *participation framework*); and (c) that enhance security by minimizing and managing likely social risks and increasing the resilience of intended beneficiaries and affected persons to socioeconomic shocks (i.e. a *risk management framework*).

Additionally, the strategy should address broader questions of social sustainability, by assessing (a) the resilience of project benefits, institutional mechanisms, etc, to risks over time, and (b) how well integrated the approach is into the larger set of development interventions in the country and sector in order to minimize inconsistencies and take advantage of potential synergies.

The social development strategy is expected to increase the benefits to the poor and vulnerable as well as reduce social and political risks that could undermine the gains of development, thereby increasing the equity and social sustainability of projects.

Task 7: Implications for Analysis of Alternatives

Review the proposed approaches for the project, and compare them in terms of their relative impacts and social development outcomes. Consider what implications the findings of the social assessment might have on those approaches. Should some new components be added to the approach, or other components reconsidered or modified?

Has the social assessment revealed the need for heretofore-unnecessary risk-management measures? If the social analysis and consultation process indicate that alternative approaches are likely to have better development outcomes, such alternatives should be described and considered, along with the likely budgetary and administrative effects these changes might have.

Task 8: Recommendations for Project Design and Implementation Arrangements

Provide guidance to project management and other stakeholders on how to integrate social development issues into project design and implementation arrangements. As much as possible, suggest specific action plans or implementation mechanisms to address relevant social issues and potential impacts. These can be developed as integrated or separate action plans, for example, as Resettlement Action Plans, Indigenous Peoples Development Plans, Community Development Plans, etc.

Task 9: Developing a Monitoring Plan

Through the social assessment process, a framework for monitoring and evaluation should be developed. To the extent possible, this should be done in consultation with key stakeholders, especially beneficiaries and affected people. The framework shall identify expected social development indicators, establish benchmarks, and design systems and mechanisms for measuring progress and results related to social development objectives. The framework shall identify organizational responsibilities in terms of monitoring, supervision, and evaluation procedures. Where possible, participatory monitoring mechanisms shall be incorporated.

• Establish a set of monitoring indicators to track the progress achieved. The benchmarks and indicators should be limited in number, and should combine both quantitative and qualitative types of data. The indicators should include *outputs* to be achieved by the social development strategy; indicators to monitor the *process* of stakeholder participation, implementation and institutional reform; indicators to monitor social risk and social development *outcomes*; and indicators to monitor *impacts* of the project's social development strategy. It is important to suggest mechanisms through which lessons learned from monitoring and stakeholder feedback can result in changes to improve the operation of the project. Indicators should be of such a nature that results and impacts can be disaggregated by gender and other relevant social groups;

• Define transparent evaluation procedures. Depending on context, these may include a combination of methods, such as participant observation, key informant interviews, focus group discussions, census and socio-economic surveys, gender analysis, Participatory Rural Appraisal (PRA), Participatory Poverty Assessment (PPA) methodologies, and other tools. Such procedures should be tailored to the special conditions of the project and to the different groups living in the project area;

- Estimate resource and budget requirements for monitoring and evaluation activities, and a description of other inputs (such as institutional strengthening and capacity building) needed to carry it out.

Expected Outputs, Schedule and Reporting

Prepare a detailed schedule of the social assessment activities described in the terms of reference. Explain what kinds of outputs the social assessment plans to produce, and note when the team will give preliminary and final drafts of each output to the Bank staff conducting social analysis. Include relevant charts and graphs, statistical and qualitative analysis and, in some cases, raw data obtained during the social assessment.

In addition to the outputs of the social assessment, include a note on the social assessment process itself, stating any difficulties faced by the team in conducting the social assessment, and recommend the most appropriate dissemination strategy for the findings. Provide the report and accompanying materials in English and the local language.

Consultant Team

Social assessment usually requires a multidisciplinary team to meet the different demands of the assignment. The terms of reference should specify key positions on the team. Individual time requirements should be specified for each assignment. One team member should be appointed team leader, and be responsible for the team's performance

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