



The World Bank

Managing The Social Consequences Of Economic Crises

For discussion at:

**Workshop on Social Policy Principles and The Social Development Agenda
Pocantico Conference Center of the Rockefeller Brothers Fund**

December 3-5, 1999

**Organized by:
Carnegie Council on Ethics
and International Affairs**

**World Bank Discussant:
Judith Edstrom
Sector Manager
Social Development Department
Environmentally and Socially Sustainable Development
Vice Presidency**

This paper is an excerpt of the paper *Managing the Social Dimensions of Crises: Good Practices in Social Policy*, September 14, 1999 prepared by World Bank Staff for the IMF-World Bank Annual Meetings. The full paper is available at <http://www.worldbank.org/poverty/library/index.htm>.

Managing The Social Consequences Of Economic Crises

The Social Impact of Crises

1. Economic crises are the result of sudden, unanticipated shocks—for example, the shock that arises from large capital outflows. Crises lead to a sharp decline in output, and often to substantial increases in prices. They affect communities and households in a number of ways. The most important are likely to be the following:¹

- Reduced demand for labor, and thus lower employment; also, reduced wages and lower labor incomes in the informal sector. Women are often most affected by these changes.
- Changes in relative prices, which tend to affect poor people disproportionately.
- Fiscal cutbacks, which lead to reduced public services or transfers, or higher taxes.
- Changes in asset prices—from shares traded in the stock market to cattle or other goods used as savings by the poor.
- Changes in the community environment, in terms of both public health or public safety, bringing increased risks of disease, violence, and insecurity.

2. The incidence and severity of income poverty usually rise during a crisis, frequently in combination with pressures on other dimensions of well-being, including nutritional status, education, health, and, of course, security. While these changes may affect people in all strata of life, they can have a particularly devastating impact on those living below or close to the poverty line. And among the poor, women and young children are especially vulnerable. Furthermore, there is evidence to suggest that recessionary periods associated with a crisis have detrimental effects on social indicators that are greater than the gains during equivalent periods of growth.

3. Economic crises can have devastating effects on a range of social conditions. Many of the declines have persistent or irreversible effects—costs that last for years after the financial consequences of a crisis have been mitigated.

- Workers who lose their jobs for a year or more during a recession may find it hard to return to formal employment.

- Children who are pulled out of school to work often do not return to school. Some are forced into exploitative forms of child labor, such as child prostitution, with permanently debilitating and even life-threatening consequences.
- Infant malnutrition, which rises during a crisis, leads to long-term loss of intelligence.
- Delayed immunizations lead to heightened vulnerability to disease.
- Breakdowns in family and social structures can lead to permanent declines in social cohesion and rises in family or communal violence.

Good Practices in Policy and Institutional Responses

4. When a crisis strikes, the country response must include both short- and long-term elements. The short-term effort must be to design a wide range of policy responses to minimize negative impacts on the poor, giving priority to preventing irreversible losses in human and social conditions. The response must cover the full range of areas of public action—macroeconomic policies, safety nets, education, health, and labor market policies. It must also address two crucial cross-cutting areas—information and institutions.

5. After a crisis passes, it is necessary to manage the transition to longer-term development. There are two longer-run issues. First, the most effective way to minimize the costs of shocks is to develop in good times policies and institutions that confer greater resilience on a society, including measures that *automatically* help offset potential losses when shocks occur. This issue is covered under the policy areas below. Second, after a crisis passes, it is possible to identify key reforms and program changes that the problems exposed in the crisis have shown to be necessary, and shifts in perceptions of priorities and of the roles of different institutions have made feasible.

6. *Macroeconomic Policies.* Prudent macroeconomic policies, especially with respect to monetary and fiscal policy, sound financial systems, and careful management of external capital flows, are crucial elements of long-term resilience to potential economic shocks. As the East Asian crisis vividly showed, a prudent fiscal position alone is insufficient to prevent the loss of confidence by the private sector (although it did provide greater room for fiscal maneuver once the crisis hit).

7. Once a shock occurs, a swift macroeconomic response is usually key to short-run management of the crisis and transition to a new growth path. Good practices in this area stand on two pillars. The first involves taking into account the social impact of contraction in the design of the short-run macroeconomic response,² even if this lengthens the transition period back to the normal growth path.

The second pillar is that, when restrictive macroeconomic policies are needed, it is important to adjust the composition of fiscal expenditure and revenue so as to protect the people who are worst off. Assessing linkages between changes in government expenditure/revenue and income distribution is a complex matter, as it requires a fairly detailed understanding of consumer expenditure effects, the reactions of private sector firms, and inter-household transfers. Nevertheless, some guidance can be given:

- Revenue-raising efforts should as much as possible avoid increases in indirect taxes on essential items. It is generally better to impose temporary increases in income and property taxes, which do not affect the poorest people.
- If the horizon of the crisis is relatively short, it generally makes sense to cut capital expenditure by more than recurrent expenditure. Policymakers almost always follow this principle in crises, although care must be taken that maintenance expenditures do not fall along with public investment. Within capital spending, there will be a general case for at least relative protection of programs supporting the expansion of basic social services (e.g., primary schooling, preventive health, and water supplies.)
- Reducing government pay levels in line with general decreases in private wages is usually less damaging than achieving an equivalent reduction in the wage bill by laying off public employees. The challenge for governments is to maintain efficient provision of public services while dealing with the short-term nature of wage compression policies.
- Food supplies should be protected through direct transfers and price subsidization. As a last resort, food can be directly distributed to distressed areas, but the program should avoid endangering producers' incentives.
- Budgetary expenditures that protect basic social sector expenditures should be maintained. Preserving human capital is a complex process involving feeding people, keeping children in school, maintaining basic health levels, providing health services for mothers, and supporting household consumption. A good example is Thailand,³ where the education budget for the 1999 fiscal year was set at the previous year's real expenditures, and the highly subsidized student loan fund was increased from \$220 million to \$400 million.
- In principle, there should be fiscal provisions for the expansion of safety nets that provide countercyclical protection and income for the poor—for example, through greater fiscal

adjustment in other parts of the budget (see below for issues of safety net design) or through special funding mechanisms.

8. The precise dimensions of the appropriate macroeconomic and structural policy reaction to a crisis depend on the magnitude and nature of the shocks, taking into account the evolution of real interest rates and exchange rates, in connection with the price and output changes. The difficulties of designing and sustaining programs of economic reform and structural adjustment—already a complex task—can be increased by the inherent reform weariness that often weakens program impact.⁴

9. *Safety Nets.*⁵ A sound system of safety nets to manage a crisis is likely to involve a number of different components to meet the needs of different groups—for example, public works schemes targeted to the poor for those who can work,⁶ measures that seek to keep children in school, support to specific commodities, or targeted cash transfers. The optimal design generally depends not only on the structure of needs, but also on existing schemes and on institutional structures. It is particularly hard to introduce new schemes in the midst of a crisis; thus it is important to design a structure of safety nets outside of a crisis that has the institutional capability to be expanded in response to a shock.

10. The problems faced in designing and implementing safety nets in times of crisis are similar to those faced in normal times, only more acute. Targeting becomes a more difficult task when the crisis involves rapid changes in the correlates of poverty. Similarly, coordinating programs between agencies, arranging transfers that have minimal disincentives, and simultaneously ensuring agile implementation and rigorous accounting controls are all challenges that become more acute in crisis. In addition, the shifting nature of the crisis itself makes it particularly important to monitor and evaluate the programs and their impacts on well-being, so that programs can be fine-tuned as the situation merits—in the acute phase of the crisis, to ensure that enough benefits get to the needy; and in the crisis recovery period, to address any shortcomings in institutional fit, incentives, and information.

11. In times of prosperity or growth, well-chosen and well-run safety nets are required to help people deal with individual shocks—illness, death, divorce, or temporary loss of job or earnings—as well as to alleviate more systemic chronic poverty.⁷ A country's resilience to economic shocks depends to a large degree on the number and type of safety net programs it has and how appropriate they are for scaling up. For example, an existing labor-intensive public works system could be scaled up during a crisis—a step that would be preferable to inventing a new cash transfer program. Similarly, scaled-up health or education programs reach the poor better than new programs. Thus, where good safety net systems are in

place, the likelihood is greater that they will be successful in mitigating the social effects of crises. Box 1 discusses some of the central issues in the design of safety nets.

Box 1. The Design of Safety Nets

Whom to Protect? Policymakers must decide whether (or to what extent) the safety net is meant to help the poorest, or those who are most hurt by the crisis. These two groups may be quite different. As poverty reduction is, after all, the fundamental objective of development, safety nets should be particularly concerned with protecting the poor. Moreover, the consequences of declines in income for the poor may be the most drastic and may result in permanent damage to individuals' well-being (e.g., malnutrition) or their ability to earn income in the future (e.g., through pulling children out of school prematurely, or through selling the assets that small businesses or farming rely on).

In some situations, the groups most vulnerable to irreversible loss may not be the poorest groups. The design of safety nets needs to assess which groups may need targeting in such cases. Thus designers of the safety net must understand who the poor (and/or most vulnerable) are, how the crisis has affected their well-being, and who may have been made poor by the crisis. Analysis of existing data on poverty and on how the crisis affects households can give a first-cut answer. At least at first, such analyses are often based on deduction as much as on data, so new information should be collected as the crisis unfolds, and the safety net adjusted as required. (Annex 3 discusses targeting more fully.)

Criteria for Evaluating New Safety Net Programs. The fundamental criterion of any safety net program should be the impact on poverty. Often, however, this impact cannot be estimated within the time frame for making decisions. Thus it is useful to have other criteria that we expect to contribute to poverty reduction impact. The following list presents such criteria in the order in which they could be considered. We would argue that the "best" program would satisfy the highest number of criteria.

- Does the proposed program address a problem caused or exacerbated by the crisis?
- Is the program cost-effective? Is the net benefit or impact of the program large after netting out administrative costs, errors in targeting (of both exclusion and inclusion), costs to the participants (in particular, opportunity costs like foregone wages, for example), any behavioral changes induced, and so on?
- Can the program be scaled up quickly and still maintain reasonable quality?
- Will the program prevent persistent or irreversible effects? For example, will it ensure that young children are nourished adequately, so that their future intelligence and health develop fully? Will it ensure that children remain in school so that their future earnings capacity is not reduced? Will it ensure that small farmers and entrepreneurs do not have to sell the assets (traction animals, tools, land) upon which their livelihoods depend?
- Will the program improve the balance of social protection among different target groups (young children, the elderly, the unemployed, the working poor, etc.)?
- Is the political economy of the program favorable? Will there be sufficient political support for the program to sustain its budget? Could public information or other campaigns help contribute to the attractiveness of the program?

12. For the long term, two important financing measures can help to provide stronger foundations and greater capacity for absorbing shocks. First, a system of intergovernmental transfers that strikes an appropriate balance between addressing regional disparities in poverty on the one hand, and the need for local initiative in programming on the other, can have a critical impact on the poverty alleviation impact of local programs both in normal times and in crisis. Second, countercyclical funding mechanisms for safety net programs can be put in place (although severe crises are likely to overwhelm the funding).

13. *Education.* The first priority is to protect the quality of basic education, and access to it. By and large, East Asian governments responded by maintaining existing expenditure levels for basic education for the first 12 months of the crisis. Recent data suggest that spending for basic education remains high priority for these governments.

14. The second priority is to keep children in school. Evidence from both East Asia and Latin America shows that short-term reduction in the funds available for basic education risks long-term irreversible reduction in human capital. Good practice is found in Thailand and Indonesia, with assistance targeted to the poorest.

- In Indonesia’s “Stay in School” campaign, for example, 2.6 million of the poorest junior secondary school students (about 17 percent) receive a scholarship, in the form of vouchers, to cover school costs such as notebooks, uniforms, transportation costs, and school fees. In addition, 82,000 primary and junior secondary schools benefit from block grants. A nationwide TV, radio, and print media campaign was launched to inform parents and communities about the program and to enhance transparency in the use of funds and selection of recipients.
- In Thailand, public schools allow students to stay in school without paying fees (a form of indirect scholarship).⁸ Data from the Ministry of Education suggest that the proportion of primary students not paying fees, but continuing in school, increased from 10 percent to 40 percent.

15. The long-term goal in education is to ensure that everyone completes a basic education of adequate quality, acquires foundational skills—literacy, numeracy, reasoning, and social skills such as teamwork—and has further opportunities to learn advanced skills throughout life, in a range of post-basic education settings.⁹ Specific international targets have been agreed for universal primary education, adult literacy, and gender parity in basic education on the basis of the Education for All (EFA) initiative and the OECD’s Development Assistance Committee (International Development) goals.¹⁰ The Bank is committed to working toward those targets and has developed a set of special programs in response.

16. *Health.* Crises are generally accompanied by increased health risks and decreased affordability of health care. A health sector response should be designed to mitigate short-term impacts and strengthen the long-term resilience of the health sector. In East Asia, for example, the Bank has sought to support country-specific responses by restructuring existing operations as needed to ensure sustainability, building local capacity to strengthen institutions and involve civil society, and implementing new operations to

compensate for resource shortfalls. Wherever possible, these responses have been designed to strengthen and promote the sustainability of existing country institutions, such as ongoing household survey systems.

- In Thailand, the ADB is supporting the reallocation of public funds to support health programs for the poor, and to maintain coverage for maternal, child health, and HIV/AIDS activities.
- The World Bank is funding community-based AIDS programs and low-income health care initiatives. As part of the Social Investment Project, the World Bank has provided \$30 million to ensure that the programs have adequate funding during the crisis. In Indonesia, the Bank restructured an Early Childhood Development project, planned before the crisis, to include \$11 million in nutritional supplements to children between the ages of 6 to 24 months. As part of the Policy Reform Support Loan, the Bank provides funds to support the purchase of essential drugs and increased monitoring of health indicators. In the Philippines, in partnership with donors such as UNICEF and the ADB, the Bank is involved in a health sector review that covers issues of health outcomes, performance of health care systems, and health investments.¹¹

17. Good health, nutrition, and reproductive policies, and effective health services, are critical links in the building blocks that allow countries to break out of the circle of poverty, high fertility, poor health, and low economic growth.¹² Work in the health sector is based on three pillars: improving the health, nutrition, and population outcomes of the poor; enhancing the performance of health care systems; and securing sustainable health care financing.

18. The challenges in health remain complex, including both infectious diseases and the increasingly visible noncommunicable diseases.¹³ Health systems need to allocate resources to interventions that are of higher quality and greater efficacy, and that are clearly targeted. Priorities and programs should focus on areas in which the return on health gains can be shown to be the highest, especially for low-income groups.¹⁴ For the long term, more needs to be learned with regard to providing adequate health services to the poor. In addition, given the long lags between the deteriorating health conditions of the population and the availability of health indicators, some general guidelines on the implementation of basic monitoring information systems are essential.

19. *Labor Market Policies.* In most developing countries, crises have caused reduced wages, but not a great increase in open unemployment. The labor markets in these countries seem to perform adequately, leaving little need for special labor market policies. But in higher-income developing

countries, such as Argentina and South Korea, significant increases in open unemployment have quickly followed economic crises, indicating that labor markets are insufficiently flexible. In such cases, the country needs labor market policies, institutions, and practices that can reduce the occurrence of employment-related risk associated with the volatility of the labor market, mitigate these risks, and help workers and their families cope with hardship once it has occurred.

- *Risk reduction.* First, the regulation of the labor market should reduce barriers to employment (e.g., mobility obstacles), and should encourage adjustment to reduced labor demand through broadly based wage adjustments rather than through open unemployment. Second, the capacity for launching temporary public works schemes and, where feasible, temporary job subsidies in hard-hit areas should be in place before a crisis strikes. Third, in a recession, retrenchment in the public sector should be avoided as far as possible; it is preferable to reduce working hours. Fourth, monitoring and inspection arrangements should be in place to prevent a serious increase in prostitution and other harmful forms of child labor among young people.
- *Risk mitigation.* Risk mitigation strategies should be in place ex ante to reduce the hardship associated with a labor market shock such as job loss. Unemployment insurance (UI) is the obvious instrument in this regard, but it may not be appropriate for all developing countries, especially those with large informal sectors. Other types of unemployment support plans may fit better with a particular country's capacities and needs. One example that merits attention is savings-based plans, such as Brazil has implemented.

20. A sound labor framework involves more than just government policies and programs. Tripartite arrangements of employers, trade unions, and government can set standards for collective bargaining agreements that promote labor market flexibility. Agreements that permit flexibility in working hours, overtime rates, and bonuses are preferable to those that impose rigid hours and wages. In addition, both national and agreement-specific minimum wage rates should make adjustment of rates a matter of deliberate decision and not one of simple indexation.

21. *Information.* One key element of effective action is a crisis response system built on timely and diverse types of information. Without reliable and up-to-date information, governments and donors cannot design targeted and effective responses. It is particularly important that social impact assessments and economic policy decisions be linked to information on the impact of crisis on low-income households and communities. As governments and donors move quickly to design and

implement new programs, or to expand existing ones, they must have the capacity to monitor impacts and evaluate progress. Indonesia's SMERU (Social Monitoring and Early Response Unit) is an example of a crisis response information system (see Box 2). As another example, Malaysia, Thailand, and the Philippines all established coordinating agencies to link rapid research programs with government planners.

Box 2. Social Monitoring and Early Response Unit (SMERU), Indonesia

The Social Monitoring and Early Response Unit, or SMERU, is a collaborative multidonor effort led by the World Bank with contributions and technical support from AusAID, the European Union ASEM Fund, and the U.S. Agency for International Development. SMERU's objective is to provide rapid real-time qualitative information to donors and the Government of Indonesia on crisis-related conditions and on the operations of social safety net programs in urban and rural areas.

SMERU is designed to

- Create a network capable of channeling and filtering information useful to policymakers, especially the local knowledge generated by the activities of local and international NGOs in the course of their regular field operations. This network creates a capacity for community monitoring by facilitating a two-way flow of information with local groups about donor and government safety net activities.
- Enable community monitoring of crisis response programs, disseminating information about the design and intended operation of safety net programs, and establishing specific mechanisms for query and feedback. Thus it supports NGOs and local groups in monitoring the implementation of a wide variety of social safety net programs.
- Mount a capacity for rapid field assessment that will produce quick-turnaround reporting on "danger signals" generated either through the unit's network or through field reports and field research on emerging issues.
- Mobilize directed social science to investigate specific thematic issues about the social crisis, such as household coping mechanisms, migration and support networks, or gender differences. SMERU draws on this work to provide quick-turnaround reports using a range of qualitative techniques (rapid appraisals, participatory rural appraisals, focus groups, etc.).
- Monitor provincial deregulation in the trade sector through field-based investigation of remaining or newly created provincial, district, and local restrictions on trade and through a dialogue with government officials and private sector economic agents on the elimination of these restrictions.

Source: SMERU overview on the Social Crisis in East Asia website: <http://www.worldbank.org/poverty/eacrisis/index.htm>.

22. Informational problems are exacerbated as governments cut funds under the budgetary pressures of a crisis. Finding temporary supplemental funding sources quickly is essential. When the Indonesian government drastically reduced funding for the 1999 round of the socioeconomic household survey, the Bank agreed with the Government of India to make unallocated funds from the Safe Motherhood Project available for survey operations. The Bank also supported a special round of a longitudinal survey conducted by RAND.

23. The work of the World Bank and other organizations in poverty reduction and development policy depends on information on specific local and social groups, as well as regional and national aggregates. As in crisis situations, the problem of poor-quality information reduces the quality of design and implementation of programs. Building efficient and well-designed systems for gathering information on a regular basis helps inform decision making and planning. The need for information has led to an expansion of existing tools, such as household surveys, and rapid development of new ones, such as Participatory Poverty Assessments (Zambia), greater participation in Country Assistance Strategy (CAS) processes, and more recently the Live Database (currently focused on Africa).¹⁵

24. The Statistical Information and Management Analysis (SIMA) tool developed in the Bank's Development Economic Department (DEC) already offers mapping, charting, and search functions. It provides an "on the fly" resource to allow immediate access to a range of recent and updated research. In Argentina, the Social and Fiscal National Identification System (SINTyS) Program Project was established to improve the efficiency, effectiveness, and impact of social services and fiscal programs through institutionalized information exchange. The first phase of the project has several components, including better identification of individuals and entities, reducing tax evasion and increasing voluntary compliance, providing legal and technological infrastructure for information exchange, and creating a framework for common services.

25. *Institutions.* A growing body of research is providing evidence that sound institutions and good governance are necessary for development.¹⁶ But good governance and sound institutions do more: they also help countries weather adverse shocks.

26. A recent paper studied countries hit by large terms-of-trade shocks during the 1970s, to determine why some countries—such as Korea—recovered well from the adverse effects of large oil price increases, while other countries did not.¹⁷ At first glance, the answer is obvious: Korea reacted rapidly to the crisis with good macroeconomic policies, while others did not. The deeper question is why Korea was able to adopt these sound policies while others were not. The paper concluded that two factors explained the difference. One factor was the extent of social divisions in a country—such as income inequality or irreconcilable political and ethnic friction or conflict. The other was the quality of a country's institutions—its public institutions, its bureaucracy, and its social safety nets—which affected its ability to manage these social conflicts.¹⁸ The East Asia experience contributes an additional factor: the importance of the transparency and accountability of financial institutions and regulatory frameworks.

27. Strengthening institutions during crises can appear an impossible task. Yet there are examples of ways in which crisis response programs can be linked to institutional strengthening and accountability goals (see Box 3).

Box 3. Building Effective and Accountable Local Institutions: Kecamatan Development Program (KDP), Indonesia

The Kecamatan Development Project (KDP) encourages villagers to voice their needs and to take control of local development decisions. Kecamatans (subdistricts) that participate receive block grants from the national treasury, which they allocate among proposals presented by their member villages. Proposals for public goods are eligible for grants, and proposals for economic projects qualify for loans. Any village group may apply for grants. Each village may submit a maximum of two proposals each year; but if there are two, the second proposal must come from a women's group. A kecamatan council of village representatives makes funding decisions. Nobody above the kecamatan has any say in deciding which proposals get funded.

The KDPs main objective is to reduce poverty and to help communities plan and manage their own development activities. The project emphasizes transparency and broad-based community monitoring by actively disseminating information through signboards, posters, radio programs, and free-ranging independent journalists who write stories on the project for regional and national newspapers. Local, private-sector facilitators trained by KDP disseminate information on the project's principles and activities throughout the community by working with informal leaders and traditional institutions, in addition to local governments. By giving communities the time and resources to do their own planning, by working through people's own institutions, and by channeling resources directly to the communities, KDP helps vulnerable groups and individuals identify their needs, plan, write proposals, and participate in the decision-making process.

Under KDP, three types of investments are made. The first involves increasing and building the capacity of community organizations to plan, demand services, implement and monitor small scale infrastructure program, and manage resources. The second involves investing in procedures and systems, which enable development of more transparent and accountable government and local-level institutions. The third involves developing more options for brokerage, intermediation, and facilitation to support community-level efforts through civil society and private sector. The creation of community-level capacity and more responsive and accountable institutions is expected to lead to an efficient, effective, and sustainable environment for decentralization and local-level governance.

Source: Fostering Inclusion and Social Cohesion, Working Paper, Social Development, Ashraf Ghani, Parmesh Shah, et al., August 1999.

Conclusion: Linking Social and Economic Policies

28. A short paper cannot convey the richness, depth, and complexity of knowledge on these issues, nor the abundance of available information: it can only provide an introduction to a multifaceted program that links good practices with policy and operational decisions. In doing so, it aims to contribute to placing the social agenda at a more central place in the work of the Bank and of governments. However, prevention of crises and their impacts is the best approach. At the heart of prevention lie “good practice” social policies that promote sustainable development and greater resilience to economic shocks. Social policies do not stand in isolation—they are inextricably linked with economic policies. Of course, good social policies cannot prevent economic shocks; however, neither sound macroeconomic conditions nor overall economic growth can be sustainable in the absence of sound social conditions.

 Notes:

- ¹ See *Macroeconomic Crises and Poverty: Transmission Mechanisms and Policy Responses*, Giovanna Prennushi, Francisco Ferreira and Martin Ravallion, World Bank working paper, August 1999.
- ¹ Expansionary fiscal and monetary policies can be a logical antidote to a crisis when feasible. They are inappropriate if crises are caused by unsustainable fiscal deficits and loose monetary policies. This was generally the situation faced by policymakers in crises prior to the 1990s.
- ³ See *Thailand Case Study on Public Expenditures and Donor Support for Basic Social Services*, UNICEF, July 1998.
- ⁴ See *Poland Enterprise and Financial Sector*, OED Evaluation Memorandum, September 1997; *Mozambique Economic Recovery*, OED Evaluation Memorandum, September 1997; and *Philippines Country Assistance Review*; OED, February 1999.
- ⁵ For an example of good practice guidance, see the web site on Safety Nets, available through PovertyNet, <http://www.worldbank.org/poverty>.
- ⁶ For example, TRABAJAR III in Argentina (see the Project Appraisal Document for the Third Social Protection Project, June 1998) supports a social safety net program that finances small infrastructure projects, provides employment for poor workers, and improves the living standards of poor communities.
- ⁷ For example, see *Peru Social Development and Compensation Fund*, ICR Review, Evaluation Summary, OED, August 1998.
- ⁸ Further examples include the Sumatra Basic Education Project (see Project Appraisal Document, March 1999) and the Sulawesi and Eastern Islands Basic Education Project (see Project Appraisal Document, March 1999) in Indonesia. Both were designed to maintain primary and secondary school enrollment rates, protect quality of education, and support recovery for a medium-term education strategy.
- ⁹ See *Education Sector Strategy Paper*, World Bank, 1999. For specific areas, see websites on Early Childhood Development, Access and Equity in Education (girls education), and Effective Schools and Teachers, available through <http://wbln0018.worldbank.org/HDNet/HD.nsf/SectorPages/Education?Opendocument>, or contact the Education Advisory Service. For specific lessons see *Chile Primary Education Improvement*, ICR Review, Evaluation Summary, OED, January 1999; *Malaysia Third Primary and Second Education*, Evaluation Memorandum, OED, October 1997; *Burkina Faso Primary Education Development Project*, Evaluation Memorandum, OED, December 1995.
- ¹⁰ See *Education Now*, Oxfam, Oxford, U.K., 1999; and *Education for All*, EFA 2000, EFA Secretariat, UNESCO-Paris. EFA information is available at the following website: <http://www.unesco.org/education/efa/>.
- ¹¹ See *Health and Nutrition in East Asia*, available through the Social Crisis in East Asia website, <http://www.worldbank.org/poverty/eacrisis/>.
- ¹² See *Health, Nutrition, and Population Sector Strategy Paper*, World Bank, 1997.
- ¹³ *The World Health Report 1999*, World Health Organization, 1999.
- ¹⁴ See *China Integrated Regional Health Development*, ICR Review, Evaluation Summary, OED, August 1998; *Bangladesh Fourth Population and Health*, Implementation Completion Report, February 1999; and *Uganda First Health Project*, Evaluation Memorandum, OED, May 1997.
- ¹⁵ *Review of Participatory Approaches in Country Assistance* (draft), World Bank Social Development Unit, August 1999.
- ¹⁶ For example, the adverse effects of corruption on growth have been documented in *The Effects of Corruption on Growth, Investment, and Government Expenditure*, Paolo Mauro, IMF Working Paper, 1995, and the beneficial effects of

institutions in “Why Don’t Poor Countries Catch Up? A Cross-National Test of an Institutional Explanation,” Stephen Knack, *Economic Inquiry*, July 1997.

¹⁷ *TFGP Controversies, Institutions, and Economic Performance in East Asia*, Dani Rodrik, National Bureau of Economic Research Working Paper Series, 1997.

¹⁸ For good practice, see PREM website on Administrative and Civil Service Reform, <http://www.worldbank.org/publicsector/>, which provides updated information on key concepts and good practice on government administrative reinvention and reform. The site includes information on Machinery of Government, Fiscal Issues in Civil Service Reform, Human Resource Management and Sectoral Issues in Administrative Reform. A recent case study is *Good Governance in Africa: A Case Study from Uganda*, Petter Langsethe, Damian Kato, Mohannad Kisubi, and Jeremy Pope, EDI/World Bank, 1997. Country experience is documented in *El Salvador Technical Assistance, Evaluation Summary*, OED, September 1997.