



Lessons from Evaluations of World Bank Support to Human Development: Responding to the Challenges of the Global Economic Crisis and Beyond

Issue 3

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This issue of the knowledge note series, *Lessons from Evaluations of World Bank Support for Human Development*, highlights major studies completed by the Independent Evaluation Group (IEG) during the past year. The latest food and economic crises showed that international organizations, including the World Bank, need to have better crisis preparedness plans and programs that strengthen country capacities during the stable times. IEG's recent studies recommend that the World Bank set a roadmap for responding to future economic crises and to strengthen its work on social safety nets for addressing long term development objectives as well as building necessary systems and institutional capacities of the client countries to be able to have safety nets in place in crisis times. One of the important IEG findings is that the Bank targeted the chronically poor through its social safety nets programs, including in its support to countries during the economic crisis. This led to missed opportunities in providing help to people who became poor as a result of the crisis.

A concern about crises is to ensure that short-

term responses do not compromise longer term investments in human capital. This note also brings out the lessons from Bank's work on reforming education and fighting global diseases as part of the overall contribution to reduce poverty and to contribute to human development in client countries. Please see more details on each study below.

Responding to the Global Economic Crisis: Lessons and the Way Forward

The global economic crisis of 2008-2009 led to a sharp reduction of growth worldwide with an increase in millions of poor persons. The World Bank Group responded with an unprecedented expansion of support that included the majority of countries suffering high levels of stress.

Since the beginning of the economic crisis, IEG conducted two evaluations of the Bank Group's response to the crisis. The Phase II evaluation reaffirms some of the findings of the first phase, particularly sharply increased financing at the World Bank, as well as greater processing efficiency and faster disbursement of finances. The second phase

evaluation also finds that the bulk of Bank Group's crisis support focused on countries that turned out to be moderately affected. Crisis operations had in many cases limited short-term crisis-response policy content and in some cases fell short of solid medium-term engagement. Although the Bank provided substantial support in social protection to a number of countries, it was hampered by limited country capacity to target those who were made poor by the crisis, and, as a result, the bulk of support went to the chronically poor.

The evaluation finds that the International Bank for Reconstruction and Development (IBRD) now has considerably more limited capacity to accommodate further crisis response, if this becomes necessary. This is partly a result of the magnitude of IBRD's lending response, the predominant use of traditional instruments, a decline in lending rates to middle income countries just before the crisis, and a decline in global interest rates.

The Bank Group's institutions supporting the private sector, the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) could have done more for their clients during the crisis. IFC's crisis response reflected a strategic choice to protect its portfolio. Its stress test overestimated the deterioration in portfolio quality. At the same time, the evaluation found that despite MIGA's crisis response within the Joint IFI Action Plan, which was agreed to by several international organizations to support the banking sectors of the countries in the Europe and Central Asia Region and their lending to the real economy, it could have increased new crisis guarantees in line with other political risk insurers.

World Bank Group Cooperation: A Tale of Two Countries

Ukraine and Latvia provide two examples of very different World Bank Group cooperation in responding to the crisis. Both countries suffered severe banking crises in 2008, with the International Monetary Fund (IMF) in both cases leading rescue packages involving the European Bank for Reconstruction and Development (EBRD) and private creditors. But the degree of Bank Group cooperation in the crisis responses was very different.

In the Ukraine, the World Bank, IFC, and MIGA were closely involved in the international response. The Bank provided a third Development Policy Loan of \$500 million directed toward budgetary support under the IMF program. In September 2009, the Bank provided a first Programmatic Financial Rehabilitation Loan aimed at strengthening deposit insurance (through increased limits covered and capitalization of the guarantee fund). IFC participated in investments that helped recapitalize four commercial banks and provided technical assistance, working in cooperation with the Bank and other partners, including the EBRD. MIGA provided guarantees to two European banks to support capital injections into their Ukrainian subsidiaries.

In Latvia, in contrast, though the Bank and MIGA provided support, IFC did not. The IMF package included commitments from the EU, Nordic and EU countries, and the EBRD. After the crisis struck, the Latvian authorities had taken over the largest domestically owned bank, Parex Bank. IFC (the Corporate Operations Committee) chose not to make an investment in Parex Bank—though it did consider acquiring assets under its distressed asset facility. In contrast, EBRD took both an equity stake and a subordinated loan in Parex.

Source: World Bank Group Response to the Global Economic Crisis: Phase II

Way Forward

Continuing global uncertainties and slow recovery from the current crisis show the need to improve future crisis preparedness. Going forward, the World Bank Group would benefit from a roadmap that includes a systemic analysis of stress factors and a decision-making process that blends country-level responses within a global strategy and focuses on effectively applying scarce resources. In recognition of the value of prior country knowledge and engagement, the Bank Group could consider formalizing commitments to maintain strong knowledge in countries for effective crisis

interventions in the future.

The World Bank would benefit from a review of its current instruments for crisis support to find ways to support severely affected countries as well as less affected countries according to their needs, while better preserving its own headroom and recognizing constraints on medium-term reform engagement during crises. At the same time, the World Bank could benefit from a system-wide approach to social protection and risk management, developing “nuts and bolts” of social protection programs and strengthening country systems for greater future crisis preparedness. IFC could review its stress test methodology to optimize its investment strategy to effectively respond to crises and formalize its existing crisis response arrangements rather than prioritizing the establishment of new structures during a crisis. This would help the institution to reactivate successful tools and programs during future financial crises. At the same time, MIGA could emphasize its business development function to help diversify its portfolio.

To learn more, download IEG’s [Evaluation of the World Bank Group Response to the Global Economic Crisis: Phase II](#).

Addressing Poverty through Social Safety Nets

Events of the past decade have underscored the vital need for social safety nets (SSN) - programs designed to protect the poor from shocks and contribute to reducing chronic poverty - in all countries, especially in times of crisis. Over FY 2000–10, the World Bank supported SSNs with \$11.5 billion in lending and an active program of analytical and advisory services and knowledge sharing. IEG’s recently evaluated the effectiveness of World Bank-supported SSN programs and found that while Bank support has largely accomplished its stated short-term objectives and helped countries achieve immediate impacts, key areas of Bank support need strengthening. Some of the recommendations and findings included the following:

- **The Bank needs to engage consistently during stable times to help countries develop SSNs that address poverty and can respond to shocks.** Throughout the decade, countries and the Bank focused SSN support on addressing chronic poverty and human development and less on SSNs to address shocks. The financial and food crises pointed out weaknesses in countries’ SSNs, as many middle income countries found that their poverty-targeted SSNs were not flexible enough to increase coverage or benefits as needed while low-income countries lacked poverty data and systems to target and deliver benefits. Countries that had prepared during stable times by building permanent SSN programs or institutions were better positioned to scale up than those that had not. The Bank was most effective in helping countries in which it had been steadily engaged through lending, Analytical and Advisory Assistance, or dialogue over the decade.
- **Continued emphasis is needed on building SSN systems and institutional capacity, particularly in low-income countries.** During the evaluated decade, the Bank began to make an important shift from a focus on projects that emphasize delivery of social assistance benefits to helping countries build SSN systems and institutions that can respond to various types of poverty, risk, and vulnerability.



Additionally, the Bank focused its lending, analytical and capacity-building support for SSNs significantly more on middle-income countries (MICs) than on low-income countries (LICs) throughout the decade, though attention to LICs increased after the crisis facilitated by trust funding.

- **Short- and longer-term results frameworks for Bank SSN support need to be strengthened.**

The Bank's support for SSNs has been effective in helping countries reach short-term objectives, such as encouraging poor children to attend school or increasing households' short-term consumption; however, these SSN project objectives have not been adequately anchored in longer-term development objectives, such as improving learning and income earning potential.

- **Further effort is needed to ensure strong cross-network coordination of SSNs.**

Internal World Bank coordination for SSN is challenging due to its multisectoral nature. Sources of tension exist with regard to budget arrangements, task management, and accountability.

For more information, please download the study, [***Social Safety Nets: An Evaluation of World Bank Support, 2000-2010.***](#)

In the past year, IEG also evaluated SSN projects in Colombia. In 2005 the World Bank's **Social Safety Net Project** supported the Familias en Acción conditional cash transfer program (CCT) in Colombia to strengthen the country's safety net. The project set out to consolidate and expand the program and improve the monitoring and evaluation of the country's safety net portfolio. IEG's project evaluation found that support to the consolidation and expansion of the Familias en Acción helped to quadruple the number of beneficiaries, with 45 percent of benefits going to the poorest families. Consistent with needs, most of the benefits went disproportionately to pre-school children and secondary school students. Due to difficulties with scale-up in urban areas uptake rates were lower than expected and compliance with health and education co-responsibilities did not reach its targets. Crucial "second generation" issues (such as (i) modification of the education benefits to emphasize secondary school incentives in large urban areas, as recommended by impact evaluations; (ii) expansion of opportunities to

In 2005, **Ethiopia's Productive Safety Net Program** (PSNP) was established to provide transfers to population in chronically food insecure woredas (districts) in a way that prevents asset depletion at the household level and creates assets at the community level. The new safety nets approach focused on tackling chronic or seasonal hunger and sought to provide a more sustainable safety net system compared to the previous emergency appeal system. The Bank supported the PSNP through three Adaptable Program Loans (ALP). Despite the problems associated with implementation there is strong evidence that the lessons from APL1 have been critical in enabling improvements to be made to the program and to the system of programs that address food insecurity and poverty. The achievement of the objective was demonstrated by the transitioning away from ad hoc annual appeals for emergency food aid towards a more predictably resourced, multi-annual safety net system. A dialogue has emerged recently on what sorts of programming might achieve this. Such a dialogue would not have been possible in 2005 at the start of APL1. There was also progress reversing the upward trend in food insecurity during APL1 although a caseload of more than 7 million remained in the PSNP in 2010 due to population growth and the impacts of food price shocks in 2008. Above all, the PSNP demonstrates what can be achieved in a low-income country with limited capacity and high levels of poverty. For more information, download the Project Performance Assessment Report, [***Ethiopia Productive Safety Net Project.***](#)

ethnic minorities; and (iii) incorporation of information technologies to reduce transaction costs) were addressed, contributing to the consolidation of the CCT program by making it more inclusive and cost-effective. Monitoring and evaluation systems were also strengthened. Short-term education, nutrition, health, and food intake outcome indicators improved for program beneficiaries.

IEG's impact evaluation found that the program helped increase the likelihood that participant children complete high school and promoted high school completion rates among girls and rural students. The evaluation also found that the test scores of program recipients who graduated from high school were similar to the ones of poor non-recipient graduates. More information can be found in the Project Performance Assessment Report, *Colombia Social Safety Net Project*, and the Impact Evaluation, *Assessing the Long-Term Effects of Conditional Cash Transfers on Human Capital: Evidence from Colombia*.

Reforming the Education System: Cases of India, Zambia, Yemen, Egypt and Jordan

In the past year, IEG assessed a number of World Bank projects aimed at improving post-primary education worldwide. Main lessons were drawn on private sector involvement, accreditation, labor-market relevance of education and graduate employment, and cost recovery in the assessed projects.

IEG's assessments found that projects sought greater *private sector involvement* primarily through the representation of the private sector on governance boards and in making curriculum more labor market relevant. In the Middle East and North Africa Region, IEG assessed the performance of three higher Education Projects in Egypt,



Zambia Technical Education Vocational and Entrepreneurship Training Development Support Program

The Zambia Technical Education Vocational and Entrepreneurship Training Development Support Program, implemented between 2002 and 2008, aimed to comprehensively reform Zambia's Technical Education Vocational and Entrepreneurship Training (TVET) system. The changes were made through granting financial and managerial autonomy to the publicly-owned training institutions; establishing an autonomous national training authority (TEVETA) responsible for regulation and quality assurance; financing training in all types of institutions through a competitive fund (TEVET Fund); and diversifying sources of funding through cost recovery (student fees) and a proposed payroll levy on enterprises. The implementation authority for TVET would be shifted from the central government to the new training authority and training institutions, with the central ministry focusing upon policy formulation and information management.

Zambia's experience in attempting to shift its TVET system from supply- to demand-driven provides several lessons:

- Reforms of TVET should be based on in-depth analysis of the strengths, perceptions, interests, and incentives of different stakeholder groups, since change in the governance structure of TVET needs buy-in by multiple stakeholders. Implementation of the project was substantially affected by insufficient consensus and willingness to cooperate between the various parties involved in implementation.
- A competitive training fund under non-government management can be effective in addressing needs in the informal sector and the needs for in-service training, but sustainability is a major challenge.
- Payroll levies to finance in-service training are difficult to apply in low-income countries as well as in the informal sector.

For additional lessons learned download the Project Performance Assessment Report, *Zambia Technical Education Vocational and Entrepreneurship Training Development Support Program*.

Yemen, and the Hashemite Kingdom of Jordan, all of which had a component on strengthening private sector engagement. For instance in Egypt, Bank's Higher Education Enhancement Project formed Boards of Trustees that would include representatives of the private sector and improved collaboration between Technical Colleges and the private sector, which was one of its success stories. To learn more about the project, please see Project Performance Assessment Report, ***Higher Education Reform in the Middle East and North Africa***.

IEG also found that most projects had a quality assurance goal that emphasized ***accreditation of programs***. Accreditation was also seen as a way of making the degree more valuable. India's Technical/Engineering Education Quality Improvement Project I (TEQIP I), which was designed to improve the technical education system through systemic reform, emphasized accreditation of institutes, thereby building a mechanism for ensuring they were accountable for performance. Over the project period, 91 percent of programs had either received or applied for accreditation to the National Board of Accreditation. However, IEG's project assessment found that accreditation processes are difficult in remote regions where travel time could exceed a few days. Additionally, there is potential for manipulation of the accreditation process, thereby devaluing its credibility as an instrument for accountability. For more information, please see the Project Performance Assessment

Report on ***India's Third Technician Education Project and Technical/Engineering Education Quality Improvement Project I***.

World Bank's projects also strived to make post-primary education relevant for labor market and graduate employment. India's TEQIP I and Third Technician Education Project (TTEP) projects aimed at designing labor market relevant curricula and required institutes to have placement cells to ensure employment of students in suitable jobs. Placement cells brought employers to the institution for recruiting graduates, and also helped graduates prepare for interviews. Additionally, placement cells frequently facilitated industry internships for students where such internships had been built into the curriculum. One of the lessons learned from the assessment of the projects is that it is important to align courses with economic needs, as well as students' employment aspirations. TEQIP I performed better than Technician Education III in its student employment record because it supported programs geared towards formal sector employment, which is where students sought jobs. For more information, please see the Project Performance Assessment Report on ***India's Third Technician Education Project and Technical/Engineering Education Quality Improvement Project I***.

Some of the projects also sought to include a cost-recovery component. In the case of Zambia, one of the Bank's projects aimed to diversify funding through student fees for tuition, boarding and other services and a payroll levy on enterprises. Additionally, the project intended to develop mechanisms for private sector financial contribution to training, through a payroll levy or other means. One of the lessons learned from IEG's assessment of the project was that payroll levies to finance in-service training are difficult to apply in low-income countries as well as in the informal sector. For additional lessons learned download the Project Performance Assessment Report, ***Zambia Technical Education Vocational and Entrepreneurship Training Development Support Program***.



Fighting AIDS, Tuberculosis and Malaria: Review of the Global Fund

The Global Fund to Fight AIDS, Tuberculosis and Malaria was founded in 2002 to mobilize large-scale donor resources for the specific purpose of reducing infections, illness and death caused by the three diseases. The Global Fund has since become the largest of the 120 global and regional partnership programs in which the World Bank is currently involved. IEG recently reviewed the work of the Global Fund by assessing the independence and quality of the Five-Year Evaluation of the Global Fund and validating its findings. IEG also examined the extent and nature of the World Bank's engagement with the Global Fund at the global and country levels.

IEG's review draws the following lessons and recommendations:

- At the country-level the Global Fund needs to better coordinate and harmonize its work with other donors and to fall in-line with national budget cycles. While this situation may improve as the Health Systems Funding Platform matures and as the Global Fund transitions its grant portfolio to single streams of funding under its new grant architecture, the Global Fund has not generally contributed to harmonization through existing mechanisms for pooling funds at the country level, such as SWApS.
- The Global Fund, along with other development partners, needs to find ways to strengthen the ability of governments to effectively coordinate donor efforts around agreed national strategies.
- The scarce resources available to fight the three diseases need to be allocated collectively and proactively in each country in accordance with an agreed long-term strategy for fighting each disease in the country.
- Both the Global Fund and the World Bank could work toward improving the Monitoring and Evaluation (M&E) framework. As such, the project level M&E could focus on accountability for achieving the specific outputs of each project, while country-level M&E focuses on tracking the higher-level outcomes and impacts collectively.
- The World Bank needs to set up an engagement strategy that includes all of the roles that the Bank plays in the partnership, including providing guidance to country-level operations.
- The Bank could establish a community of practice among its project managers who are working with the Global Fund to learn cross-cutting lessons of experience.





For more lessons and findings, please see the *[Global Program Review: The Global Fund](#)*.

Upcoming evaluations

IEG is in the process of evaluating the ***World Bank's Support for Youth Employment*** over FY 2001-2011. Youth employment has become a major and costly issue in many countries. Young people encounter more difficulties than adults in finding quality work or becoming self-employed. In many countries, females entering the labor force face more social and labor market entry barriers than men. Instead of contributing

to the economy, the young who are underemployed or unemployed, incur costs to the economy. This evaluation will identify what the World Bank is doing to promote youth employment, showcasing the international evidence on initiatives to promote youth employment and lessons emerging from the Bank's support in helping countries increase employment of young workers and establish sustainable youth employment policies. The evaluation report is due in summer 2012.

To see lessons and findings from the previous IEG studies on human development, download *[Issue 1: Human Development: Lessons from Evaluation](#)* and *[Issue 2: Lessons from Evaluations of World Bank Support to Human Development](#)*.

**For more information, visit the IEG webpage at
<http://ieg.worldbankgroup.org>**

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