

Poverty Assessments Maximizing Impact

THE POVERTY ASSESSMENT IS A KEY INSTRUMENT of the Bank's poverty reduction strategy. It is designed to assess the extent and causes of poverty in a given country and to propose a strategy to ameliorate its effects. In its second review of poverty assessments since the Bank set the goal of completing a poverty assessment for each borrower—101 have now been done—the Operations Evaluation Department (OED) reports that there has been an improvement in their quality, but that there is substantial room for improvement.

Background

In the evolution of the Bank's approach to poverty, the recommendation to assess systematically the consistency between government policy and the reduction of poverty stands at the start of this decade's work. Country policies, expenditures, and institutions are the basis for the design of the Bank's country assistance programs, which aim to support and complement the countries' own efforts to reduce poverty. But the programs cannot be designed appropriately unless the Bank and the countries identify and agree on the problems that create poverty and their potential solutions. To this end, the Bank developed the poverty assessment as a tool for understanding the relationship between poverty and the policy environment and for strengthening its approach to poverty reduction. Dialogue, partnership, and process are at the heart of poverty assessment.

What Is Poverty Assessment?

A poverty assessment is a quantitative and qualitative analysis that gives a country's officials and the Bank a basis to work together to reduce poverty and to establish an agenda for policies that are likely to succeed. As described by the Bank's December 1991 Operational Directive 4.15, a poverty assessment typically starts with a profile of country demographic characteristics, and how they fit with its economic consumption and production activities. It identifies social, income, and poverty indicators and trends and the groups at greatest risk, for whom urgent action is needed.

An assessment usually analyzes the effectiveness of economic management in promoting efficient, labor-intensive growth; evaluates the government's adequacy in developing human resources for the poor; and examines the extent, reliability, affordability, and cost-effectiveness of the social



safety nets in protecting the most vulnerable groups and the very poor. An assessment also makes recommendations for a phased program of government policy reform, public expenditures, and institutional development, based on an assessment of the country's political economy and the government's financial and institutional capacity to implement poverty-reducing programs and policies.

Depending on the nature and extent of poverty in the country and the country's commitment to reduce it, the analysis focuses on specific determinants and targeted solutions, or on the broader macroeconomic and sectoral policy framework (see box 1).

The Study

OED first reviewed poverty assessments in 1996, evaluating their progress in fulfilling the Bank's commitment

to completing assessments for all borrowers, their content and responsiveness to the Bank's guidelines, and their influence on country assistance strategies and the Bank's poverty-targeted lending.

The 1999 follow-up review similarly aimed to gauge the Bank's fulfillment of its commitment to completing assessments, and also looked at the relevance, efficacy, quality (the ratings for economic quality are summarized in figure 1), and efficiency of the poverty assessments and their degree of engagement of local partnership and consultation. In addition, it examined the country-level impact of the poverty assessments on the poverty debate, on policy design and implementation, and on institutional development, and attempted to determine the borrowing countries' attitudes regarding the usefulness of poverty assessments by surveying government officials, nongovernmental organization staff, and technical experts in 15 countries; Bank staff, including assessment task managers and resident mission staff, were also surveyed (table 1). The 1999 review included all assessments completed in fiscal 1997 and 1998 and a sample from fiscal 1996.

Key Findings

Six of seven stakeholders were generally satisfied with the assessments, although they viewed local partnership and consultation and knowledge transfer—attributes that are strongly associated with the overall country-level impact of poverty assessments (see table 2)—as the least satisfactory elements (see figure 2). In addition, a much higher proportion of Bank staff than country clients were satisfied with most dimensions of the assessments, including coverage of appropriate population groups, treatment of rural poverty, and methodological rigor. The share of assessments rated satisfactory for economic quality improved, from 54 percent of those completed through December 1994 (as evaluated by OED's 1996 review of poverty assessments) to 63 percent of those done in fiscal 1996–98. Overall, it was

Table 1: Views on Salient 1996–98 Poverty Assessment Attributes (percent)

<i>Attribute</i>	<i>Country client</i>	<i>Bank staff</i>
Central government had a very strong influence on final assessment	56.7	76.0
Overall assessment a joint effort	67.0	48.0
Included all relevant population groups	45.7	52.0
Satisfied with soundness of analysis	84.0	100.0
Satisfied that recommendations were actionable	67.0	88.0
Satisfied with dissemination	70.0	66.0
Strengthened country capacity to analyze and monitor poverty to a very large extent	58.3	66.0

Note: Covers 106 interviews (81 country clients and 25 Bank staff) in 15 countries.

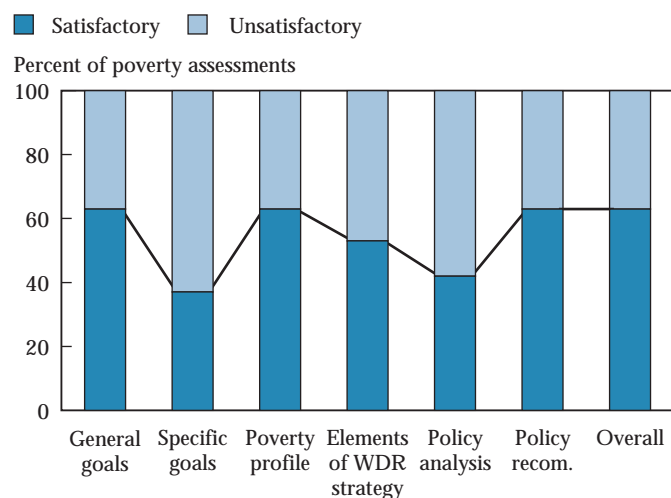
Box 1: Criteria Used in Assessing the Quality of Poverty Assessments

Economic quality:

- Clarity of general and specific goals and consistency with Operational Directive 4.15 (general goal: what the poverty assessment aims to assess; specific goal: what change the poverty assessment is designed to achieve).
- Thoroughness and quality of the poverty profile, including poverty line(s) and characteristics of the poor.
- Quality of coverage, with prioritization and selectivity adequately justified, of the three aspects of poverty reduction strategy (promoting efficient labor-intensive growth, human resource development, and targeted intervention and safety nets).
- Thoroughness and quality of the policy analysis and whether it is based on a sound analytical and empirical methodology and is rooted in the analysis of the causes of poverty at the macro and micro levels.
- Thoroughness and quality of the policy recommendations and whether they follow from the policy analysis and are prioritized based on an analytical foundation, with tradeoffs explicitly recognized or explored.

Social, political, and institutional quality:

- Extent of adoption of a multidimensional approach to definitions and profiles of poverty.
- Extent to which the qualitative/participatory work is based on a sound methodology.
- Extent of coordination of qualitative/participatory work and quantitative household survey work (sequenced or combined) to enrich the analysis, to explain issues, and to confirm or refute hypotheses.
- Extent to which the policy analysis has internalized the qualitative/participatory work and reflects an understanding of the social, cultural, political, and institutional context of the country.
- Extent to which recommendations are informed by the qualitative/participatory policy analysis and are consistent with the social, cultural, and institutional context of the country.

Figure 1: Quality Ratings: Economic Perspective

Source: Poverty assessment quality review.

found that the quality of poverty assessments can be improved substantially in their policy analysis and focus on specific goals. A concern is the considerable slippage in the completion of poverty assessments: only about half of those planned for each of the years 1996–99 were completed.

Table 2: Correlation Between Overall Impact and Four Major Attributes of Poverty Assessments

Attribute	Correlation
Quality	0.82
Partnership and consultation	0.85
Information sharing and knowledge transfer	0.78
Timeliness and time adequacy	0.53

Partnership Leads to Action

Slightly more than one-third of the poverty assessments achieved high country-level impact, and slightly less achieved only low impact. A strong indicator of an assessment's impact is the extent of local partnership and consultation in its preparation, yet this was one of the attributes stakeholders found least satisfactory. For example, the survey results showed that only 17.3–32.1 percent of the country clients thought the poverty assessment teams encouraged local government participation, only 23.5 percent of the country clients believed that the central government had a strong influence on the final poverty assessment, and roughly 10 percent responded that local government, NGOs, and academic organizations wielded such influence.

Who participates is just as important as *how much* they participate: both need to be determined in light of

Table 3: Good Practice Attributes of Poverty Assessments, 1996–98

Country	Assessment attribute	What made it outstanding
Azerbaijan	Partnership, wide dissemination	The assessment team took advantage of the government's sensitivity to poverty reduction issues and worked with it to adjust the assessment's scope and content to the government's interests. The assessment provided analysis of a kind that the government had never had before, but welcomed. The assessment was widely disseminated through the media, workshops and seminars, translations, meetings with NGOs and donors, a (planned) website, and formal distribution by government ministries, donors, and NGOs. These efforts increased the country's awareness of and receptivity to the assessment's findings. The government used the survey data generated by the assessment, incorporated a number of the recommendations in its policies, and took several follow-up steps arising from them, such as establishing a special agency to deal with refugee rehabilitation.
Bangladesh	Well-founded recommendations, capacity building	The assessment aligned its goals to the country context; it provided detailed analysis of the cost-effectiveness of safety net options and the distributional impact of public expenditures on health and education, and it linked these to cost-effective institutional delivery options. It aimed explicitly and successfully at building the capacity of the country's statistical agency to collect and analyze data. It supported training programs to help improve the government's basic analytical methods. The assessment was well received.
Bolivia	Comprehensive coverage of elements of the poverty-reduction strategy (WDR 1990)	The assessment's sound analysis of and superior balancing of labor-intensive growth, human resource development, and social safety nets led to clear and coherent recommendations. Both the incumbent and the opposition in the democratic presidential election consulted the assessment extensively for campaign strategy. The opposition, once elected, made poverty reduction a key objective and incorporated some of the assessment's concepts into its poverty reduction strategy.

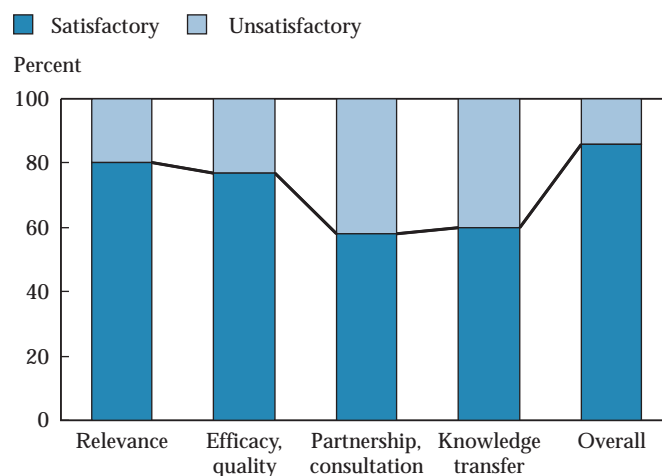
poverty assessment goals and country context. Evidence suggests that the bulk of partnership and consultation with governments during poverty assessment preparation has been with cross-sectoral central ministries (finance, planning) and specialized policy and analytic units, but that operating ministries (line agencies) and local governments, which are usually responsible for implementing the recommendations of the poverty assessments, have been much less involved.

There were, however, notable exceptions (table 3). Good practices in strong collaboration and partnership can be drawn from the cases of Côte d'Ivoire and Gabon, for example. In Côte d'Ivoire, the assessment team used well-structured dialogue to nurture an initially reluctant government's sensitivity to poverty issues. The government ultimately announced a poverty reduction plan of its own. In Gabon, the assessment team was able to have considerable interaction with a receptive government, which led to a poverty reduction strategy that drew on the assessment and took quick action on a number of its recommendations.

Strong Poverty Profiles and Clear Goals

Another indicator of an assessment's impact on poverty reduction is its economic quality. Several assessments provided a detailed profile of poverty along numerous dimen-

Figure 2: Stakeholders' Overall Satisfaction



Source: Poverty assessment stakeholder survey.

sions, including gender, age, employment, location, and ethnicity. Disaggregating the economic data revealed the rich social texture of poverty in Bangladesh (gender data), Bolivia (gender and ethnic data), and Azerbaijan and Kazakhstan (gender, age, and family size). Moreover, a number of sound qualitative and participatory poverty assessments were conducted, which made it possible to capture the impoverishment of groups such as

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Country	Assessment attribute	What made it outstanding
Côte d'Ivoire	Partnership, poverty profile	The country's initial reluctance toward assessment turned to open political debate about poverty issues as the donors steadily insisted that aid programs be tied more closely to social sector performance and rural welfare. The assessment team nurtured—without rushing—the government's increasing sensitivity through well-structured dialogue. Drawing on a qualitative study, the poverty profile identified poverty dimensions not captured in the statistical data. The policy analysis further linked the higher statistical incidence of poverty among migrants than Ivorians to qualitative findings of increasing conflict among these groups over access to land as its cultivation was intensified by more people being pushed out of other employment and income sources. The Bank released the assessment only after the government announced its own poverty reduction plan, which incorporated many of the assessment's recommendations and added targets of its own.
Gabon	Partnership	The Ministry of Planning, the Bank's main counterpart, set up a committee of cross-sectoral and line agency representatives that participated at each step of the assessment's elaboration; the agencies read successive drafts and were consulted during missions. The government prepared its own poverty reduction strategy concurrently and interactively with the assessment. The result was a poverty reduction strategy that drew on the assessment and an assessment whose approach followed the strategy's broad lines and whose recommendations the government acted on quickly.
Thailand	Adaptation to country context, clear goals	The assessment was adapted well to the country context. During the pre-crisis period, when the assessment was undertaken, the Bank had little leverage in Thailand. The economy was considered "mature" and the government had ready access to the capital markets. With few signs of impending crisis, poverty was not a major issue for Thai policymakers. In response to these circumstances, the poverty assessment focused narrowly on tackling persistent and increasingly skewed distributional income inequalities, while also improving the targeting and content of existing government anti-poverty programs. The decision to limit the focus of the poverty assessment led, at least in part, to clear and actionable recommendations that were well-received by the government. Some of the recommendations of the assessment were echoed in subsequent government policy changes.

displaced persons (Armenia, Azerbaijan), low castes (India), and HIV/AIDS cases and child employees (Côte d'Ivoire).

The qualitative research for the 1998 India poverty assessment highlights dimensions of well-being that are normally absent from consumption-based poverty research, such as the value of social capital that improves access to the formal economy and the implications of violence and insecurity. Similarly, the Côte d'Ivoire poverty assessment draws on a qualitative study to identify dimensions of poverty not captured in the statistical data, such as increased competition among uses of land and other natural resources and the decline in visits to medical centers that accompanies reductions in real incomes.

Other elements of quality received less comprehensive treatment. About one-third of the assessments did not state their general goals, two-thirds did not state specific goals, and few prioritized their multiple goals. Specifying and prioritizing goals are critical to an assessment's success. Clear goals help to focus the assessments and to specify the technical design.

The goals selected also have implications for the process. For example, if the goal is to create a knowledge base within the Bank, limited client consultation and participation will be appropriate. If, however, the goal is to influence the government's poverty reduction policies, client partnerships are essential. Large majorities of the clients said that the assessments for their countries set out to achieve the following goals: (1) establish Bank-government cooperation in trying to reduce poverty, (2) help the Bank influence the government's poverty reduction policies and programs, (3) build the country's capacity to analyze and monitor poverty, and (4) help the Bank refine the poverty focus of its own operations. The review demonstrated, however, that few assessments were designed to respond to all these goals.

Coverage of Poverty Reduction Strategy, Rigorous Policy Analysis, and Well-Founded Recommendations

Poverty assessment guidelines call for attention to labor-intensive growth, human resource development, and social safety nets—three elements of the Bank's poverty reduction strategy. The guidelines do not necessarily require each of the elements to be covered in equal depth, but an assessment should justify their coverage and balance. Nearly half of the 1996–98 assessments did not do this. Most particularly, they did not sufficiently connect macroeconomic issues such as trade and exchange rate policy; sectoral issues such as food policy, agriculture, and rural development; or regional issues such as investment decisions with poverty reduction. An exception was the Bolivia assessment.

Policy analysis in more than half of the assessments was inadequate or very limited. It was generally not based on sound and rigorous methodology; rarely con-

ceptualized clear links among macroeconomic, structural, and sectoral reforms and poverty or distributional outcomes; and generally failed at inferential analysis. Even when simple modeling techniques and tools could have been used for quantitative analysis, they seldom were, and the assessments took scant advantage of qualitative analysis to explain the effects of policy-related interventions. Overall, most assessments failed to distinguish between description and policy analysis.

A number of assessments conducted sound qualitative or participatory work, but generally used the findings as illustrations rather than to sharpen analytical focus and argument or to place economic data within a social, political, or cultural context.

While not yet mainstreamed across poverty assessments, combining quantitative and qualitative methods was supported in a number of the cases. The assessment for Côte d'Ivoire, for example, used the strategy as the basis for a robust discussion of a number of issues, including the link between women's increasing and dynamic participation in informal sector activities and gender disparities in income and assets, and the possibility that women's influence and authority within the family may increase as their responsibilities grow.

Given the weaknesses of the policy analysis, it is not surprising that over one-third of the poverty assessments reviewed included broad policy recommendations based on current general thinking, without an analysis of whether they will lead to desired outcomes (such as better health, more literacy, or increased income for poor farmers). By contrast, the Bangladesh report's policy recommendations were based on detailed analysis of the cost-effectiveness of the safety net options and the distributional impact of public expenditures on health and education. This analysis was intertwined with institutional delivery options for cost-effective delivery. Portions of other assessments—such as Thailand's analysis of child labor, Bolivia's treatment of rural credit markets, Ukraine's look at the labor market, Kazakhstan's analysis of social protection measures, and India's consideration of human resources and safety nets—also show that tangible and well-founded recommendations follow good analysis.

Putting the Results to Work

A poverty assessment is only as good as the degree of its dissemination, utilization, and influence on a country's capacity to do its own policy analysis and to strengthen its policies and institutions. A carefully managed campaign to transmit an assessment's main messages widely leads to healthy debate and subsequent internalization. About a third of the country clients (and more than half of the NGOs) were dissatisfied with overall dissemination efforts, and up to 42 percent felt that the assessments had not provided even a moderate increase in local capacity. The extent of knowledge transfer, strongly associated with an assessment's overall influ-

Table 4: Recent Bank Actions to Improve Poverty Assessments

<i>For content</i>	<i>For process</i>
<ul style="list-style-type: none"> ■ Developing poverty notes to underpin country strategies that contain core information on the poverty profile and poverty dynamics and their links to countrywide developments ■ Issuing new guidelines on the content of poverty updates, including measures to ensure that concept papers include a strategy and budgeting for dissemination, local capacity building, and partnership development ■ Conducting a census of household surveys and improving the quality of survey data for poverty monitoring 	<ul style="list-style-type: none"> ■ Enhancing the poverty analysis work of the Poverty Reduction and Economic Management Network by facilitating consultant and certified peer reviewers and good practice examples ■ Delivering internal and external Bank training in poverty-related topics for staff and policymakers ■ Improving staffing within Regions and developing a pipeline of candidates ■ Developing in the Regions a mechanism to ensure timely delivery of quality assessments

ence, was one of the attributes that least satisfied stakeholders.

The case of Azerbaijan stands in contrast to this finding. The final report, as well as the previous drafts, was disseminated in translation, in print media facilitated by logistical help from UNICEF, in seminars for government officials and locally televised multi-audience workshops, and in meetings between NGOs and donors, and will be posted on a planned website. Formal distribution was made to the ministries of finance and planning, cabinet members, and several line ministries and NGOs. This significant exposure improved the general awareness about the report in the country and receptivity to its findings.

In Bangladesh, too, because local rather than international agencies, institutes, and experts were used throughout the process, the assessment contributed to strengthening the capacity of the country's statistical agency in data collection and analysis. Learning was transferred.

Recommendations

Poverty assessments can be improved through action in three areas (table 4):

- Strengthening the analytical quality of poverty assessments, as well as their partnership and consultation and knowledge transfer aspects, by delivering training and advice, analytic tools, and good practice examples (through the Poverty Reduction Board and the thematic groups) to the Regions. The Bank should also undertake systematic self-evaluations of poverty assessments and report its findings in the annual progress report on poverty.

- Clearly defining—from concept to completion—the goals and priorities of an assessment. Link work programs and analysis to goals; justify any selectivity in their scope and coverage; and adequately reflect country conditions. This could be accomplished by country management and by monitoring and quality control from the regional chief economists' offices.
- Targeting realistically for timely completion. To underscore the importance of the poverty reduction agenda, senior management should provide the necessary institutional inputs and incentives to produce quality poverty assessments effectively and on time.

Management Response

The Bank's Committee on Development Effectiveness welcomed the management draft response and the actions for improvement that are proposed and underway. These support the report's recommendations for improving the quality, as well as the process, of poverty assessments, focusing on goal and priority setting, meeting targets for poverty assessment completion, and encouraging more local participation and transfer of knowledge. These changes clearly assign responsibility for quality control and scheduling of poverty assessments to country and sector directors. The committee agreed with management that the 1999 follow-up review will aid in the further development of the Bank's program of action to increase the impact of its poverty work.