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Analysis of Research Department's Activities and the Work of the Bank

SIS – Social Information System

OVE
Office of Evaluation and Oversight

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Acronyms and Abbreviations

CP	Country Paper
CRG	Management Review Committee
EAR	Economic Assessment Report
GDP	**Gross** Domestic Product
IMF	International Monetary Fund
IPES	Economic and Social Progress Report
OCE	Office of the Chief Economist
OECD	Organization for Economic Cooperation and Development
PDP	Policy Dialogue Paper
PPMR	Project Performance Monitoring Report
RES	Research Department
SIS	Social Information System

A.   Objective and Definition of SIS

The primary objective of this study is to *analyze* the use **of** the Social Information System (SIS) by different Bank departments. The analysis draws on interviews and available information in order to determine the system's impact on the design of social projects that utilize such information, and to ascertain whether the SIS's present format **has affected** the way in which the Operations Departments plan their project preparation schedules.

The principal issues examined in this short-term study **are** demand, relevance, comparative cost of obtaining similar information, and the complementarity of this information system with others supplying similar data. To this end, interviews were conducted with RES **staff,** Chiefs of the Social Development Divisions, project **staff,** and professionals involved in other information systems within the Bank.

SIS can be defined **as** a suitable database, that uses primary statistics from ongoing household income surveys in member countries and from MECOVI, a project carried out jointly by the Bank, ECLAC, and the World Bank to improve surveys of living conditions in Latin America. **This** is an important tool for applied research and for the design of social policy using objective and comparative criteria. Disaggregation of the information (based on microdata from the surveys) makes it possible to define more accurately the groups targeted by policies, and to identify the potential impact of the policies, thereby providing input for project design.

The **SIS** is used fairly widely within the Bank in activities such **as:** (i) evaluating social conditions in the region; (ii) conducting research within the Bank, (iii) designing social projects; (iv) defining and determining the location of a particular target population for a project; (v) preparing project documents, (vi) writing economic assessment reports (EARs); and (vii) providing input for publications outside RES. The broadest use **has** occurred in activities related to Bank projects. SIS also complements other programs involving household survey databases developed within the Bank.

Twenty-seven projects were developed using the SIS database between December **1999** and October **2000,** involving the direct participation of almost **40** Bank professionals from all regions and from the Sustainable Development Department (SDS). Thus, it is evident that the scope and applicability of **SIS** is potentially great, and that the work carried out, to date, has been highly successful. SIS may be viewed not only **as** an internal information service for the Bank, but **also as** a means of disseminating and facilitating quantitative techniques and methods for evaluating projects in the region. Its implementation accelerates the dissemination of these techniques within the Bank, and therefore is highly useful in developing the internal capacity for young people and experienced professionals in need of more accurate data for their **tasks.** In this sense, SIS is an example of the way in which **RES** coordinates and integrates its efforts with Bank activities.

B. Principal Conclusions and Recommendations

The evaluation clearly shows that, within RES, **SIS** is an endeavor of significance and value for internal Bank activities.

Given **SIS's** importance to Bank activities, three recommendations are proposed for using existing RES information to increase the Bank's economic efficiency.

The first recommendation is that the **SIS** and **MECOVI,** from which it receives its input, should be accorded the proper priority in allocating funding **to** ensure its continuity given the system's intrinsic value to the Bank, while maintaining its current configuration within RES, under the economists who developed the product. In particular, it is important to continue developing the analytical capacities of RES **staff** in designing and evaluating social programs, utilizing knowledge of specific cases involving Bank policy.

While the **SIS** was conceived to provide information based on specific needs and demands derived from household survey data, it would be useful for Bank **staff** to have Intranet access to general information on social indicators at the country level.

Moreover, considering the success of **SIS,** it is recommended that **RES** furnish Bank staff with statistical data on macroeconomics, the structural reform index, etc.

I.   IDB RESEARCH DEPARTMENT (RES)

The present chapter briefly describes RES and its principal products, and the importance of **SIS** in the context of RES activities.

A.   Creation of RES

1.1   RES was originally created in 1994, as the Office of the Chief Economist (**OCE**) as a result of the Bank's reorganization process. Pursuant to document GA-152, which sets forth the reorganization approved by the Board, the role of Chief Economist is defined as that of principal advisor to the President and Management on economic matters.

1.2   OCE was created for the purpose of proposing an agenda and developing a program to study Latin American and Caribbean development policy issues, in order to strengthen the Bank's economic efforts. Its mandate was to constantly improve the analytical capacities of the Bank by developing and implementing instruments to promote research, and to maintain contact with academic and research institutions, and with multilateral development institutions.[1]

1.3   The OCE was designed to bring together the knowledge and capacities of the Bank given its unique position, in order to conduct more effective research on economic development issues affecting Latin America and the Caribbean. At the Same time, it was intended to foster a high level of coordination with other multilateral, academic, and socioeconomic research institutions, and to strengthen the Bank's intellectual capacities for conducting policy research and for formulating policies and strategies, particularly in new operational activities. In 1999, with the creation of the Office of the Vice-president for Planning and Administration, the OCE became known as the Research Department (RES), reporting to the Office of the Vice-president.

1.4   In creating OCE/RES, the Bank moved forward in its efforts to reorganize its research activities and establish a dialogue with academic and multilateral institutions for research on development issues. With this initiative, the Bank increased the external visibility of its research activities and strengthened its presence in outside forums concerned with such issues.

B.   RES's vision

1.5   "RES views itself as an economic intelligence office for the Bank and its member countries; which was established in order to *"bring together knowledge that the Bank and governments can utilize in adopting economic, social and institutional development policies. One of the most important objectives of RES in the years ahead is to focus its services to the Bank on strategic evaluation of countries and reorient its research efforts in the areas of competitiveness, poverty and modernization of the State."* Economic intelligence, as viewed by RES, includes three central activities:

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1   Restructuring of the Bank, GA-152 and GA-152-1.

2   "The Research Department: A Source of Economic Intelligence for the Bank and Its Member Countries," RES-IADB, January 2000.

1. Research

1.6   RES research is based on the principles of excellence, relevance, comparative advantage, and synergy.

1.7   Research excellence is determined by the quality of RES involvement in academically respected conferences and seminars, dissemination of research documents, publications in peer-reviewed academic **journals,** and the activities of the Network of Research Centers.

1.8   Relevance is based on selecting **areas** and issues directly related to the problems faced by policy officials in Latin America, such **as** the effects of structural reform, macroeconomic management and macrovolatility, exchange management, the international architecture for dealing with problems **of** financial contagion, and the design of institutions to improve fiscal management.

1.9   The comparative advantage of RES over universities and *think* tanks derives from its close ties with governments, access to an international database, and the ability to mobilize academic resources on an international and national level **(through** the Network of Research Centers).

1.10   RES's research strategy covers an international and intraregional comparison of policies, economic performance, and institutional characteristics of countries in the region based on statistical and econometric studies, benchmarking, and direct comparisons using **Bank** and outside sources.

2. Interaction with policymakers (country-level policy officials)

1.11   RES **has** opened a channel of communication with government officials in the countries, independent of other **Bank** activities. These contacts with economic policy officials in the countries of the region are in some cases formal, in others informal. The first category includes the network of meetings with senior staff and economists of central banks and finance ministries, in which general and specific approaches to economic policy, **as** well **as** their impact and prospects **are** discussed. These communications also include access to institutions concerned with labor, infrastructure and finance policy, involving contacts, information requests and policy discussions regarding the construction of quantitative and qualitative databases. The second category includes dialogue on economic policy, informal exchanges at seminars and conferences, and periodic visits between parties.

3. Dissemination **of** RES activities

1.12   Mechanisms for disseminating RES activities consist essentially of internal seminars, participation in outside seminars, dialogue with economic policy officials in the countries, publications, etc.

1.13   In terms of RES's participation in the **Bank's** efforts, two comparative advantages were mentioned. The first is the availability of a broad database for comparative evaluations; the second is the direct access to and contact with policy makers.

1.14   The first of these advantages comes from the ability to develop a database that permits comparisons in four main areas: (i) macroeconomics; (ii) structural policy; (iii) social variables;

and (iv) institutional variables. The first of these, which is essentially quantitative, is based on standard or conventional macroeconomic indicators from the countries. The second, involving less conventional qualitative data, includes, in turn, four elements: (a) a structural reform index; (b) characteristics of regulations on public infrastructure services; (c) the status of financial creditors; and (d) a description of labor policy. The third area consists of the Social Information System **(SIS),** which includes standardized data based on 80 ongoing household surveys providing extensive socioeconomic information on families. The fourth area consists of a broad qualitative database of institutional characteristics of the countries, as well as of political-institutional variables.

1.15 The second comparative advantage of **RES** involvement in Bank activities—according to **RES,** itself—is its contacts with economic policy officials in the countries of the region. In addition, the Department has operations involving non-Bank markets, giving it a comparative advantage within the Bank.

C. Products and markets

1.16 **RES** activities are directed at three different, interrelated "markets": (a) the Bank; (b) centers of learning; and (c) policymakers. Table 1 sums up RES's own account of these activities in each of the markets.

1.17 To conduct these activities, **RES** has a team of **12** researchers and **10** research assistants; consultants and administrative personnel also play a role. Initially, there was a higher ratio of researchers to assistants—reflecting actual research activities—but as RES has begun to develop regional databases, it has been necessary to increase the proportion of assistants.

1.18 **RES** has demonstrated that the synergy and complementarity of products for the three above-mentioned markets can be used in identifying constraints on economic development.

Table 1
RES Activities and Markets

Activity/ Market	High-level policy meetings	SIS	Network Center	Latin American Network of Central Banks and Finance Ministries	PES seminars	Policy seminars	NY-Wash. Network on Latin American Financial Issues	Participa-tion in Project Approval Com-mittees
Bank	YES	YES	NO	NO	NO	YES	NO	YES
Centers of learning	NO	NO	YES	NO	NO	NO	NO	NO
Policy officials	YES	NO	NO	YES	YES	NO	YES	NO

1.19 In these three "markets," **RES** considers its performance as highly satisfactory in the academic and policy-making markets, but less *so* in the internal Bank market. This is due to weak

links with the rest of the Bank, and to problems in disseminating knowledge, notwithstanding the policy seminars attended by **30** to **40** Bank professionals.

II. OBJECTIVES, DEVELOPMENT AND CHARACTERISTICS OF SIS[3]

2.1   In order to help reduce poverty and increase social equity in Latin America and the Caribbean—one **of** the objectives of the Eighth Replenishment—there must be precise and organized data on the social conditions of the population. In addition, the data must be reliable, timely, comparable over time, and relevant to the Bank's efforts to design, execute and monitor its projects. Household surveys constitute the best source of information for analyzing living conditions, **as** they are based on detailed personal interviews regarding the socioeconomic situation and characteristics of individuals, and thus represent the range of characteristics that determine the standard of living. The vast amount of information collected pose a considerable challenge to data handling and processing. In the past, making these surveys manageable and useful to the Bank **was** costly in terms of infrastructure and human resources. Thus, **this** valuable resource was improperly used in conducting analytical studies of the countries, formulating economic and social development strategies, or designing loan projects for social sectors, often at significant financial cost.

2.2   In an effort to increase the use of **this** type of information at minimal cost, the Research Department developed the "Social Information System" (SIS), which makes available to other Bank departments the human resources, infrastructure and advisory services needed to utilize the information. **This** makes it possible to take advantage of the information potential of household surveys, and adapt it to specific social projects.

2.3   **RES's** need for proper data for comparative analysis of income distribution in Latin America in preparing **IPES,** and ultimately applying it to other research and for use in preparing **EARs** for high-level policy meetings, led to the development of SIS, which can be described **as** a suitable database, created using primary statistics from ongoing household income surveys conducted in member countries. Suitability, in **this** context, is defined as the transformation of primary data to usable, measurable categories that can be compared from country to country, and that can be easily used by statistical programs to generate a quantitative analysis of both practical and policy-setting issues related to income distribution, unemployment, the impact of specific social problems, and the observed or potential impact of a wide range of social policies.

2.4   **This** is an important tool in applied research and social policy design based on objective and comparative criteria. The disaggregation of information (based on microdata from the surveys) provides a better definition of **groups** targeted by policies, and makes it possible to identify the potential impact of policies, with clear implications for project design. At the other end of the spectrum, comparability, in terms of Latin America as a whole, facilitates assessment of social conditions in the region and a more precise country-to-country comparison.

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3   **A complete description of the objectives, scope and results of SIS may be found in a RES paper entitled "IDB Social Information Service," 2000.**

2.5   The development of SIS is based on transforming primary data, through a three-step process. The first step involves obtaining primary data from the statistical offices of the countries and from MECOVI—a joint project **of** the Bank, ECLAC and the World Bank designed to improve surveys measuring living conditions in Latin America. The second step **has** to do with formatting the data **so** that they can be retrieved, documented and formatted in the Stata program, consolidating them in a single file and naming the variables. The third step involves harmonizing the cross-country **data,** standardizing names of variables and refining the series. The variables ultimately obtained provide a definition of families in terms of composition, demographic features (age, sex, head of household, etc.), employment (occupation, **type** of activity, weekly hours worked, wages, income, duration of unemployment, length of service, etc.), and aggregated labor market data derived from the surveys (unemployment, underemployment, participation, informality, etc.). Standardization, moreover, arranges the data in a form compatible with various programs (Stata, SPSS, SAS, etc.).

2.6   SIS covers **19** countries in the region, representing **96%** of the population, with all **6** of the Bank's Region 1 countries represented. Eight out of ten countries in Region 2 are covered, and only five out of ten countries in Region **3.** All surveys **are** national in scope (except in the case **of** Argentina and Uruguay, for which city figures are available, due to the importance of the urban centers) and represent the most recent years available (from **1996** to the present), though there is also an inventory of earlier years.

2.7   As mentioned above, the use of **SIS** fairly widespread in: (i) evaluating social conditions in the region; (ii) conducting research within the Bank, (iii) designing social projects; (iv) defining and determining the location of a given project target population; (v) preparing project documents; and (vi) drafting EARs.

2.8   Of all such activities, those related to Bank projects are the ones most commonly used. The work method, based on demand for, access to, and use of the **SIS,** is formulated at a meeting at which the scope of the task is defined. After the meeting, time is set aside to organize the assistance. Personnel is then assigned to manage and participate in the assistance process, to which time including budgeted and unpaid hours is allocated. Budgeted hours represent time that staff spends in processing information. Given the growing demand for these services, RES has added assistants with experience in handling survey information. Resources of this kind would have to be financed if the service is to be expanded, since senior staff in the area can only participate in initial discussions and a limited number **of** projects, due to time constraints.

2.9   The following table indicates the main projects in progress since December 1999.

Complete List of Social Information Service (SIS) Projects since December 1999 Research Department					
No.	Project	Region	Type of Service	Country	Starting Date
1	Social Emergency Program (CO-0247)	RE3	Project Design Target Population	COL	1-Dec-99
2	Secondary Education in DR (DR-0112)	RE2	Project design	DOM	13-Dec-99
3	Status of Women Post Beijing Conference	SDS/WID	Report input	LAC	Dec-99
4	Social Conditions in Guatemala Diálogo de Agenda Social	RE2	EAR Guatemala	GUA	18-Jan40
5	Guatemala Indigenous Women	SDS/WID	Tables for document	GUA	18-Jan-00
6	Honduras Second. Educ. (HO-0141)	RE2	Project Design	HON	18-Jan-00
7	Argentina Violence (AR-0247)	RE1	Project Design	ARG	24-Feb-00
8	Female Labor Force Partidpation	SDS/WID	report to VP Burke Dillon	LAC	7-Feb-00
9	El Salvador Rural Poverty	RE2	Project Design	SLV	21-Feb
10	Paraguay Basic Schooling (PR-0117)	RE1	Project Design	PRY	8-Mar40
11	Children in Poverty Projections	SDS	estimates for book	LAC	29-Mar
12	Peru Expenditures School	RE3	design survey questions	PER	11-Apr
13	PROCAMPO	RE2	project design	MEX	14-Apr
14	Bahamas	RE3	survey design assistance	BAH	June
15	INT-sectors	INT	employment and wages	DR	July
16	Inc. Dist. Dominican Republic		income distribution	DR	July
17	microenterprise	SDS	unemployment rates	LAC	25-Jun
18	Poverty Gap Arg	RE1		ARG	July
19	Housing El Salvador	RE2	quality of the	SLV	July
20	remittances		remittances in CA		July
21	Jamaica Social Sector	RE3	inputs for Jamaica social sector	JAM	2-Aug
22	Occupational Segregation	SDS	variables for paper	BOL	2-Aug
23	Aging in LAC	RE2		LAC	
24	Baseline for Gallup Survey	SDS	baseline pop. Statistics		22-Sep
25	Tertiary Schooling				
26	Disabled		for annual meeting		Oct. 29
27	Social Exclusion		for social exclusion		Oct. 25

2.10   The allocation of budgeted and unpaid time varies for each of the above projects. For instance, project 1—the Colombian social safety net program (CO-0247)—has the greatest allocation of time, with 447 hours, but this is an exceptional case: only three other projects have allocations of between **100** and 200 hours, including unpaid hours. While the figure is merely indicative, a total **of** approximately **1,083** hours have been allocated **for** 27 projects, with marked concentration in certain ones. There is a **total of 333** unpaid hours, concentrated in Project 11, dealing with the effects **of** child care on poverty projections, with 150 hours allotted presumably **for** research **by RES** staff.

III. SUPPLY AND DEMAND AND RESULTS OF USER INTERVIEWS

3.1   In regard to supply, meetings focused on ascertaining whether there was overlap in the work of SIS and MECOVI, while in terms of demand, they examined the experience of using SIS in the project. Thus, interviews were held with MECOVI staff and with officials involved in the loan proposal for the Colombian social safety net program, because of its broader scope.

3.2   In the former case, interviews were carried out with staff of the program for the improvement of surveys and the measurement of living conditions in Latin America and the Caribbean, known as MECOVI, which functions within the Poverty and Inequality Advisory Unit of the Sustainable Development Department (SDS). The interview was designed to evaluate overlap or complementarity between SIS functions and other Bank databases, with particular emphasis on MECOVI, since it is concerned with household surveys and socioeconomic indicators.

3.3   The basic purpose of MECOVI is to improve the quality and relevance of information on policies to reduce poverty and improve social equity. The program was launched in 1996 by the Bank, in collaboration with the World Bank and ECLAC, in order to address the demand for timely, comparable and easily accessible information on households. Currently, MECOVI works in 7 countries (Argentina, Bolivia, El Salvador, Nicaragua, Paraguay and Peru), and may be extended to other countries, depending on the availability of funds.

3.4   At the national level, MECOVI endeavors to improve a country's institutional capacity to generate data on households. The program provides technical assistance to improve the design and implementation of household survey systems, promote the development of local research capacity, and increase interaction between producers and users of data. The program is also designed to enhance the presentation of surveys, provide training through seminars and courses, and offer technical support to improve the organization and filing of survey data, in order to allow rapid and timely access.

3.5   Lastly, MECOVI is responsible for maintaining the Latin American and Caribbean household survey database. Currently, this database contains 120 household surveys from 19 countries in the region. The database includes questionnaires, manuals and extensive documentation, making it the most comprehensive database available. MECOVI is now working closely with national governments to ensure public access to the databases.

3.6   The interview indicated clearly that MECOVI is operating in a manner that perfectly complements the work of SIS: MECOVI focuses on improving primary data, while SIS utilizes some of this information-along with other primary data it collects—to make household surveys uniform and compatible—particularly data on employment and income—so that they can be used for comparative studies. MECOVI does not consider the SIS function as duplicating, but as complementing efforts, recognizing that SIS adds value to primary data.

3.7   The second interview was held with the team leader of the social safety net program (CO-0247), who was serving as Chief of the Region 3 Social Development Division. In this project, RES's participation consisted of work with the SIS database, advice on its use for design

and evaluation of the project impact, and talks with country officials. The project includes three modules or subprograms to lessen the impact on poverty in periods of crisis. These deal, respectively, with temporary employment, job training for young people, and family support emphasizing cash transfers or subsidies based on health and education! The use of SIS, and the collaboration and participation of the RES economist on the team, were viewed as valuable contributions to the project, not only because of the usefulness of the data, but also in terms of the advice provided on effective use of the data for project purposes.[5]

3.8   It is clear that project preparation has been positively affected. The only problem mentioned was that RES indicated, during the advisory process, that it intended to charge for its services, but failed to indicate what the charges would be—thus causing some concern over the prospect of formulating a project budget without any knowledge of what the figure would be. The cost of SIS services was later set at US$15/hour, totaling US$3,000. The Chief of the Social Development Division believed that this work should be provided without charge, since it is part of the support provided by RES.

3.9   As to potential delays and/or increased costs that would occur without the SIS, it was noted that, because the country involved was Colombia and the statistics were reliable, it would have taken at least one month to coordinate the request for information with the official counterpart. Although there would have been no technical impediment to accomplishing the same task, the availability of SIS undoubtedly reduced costs significantly by obviating the need to hire consultants, while providing timely information and high-quality advisory services.

3.10   The available evidence, summarized in the preceding table—with 27 projects implemented between December 1999 and October 2000, involving the direct participation of nearly 40 Bank professionals from all regions, as well as from SDS—suggests that the scope and applicability of SIS is potentially great, and that the work carried out has been highly successful. SIS can be viewed not only as an internal information service within the Bank, but as a disseminator and facilitator of quantitative techniques and methods for evaluating projects in the region. Its implementation accelerates the dissemination of these techniques within the Bank, and is therefore highly useful in honing the skills of young and experienced Bank professionals in need of more accurate data.

IV.   CONCLUSIONS AND RECOMMENDATIONS

4.1   The evaluation was comprehensive enough to show that SIS was a RES activity of great significance and value for the Bank's internal activities.

4.2   Considering SIS's importance to the Bank's activities, three recommendations could be made for increasing the Bank's economic efficiency, through the use of existing RES information.

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4   The project document was examined in order to assess SIS's role in evaluating project impacts, particularly the potential impact of the family support subprogram on reducing poverty and inequality.

5   The use of SIS in other possible projects has been limited by the quality and coverage of information. There was reference to Peru, where, because it was not yet available, it was not used, and to the Caribbean, where countries do not have access to these surveys.

4.3   The first is that the **SIS** and MECOVI, from which it receives its input, should be accorded the proper priority, in allocating funding, to ensure its **continuity** given the system's intrinsic value to the Bank, maintaining its current position within the RES, under the economists who developed the product. In particular, it is important to continue developing the analytical capacities of RES **staff** in designing and evaluating social programs, utilizing knowledge of specific cases of Bank policy.

4.4   While the concept of SIS is to provide information based on specific needs and demands related to household survey data, it would be useful for Bank **staff** to have Intranet access to general information on social indicators at the country level.

4.5   Moreover, considering the success of SIS, it is recommended that RES make available to Bank staff statistical data on macroeconomics, the structural reform index, etc.