Overview

Knowledge-Based World Bank Group Country Programs

Highlights

This evaluation assesses knowledge-based activities in nine country programs selected from 48 knowledge-intensive programs supported by the Bank Group. It identifies the factors in the success or failure of those activities as they contribute to policy making or development outcomes. It also identifies areas of strength for the Bank Group as well as areas of weakness or risk. The evaluation findings are therefore relevant to current Bank Group efforts to strengthen the contribution of knowledge to development. The evaluation was done on economic and sector work and non-lending technical assistance activities selected from a purposive sample of knowledge-intensive country programs. In addition, the evaluation assessed International Finance Corporation Advisory Services for their synergy with the Bank’s analytical and advisory activities. The findings have implications for the Bank Group’s knowledge work, including governance and incentives.

The Bank Group remained a strategic partner in the focus countries by providing knowledge services that addressed one or more client needs, which ranged from customized development solutions and capacity development to experience-sharing and innovative ideas. In the sample of countries, the Bank Group was more effective when it worked on specific sectors rather than broad topics, designed tasks to address specific client concerns, customized international best practice to local conditions, generated data to support policy making, and formulated actionable recommendations that fit local administrative and political economy constraints. The Bank Group was less effective when it did not address issues relevant to the client or was unable to follow up consistently with the client on the implementation of advisory activities. Regardless of the level of government that operated as counterpart (central or local), client participation and good monitoring and evaluation systems were key to good results.

The evaluation has implications for Bank Group work and for staff incentives. On Bank Group work, it finds a need to emphasize “how to” options rather than diagnostics and “what to do” recommendations; stay engaged and responsive through implementation phases of advisory activities (using programmatic approaches, for example); use local expertise to enhance the impact of advisory activities; design advisory projects with relevant responses to client concerns; and remain engaged in areas that are relevant to a client country’s medium-term development agenda to maintain its capacity to see the big picture and provide multisectoral development solutions. On incentives, an implication is that enhancing the Bank Group’s success rate on providing knowledge services will require staff incentives to be in the knowledge services business.
Why Evaluate Knowledge Programs Now?

The World Bank Group is currently engaged in reflection and debate on how to improve the delivery of development support. Part of this debate concerns strengthening the knowledge agenda. The findings of this evaluation are particularly relevant because they speak directly to questions that the institution is deliberating. In particular, they address four key aspects of the “science of delivery”: the role of local partners or local knowledge hubs; consultation with clients and other stakeholders in the process of designing knowledge services; delivery of knowledge on issues that are relevant to the client; and improving the way the Bank Group learns from upper-middle-income countries and intermediating this knowledge to other countries.

The main objective of the evaluation is to learn lessons from practices in a focus group of high-income and upper-middle-income countries that have knowledge-based programs with the Bank Group. Over the past 15 years, Bank Group country programs have shifted toward more intensive delivery of knowledge services relative to lending, and this trend is expected to continue. The lessons from this evaluation could help leverage the Bank Group’s global knowledge to meet the needs of countries that mainly rely on knowledge services and are not pressed for financing. The nine selected countries are high-income (Kuwait) and upper-middle-income countries with a high share of knowledge services in their programs, a diversified economic structure, no or moderate Bank lending, and fee-based knowledge services.

The 9 countries selected are fairly representative of countries where the World Bank Group is engaged primarily through knowledge services. They are on the top half of a ranking of relative preponderance of knowledge services, with 48 countries fitting a definition of knowledge-based programs. Compared with the average across the 48 knowledge services-intensive programs, the 9 programs selected are fairly typical but have a lower lending to knowledge services ratio; slightly higher share for knowledge services in the country services budget; greater average number of knowledge activities because they include large clients (China and the Russian Federation); slightly higher gross domestic product (GDP) per capita and a significant external current account surplus because they include China and oil producers; a slightly higher Country Policy and Institutional Assessment rating; and about the same average volume of World Bank loans.

The selection was designed to provide useful illustrations of knowledge services effectiveness in the selected countries, not to provide a sample for statistical projection to overall advisory activity assistance to those countries or to the full set of Bank Group clients. Furthermore, the selection of countries that included International Finance Corporation (IFC) Advisory Services was designed to illustrate complementarities and synergies with the Bank in those countries, not to provide a full illustration of IFC Advisory Services effectiveness.

Methodology

The evaluation categorized Bank Group country programs according to the preponderance of knowledge services in program interventions. At one end of the spectrum were lending-based programs with a predominant role for finance and a relatively lower presence of knowledge services. At the other end were knowledge-based programs where knowledge products are at the core of the relationship.

The categorization was then used to purposively select focus countries that make relatively intensive use of the Bank’s core knowledge services. The selected countries were Bulgaria, Chile, China, Kazakhstan, Kuwait, Malaysia, Russian Federation, South Africa, and Thailand. To
probe the synergy of the Bank’s knowledge services with IFC Advisory Services, the evaluation also examined those services in the focus countries when a government entity was the recipient.

The selection of economic and sector work (ESW), technical assistance (TA), and IFC Advisory Services paid attention to links to the strategic priorities in the country partnership strategy of the focus country. The knowledge services sampling relied on consultations with country management units. The sample includes World Bank knowledge services and IFC Advisory Services delivered over FY05–11. IFC Advisory Services were reviewed in China, Kazakhstan, the Russian Federation, and South Africa. The sample consists of 266 Bank analytical and advisory activities (AAA) and 34 IFC Advisory Services out of a total of 751 Bank AAA products and 185 IFC advisory service projects (to both government and private sector recipients) delivered over FY05-11. Products with similar thematic focus were grouped in clusters of knowledge activities. Thus, the number of activities reviewed was 196 for Bank AAA and 32 for IFC Advisory Services.

The selected knowledge activities in the nine focus countries were assessed against four criteria: relevance of the knowledge activities to the priority needs of the recipients and the key development goals of the client country; technical quality of the activities in leveraging the Bank’s global knowledge and conveying relevant and customized expertise to recipients; results achieved; and sustainability of results.

The assessment of outcomes was based on the feedback obtained during country visits and through desk reviews. The assessed progress ranged from tasks that had little or no impact on policies, such as Investment Climate Assessments in Thailand, to tasks with recommendations that were being implemented, but with no visible impact on policies, such as a report on student loans in Chile, and to tasks where development outcomes were already in evidence, such as a report on inequality in China.

Achieving Outcomes: The Main Success Factors

In the focus countries, intended outcomes were fully achieved or likely to be achieved in 47 percent of the knowledge activities reviewed and partly achieved in another 37 percent. The frequency of outcome achievement was broadly equivalent for Bank ESW and TA—the Independent Evaluation Group (IEG) did not find a significant difference in outcomes between the various models of knowledge service delivery. Outcomes of IFC’s Advisory Services were achieved in about 38 percent of the small sample of projects reviewed. The achievement of outcomes of knowledge services in the nine focus countries was comparable to that of Bank Group lending operations across regions. The Bank Group was more effective when it worked on specific sectors rather than broad topics; designed tasks to address specific client concerns; customized international best practice to local conditions; generated data to support policy making; and formulated actionable recommendations that fit local administrative and political economy constraints. Regardless of the level of government that operated as counterpart (central or local), client participation and good monitoring and evaluation (M&E) systems were key to good results.

Outcomes were more likely to be achieved when the knowledge services focused on specific sectors, such as agriculture and rural development, education and health, and the financial sector. Reaching outcomes proved more difficult in broader thematic areas, encompassing an ambitious reform agenda, or when the achievement of results required multisector efforts, such as private sector development, economic policy, and public sector governance. In such complex areas, knowledge service results often suffered when new legislation was
necessary before the recommended reforms could be implemented. For example, in Kuwait, interactions between parliament and the executive complicated the passing of laws in several areas of Bank TA, such as procurement, public finance, civil service, freedom of information, and anticorruption.

Knowledge services used in the design of lending operations were more likely to succeed than freestanding knowledge services. Although lending was limited in most of the focus countries, it remained a powerful driver of results for the Bank's knowledge services as at least partial achievement of expected outcomes of Bank knowledge services was observed more frequently when knowledge services were used for the design of lending operations. Possible explanations are that in this instance the Bank has more leverage than with freestanding knowledge services, and also that the knowledge services by definition are supporting a program that is expected to be implemented. Freestanding knowledge services many times contributed to policy discussions where the authorities had not yet taken a position.

The achievement of outcomes was not correlated with financing arrangements for knowledge services—Bank or client—probably owing to the high relevance to the client of Bank knowledge services in most of the focus countries. Other factors—related to the relevance of design, quality, timeliness, client participation, and use of local expertise—were more closely associated with achievement of results than source of financing.

Knowledge services requested by the client and designed specifically to achieve client objectives were more likely to achieve outcomes than knowledge services of a more generic character. For example, in China there is evidence that the recommendations of the report Reducing Inequality for Shared Growth in China: Strategy and Policy Options for Guangdong Province, a high-profile study conducted jointly with the provincial authorities, are being gradually implemented with concrete results in declining inequality. In Thailand, contrary to other development agencies, counterparts see the Bank as having the capacity to properly customize international best practice to the Thai context because of its knowledge of local institutions that comes mainly from the expertise of staff in the Regional Country Office in Bangkok. The Thai report The Economics of Effective AIDS Treatment is a good example of customization to country context. In instances where the Bank did not fully address issues relevant to the client, results of knowledge-based activities tended to be poorer. Knowledge services that lagged in the achievement of outcomes were also weak in conveying international best practice, providing relevant examples, producing new evidence and data useful for policy making, formulating actionable recommendations, and discussing the capacity requirements and administrative feasibility of implementing recommendations.

Knowledge services with fully or partly achieved outcomes were more likely to use local expertise. Use of local experts and counterpart participation appear to help modify global best practices to fit local conditions, formulate recommendations that account for capacity constraints, and improve stakeholder ownership of findings and suggested actions. Client participation in the various stages of knowledge services also was associated with the achievement of results. Moreover, knowledge services that achieved results have more often contributed to strengthening institutions as well as analytical and policy formulation capacity of recipients. The China Preparation of Capital Market Development report is an example of detailed coverage of the institutional and policy context and reliance on a local team of experts to draft the report in Chinese using existing data. The report contributed to capacity building at the Research Center of China Securities Regulatory Commission and to raising its
profile and role as the capital markets regulator.

The outcomes of about 75 percent of the Bank knowledge services and the IFC Advisory Services were likely to be at least partly sustained. That is, knowledge services were likely to have (at least partial) lasting impacts on policies, capacity, or institutions.

The majority of these knowledge products conveyed international best practice and relevant examples, generated new evidence to inform policy making, and formulated actionable recommendations consistent with the findings. Sustainability of outcomes was more often observed when knowledge services were complemented by other World Bank activities (lending, other ESW, or complementary TA). In the majority of cases where sustainability of outcomes was likely, knowledge services contributed to strengthening institutions or the analytical and policy formulation capacity of recipients.

About 60 percent of Bank knowledge services contributed at least partly to developing or strengthening institutions—with a much lower frequency in the case of IFC Advisory Services. Similarly, a large majority of Bank knowledge services and a significant part of IFC Advisory Services contributed to strengthening analytical or policy formulation capacity of recipients.

Areas of Bank Strength

The Bank remained relevant and a strategic partner in the focus countries by providing knowledge services that addressed one or more client needs. Customized development solutions filled a knowledge gap in an area where counterparts needed timely and actionable recommendations to develop a strategy or take action. In experience-sharing and innovative ideas on issues where counterparts had not yet taken a position, the Bank functioned as a sounding board or connected counterparts to cutting-edge international expertise. Capacity development was provided in the form of knowledge that helped build capacity either through training, networking, or access to international best practice. Public knowledge goods typically consisted of Bank-funded reports available to a broad audience primarily for disseminating analyses of developments (such as Economic Monitoring Reports) or particular sectors or issues (such as investment climate assessments and financial sector assessments).

The Bank’s main strength, which reflected recommendations from previous IEG knowledge services evaluations, was its ability to fulfill in a timely manner client requests for state-of-the-art advice. Clients found most value in the Bank’s ability to address relevant developmental issues, convey international best practice, act as a trusted knowledge broker, customize knowledge to the local context, and take a pragmatic approach to important issues that required multisectoral development solutions. Counterparts interviewed by IEG acknowledged four key strengths: ability to benchmark against international best practice through cross-country comparisons, reputation as an independent and credible broker of knowledge with a partnership approach, knowledge of the local context and capacity to customize international best practice solutions, and capacity to see the big picture and analyze cross-sectoral issues important for development. Timely delivery of knowledge services to affect important decisions was essential to achieve the expected outcomes.

Another key strength was linked to its role as “knowledge connector.” The Bank’s convening power was often used to mobilize top international experts for brainstorming sessions and seminars with high-level government officials, or for TA and working sessions with government agencies. There are some good examples where the Bank’s knowledge activities facilitated South-South exchanges and policy dialogue in the focus countries. The Bank has used mostly its informal networks, through the task team
leaders and network management, to convey knowledge acquired in Chile to other countries in the Latin American region and elsewhere. In Kazakhstan, some government agencies have already shared their experiences with other countries in the region. But more can be done as the Bank’s geographic, thematic, and organizational fragmentation prevents the full potential of such exchanges from being realized. In China, for example, while the World Bank Institute’s technical assistance work has focused on catalyzing lessons for other development countries, it appears that the Bank has not fully exploited the potential of this mutual lending opportunity. The Russian Federation could benefit from the extensive work the Bank has done in China on regional approaches to investment promotion, but lessons from this experience have not been transmitted to the Russian Federation.

Areas of Bank Weakness or Risk

Poor achievement of outcomes was associated with weaknesses in relevance of design, quality, timeliness of delivery, or client participation, and little use of local expertise. Knowledge services that lagged in the achievement of outcomes were also weak in conveying international best practice, providing relevant examples, producing new evidence and data useful for policy making, formulating actionable recommendations, and discussing the capacity requirements and administrative feasibility of implementing recommendations. Where the Bank was less able to address issues relevant to the client it also tended to achieve poorer results. The lack of timely delivery of knowledge services to affect important decisions—not a prevalent problem in the sample of countries—also was associated with poorer outcomes.

The Bank’s ability to customize knowledge services to the local context and to deliver multisectoral solutions is at risk of eroding where country knowledge is too shallow or too narrow. This risk arises mainly when the Bank works through Reimbursable Advisory Services (RAS) and does not maintain a local presence. The Bank’s strengths may also be challenged by its increasing tendency to deliver knowledge services through the “consultant firm model,” with insufficient follow up and emphasis on important issues for the medium-term development agenda. There is a tension between the Bank as a development agency—focusing on important medium-term development issues—and the Bank providing specific solutions to narrower problems suggested by the main counterpart in the country—generally a unit within the Ministry.
of Finance. To the extent that such a unit mars the Bank’s engagement in relevant broader development issues, the Bank’s overall mission in the country could be impaired. This tension on who is the client needs to be resolved case-by-case using substantial diplomatic tact but emphasizing the Bank’s broader development mandate.

Monitoring of Bank knowledge services results was weak—both for individual activities and for country programs. In only 17 percent of the knowledge activities assessed was there at least a partial results framework in the CPS, allowing a tracking of the contribution of the activity to the broader development outcomes sought by the CPS. Similarly, only 23 percent of the knowledge services included, at least partly, result indicators to track the achievement of the activity’s outcomes. In contrast to Bank knowledge services, the great majority of IFC Advisory Services reviewed by IEG were at least partly equipped with results indicators to trace achievement of outcomes. Monitoring of capacity development outcomes and lesson learning were, on average, weak for Bank knowledge services, but less so in the case of knowledge services with outcomes likely to be achieved.

**Implications for Bank Group Work**

**Emphasize the “how to” options, as opposed to the diagnostics and the “what to do” recommendations, to enhance client ability to own final policy decisions, action plans, or strategies.** In general, tasks that achieved results provided actionable recommendations more often than those that did not achieve results. IEG recommends the Bank give staff more time to interact with clients and local partners and knowledge hubs, including through adequate field presence. Moreover, use analytical resources intensively to ensure that high-quality research underpins recommendations, and deploy high-level consultant expertise able to provide practical know-how and enable customization of global practice.

**Stay engaged and responsive in the implementation phases of advisory activities through instruments that help clients translate recommendations from sound analysis into actions that fit local political and administrative constraints.** Use of programmatic approaches was important to achieve outcomes. IEG recommends the Bank design programmatic knowledge services in a number of well-defined thematic areas (such as public financial management) that build on initial work to support implementation phases, including engagement of a broad range of stakeholders to help disseminate the reform agenda and maintain the focus on key policy issues in the public domain.

**Where applicable, ensure links among Bank ESW, non-lending TA, and projects to help sustain results.** When knowledge services were complemented with lending, results were more likely to be sustained. IEG recommends the Bank design CPSs with closer links between knowledge services and lending, including programmatic series deploying both instruments to support the paths from consideration of policy options to implementation of the approaches selected.

**Clarify the political economy of reform and use local expertise to enhance the impact of knowledge services.** Local partners and Bank Group hubs can be critical in conveying relevant country context considerations. Most of the tasks reviewed referred to the local policy context in varying levels of detail. Those that achieved results probed more deeply into the country context and used local expertise more often than those that did not achieve results. IEG recommends the Bank involve local experts, partners, and local knowledge hubs more extensively in knowledge services to help better understand the political economy of
reform in the country where advice is sought, bridge the gap between international good practices and local conditions, enhance the applicability of the recommendations, and build the local capacity to achieve longer-term impact.

Pay attention to the quality and relevance of knowledge services. This is essential for obtaining results—regardless of the form of financing of knowledge services—and for shaping learning under the Bank’s “science of delivery.” Staff needs to take multiple actions to achieve results: design projects with relevant responses to client concerns; customize international best practice to local conditions, including capacity constraints; generate data to support evidence-based policy making; formulate actionable recommendations that fit local administrative and political economy constraints; and deliver products in time to influence key decisions. IEG recommends the Bank consult broadly with the client and other stakeholders on the issues to be addressed, deploy highly experienced staff with global perspective and ability to deliver knowledge services on time, and adhere to the mandatory knowledge services quality assurance process. The Bank Group should encourage emerging “knowledge hubs” to follow approaches along these lines.

Strengthen synergies between World Bank knowledge services and IFC Advisory Services projects to improve results. Linking Bank and IFC activities also helped achieve results. But experience with Bank–IFC coordination has been mixed, with quality of the CPS results framework and the existence of core ESW among the factors that influenced the degree to which World Bank and IFC knowledge services had synergy. IEG recommends the Bank conduct core knowledge services for private and financial sector development and develop joint Bank–IFC programs and projects within the CPS results frameworks that articulate the outcomes and their linkages with the programs and instruments of both institutions. Complement this with formal mechanisms of including each institution in the other’s review processes and better coordination in the field.

Remain engaged in areas that are relevant to a client country’s medium-term development agenda to maintain the capacity to see the big picture and provide multisectoral development solutions. This capacity has been a strong point, generally valued by clients, of the Bank’s knowledge services. Delivery of knowledge services through a “consultant firm model,” which reflects a drive to accommodate multiple and unforeseen needs, often results in fragmentation of Reimbursable Advisory Services (RAS) programs—for example, by dropping tasks linked to medium-term objectives to accommodate shorter-term needs—and may dilute the focus on important medium-term development issues. For countries where most of the activities are knowledge-based and the Bank Group does not have a CPS, IEG recommends that the Bank Group prepare CPSs (which do not have to follow a burdensome consultation process) to provide guidance on engagement objectives and avoid fragmentation of knowledge services away from evolving development priorities. Furthermore, the Bank may consider using instruments (such as high-level brainstorming, conferences, and ESW, including periodic Economic Monitoring Reports) and committing the necessary resources to identify, follow up, and sustain emphasis on issues that are important for medium-term development.

Undertake broad-based consultations and dissemination, acknowledging the public good function of Bank knowledge services while paying attention to local circumstances. Client participation in the different stages of knowledge services appears to be closely associated with success in
achieving expected knowledge service outcomes. IEG recommends the Bank broaden the participation of various stakeholders into knowledge-based country programs (for example, by opening up discussions or focus groups with local experts and civil society organizations) and make Bank studies more widely accessible (for example, by recognizing the public good component in knowledge products and sharing a portion of the knowledge services cost with the client on the condition of its disclosure).

Monitor closely implementation and results to track progress toward mutually agreed outcomes and mitigate the risk of fragmentation and loss of strategic focus that are intrinsic to RAS. Bank knowledge services were not monitored and evaluated consistently in the sample of countries. Where M&E was better, knowledge services results were more likely to be achieved, probably reflecting a link between M&E, knowledge service quality, and impact. IEG recommends the Bank use—and continuously improve—implementation and results monitoring systems that would track progress toward achieving the outcomes in the results framework of the CPS and that knowledge activities be more tightly linked with CPS milestones and outcome indicators. A “circle of continuous quality improvement” for M&E is critical for shaping the “science of delivery” that the Bank is presently intent upon and to help improve M&E at the country level.

Reinforce knowledge services governance and partnerships to help enhance results. Governance will benefit from management leadership to encourage knowledge services and develop stronger M&E for knowledge services. World Bank–IFC coordination can be strengthened by developing high-quality CPS results frameworks that clearly articulate links between outcomes and World Bank Group advisory activities, and by establishing more systematic mechanisms to include each organization in the other’s review processes. An additional challenge—given the vision of a Bank Group for the whole world—will be to bring in the knowledge acquired from knowledge-based partnerships to lower-income countries.

Strengthen Bank learning from upper-middle-income countries and the intermediation of this knowledge to other countries. There were ample opportunities for learning from development experiences in the focus countries (for example, on the development trajectory from a low-income to an upper-middle-income economy in Malaysia or the extensive work the Bank has done in China on regional approaches to investment promotion). IEG recommends the Bank enhance exchanges of knowledge within the Bank through communities of practice and outside the Bank through networks of practitioners or knowledge hubs; enhance the links of the Bank’s regional chief economists with regional institutions that can play a role in sharing the Bank’s analytical work; ease the confidentiality of knowledge activities conducted through RAS; and leverage the technical capacity developed by upper-middle-income clients to other countries (for example, partner with Thai institutions to bring in the experience of Thailand’s built capacity in banking, payments system, and financial markets to other countries that may need it).

Continue to use RAS to expand the feasible set of Bank services, ensure the sustainability of the Bank’s business model in knowledge-based country programs, and generate new knowledge that the Bank can then intermediate to lower-income countries. Although the relevance of RAS is strengthened by client demand and financial commitment, results do not appear significantly different from those of knowledge services funded by the Bank’s own resources. Other fundamental success
factors—related to the relevance of design, quality, timeliness, client participation, use of local expertise—are more closely associated with the achievement of results. IEG recommends the Bank move decisively toward RAS in knowledge-based programs to sustain this business line, while clarifying the types of knowledge services that come close to “public knowledge goods” (Bank–funded reports targeted to a broad audience to disseminate analyses of developments or particular sectors or issues), as opposed to those that serve specific needs of counterparts. RAS could be offered to institutions that can cover the full cost of the Bank’s services, with cost-sharing of knowledge activities that are not pure public knowledge goods. The cost-sharing would recognize the relevance of the activities for other countries and provide for their wider disclosure or dissemination by the recipient or for equalization of access to the Bank’s knowledge services among subnational clients with varying capacity to pay for the service. For countries involved in cost-sharing—Chile and Kazakhstan, for example—the disclosure or dissemination to other clients would give them a sense of contributing to the global public knowledge goods agenda. Where there is full cost recovery, it could include the cost of a client survey with the aim of informing both the Bank and the client about the relevance, quality, use, and results achieved or likely to be achieved.

Implications for Staff Incentives

Enhancing the Bank Group’s success rate on providing knowledge services will require that the highest-caliber staff have incentives to be in the knowledge services business. There is a perception among Bank staff that lending experience is essential for promotion. At the same time, the world recognizes that knowledge is the foundation of development, and that the Bank should do more in this regard. The incentives for staff to engage in knowledge activities need to be as strong as those for being part of lending operations. At a minimum the Bank should review the incentive system for staff, ensure that knowledge contributions are recognized for career advancement; make bringing knowledge to countries a visible priority; and ensure that personal reputations of staff are enhanced by knowledge contributions. This evaluation suggests the need to deploy part of the best staff in the institution to knowledge services. Those dimensions that got in the way of achieving results in some instances—poor design relevance; weaknesses in conveying international best practice, providing relevant examples, producing new evidence and data useful for policy making, formulating actionable recommendations, or discussing the capacity requirements and administrative feasibility of implementing recommendations—should be addressed by allocating high-caliber staff to the provision of knowledge services. Such staff would also be able to address issues relevant to the client—one of the key factors in achieving successful knowledge service outcomes. Staff incentives for knowledge activities will need to be balanced with rewards for engaging in other important priorities such as lending and work in fragile states.