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[INFORMED] SOLUTIONS FROM THE SOLUTIONS BANK? GETTING MORE BANK FOR THE BUCK

The purpose of this note is to stimulate a panel discussion on [Informed] Solutions from the Solutions Bank at the 2015 Annual Meetings. It highlights a conundrum at the World Bank relating to learning and evidence as drivers of decision-making, it presents evidence of the existence of the conundrum, explores the reasons why it exists, discusses specific instances where it has been overcome, and points to possible directions for a wide-scale solution.

While the focus is on the Bank, the conundrum is not unique to the Bank. Other development agencies are also grappling with how to become effective learning and evidence-based organizations. Resolving this conundrum by ensuring that the best analytics and the most relevant experiences inform the development path going forward would serve all development partners well.

WHATWORKS

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Development/The World Bank
1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org

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Do finance ministers receive policy and project proposals from the World Bank that always reflect the latest analytics? Do leaders of the reform team in the line ministry hear about all key relevant World Bank experiences in other countries or contexts? Do implementing agency staff—when meeting a new World Bank task team leader—feel confident that this in-coming professional has been fully briefed by his or her predecessor?

The Conundrum

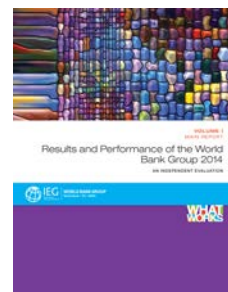
Why is it that despite its long-standing recognition of the importance of learning and knowledge sharing for achieving development outcomes, the Bank has been unable to ensure that learning and knowledge sharing, and the sound monitoring and evaluation (M&E) upon which they critically depend, flourish in its offices around the world? Lending pressure and the survival of what Willi Wapenhans, a former World Bank vice president, referred to in 1992 as the “approval culture,” is seen by staff as crowding out learning even today. In interviewing Bank staff for its learning evaluation, the Independent Evaluation Group (IEG) found the view expressed that “if knowledge sharing truly matters, staff need to be given sufficient time in their work programs to be able to share their experiential knowledge and help others to learn by doing rather than being whisked away to their next big project.” Senior Bank managers have also independently flagged this challenge for the Bank: “On any given day, the World Bank Group is engaged in thousands of operational interactions in well over 100 countries. But sharing this operational knowledge is hampered by weak incentives.” The key question then is: what will it take to address the conundrum of the lack of action, despite agreement on the diagnosis and solution, so that development organizations can become the best learning and evidence-based organizations that they can be?

Evidence of the Existence of the Conundrum

The World Bank Group's ambitious goals—of eliminating poverty by 2030 and boosting shared

prosperity—rests on the organization's ability to not only attract more financing (“from billions to trillions”) and more partners, but also to scale the impact of its interventions by working more effectively and working better with partners. Faster and more effective sharing of evidence and of knowledge of what works and what does not work is explicitly written into the Bank Group's strategy as an essential ingredient for ensuring that additional and further interventions contribute effectively to achieving the overarching goals.

IEG has documented year on year how the World Bank Group is struggling to effectively create and use relevant knowledge when developing solutions for its clients, and the evidence is as consistent as it is concerning. Several otherwise unrelated IEG evaluations have confirmed, over the past year, that the world's largest global development organization falls short of effectively creating, sharing, and, in particular, using and turning to value both essential evidence and critical learning opportunities:



Results and Performance Report

2014: The report provides evidence that (a) few projects document learning from previous projects, even though (b) projects using knowledge from past projects systematically perform better in achieving their objectives. Among the projects

rated positively for overall development outcome, almost half successfully used past lessons in project design compared with just 15 percent of projects where the overall outcome was deemed to be unsatisfactory.



The Poverty Focus of Country Programs
LESSONS FROM WORLD BANK EXPERIENCE



The Poverty Focus of Country Programs: Lessons from World Bank Experience: This evaluation examined how, and how well, the Bank Group has focused its support on poverty reduction over in the past decade, and what lessons to draw from this moving forward and build

greater learning opportunities from program experience. The report confirms that the Bank plays a leading role in providing poverty data and diagnostics, and that it is recognized for this. But there remain significant gaps in coverage and timeliness. The availability and quality of data for carrying out poverty analyses and preparing country strategies have steadily improved, but progress is highly uneven across countries. Over 50 countries do not have adequate data to establish a poverty profile or examine the trends of change in poverty over time. The data gaps are the widest in countries where poverty challenges are the most severe, particularly in fragile and conflict-affected states. The evaluation notes only around 23 percent of World Bank project design documents reflected the findings of previously conducted impact evaluations to influence its design or implementation. Furthermore, “feedback loops” of the World Bank are weak and preventing learning from implementation to inform future data collection, diagnostics, and strategy development. Well-informed Bank clients do better in getting the Bank to provide them with evidence-driven strategies and policy recommendations than clients that are less informed.



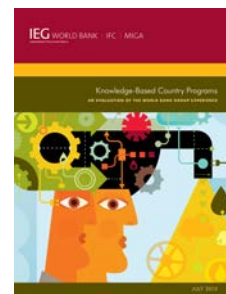
Learning and Results in
World Bank Operations: Toward
a New Learning Strategy



Learning and Results in World Bank Operations Evaluations I and II: The World Bank has a well-established self-assessment system that requires Bank staff to produce Implementation Completion and Results Reports (ICRs) for 100 percent of projects that close. The Learning

II evaluation assessed the evidence in ICRs and found that most projects do not adequately substantiate the

project's plausible contribution to desired outcomes—more than two-thirds of projects did not discuss other factors beyond the project that may have affected the outcomes of interest and did not present any data on such factors. This means that in the majority of Bank projects, the outcome of interest, if achieved, could have been due to the Bank-supported intervention, unrelated to it, or despite the Bank intervention. The ability of ICRs to report satisfactorily on outcomes is to a large extent dependent on the quality of the M&E activities built into the projects. The importance of M&E in establishing attribution was highlighted by IEG's Project Performance Assessment Report for the Russia Health Reform Pilot Project (Box 1). The Learning I evaluation found that only 23 percent of a sample of recently closed projects had established good M&E systems. The evaluation also noted that the range of knowledge sources used for preparing and implementing projects is more limited than it might be. Little use is made of sources external to the Bank, and the range of Bank documents consulted is fairly narrow—economic and sector work is extensively used; Bank research, impact evaluations, and IEG reports less so.



Knowledge-Based Country Programs Evaluation:

This evaluation assesses knowledge-based activities in nine country programs, selected from 48 “knowledge intensive” programs, identifying factors in the success or failure in how they contribute to policy making or

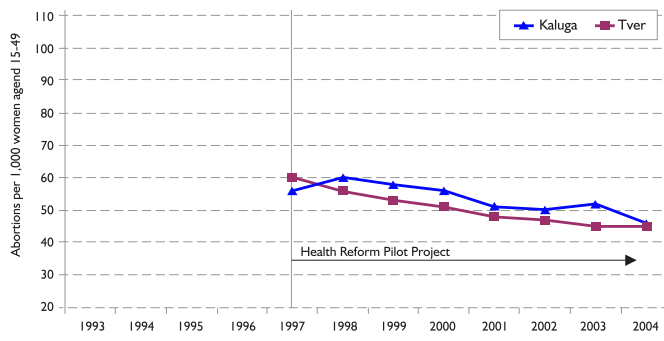
development outcomes. Specifically, the report highlights instances where insights from self-standing or separate analytical and advisory efforts were ignored or not taken up when policies and projects were shaped and implemented. These instances were more frequently associated with freestanding knowledge services. The evaluation also notes that incentives for staff to engage in knowledge services need to be as strong as those for being part of lending operations, and that the bringing of knowledge to countries needs to be made a visible priority.

Box 1: The Russia Health Reform Pilot Project

The objective of the Russia Health Reform Pilot Project, which was approved in 1997 and which closed in 2004, was to improve the quality and efficiency of health care and reproductive and cardiovascular health outcomes in two oblasts (Tver and Kaluga) on a pilot basis to enable the borrower to make decisions about national adoption of specific reform measures. Some indicators of reform that were important to this project, such as average hospital stay, infant mortality rate, and the abortion rate, experienced a decline in the project areas.

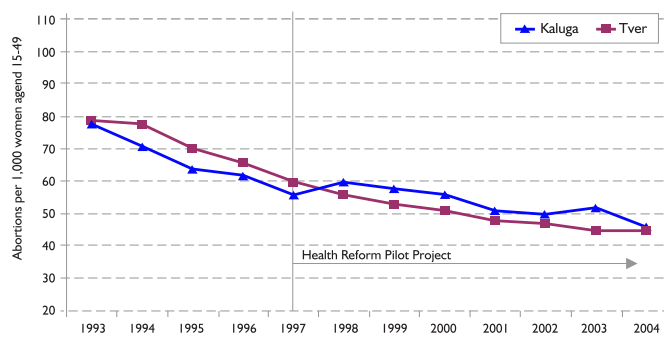
Importance of M&E in Establishing Attribution: Russia Health Reform Pilot Project

There was a declining trend **during** the project...



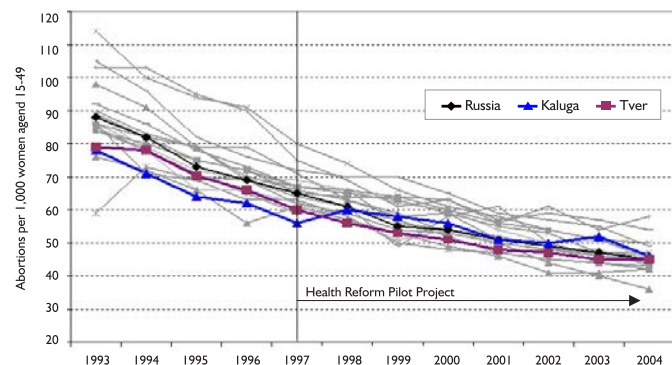
However, when compared to the trends prior to the project intervention, or national trends across oblasts, there was no discernible difference to conclude that the project itself had contributed to the improvement.

... but the trend was already declining **before** the project



Other contextual factors—income levels, for example, which declined significantly at the August 1998 financial crash but then rebounded rapidly beginning in 1999—may have contributed to these national trends. The project's poor M&E design and implementation makes it a challenge to evaluate the specific impact of the project in Tver and Kaluga oblasts. Because of the failure to implement an evaluation design with control groups/counterfactual, it is impossible to discern the extent to which the positive (and negative) outcomes experienced in the project oblasts can be attributed to the activities and reforms of the pilot project as opposed to other nationwide reforms and socioeconomic changes throughout Russia.

... and the trend was also declining in several **non-project oblasts**.



Source: Project Performance Assessment Report, Russian Federation Health Reform Pilot Project, (Loan No. 4182), IEG, World Bank, March 27, 2007.

Reasons for the Existence of the Conundrum: Diagnosis and Implied Solution

Few would disagree with the diagnosis of why learning and knowledge sharing have not taken off in the Bank and in other development organizations, and with the implied solutions:

■ Barriers to open debate and to opposing perspectives

While a culture of openness and active debate is the hallmark of a learning organization, the Learning II evaluation found that there are steep barriers in the Bank for such a culture to thrive. It is almost as if the cards are stacked against learning and knowledge sharing, at least in specific respects. For example, when IEG surveyed Bank staff asking if they felt able to discuss with their management what is not working in a lending operation, only one-third of the 1,239 respondents opted for the response “to a very large or substantial extent.” The Bank still needs to create “psychological safety” for staff to reflect on what is working and what is not, and to own up to any mistakes—without fear of repercussion.

Open debate and opposing perspectives also have a role beyond the Bank. The 2015 World Development Report, *Mind, Society, and Behavior*, pointed out that development professionals, similar to other individuals, are subject to biases resulting from their mental models. They have disciplinary, cultural, and ideological notions that can make them susceptible to confirmation bias—a selective gathering of information that confirms their previously held beliefs. Given the general absence of good M&E data, it is difficult to address any biases, prior beliefs, and groupthink that may be affecting decision making by all those engaged in development.

■ Insufficient incentives, time, and budgets for learning

The IEG survey indicated that Bank staff perceives the lack of institutional incentives as one of the biggest problems for learning and knowledge sharing. The same survey also found that when asked to select the three

actions most likely to encourage learning in the Bank's lending operations, the highest percentage of staff (66%) chose allotting sufficient time in work program agreements, followed by allocating sufficient budgets, and further followed by greater recognition of learning behaviors promotion criteria. Time for reflection is one of the building blocks of a learning organization. Being too busy or overstretched by deadlines and scheduling pressures affects people's ability to think analytically and creatively. If staff perceive that development outcomes are rewarded (not just project approvals or disbursements), they will make the time for learning.

■ Under-appreciation of the value of tacit knowledge

There is no systematic extraction, sharing, and preservation of tacit knowledge in the Bank today. The Learning II evaluation found that the main channels for conveying tacit knowledge at the Bank—the peer review process, staff mentoring, project handovers, and communities of practice—are all in need of repair and rejuvenation. For example, interviews conducted by IEG pointed out that Bank staff generally perceives mentoring to have fallen by the wayside in recent years, partly because the budgets for supervision missions have been squeezed and are too tight to accommodate both the task team leader and a fledgling. Similarly, there is a recognition among Bank staff that project handovers from the out-going task team leader to the in-coming task team leader leave much to be desired, likely resulting in the loss of tacit knowledge.

■ Insufficient localization and adaptation of global knowledge

The Bank and other development organizations need to give more attention to local institutions and the local political economy in project design and implementation, because, ultimately, all knowledge is local. Furthermore, when a project is appraised, it is generally impossible to foresee all the events that may throw the project off-course. It is better to have a looser design and maybe even to treat restructuring as the default option, rather than the last resort as it is often regarded.

Instances Where the Conundrum Has Been Overcome: Good Practice Examples

The fact that some Bank projects have learned from past experience, some strategies and policies have been informed by proper diagnostics and analytical products, and some staff have shared and used knowledge, gives hope that the conundrum can be overcome.



Stephan Bacheimer / World Bank

Poverty Assessments

Well-Being and Poverty in Ethiopia: The Role of Agriculture and Agency (2005) and Making the New Indonesia Work for the Poor (2006) were particularly well suited to inform poverty-reduction policies and programs. Both assessments:

- Drew explicitly on many data sources, provided full descriptions of the available information base, and concisely integrated other existing knowledge
- Made good use of all available surveys and other information through clear classification of the drivers of poverty, identification of excluded groups, detailed analysis of empowerment and governance, compelling assessments of remoteness and gender inequalities, and presentational features that showed how the poor experience poverty
- Integrated information about the governments' key poverty-reduction institutions, strategies, funding, and programs
- Included annexes with specific recommendations for capacity building and improving poverty-reduction monitoring and evaluation
- Provided a clear statement of objectives, a succinct "Striking Statistics" section, and prioritized, rigorous, and highly specific policy recommendations across multiple sectors
- Made strong efforts to engage government, development partners, academics, and civil society during the preparation of the Poverty Assessment.

Source: Review of poverty assessments for 20 countries conducted for the poverty evaluation.



Scott Wallace / World Bank

Community-Driven Development Programs in Morocco, the Philippines, and Tanzania

In Morocco, the Philippines, and Tanzania, community-driven development (CDD) programs have been adapted over time. Adaptiveness has been facilitated by the presence of technical experts who had worked in other countries on similar CDD projects, south-south exchanges in the design or operational phase, and an evidence base and analytical work that was globally recognized and formally documented. In Tanzania, the CDD program morphed into a social protection project. In Morocco, the emphasis has been increasingly on disadvantaged groups. And in the Philippines, legislative reform has been undertaken to contribute to the program's sustainability.

Source: Case studies conducted for the Learning II evaluation and the review of poverty assessments for 20 countries conducted for the poverty evaluation.



Curt Carmemark / World Bank

Pakistan Tax Administration Reform Project ICR

The ICR for the Pakistan Tax Administration Reform Project included a discussion of factors outside the project that affected the observed developments in the outcome measures of interest. The project development objective (PDO) was: "To improve the effectiveness of Pakistan's revenue administration," and introduced the ratio of Federal Revenue Board (FBR) tax to gross domestic product as one of the outcome indicators. In assessing the achievement of the indicator the ICR acknowledges that increased levels of tax collection during the first years of the project (2005-2008) are explained by modest improvements in income tax buoyancy, rather than enhanced operation efforts from the FBR. Likewise, the ICR acknowledges that the steep decline in the levels of tax collection in the project's later years is explained by the economic crisis, major floods, and the failure to implement a reformed general sales tax.

Source: Review carried out as part of the Learning II evaluation.

Directions for a Wide-Scale Solution to the Conundrum

Could the following initiatives hold the solution to the conundrum at the Bank and in other development organizations?

Embracing “forward accountability”

The word “accountability” as generally understood and applied means a post-mortem that tries to identify who was accountable for what went wrong in the past. But, as in good practice after-action reviews, it can also be forward-looking: establishing who will be accountable for taking the lessons from the completed project and applying them to the next one. At development organizations, a focus on “forward accountability,” in which the emphasis is on holding staff accountable for incorporating lessons rather than on assigning blame for past actions, can help to contribute to “psychological safety” and create a culture of candor and confidence about owning up to mistakes and taking constructive actions.

Country clients holding development organizations to a higher standard

Country governments operate in today's development market place to buy or receive development solutions from the Bank. As clients, they want input in achieving reduced travel time on roads, improved crop productivity, decreased infant mortality, and a healthy and educated workforce rather than just roads, seeds, fertilizers, hospitals, and books. If countries want development outcomes and longer-term development solutions, they should not settle for inputs, outputs, and processes. They should ask tough questions of development organizations:

- What is the evidence that the proposed solution will work in the particular context of the country?
- In what ways does the proposed solution build on past lessons?
- What are the possible adverse effects or trade-offs to be aware of and to manage?

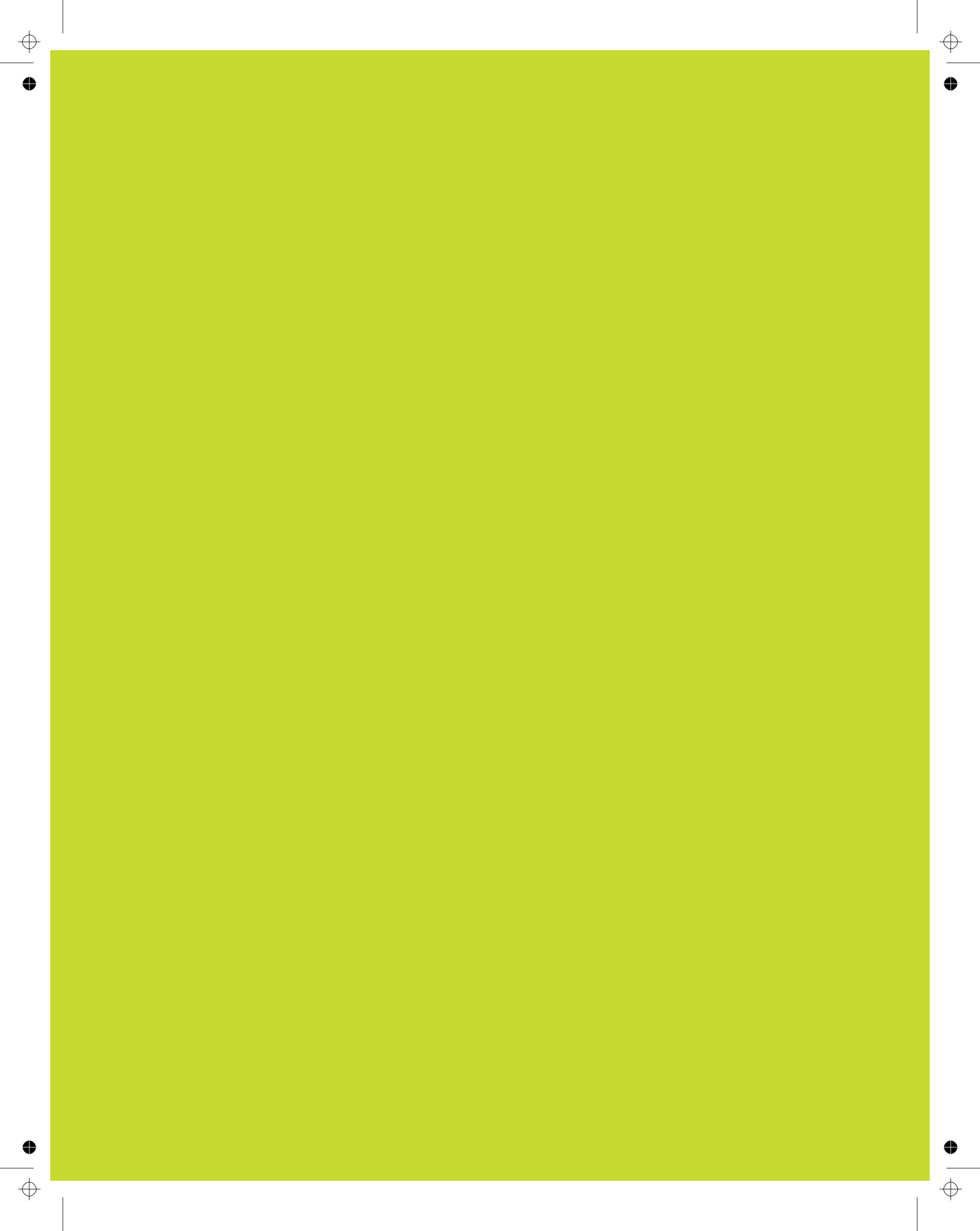
The Learning II evaluation found that attempts to tailor perceived global good practice to the needs of individual countries call for country-specific knowledge of institutions and political economy, and may work best when clients already have the knowledge needed to challenge or “appear to challenge” Bank thinking when necessary. In the Turkey health project series, the government's grasp of political economy and its ability to build domestic support by playing the sovereignty card when expedient helped it implement a comprehensive health care reform. It did the latter by openly resisting some of the Bank's recommendations.

Responding to competition from other development organizations

Competition from other development organizations could help the Bank muster the will and political support to make the fundamental changes necessary to create a culture where results, learning, and knowledge sharing flourish. These include removing barriers to open debate and opposing perspectives, providing institutional incentives for learning and knowledge sharing, recognizing the value of tacit knowledge, and promoting the customization of global knowledge to local contexts. The role of M&E in all of this cannot be over-emphasized, including, importantly, to capture experiences—good and bad, disseminate them, and act on them with due adaptation.

Conclusion

It is critical that the Bank and other development organizations find mechanisms for embedding evidence-based decision-making in all of their work, especially given the ambitious goals of eliminating poverty by 2030 and boosting shared prosperity. This will require, among other things, far-reaching changes in approaches, incentives, and budgets—and, most of all, in the cultures underpinning individual and organizational behaviors.



WHAT WORKS



The Independent Evaluation Group (IEG) is charged with evaluating the activities of the International Bank for Reconstruction and Development (IBRD) and International Development Association (the World Bank), the work of International Finance

Corporation (IFC) in private sector development, and the Multilateral Investment Guarantee Agency's (MIGA) guarantee projects and services.

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