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

EVALUATION 2

IEG
Independent Evaluation Group
WORLD BANK GROUP
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WHAT WORKS

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

EVALUATION 2

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Contents

ABBREVIATIONS ..... **VI**

ACKNOWLEDGMENTS ..... **VII**

OVERVIEW ..... **IX**

MANAGEMENT RESPONSE ..... **XV**

MANAGEMENT ACTION RECORD ..... **XVI**

CHAIRPERSON'S SUMMARY: COMMITTEE ON DEVELOPMENT EFFECTIVENESS ..... **XXIII**

1. APPROACH ..... **XXIX**

How Evaluation 2 Helps the Bank's Reform Efforts 2
Evidence 3
Caveats 5
What Changed on July 1, 2014? 6
Organization of the Report 8
References 10

2. INFORMAL LEARNING AND TACIT KNOWLEDGE: MINDSETS AND GROUP EFFECTS **12**

Mindset Biases Influence Informal Learning 13
Team Characteristics Influence Informal Learning 17
Integration with Social Networks Influences Informal Learning 19
What Has the Bank Done? 20
References 32

3. INCENTIVES **35**

Time, Budget, and Lending Pressure 35
Signaling 36
Promotion Decisions, Salary Increases, and Performance Evaluation 40
References 41

4. BALANCE GLOBAL AND LOCAL FOCUS **42**

The Bank Could Make More Use of Outside Knowledge 44
What the Bank Is Capable of as a Knowledge Broker 46
Mixed Success in Understanding the Political Economy of Client Countries 49
Mixed Success in Working across Sectors in a Country 52
Monitoring Knowledge Flow 55
Has the Bank Balanced Global and Local Knowledge? 57
References 60

5. MAKE PROJECTS ADAPTIVE....62

Adaptiveness within and between Projects....62
Examples of Adaptiveness from the Country Case Studies....64
Adapting by Revising the Project Development Objective....67
Findings....68
Science of Delivery....71
References....72

6. LINKING LEARNING TO RESULTS....73

Relationship between Learning and the Outcome Rating....73
Tacit Knowledge Appears to Enhance Project Quality at Entry....74
Evidence Used for Rating Outcomes....75
Results Frameworks....77
Indicators....78
Baselines....80
What the Bank Has Done....81
References....84

7. RECOMMENDATIONS....85

Develop an Updated Strategy for Learning and Knowledge Sharing with the Institutional Accountabilities for the Implementation of that Strategy Clearly Identified....85
Make Optimal Use of Informal Learning and Tacit Knowledge....85
Adjust Institutional Incentives to Promote Learning and Development Outcomes....86
Balance the Focus on Global and Local Knowledge....86
Promote Adaptiveness....87

Boxes

Box 1.1. What Evaluation 1 Found....2
Box 2.1. What Is Tacit Knowledge, and How Is It Best Acquired?....12
Box 2.2. Two or More Heads Are Not Always Better than One[a]....18
Box 2.3. What Makes a Team Smart?....20
Box 2.4. Behavioral Training for Task Team Leaders....22
Box 3.1. Global Practice Budgeting....39
Box 4.1. Countries Share Knowledge on Social Protection....48
Box 4.2. Cross-Sector Coordination—the Bank's Response to Avian Influenza....54
Box 5.1. Task Team Leaders Reflect on the Need for More Adaptive Project Design and Implementation....63

Tables

Table 1.1. Sources of Evidence for Evaluations 1 and 2....5
Table 2.1. World Bank Staff Rates the Relative Importance of Different Sources of Learning and Knowledge Sharing....26

Table 3.1. World Bank Staff's Ability to Share Knowledge 37
Table 3.2. World Bank Administrative Expenses 38
Table 4.1. How Well Does the Reorganization Balance Global and Local Knowledge? 58
Table 6.1. Partial Harmonization of Indicators—an Example from Education 78
Table 6.2. Baselines and Evaluative Evidence: Baseline Performance of Global Practices and Cross-Cutting Solutions Areas (FY13–14 trend compared with FY15 target) 82
Table 6.3. Knowledge Flow and World Bank Group Collaboration: Baseline Performance of Global Practices and Cross-Cutting Solutions Areas (FY13–14 trend compared to FY15 target) 84

Figures

Figure 1.1. The New Structure of World Bank Operations 7
Figure 1.2. Influences on Learning 9
Figure 2.1. EAST Principles to Encourage Behavior Change 16
Figure 2.3. World Bank Staff Mainly Learns by Doing and by Talking to Others 26
Figure 2.4. The Importance and Adequacy of Mentoring as a Learning Source 28
Figure 2.5. Perceptions of Project Teams 30
Figure 3.1. Staff Recommendations about How Best to Promote Learning in Lending 35
Figure 3.2. Does Lending Pressure Crowd Out Learning? 36
Figure 4.1. To What Extent Does the Bank Have Useful Technical, Operational, and Country-Specific Knowledge? 43
Figure 4.2. The World Bank's Restricted Capture of External Ideas 45
Figure 4.3. Mobility of All Staff across Sectors and Regions 56
Figure 6.1. Project Presenting at Least Some Outcome Evidence (n = 71) 76
Figure 6.2. Outcome Evidence Discussing Alternative Factors (n = 60) 77
Figure 6.4. Projects with Outcome Indicators that Have No Baseline Values in the First ISR 81

Appendixes

APPENDIX A. EVALUATION TIMELINE

APPENDIX B. COUNTRY CASE STUDIES

APPENDIX C. PROJECT PERFORMANCE ASSESSMENT REPORTS

APPENDIX D. THE INCENTIVE TO RESTRUCTURE PROJECTS

APPENDIX E. ASSESSING TYPE AND QUALITY OF EVIDENCE ON EFFICACY IN INVESTMENT LENDING IMPLEMENTATION COMPLETION AND RESULTS REPORTS

APPENDIX F. INTERVIEW PROTOCOLS

The full evaluation, including appendixes, is available on IEG's website: https://ieg.worldbankgroup.org/evaluations/learning-results-wb-operations-toward-new-learning-strategy.

Abbreviations

CCSA	Cross-Cutting Solutions Area
CDD	community-driven development
CMU	Country Management Unit
DFID	U.K. Department for International Development
DLC	Development Learning Center
DPL	development policy lending
FPD	Financial and Private Sector Development
GP	Global Practice
HR	human resources
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion and Results Report
IDA	International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IMF	International Monetary Fund
ISR	Implementation Status and Results Report
LLI	Vice Presidential Unit for Learning, Leadership, and Innovation
MIGA	Multilateral Investment Guarantee Agency
OPCS	Operations Policy and Country Services
OPE	Overall Performance Evaluation
PDO	project development objective
PFM	public financial management
PM	practice manager
PPAR	Project Performance and Results Report Review
PPP	public-private partnership
RMES	Results Measurement and Evidence Stream
TASAF	Tanzania Social Action Fund
TRS	Time Recording System
TTL	task team leader
USAID	U.S. Agency for International Development
VPU	Vice Presidential Unit

All dollar amounts are in U.S. dollars unless otherwise indicated.

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Overview

This report is the second in a program of evaluations that the Independent Evaluation Group (IEG) is conducting on the learning that takes place through World Bank projects. Learning and knowledge are treated as parts of a whole and are presumed to be mutually reinforcing. The evaluation program addresses the following overarching questions:

- How well has the World Bank learned in its lending operations?
- What is the scope for improving how it generates, accesses, and uses learning and knowledge in these operations?

Unlike the first, this report contains recommendations for the Bank and draws on all the evidence accumulated thus far. Therefore, whenever data presented in Evaluation 1 shed light on, or substantiate, findings from Evaluation 2, the Evaluation 1 data are reprised. The new evidence gathered by Evaluation 2 includes findings from seven country case studies and interviews with Bank staff about their early experience of working within the Bank's new Global Practices structure, which became operational on July 1, 2014. The Bank's reorganization is still being embedded and drawing conclusions about it would be premature. Instead evidence from the recent past is used in a forward-looking manner and considered alongside that from the pre-organization period. The aim is to assess the pre-FY15 evidence in light of the new structure and roles, and to ask how long-term trends are likely to be modified as reforms evolve.

Informal Learning and Tacit Knowledge

Surveys and interviews reveal that, when it comes to managing projects, Bank staff rely first and foremost on a process of informal learning, leading to a gradual accumulation of tacit knowledge. The research literature shows that these types of learning and knowledge are based primarily on observing and copying the behavior of others in the group. By definition, informal learning and tacit knowledge are not written down or captured in a database—they reside in the heads of individuals.

Informal learning and tacit knowledge are built on the behaviors that flow from mindsets and from the characteristics and operating rules of the groups that individuals belong to. These behavioral underpinnings are mediated by incentives that institutions like the Bank provide to staff. Mindsets, group effects, and institutional incentives form the behavioral substrate that helps determine how effectively the Bank operates and how good it is at

delivering results. Superimposed on this substrate is the operating strategy. The effectiveness of the operating strategy will depend, in particular, on three aspects: how well it balances the need to deploy the best technical knowledge that is globally available with the need to customize that knowledge to meet the needs of country clients; how adaptive the Bank is, meaning its ability to make timely design changes within and between projects; and how effectively it frames and measures results.

These elements are mutually reinforcing. They could be woven into a new strategy for learning and knowledge sharing—a strategy that gives sufficient weight to behavioral drivers, to rigorous measurement of results so that meaningful learning can take place, and to the achievement of results so that learning for learning's sake is avoided. The Bank has launched several important learning initiatives, such as the Operational Core Curriculum. These now need to be pulled together and consolidated, with more consideration given to informal learning and tacit knowledge, and clearer governance arrangements to ensure that accountability for incorporating knowledge and learning into operations is clearly delineated.

Mindsets and Team Effects

Chapter 2 of this report examines the ample body of research—cited in *World Development Report 2015: Mind, Society, and Behavior* and elsewhere—concerning individual and team characteristics that are likely to influence project performance. 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. Such biases can, for example, distort the process of peer review because both the selection of peer reviewers and the way in which their comments are handled may shield the task team leader from conflicting viewpoints that should be reconciled in project design. In the United Kingdom, the Behavioral Insights Team has developed training exercises that aim to make participants more aware of their biases so that they are better equipped to counter them. A strategy for learning and knowledge sharing by the Bank could incorporate such insights.

Mindset biases may be reinforced when individuals join teams. Teamwork can tend to reinforce received wisdom rather than challenging the status quo because informal learning involves a large element of copying others' behavior. Therefore attempts to promote smart learning need to take account of the obstacles to effective team performance as well as correct for biases in individual mindsets. Groups are

subject to pitfalls such as herding and disregarding external knowledge.

A large body of academic research has identified the characteristics of smart teams: members have diverse backgrounds and equal voice, and can imagine how people outside of the team are likely to think, feel, and behave in a particular situation. Added to these team effects are network effects. The links that individuals have to persons in a large network are potential learning channels, influencing how knowledge flows across the organization.

Bank staff are keenly aware of the importance of informal learning and group work in operations. They report that learning by doing and talking to others are the most important sources of learning in operational work. IEG's survey of Bank staff and its case studies show the high value that is placed on mentoring and learning from peers. There is a perception that teams embody the diversity needed to operate well, but there is concern about the learning discontinuity involved in weak handover arrangements between incoming and outgoing task team leaders.

The Bank has sponsored a diffuse set of initiatives that bear on group learning—mentoring and pairing (project co-leadership), improved handover, after-action review, the addition of a behavioral module to operations training, and experiments with organizational network analysis. Lessons learned from these initiatives can be pulled together to help to inform the updated strategy for learning and knowledge sharing that the Bank now needs to develop.

Incentives

The behaviors that individuals and teams bring to project management are mediated by the incentives that the Bank provides. Staff indicate that time and budget constraints are the main disincentives to learning, and they continue to report that lending pressure tends to crowd out opportunities for learning. Chapter 3 shows how signaling from top managers, the budgeting process, and the rewards and recognitions conferred on staff are likely to influence performance. Messages from management have consistently emphasized that improving knowledge flow is at the heart of recent reforms.

It is still far too early to assess the final effect of the reorganization on learning and knowledge sharing, but it is nevertheless valid to report the evidence so far. The first survey of staff in Global Practices and Cross-Cutting Solutions Areas (conducted in late September 2014) found that only 23 percent responded favorably concerning opportunities for learning and professional growth. The new approach to budget allocation was also a cause for concern, particularly with respect to increased transaction costs and rules that make it harder to recruit consultants. This is important because

consultants may have knowledge that is not available in-house. Under the reorganization, the approach to performance evaluation and rewards and recognition is being overhauled, but based on interviews with staff conducted by IEG between November and December 2014, so far staff remain doubtful that the incentive for learning and knowledge sharing will increase.

The net effect of behavioral attributes and incentives will bear on how well projects are designed and implemented. Chapters 4, 5, and 6 examine three operational orientations of particular relevance to the new Bank: balancing of global and local focus, adaptiveness, and results focus.

Balancing Global and Local Focus

Chapter 4 considers the balance between generating global knowledge and customizing it to the country context. This is important because ultimately all knowledge is local. The report uses evidence from country case studies to illustrate ways in which the Bank has been effective—and sometimes less than effective—in using knowledge generated outside the Bank, in nurturing country-specific knowledge ("political economy"), and in combining cross-Region and cross-sector knowledge to meet client needs. Bank use of external knowledge is probably less than appropriate if it is to become the Solutions Bank.

On the other hand, country case study evidence shows that the Bank can excel as a knowledge broker by facilitating exchanges between countries. An example is the recent work on social protection that spans the Latin America and the Caribbean Region and the Africa Region. In addition, the Bank can help promote a detailed understanding of political economy that identifies the groups that can make or break reform, as shown by support to Turkey's health care reform. To meet the needs of country clients, Bank staff also need to be agile in working across sectors, a challenge that has been effectively addressed in recent support for social protection in Mexico.

In interviews conducted by IEG between November and December 2014, staff from task team leaders to higher grades queried whether the new structures and roles introduced in FY15 will adequately balance the global–local focus. (Once again, it must be emphasized that these observations were made in the second quarter after the reorganization, while the new structure was still unfolding). Chapter 4 includes a detailed assessment of the impact of the reforms on learning and knowledge sharing based on corporate statements and interviews with staff at all levels. Staff told IEG that the Region-centered responsibilities of practice managers and the overstretching of global solutions leads may undercut global technical knowledge, a tendency that will be further increased by the lack

of a clear mechanism for coordinating the temporary deployment of staff across Regions and practices. Also, the realignment of the matrix and the overburdening of program leaders and country directors—because they have too many practices to coordinate—may reduce the scope for customizing global knowledge to country needs.

Adaptiveness

To meet the needs of its clients, the Bank needs to be adaptive, and adaptiveness is at the heart of World Bank Group President Jim Yong Kim's commitment to the science of delivery. Lessons learned in the course of managing projects can spur course corrections in the life of a single project and design evolution over the course of a series of projects. Chapter 5 uses country case study evidence to illustrate how projects can be adaptive. A series of projects in Turkey to increase access to credit by small and medium enterprises show how the Bank adapted the project design quickly to accommodate the global financial crisis. Community-driven development projects in Indonesia and the Philippines are other good examples of adaptiveness, the latter forming the subject of an instructive science of delivery pilot.

One adaptiveness shortfall is the resistance to early restructuring of poorly performing projects. IEG offers evidence showing that the introduction of the split-outcome rating in 2005 did not increase the frequency or the timeliness of restructuring, but the evidence also shows little support for the common staff perception that restructuring is not sufficiently rewarded by IEG. There are important adaptiveness stories that don't involve formal restructuring. Piloting problem-driven solutions during the implementation phase can help to fully fit the project to the local context. One approach is the Rapid Results Initiative, which breaks up big problems into several mini-problems and pilots the implementation of the associated mini-results by a local team that is closest to the problem.

Results Focus

Next the report examines how to interpret the link between learning and results. The challenge is twofold. First, informal learning and tacit knowledge cannot be observed directly. Second, the evidence for results is often incomplete. Chapter 6 uses evidence from project evaluations to suggest what factors are conducive to learning and to good results. This shows that the stronger the Bank's relation with the client, the more likely that learning and results will be sound, an impression that also emerges from the country case studies. Also, some research has shown that the probability that project quality at entry will be rated highly increases with the number of years that the team members have worked in the Bank—implicitly, there is a correlation between tacit

knowledge and project design quality. The chapter shows how the evidence the Bank uses to evaluate projects at completion is typically insufficient to demonstrate that the results observed are attributable to the project. Finally, project monitoring and evaluation frameworks—how objectives are defined, how indicators are derived, and how baselines are deployed—help determine how effectively results are reported. The Bank is beginning to address several shortcomings by taking steps to make mandatory reference to lessons learned in decision meetings, to collect baseline evidence early, and to rationalize sector indicators. The Bank also has proposed measures to capture knowledge flow based on tracking staff movement between Regions and practices. IEG uses FY00–14 data from the Bank's staff time recording database to show how a mobility baseline might be constructed.

IEG recommends that the Bank:

- Develop an updated strategy for learning and knowledge sharing with the institutional accountabilities for the implementation of that strategy clearly identified;
- Make optimal use of informal learning and tacit knowledge;
- Adjust institutional incentives to promote learning and development outcomes;
- Balance the focus on global and local knowledge; and
- Promote adaptiveness.

Management Response

World Bank Management thanks the Independent Evaluation Group (IEG) for the report *Learning and Results in World Bank Operations: Toward a New Learning Strategy – Evaluation 2*. The report presents an interesting analysis of how learning takes place through projects, and ways in which the World Bank can improve the process to generate, access, and use learning and knowledge in operations.

General Comments

The report provides useful insights from the review of academic and management literature. The analysis on informal learning and tacit knowledge in chapter 2 is of particular interest as it highlights the importance of behavioral underpinnings derived from mindsets, group effects, and institutional incentives. It will help Management consider how it can strengthen the culture of learning within project teams as well as within the organization more broadly.

Management is committed to the knowledge and learning agenda, which was one of the key drivers behind the recent organizational reform. The creation of Global Practices (GPs), one of the most ambitious reforms in the history of the World Bank Group, was done exactly to improve the balance between global and local knowledge, and to strengthen incentives for learning and knowledge sharing—two issues the report recommends to improve. The operationalization of this reform is still under way. Numerous implementation decisions, taken on an ongoing basis, and new initiatives, recently launched and yet to be launched, are driven by the same agenda. Some examples of such decisions and initiatives are: (i) the creation of new roles (e.g., global leads) and new functions (e.g., program leaders) as well as learning programs and communities of practice to develop and strengthen them so that they can truly take root in the new structure; (ii) the launch of the Global Delivery Initiative, which addresses the agenda of adaptability and learning from implementation experience, both successes and failures; (iii) the launch of the internal and external client satisfaction surveys (not mentioned in the report), which systematically seek feedback on every lending operation and Advisory Services and Analytics product, from internal as well as external clients on how global expertise is brought and adapted to local circumstances, and how collaboration across the matrix is working; (iv) a number of reforms in organizing the learning agenda, including the creation of a dedicated Vice Presidential Unit for Learning, Leadership, and Innovation (LLI) and an ambitious reform of the Operational

Learning program; and (v) the implementation of incentives to operational teams to improve knowledge flow across GPs.

The timing of the report as well as the methodology used were not optimal to draw conclusions on the effect of the recent reorganization, and thus the findings should be treated with caution. A large part of the evidence used in the report comes from staff surveys undertaken before the reorganization. A limited number of interviews with staff were conducted during the initial months after launching the new structure. It should be noted that the benefits of an organizational reform take time to materialize, while structural reorganization substantially affects staff morale, both in the time leading up to the reorganization and during the implementation period. The process is dynamic and adaptive by nature, and requires adjustments and course corrections along the way. In spite of the timing of the staff surveys and interviews, the report often makes statements about the effects and potential impact of the reorganization, which at times come across as premature. For example, one conclusion states that there is a "concern that the Region-centered tasks of practice managers and the overstretching of global solutions leads will undercut global technical knowledge." Yet, this conclusion was written before the role of global leads was implemented, thus raising questions regarding the applicability of the recommendation arising from this conclusion. Management believes that the findings of this evaluation are largely based on the knowledge management and learning behaviors that existed before the reorganization, and should be interpreted with caution, particularly noting that staff views were gathered at an unusual time of change and uncertainty. It is Management's view that the report should not be used to make judgments or draw conclusions on the reorganization.

While Management agrees with the overall spirit of the recommendations, the articulation of some recommendations is of concern. The main recommendations are mostly reasonable and useful. For example, Management fully agrees with the importance of improving the use of informal learning and tacit knowledge, strengthening incentives to promote learning and development outcomes, ensuring the right balance between global and local knowledge, and promoting adaptation during project implementation. However, some of the specific recommendations are either difficult to translate into monitorable indicators (e.g., "strengthen the behavioral skills of staff so that informal learning … is maximized"), impractical to implement and measure (e.g., a recommendation on "consistently promoting suitably qualified technical experts to higher level positions"), or too specific and overprescriptive (e.g., the suggestion that senior staff in newly created positions, such as the Global Practices chief economist, preserve time for learning and knowledge sharing). In sum, Management would like to reiterate its strong commitment to the overall spirit of the main recommendations and intends to

address them, even though it has reservations with the specific wording of some recommendations.

Specific Comments

Management believes that it is important to have a strategic approach to its learning agenda. However, Management notes that the report takes a very broad view of the concept of "learning", encompassing a wide variety of elements that are already covered by operational policies and procedures (e.g., restructuring of operations), Human Resources (HR) policies and practices (e.g., performance management, promotion criteria), knowledge and learning related initiatives and approaches (e.g., formal and informal knowledge sharing, operational learning), and LLI's evolving role. While Management agrees to the need to rely on a strategic approach in those areas and to be clear on the accountabilities of the various stakeholders (GPs, Regions, LLI, Operations Policy and Country Services, HR, and others), it is of the view that a new strategy document, covering the entire spectrum of issues on which the report touches, would not be effective nor practical.

Management welcomes the opportunity to strengthen the use of informal learning and tacit knowledge. A number of measures are already under implementation. For example, new guidelines for peer review have been developed. Also, an ambitious Global Delivery Initiative has been launched, which will systematically, and at scale, identify and document operational approaches that have worked as well as the lessons and concrete experiences from adaptation or failures. Management is also committed to develop other means to strengthen the use of informal learning and tacit knowledge, including implementing more systematic mentoring opportunities, increased opportunities for bite-sized learning, and strengthening staff's ability to apply knowledge about informal learning, mindsets, and group effects in their day-to-day operational work.

Management acknowledges the importance of institutional incentives to promote learning and development outcomes. At the same time, creating a perception that time spent on lending somehow crowds out time spent on learning is contrary to the belief held by Management that learning happens through lending and other operational engagements, not at the cost of, or at the margin of, operational work.

Much has been done to address knowledge sharing and learning in the performance management system. In 2014, an extensive exercise was conducted, including through broad consultations, to identify the Bank's core competencies. The exercise identified to "create, share, and apply knowledge" as one of the core competencies.

The Overall Performance Evaluation process now explicitly includes an assessment against those core competencies. The suggestion that promotion in technical streams should happen "consistently" only based on technical competency, as recommended in the evaluation, irrespective of actual business needs and budget implications, would not be feasible.

Management is committed to support the right balance between mobilizing global knowledge and expertise, and adapting that knowledge to the local context. To strengthen the feedback loop to get this balance right, Management has now established a mechanism to systematically ask key internal clients (e.g., task team leaders, practice managers, and country directors) as well as external clients (government counterparts) about both the global and the local dimensions of the knowledge transfer, at critical milestones (e.g., Board approval, mid-term review, project completion) for every operational and analytic engagement. Management has started using (with adherence to the confidentiality rule), the data obtained from those surveys to inform decisions. It is unfortunate that the report fails to mention these satisfaction surveys, even though one was launched in January 2015 and plans for the external launch were announced around the same time. Management also notes that some of the specific recommended actions (e.g., recording time for operational work across Regions and sectors) have already been undertaken. Furthermore, there are already existing mechanisms (e.g., Accountability and Decision Making Framework, allocation of country engagement budgets to GPs) that allow Country Management Units to exercise "authority" with the GPs in order to ensure the right fit between global knowledge and local context. To address shortcomings and constraints (e.g., budget pressure), Management believes that working across the matrix is first and foremost a matter of collaboration and partnership between GPs and Regions, rather than exercising authority. To that effect, incentives and signals from Management would be critical in harnessing such collaboration.

Management promotes the concept of adaptation and proactive restructuring of projects as warranted. At the same time, the evaluation places disproportionate emphasis on the change in the Project Development Objectives (PDO) or Level 1 restructuring, which is an important tool but has been, and will continue to be, a small percentage of all the cases of restructuring. As noted briefly in chapter 5, Level 2 restructuring allows for significant modifications to a project within the given PDO and has been an important and versatile tool for project adaptability. Rather than making restructuring the "default" and entering into a project expecting to restructure it soon, Management believes that building maximum flexibility in the original project design and minimizing the need to amend legal agreements is an approach that is more conducive to learning, course correction, and adaptability.

Management Action Record

IEG Findings and Conclusions	IEG Recommendations	Acceptance by Management	Management Response
The World Bank has launched a series of knowledge and learning initiatives, including the Operational Core Curriculum. These important steps now need consolidating into a strategy that takes into account the important role of informal learning and tacit knowledge. The recent reorganization of the World Bank has not created the governance structure needed to ensure that accountability for incorporating knowledge and learning into operations is clearly delineated.	**Develop an updated strategy for learning and knowledge sharing with the institutional accountabilities for the implementation of that strategy clearly identified.** ▪ Develop an updated strategy for learning and knowledge sharing which ensures that the Bank makes optimal use of all relevant learning and knowledge—a strategy that gives sufficient weight to behavioral drivers, and focuses, in particular, on: informal learning and tacit knowledge; strong and visible incentives for staff learning and development outcomes, including the necessary	Partially agree.	The report defines "learning" in a very broad way, encompassing a wide variety of topics that are already captured in operational policies and procedures, Human Resources policies and practices, and knowledge and learning related initiatives and approaches, including the evolving role of Learning, Leadership, and Innovation. Management agrees it needs a more strategic approach to learning, but believes that it will be most effective to develop these strategic approaches within the guidance and business plans for each of the various topics

IEG Findings and Conclusions	IEG Recommendations	Acceptance by Management	Management Response
	time and budget for them; the balance between global and local knowledge; and project adaptiveness. ▪ Clearly identify the governance arrangements and institutional accountabilities for learning and knowledge, specifying who is accountable for what at each level, in order to ensure the effective implementation of the strategy.		covered by the evaluation. This will ensure stronger ownership by the respective business units.
Bank staff report that learning by doing and person to person conversations are the most important sources of learning in operational work. A high value is placed on mentoring and learning from peers. There is concern about the learning	**Make optimal use of informal learning and tacit knowledge.** ▪ Strengthen the Bank's mechanisms for capturing, disseminating, and using tacit knowledge (for example, on-the-job mentoring, hand-over, team learning, peer-to-peer	Agree.	Management is committed to strengthen the use of informal learning and tacit knowledge through, for example, more systematic mentoring opportunities, increased opportunities for bite-sized learning, and strengthening staff's ability to apply knowledge about

IEG Findings and Conclusions	IEG Recommendations	Acceptance by Management	Management Response
discontinuity involved in weak handover arrangements between incoming and outgoing task team leaders.	learning, and peer review) to ensure that suitably qualified staff, especially those with substantial experiential and tacit knowledge, provide their best advice to other staff at critical junctures (including about operational approaches that have worked in the past, what the lessons from failure point to, and how best to adapt global good practices from within and outside the Bank to specific local contexts). ▪ Strengthen the behavioral skills of staff so that informal learning both by individuals and project teams is maximized.		informal learning, mindsets, and group effects in their day-to-day operational work.
Under the reorganization, the approach to performance rewards and recognition is being overhauled, but so far	**Adjust institutional incentives to promote learning and development outcomes.**	Partially agree.	Management notes that "Create, Apply, and Share Knowledge" is already one of the World Bank Group's

IEG Findings and Conclusions	IEG Recommendations	Acceptance by Management	Management Response
staff remain doubtful that this will increase the incentive for learning and knowledge sharing. The Overall Performance Evaluation has, in the past, given insufficient weight to learning and knowledge sharing and it remains to be seen how much this will change. Past attempts to create a technical career stream have met with limited success and the newly-created post of global solution leads may be a way to rectify this lack. The Bank is overhauling its approach to performance rewards and recognition but it is too early to say whether this will increase the focus on development outcomes.	▪ Take steps to ensure that the staff's Overall Performance Evaluation and salary ratings, the Bank's career development and promotion system, and the system for time and budget allocations in Work Program Agreements, give sufficient weight—in practice—to learning and knowledge sharing for the purpose of improving development outcomes, so that the pressure to lend does not compromise development outcomes. ▪ Strengthen the technical stream by consistently promoting suitably qualified technical experts to higher level positions. ▪ Provide better guidance to operational staff about		Core Competencies. During the end-year evaluation, staff's absolute performance against both the business and professional development objectives set at the beginning of the year are evaluated. This process also includes an assessment against the Bank Group's core competencies. Management also notes that the criteria used for assessing staff eligibility or promotion readiness is based on business needs and other factors (e.g., number of positions, budget implications). When a business need exists, any staff with a demonstrated strong track record of high performance (evidenced in performance rating history and performance

IEG Findings and Conclusions	IEG Recommendations	Acceptance by Management	Management Response
The evidence that the Bank uses to evaluate projects at completion is typically insufficient to demonstrate that the results observed are attributable to the project.	the evidentiary standards needed to assess project outcomes and to establish attribution with due regard for factors outside the project that may have influenced outcomes.		evaluations), and meeting all competency criteria for their job stream in the current and next levels (based on the competency framework) can potentially be promoted. Systematically promoting staff to the next level, only based on technical expertise and with abstraction of business needs and resource implications, would not be feasible. Management also notes that the generalization that evidence is insufficient to demonstrate attributable results is not substantiated by the report. However, Management does agree that there is a need to improve guidance to staff. Management commits to review the existing guidance for preparing

IEG Findings and Conclusions	IEG Recommendations	Acceptance by Management	Management Response
			Implementation Completion Reports and training for staff.
The Bank has demonstrated its capacity to serve as a global knowledge broker and it now has an opportunity to build on that success by improving its use of knowledge generated outside the Bank, by nurturing country-specific knowledge (e.g., about political economy), and by combining cross-Region and cross-sector knowledge to meet client needs. There is a concern that the new structures and roles introduced in FY15 may fail to balance global and local focus. There is also concern that the Region-centered tasks of practice managers and the overstretching of global solutions leads will	**Balance the focus on global and local knowledge.** ▪ Localize global knowledge (by, for example, ensuring that program leaders, and the country directors to whom they report, are able to exercise sufficient authority in relation to the Global Practices, which now have overall responsibility for portfolio quality) to enforce a good fit between project designs and country contexts. ▪ Leverage local knowledge (by, for example, ensuring that local staff conduct a briefing to share their local knowledge with visiting staff from headquarters or other	Partially agree.	Management agrees with the importance of finding the right balance between global and local knowledge. Management recently launched internal and external client satisfaction surveys, which are conducted at critical milestones of every lending operation and Advisory Services and Analytics product, asking specific questions about the appropriate balance of global knowledge and the adaptation of that knowledge to the local context. The data from the client satisfaction surveys will systematically inform management decisions and course corrections.

IEG Findings and Conclusions	IEG Recommendations	Acceptance by Management	Management Response
undercut global technical knowledge. The Bank has proposed measures to capture knowledge flow based on tracking staff movement between Regions and practices. IEG uses FY00–14 data from the time recording database to show how a mobility baseline might be constructed.	country offices) to integrate relevant local insights into global knowledge. ▪ Ensure that senior staff in positions created under the new Bank structure (for example, the GP chief economist, global solutions leads, and program leaders) preserve time for learning and knowledge sharing, which can otherwise be crowded out by their wider responsibilities. ▪ Monitor the time that staff from the GPs and the Cross-Cutting Solutions Areas devote to working in different Regions and sectors, distinguishing between temporary assignments and movement to new jobs, to ensure that the intention of the Bank's		An indicator to measure knowledge flow is under development under the Corporate Scorecard. Various mechanisms (e.g., the Accountability and Decision Making Framework, allocation of CMU resources to GPs) that provide CMUs with the needed "authority" to ensure the right fit between global knowledge and local context. What is needed are right incentives and management signals to harness collaboration and partnership between GPs and Regions. The recommendation to monitor where staff record their time is already being implemented.

IEG Findings and Conclusions	IEG Recommendations	Acceptance by Management	Management Response
	new structure is fulfilled.		Finally, Management notes that the suggestion related to "staff in positions created by the new structure" is inaccurate (given the fact that some of those mentioned are "positions," while others are mere "roles") as well as over-prescriptive (given the fact that it singles out an individual such as the GP chief economist whose entire function is about knowledge and learning).
Lessons learned in the course of managing projects can spur course corrections in the life of a single project and design evolution over the course of a series of projects. One adaptiveness shortfall is the resistance to early, Level	**Promote adaptiveness.** ▪ Encourage adaptiveness in project design and implementation by heightening senior management's focus on the main lessons learned from past experiences--both successes and failures—at key stages of the project cycle.	Partially agree.	While Management agrees with the critical importance of promoting adaptiveness, there are a number of issues in the proposed specific actions. Senior Management already considers lessons from past experiences, including at Corporate project reviews

IEG Findings and Conclusions	IEG Recommendations	Acceptance by Management	Management Response
1 restructuring of poorly performing projects. The introduction of the split-outcome rating in 2005 did not increase the frequency or the timeliness of restructuring, even though the evidence also shows little support for the common staff perception that restructuring necessarily leads to a downgrade of the Outcome rating by IEG.	▪ Make it easier and more attractive for teams to restructure their projects (including by considering bold solutions such as making restructuring the default and putting the onus of explaining why a project was not restructured on the Practice Manager under whom the project falls). ▪ Develop pilot approaches for possible future replication that incorporate fast feedback loops, for example, rapid results or other such approaches.		and regular portfolio meetings. More broadly, Management is taking many important steps to ensure that lessons from successes and failures are taken into account. The creation of the role of Global Leads and the new ToRs for the peer review process are two such steps. Level 2 restructuring allows for significant modifications to a project within the given PDO, and has been an important and versatile tool for project adaptability. Rather than making restructuring the "default" and entering into a project expecting to restructure it soon, Management believes that building maximum flexibility in the original project design and

IEG Findings and Conclusions	IEG Recommendations	Acceptance by Management	Management Response
			minimizing the need to amend legal agreements is an approach that is more conducive to learning, course-correction and adaptability.

Chairperson's Summary: Committee on Development Effectiveness

The Committee on Development Effectiveness met to discuss the Independent Evaluation Group's (IEG's) *Learning and Results in World Bank Operations: Toward a New Learning Strategy – Evaluation 2* and *Draft World Bank Management Response*.

The committee welcomed the discussion *Learning and Results in World Bank Operations: Toward a New Learning Strategy – Evaluation 2* and the *Draft World Bank Management Response*. This report was the second in program of evaluations by IEG that aims to address how well the World Bank generates, accesses, and uses learning and knowledge in its lending operations and to assess the scope for improvement. Members concurred with the findings and supported the focus on informal learning and tacit knowledge; mindsets and team effects; incentives for learning; balancing global and local focus; adaptiveness; and linking learning to results.

Members underscored the need to balance tacit and formal learning and to bring together global and local knowledge. They welcomed the evaluation's link to the World Development Report 2015 on *Mind, Society, and Behavior,* noting the importance of staff understanding then addressing preconceptions that can come into play in Bank projects; members highlighted that staff must continually incorporate new learning and knowledge in operations. Members agreed with the importance of promoting adaptiveness in project design and implementation. Some expressed caution with having project restructuring (especially at Level 1) as the preferred or default option but encouraged Management to think creatively on how to further encourage adaptive implementation and build in flexibility in project design.

Members welcomed the various important learning initiatives the Bank has launched but agreed that the disparate parts do not yet add up to a compelling whole. There was significant discussion on whether the Bank should develop a new strategy for learning and knowledge sharing. Members agreed that Management should take clear steps toward developing a consolidated strategic and systemic approach to learning that takes an inventory, ties together the many dimensions of learning, and lays out clear governance arrangements and institutional accountabilities.

The committee acknowledged that learning is hard; all institutions struggle with it. What's important is that the Bank take concrete steps to address learning and knowledge sharing in a coherent, constructive way. Members agreed that it is a gradual process. Members commented that the key to ensuring successful implementation of the

reorganization is culture change. To avoid stalling the process, energy and momentum need to be maintained and real, proper incentives need to be in place—incentives that establish an environment where learning leads to results. They underscored that these incentives and the associated messaging and concrete actions that lead to a new learning ethic need to come from the top so staff have clarity on how learning contributes to their jobs and careers. These are key steps to ensuring the institution transitions to a "solutions Bank."

Alejandro T. Foxley

CHAIRPERSON

1. Approach

The Independent Evaluation Group (IEG) is conducting a program of evaluations on learning through lending. The two evaluations conducted to date have sought to answer two overarching questions:

- How well has the World Bank learned in its lending operations?
- What is the scope for improving how it generates, accesses, and uses learning and knowledge in these operations?

Based on its review of the literature and its cumulative experience of evaluating World Bank operations, IEG answers these questions with a particular focus on informal learning and tacit knowledge, whose role has not been explicitly recognized in the Bank to date. The first evaluation in this program of evaluations found, from Bank staff surveys and interviews, that for the vast majority of staff the main source of learning relating to lending is informal learning and tacit knowledge.

The learning that occurs in the process of preparing and implementing projects is, for the most part, learning by doing, involving interactions with other members of a project team. It is *informal learning* and can be characterized as a process or flow. Informal learning gives rise to *tacit knowledge*, which is generated or depleted according to the quality of the interactions between group members and the quality of individual introspection. This includes engagement with clients. Informal learning and tacit knowledge are not written down or captured in a database. They reside in the heads of individuals, whether they are Bank staff or country clients.

The Bank has produced elements of a knowledge and learning strategy but the disparate parts don't yet add up to a compelling whole. Three actions have been taken to date: (i) corporate reports on knowledge and learning have been produced;[1] (ii) knowledge and learning are integral parts of the corporate monitoring framework developed in 2013; and (iii) knowledge flow is an indicator to be measured. Still to be developed are the steps by which learning occurs and knowledge is generated and, in particular, an articulation of the roles of informal learning and tacit knowledge. The elements of such a strategy do exist. They are embedded in the science of delivery pilots and case studies that have been launched, in the learning-from-failure and after-action review workshops that have been sponsored, and in *World Development Report 2015: Mind, Society, and Behavior,* which examines how mindsets and behaviors influence the approach to development (World Bank 2015). What remains is for these elements to be woven into a strategy persuasive to managers and their staff. While it is not IEG's role

to develop such an approach, this evaluation assesses the evidence that such an approach must take into account.

Evaluation 2 in IEG's program of learning evaluations complements Evaluation 1 (box 1.1) in three ways. It brings new evidence to bear; it assesses how learning and knowledge sharing are likely to be affected by the Bank's new organizational structure introduced on July 1, 2014; and finally, it identifies actions to enhance the contribution of learning and knowledge sharing to the achievement of results.

Box 1.1. What Evaluation 1 Found

The Challenge. As the world's leading development finance agency, the World Bank has an unrivaled opportunity to promote learning and knowledge sharing about development effectiveness. Learning and knowledge services should be seen as complements to lending rather than substitutes. But Bank lending has fallen in relation to developing country gross domestic product. To remain relevant, the Bank must improve the quality of its learning and knowledge services.

Critical Gaps. Bank staff perceive the lack of institutional incentives as one of the biggest obstacles to learning and knowledge sharing in the Bank. Revamping the organizational structure may be an important component of change but, without tackling the underlying constraints relating to incentives and organizational culture, the benefits of reorganizations and other measures aimed at fostering learning and knowledge sharing will be limited.

Levers at the Disposal of the Bank. Apart from the intrinsic motivation of staff, incentives—such as signaling, leaders leading by example, rewards, recognition, and penalties—are the key drivers of staff willingness to engage in learning and knowledge sharing behaviors, while budgets and time allocation govern the ability of Bank staff to engage in such behaviors. Evaluation 1 found instances of misalignment between incentives, budget, and time allocation on the one hand and the Bank's commitment to learning and knowledge sharing on the other.

Source: IEG (2014).

How Evaluation 2 Helps the Bank's Reform Efforts

The changes launched in FY15 are the most radical restructuring to have occurred since FY97. Evaluation 2 is based on the premise that, to understand where the World Bank is going, it is important to comprehend from where it has just come. Bureaucracies can be subject to inertia, and the bigger the institution the greater the potential for inertia. The World Bank is a big institution and it will take time to change acquired habits from one day to the next.

The contribution of the Independent Evaluation Group (IEG) to the change process is to suggest a baseline that the Bank may use to evaluate the reforms. This needs to be an

extended baseline rather than a single point in time because: (i) the changes stretch roughly from World Bank Group President Jim Kim's launch of the change process in FY12, through startup of the Global Practices (GPs) on July 1, 2014, then reaching to early 2015 when the first fruits of change began to bud; and (ii) the bulk of the survey and interview data that IEG uses as evidence for Evaluations 1 and 2 was captured between 2012 and the end of 2014 (see appendix A for a timeline of the Bank reforms and the points when data were collected). Without a baseline of this length, there is a risk that everything that happens from FY15 forward—the bad as well as the good—will be falsely attributed to the new structure. For example, the lending portfolio and the pipeline were not reinvented on July 1, 2014. Given that the average life of investment projects is seven years, the portfolio will always be the legacy of cumulative changes stretching back for many years.

This evaluation can also help the Bank's reform effort by providing early warnings for any necessary course corrections.

Evidence

Given that this is a program of evaluations, the evidence is cumulative. This report, unlike the first, contains recommendations for the Bank and draws on evidence accumulated to date to support those recommendations. Therefore, whenever data presented in Evaluation 1 sheds light on, or substantiates, findings from Evaluation 2, the Evaluation 1 data are reprised.

Table 1.1 lists the sources of evidence and shows which was collected in each of the two evaluations. Sources of new evidence in Evaluation 2 were collected using the following instruments:

- Case studies of Bank projects in seven countries were chosen to cover a range of country types and sectors—without pretending to be in any sense representative of the Bank's work as a whole. Four countries are large clients of the International Bank for Reconstruction and Development (IBRD)—Mexico, Morocco, the Philippines, and Turkey. Two are clients of the International Development Association (IDA)—Ethiopia and Tanzania. One is Sri Lanka, an IBRD and IDA blend client. The case studies cover three sectors—education, health, and water, and three themes—community and local government capacity building, social protection, and access to finance. About 350 persons were interviewed, comprising Bank staff, country counterparts, development partners, and civil society representatives, the aim being to capture diverse perspectives on how effectively the Bank learns in the course of lending. The

countries and projects are listed in appendix B and the interview protocols are presented in appendix F.

- From November through December 2014, IEG conducted semi-structured interviews with 50 Bank staff, asking them how the change process and the Bank's new organizational structure were likely to affect learning and knowledge sharing in operations. Interviewees ranged by grade level from vice-presidents to task team leaders (TTLs). The interview protocols are presented in appendix F.
- The evaluation team assessed the link between results and learning and the drivers of learning, as suggested in IEG's Project Performance Assessment Reports. These reports were completed within the past five years for 10 purposively selected projects, five of which were rated highly satisfactory on outcome or bank performance and five of which were rated unsatisfactory. The projects are listed in appendix C.
- IEG studied changes over time in the frequency with which the development objectives of investment projects are formally revised and the incentives for task team leaders to restructure early in the project cycle. IEG drew a random sample of IEG-rated projects, representative of each of the periods before and after January 1, 2005 (the date when the split-outcome rating was introduced for restructured projects in order to increase the incentive to restructure). IEG randomly sampled 297 projects out of the total of 1,290 investment projects with Implementation Completion and Results Reports (ICRs) dated before January 1, 2005, and 320 out of the total 1,890 projects with ICRs dated from January 1, 2005 forward (see appendix D).
- The evaluation team assessed the extent to which attributable outcomes are measured and reported based on a sample of the Bank's ICRs. For this purpose, IEG drew a random and representative sample of 71 investment lending projects from the universe of 261 projects that exited the portfolio in FY12 (see appendix E).
- The evaluation team studied the mobility of staff across sectors and Regions using the universe of data (roughly 20,000 individual records) from the Bank's Time Recording System from FY00 to FY14. The aim was to measure mobility before the GPs and Cross-Cutting Solutions Areas (CCSAs) were introduced to establish a baseline against which their impact on staff movement could be measured.
- A content analysis was performed of the responses to an open-ended question in the first GPs and CCSAs Rapid Survey, conducted in late September 2014. It was addressed to all staff mapped to the GPs and CCSAs, and attracted 1,430 responses.

Table 1.1. Sources of Evidence for Evaluations 1 and 2

Source of Evidence	**Where Evidence Appears** (Evaluations 1, 2)	**Chapter 2** (Evaluation 2)	**Chapter 3** (Evaluation 2)	**Chapter 4** (Evaluation 2)	**Chapter 5** (Evaluation 2)	**Chapter 6** (Evaluation 2)
Academic and management literature	Evaluations 1, 2	√	√	√	√	√
World Bank studies, reports, and corporate papers	Evaluations 1, 2	√	—	√	√	√
IEG survey of World Bank staff, 2014	Evaluation 1	√	—	√	—	√
World Bank employee surveys, 2012–2014	Evaluations 1, 2	√	—	√	—	√
IEG country case studies[a]	Evaluation 2	√	—	√	√	—
IEG interviews and focus groups	Evaluations 1, 2	—	√	—	√	√
IEG project evaluations and studies	Evaluations 1, 2	√	—	—	√	—
ICR Review database	Evaluation 2	—	√	—	√	—
Time Recording System database	Evaluation 2	—	—	—	—	√

Note: ICR = Implementation Completion and Results Report; IEG = Independent Evaluation Group.
a. The countries are Ethiopia, Mexico, Morocco, the Philippines, Sri Lanka, Tanzania, and Turkey (see appendix B).

Caveats

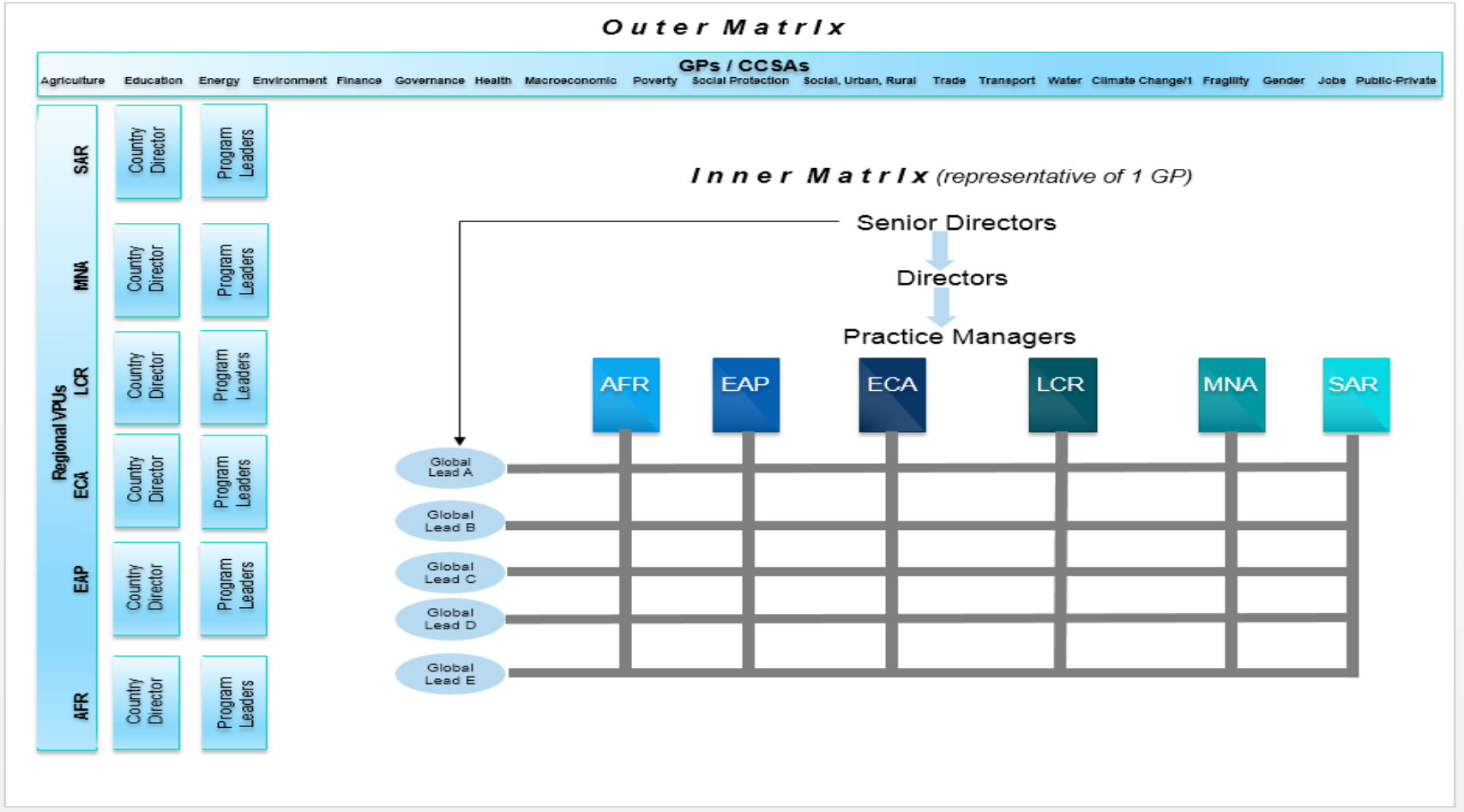
Thus far, this program of evaluations has addressed learning in World Bank investment lending—an assessment of development policy lending is not undertaken. The role of the other institutions that make up the World Bank Group (i.e., International Finance Corporation and Multilateral Investment Guarantee Agency) also extend beyond the present task.

Furthermore, Evaluation 2 was undertaken at a time when the Bank's reorganization was still unfolding. Consequently, the evaluation does not assess the extent of learning and knowledge sharing under the new organizational structure. What this evaluation does is to highlight the gaps and grey areas which, if not addressed in a timely manner, are likely to compromise learning and knowledge sharing as the Bank moves ahead with its reorganization.

What Changed on July 1, 2014?

To understand whether the new Bank supports learning and knowledge sharing, it is necessary first to consider the structures and roles introduced on July 1, 2014. The new structure is a nested matrix: 19 individual matrices embedded in an outer matrix. Each GP and CCSA has a Regional side and a thematic side (the inner matrix). The various GPs and CCSAs are together nested in an outer matrix comprised of Regional and Country Management Units on one side and the GPs and CCSAs on the other (figure 1.1).

Figure 1.1. The New Structure of World Bank Operations



Note: The structure varies slightly between Global Practices (GPs) and Cross-Cutting Solutions Areas (CCSAs); for example, some have more than one director, others add thematic practice managers (e.g., Global Programs) to regional practice managers. AFR = Africa Region; EAP = East Africa and Pacific Region; ECA = Europe and Central Asia Region; LCR = Latin America and the Caribbean Region; MNA = Middle East and North Africa Region; SAR = South Asia Region.

The reorganization builds on the matrix structure that was introduced in FY97 (IEG 2012). The essentials of the new Bank are as follows:

- The sector and thematic side of the matrix is divided into 14 GPs and 5 CCSAs.[2]
- Each GP and CCSA is a matrix in itself. One side of the matrix is divided into Regional units, each headed by a practice manager. The other side of the matrix is divided into 5–10 thematic solutions areas, each with a global task and under the authority of a global solutions lead.[3]
- Practice managers are responsible for managing the Regional portfolio and report to the director of the corresponding GP or CCSA.
- Global solutions leads are responsible for ensuring that global (Bank-wide) knowledge on a particular theme is brought to bear in the work of their GP or CCSA; they report to the relevant senior director of the GP or CCSA.[4]
- Within the Country Management Units (CMUs), program leaders are introduced. They are staff with sector or thematic technical skills responsible for ensuring that the operations proposed by the GPs or CCSAs are tailored to a country's needs.
- Each country director has four or so program leaders who report to them and divide up the 19 GPs and CCSAs among them.
- Control of the budget rests with the GP or CCSA, not the CMU.
- Staff no longer have to compete with each other to be assigned to operational tasks funded by CMUs (known as the internal market). Staff in the GPs and CCSAs represent a fixed cost.
- Cross-support (i.e., when staff are temporarily deployed to work on Regions and sectors outside their units) is part of the fixed cost paid for by the GPs and CCSAs, not by the CMUs.
- Staff in GPs and CCSAs report only to practice managers, but country management contributes to the staff member's Overall Performance Evaluation.

In sum, in the new matrix, power has shifted from countries and Regions to sector and thematic practices (GPs and CCSAs). This evaluation assesses whether the shift can be accommodated with the Bank's continuing pledge to make learning and knowledge client driven and adapted to the context of individual countries.

Organization of the Report

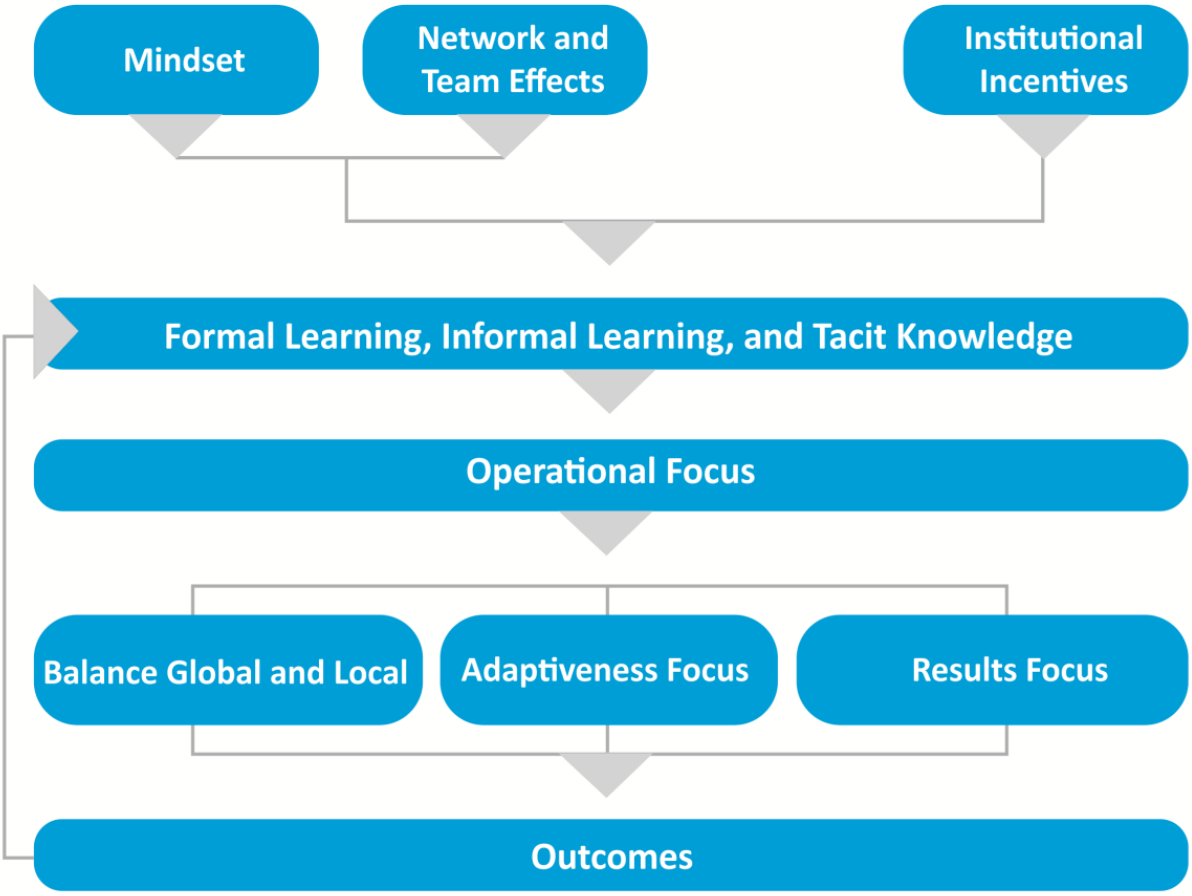
From Bank staff surveys and interviews, Evaluation 1 found that, for the vast majority of staff, the main source of learning relating to lending is informal learning and tacit knowledge. Evaluation 2 probes that finding further. Chapter 2 mines the academic and management literature to examine the behavioral underpinnings of informal learning

and tacit knowledge. It examines how mindsets and group effects influence the behaviors that are brought to bear in project management. It considers what steps the Bank has taken to improve the working of project teams.

Chapter 3 examines how individual and team behavior is mediated by the incentives that the Bank offers staff. It examines the role of signals from management, the effects of the budgeting process, and the influence on behavior from the criteria used for evaluating staff performance and making promotion decisions. It examines steps taken by the Bank to strengthen teams and to understand how organizational networks operate.

The net effect of behavioral attributes and incentives will bear on how well projects are designed and implemented. Chapters 4, 5, and 6 examine three operational orientations of particular relevance to the new Bank: balancing of global and local knowledge, adaptiveness, and results focus (figure 1.2).

Figure 1.2. Influences on Learning



Chapter 5 considers the balance between generating global knowledge and customizing it to the country context. It uses evidence from country case studies to illustrate ways in

which the Bank has been effective—and sometimes less than effective—in using knowledge generated outside the Bank, in nurturing country-specific knowledge or "political economy" knowledge, and in combining cross-Region and cross-sector knowledge to meet client needs. It analyzes whether the structure and the roles of the new Bank favor an appropriate balancing of global and country priorities.

Chapter 5 examines adaptiveness: how lessons learned in the course of managing projects can spur course corrections in the life of a single project and the evolution of design over the course of a series of projects. Also discussed is one aspect of adaptiveness which is the incentive to restructure projects that are performing poorly.

Chapter 6 addresses the link between learning and results. It uses evidence from project evaluations to suggest what factors are conducive to learning and to good results. It presents research findings on the relationship between the number of years that project team members have worked in the Bank and the probability that quality at entry will be rated satisfactory. It examines the quality of the evidence used in ICR Reviews to demonstrate results and considers how project monitoring and evaluation frameworks—how objectives are defined, how indicators are derived, and how baselines are deployed—help determine how effectively results are reported.

Chapter 7 concludes by suggesting that the Bank now needs to prepare an updated strategy for learning and knowledge sharing. It makes recommendations for the strategy to be built around the elements examined in this evaluation: understanding individual and team behaviors; providing sound institutional incentives to promote learning and development outcomes; striking the right balance between use of global and local knowledge; and promoting project adaptiveness.

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[1] Examples include Lockheed and Le Rouzic (2007) and World Bank (2011, 2013).

[2] The 14 Global Practices are: Agriculture; Education; Energy and Extractives; Environment and Natural Resources; Finance and Markets; Governance; Health, Nutrition, and Population; Macroeconomics and Fiscal Management; Poverty; Social Protection and Labor; Trade and Competitiveness; Transport and Information Technology; Urban, Rural, and Social Development; and Water. The five Cross-Cutting Solutions Areas are: Climate Change; Fragility, Conflict, and Violence; Gender; Jobs; and Public-Private Partnerships.

[3] For example, the Water Global Practice comprises the following five solutions areas: water supply and sanitation; water for agriculture; water security; water, poverty; and the economy; and hydropower and dams.

[4] The creation of global solutions lead roles is envisaged as a first step toward creating a nonmanagerial career stream for technical specialists, although it remains a function to be assumed by a senior task team leader or adviser rather than a separately funded post.

2. Informal Learning and Tacit Knowledge: Mindsets and Group Effects

Tacit knowledge is primarily gained through informal learning (box 2.1). Drawing on insights from *World Development Report 2015: Mind, Society, and Behavior* (World Bank 2015) and other research, this chapter analyzes mindsets and how they may influence the approach to development work. It then examines how the influence of mindsets is further mediated by group effects, referring to the composition and operating rules of teams and networks.

Box 2.1. What Is Tacit Knowledge, and How Is It Best Acquired?

The term "tacit knowledge" was first introduced into philosophy by Michael Polyani in 1958. Succinctly put, people can know more than they can tell (Polyani 1966). They are not often aware of the knowledge they possess or how it can be valuable to others. Tacit knowledge is knowledge that is either (i) inarticulable, that is, impossible to describe in propositional terms or (ii) articulable but only with some difficulty. Sources differ about whether it is possible (or useful) to codify tacit knowledge—whether it can be transformed into propositions that can be communicated by speaking or writing (Kimble 2013; Nonaka and von Krogh 2009).

Tacit knowledge is usually seen to be acquired through direct personal experience although to some extent it may be informed by reading documents. Because it is hidden from the outside observer, and possibly even from the holder of the knowledge, it may also be difficult to identify and measure. Effective transfer of tacit knowledge generally requires extensive personal contact, regular interaction, and trust. This kind of knowledge can be revealed through practice in a particular context and transmitted through social networks. To some extent it is "captured" when the knowledge holder joins a network, a community of practice or a work team. Tacit knowledge is not easily shared. As well as practical knowledge (knowhow), it consists of beliefs, ideals, values, and mental models that are deeply ingrained and often taken for granted. An individual can acquire tacit knowledge without language. Apprentices, for example, work with their mentors and learn craftsmanship not through language but by observation, imitation, and practice.

Hildreth and Kimble (2002) observed that attempts to convert tacit knowledge to explicit knowledge have often disappointed. Knowledge resides in people, not in machines or documents. Technology-driven processes (e.g., web portals, search engines, help desks, and document systems) have an important role to play but there are equally high returns to be had enrolling people in communities of practice whose members create, nurture, and sustain knowledge by interacting with each other.

Mindset Biases Influence Informal Learning

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 all kinds of biases that affect their decision making.

The *World Development Report 2015, Mind, Society, and Behavior* draws on psychological and social underpinnings of behavior and identifies three pillars of human decision making (World Bank 2015). First, individuals think automatically as it helps them to simplify problems and evaluate situations based on their assumptions about the world. Second, people think socially—social norms, social preferences, and social networks influence our behavior. Finally, individuals use interpretive frames provided by their mental models to perceive the world around them.

Research cited in the 2015 World Development Report (WDR) sheds light on the biases of individual mindsets that must be mitigated if teams are to work effectively. To begin with, there is the "flight from complexity." Faced with a mass of complicated data, people fall back on rules of thumb (heuristics), and they take short cuts to reach decisions under pressure (World Bank 2015, 181–182). This may be an essential survival mechanism, but it may also lead to an over simplification of reality. When confronted with too much information on the dimensions of a problem people are likely to be paralyzed unless they break the problem down into small parts that can be tackled singly. The Apollo 13 crew faced this problem in December 1973 when dealing with a life-threatening breakdown. Mission control had been sending more and more directions, corrections, and orders to the astronauts. The lead astronaut responded by shutting down communications with Houston for 12 hours, a vital respite which allowed crew members to work on small, manageable tasks of their own devising, thus enabling them to regain a sense of optimism and control (Weick 1984).

Second, people are subject to "confirmation bias," meaning that any data is used selectively to justify previously held beliefs. The WDR team conducted an experiment with Bank staff to test this proposition. Staff had to interpret data on the effect of minimum wage legislation. When the data squared with their prior assumptions (whether they agreed with the statement "incomes should be made more equal" or "we need large income differences as incentives for individual effort"), staff were more accurate in interpreting whether or not the presented data showed that a rise in the minimum wage reduced poverty (World Bank 2015, 182–183). Confirmation bias goes hand in hand with a tendency to downplay the importance of data. "Seasoned practitioners tend to regard evidence as one factor among many shaping what policies become politically supportable and implementable and thus, on the basis of these latter criteria, are deemed 'effective'" (World Bank 2015, 187).

Third, task team leaders (TTLs) can be subject to "self-serving bias"—a tendency to claim more responsibility for successes than failures.

Fourth, managers may suffer from "champion bias"—an inclination to evaluate a proposal based on the track record of the person presenting it.

Fifth, even the most sophisticated may fall prey to the "sunk cost bias." The WDR team asked World Bank staff if they would commit remaining funds to a project that was off-track and almost certain not to meet its objectives. As levels of sunk cost increased, so did the propensity of the staff to continue disbursing. The data show a statistically significant linear trend in the increase in likelihood of committing remaining funds (World Bank 2015, 186).

Sixth, people may have a "poorly developed theory of mind"—a limited capacity to imagine what other people know and how they are likely to behave in a particular circumstance. Development professionals devoted to reducing poverty may find it hard to place themselves in the shoes of the poor. In another experiment with Bank staff, the WDR team found that "although 42 percent of Bank staff predicted that most poor people in Nairobi, Kenya, would agree with the statement that 'vaccines are risky because they can cause sterilization,' only 11 percent of the poor people sampled in Nairobi actually agreed with that statement. Overall, immunization coverage rates in Kenya are over 80 percent" (World Bank 2015, 180). The disparity in perceptions reflects not just a gap in Bank staff knowledge but also a mistaken mental model of how poverty influences the mindsets of poor people.

Understanding the various kinds of biases that can come into play in Bank projects is the first step toward addressing them. So, for example, with regard to the peer review process, project teams may face confirmation bias on two fronts: the nomination of their peer reviewers and incorporation of ideologically consistent comments. One way to overcome confirmation bias in the project design phase is to expose project teams to opposing views. Red teaming is a method used by modern military and businesses to fight confirmation bias. Under this procedure, an outside team challenges the plans and ideas with the intention to provide opposing perspectives. A solution in the Bank could be to have a pool of pre-identified peer reviewers for different kinds of Bank operations and assign them to TTLs randomly to take away the possibility of choosing "friends and family."

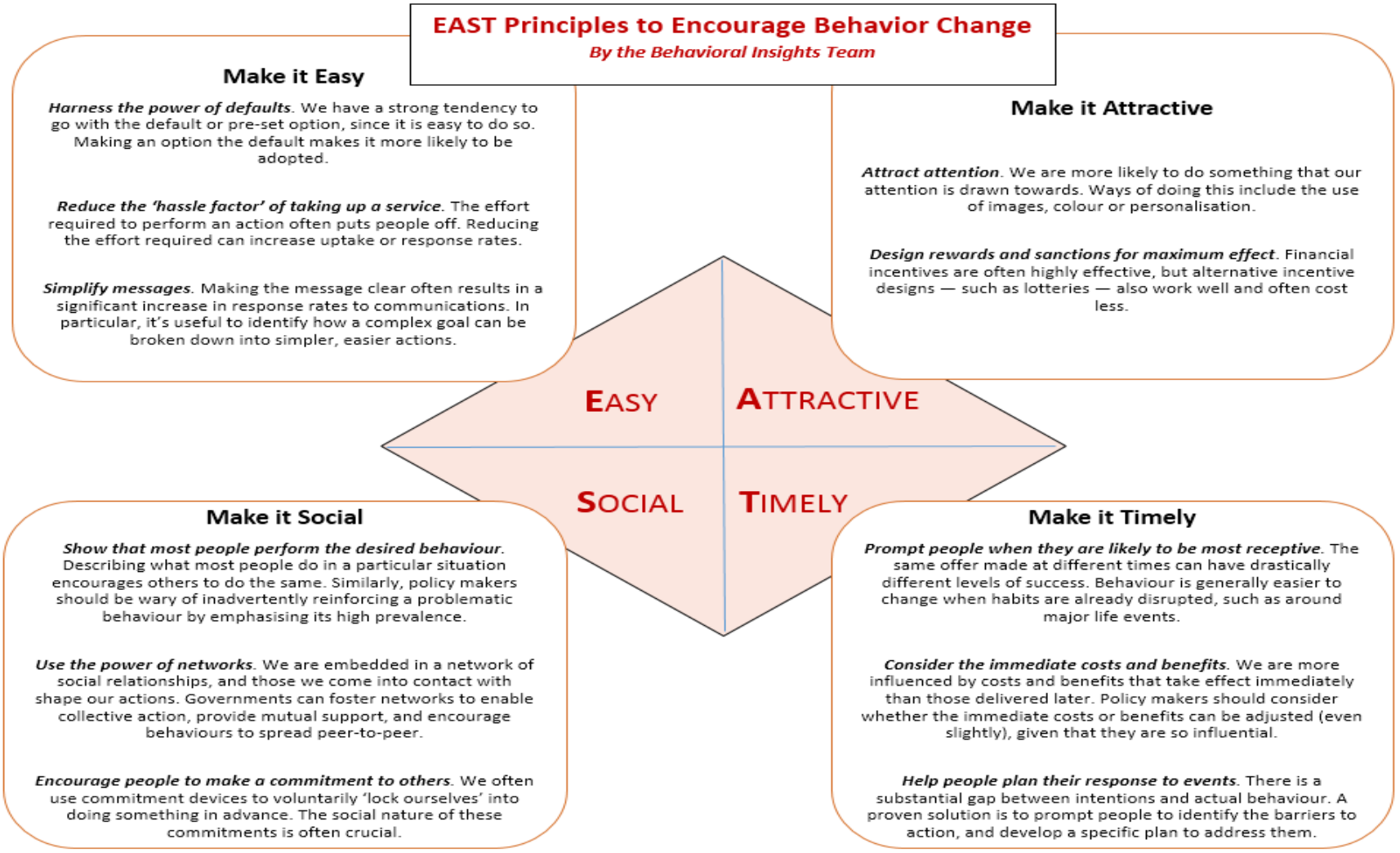
The Behavioral Insights Team in the United Kingdom has developed the Easy, Attractive, Social, and Timely (EAST) framework to help influence behavior (Service and others 2014). The first principle implies that to encourage a certain behavior, one should start by making it easy for the individual to do the right thing (figure 2.1). Ways

of achieving this can include setting defaults or reducing the "hassle factor" of taking up a service. The second principle posits that by making something more attractive, one is better able to gain an individual's attention. The third principle acknowledges that human beings are social animals and are heavily influenced by their peers. Hence, a useful tool for illustrating certain behaviors could be to show that most people are performing the desired behavior. Finally, getting the timing right, for example, prompting people when they are likely to be most receptive, can be a highly effective way of supporting individual action.

The EAST principles can provide pointers on how several Bank processes may be improved. For example, with regard to the Bank's peer review process, one way to make it easier for the peer reviewer and more useful for the TTL would be for the project TTL to flag areas of concern as early as possible, areas on which the peer reviewers' feedback are deemed indispensable. The guidelines for investment project financing indicate that peer reviewers should be identified at the stage of project concept review; but feedback to TTLs before the concept review meeting could often be helpful. Furthermore, harnessing the power of social recognition in the peer review process might mean, for example, including the reviewer's name and comments in publicly-disclosed project documents, thus providing a greater incentive for peer reviewers to give their all and to weigh their words carefully. The Global Practices Vice-Presidency has recently finalized guidelines for peer reviewer selection and terms of reference for peer reviewers. This is an important initiative, but the details were not available when this report was written so the Independent Evaluation Group (IEG) could not to assess whether behavioral principles like those suggested by EAST are reflected in the guidelines.

With regard to project restructuring, to enhance its attractiveness and ensure that staff continually incorporate new learning and knowledge in operations, the terminology could be changed from "restructuring," which some staff contend has a stigma attached to it, to "agile and adaptive project implementation." The resistance to restructuring is partly influenced by the "sunk cost bias" referred to earlier: the reluctance by the project team and the country counterparts to countenance change of a design in which considerable resources have already been invested. Greater awareness of this bias is a first step toward embracing restructuring rather than retreating from it.

Figure 2.1. EAST Principles to Encourage Behavior Change



Source: Service and others (2014).

Team Characteristics Influence Informal Learning

The biases in individual mindsets do not disappear when individuals join teams—indeed, they may be reinforced. Teambuilding centers on informal learning and the generation of tacit knowledge. Because they derive from copying others' behavior, informal learning and tacit knowledge are eminently conservative and tend to be uncritical—they reinforce received wisdom rather than challenging the status quo. Therefore, as well as correcting for biases in individual mindsets, attempts to promote smart learning need to take account of the obstacles to effective team performance.

Are teams innately wiser than individuals? The WDR (World Bank 2015, 183) reports substantial research evidence that groups make more consistent and rational decisions than individuals, and are less likely "to be influenced by biases, cognitive limitations, and social considerations" (Charness and Sutter 2012, 158). When asked to solve complex reasoning tasks, groups succeed 80 percent of the time, compared to 10 percent when individuals are asked to solve those tasks on their own (Evans 1989). Efforts to debias people on an individual basis run up against several obstacles, including the problem that critical thinking skills appear to be domain specific and may not generalize beyond the particular examples supplied in the debiasing efforts (Willingham 2007; Lilienfeld, Ammirati, and Landfeld 2009). When individuals are asked to read studies whose conclusions go against their own views, they find so many flaws and counterarguments that their initial attitudes are sometimes strengthened, not weakened (Lord, Ross, and Lepper 1979).

But it is also important to recognize that judgments made by groups may be fallible. One requirement for good team judgment is that people's decisions are independent of one another. If everyone let themselves be influenced by each other's guesses, there is more chance that the guesses will drift toward a misplaced bias. This undermining effect of social influence was demonstrated in 2011 by a team at the Swiss Federal Institute of Technology in Zurich. They asked groups of participants to estimate certain quantities in geography or crime, about which none of them could be expected to have perfect knowledge, but all could hazard a guess—the length of the Swiss-Italian border, for example, or the annual number of murders in Switzerland. The participants were offered modest financial rewards for good group guesses to make sure they took the challenge seriously. The researchers found that, as the amount of information participants were given about each other's guesses increased, the range of their guesses got narrower, and the center of this range could drift further from the true value. In other words, the groups were tending toward a consensus to the detriment of accuracy (Lorenz and others 2011).

This finding challenges a common view in management and politics that it is best to seek consensus in group decision making. What you can end up with instead is herding toward a relatively arbitrary position. Just how arbitrary depends on what kind of pool of opinions you start off with and how much information you give to participants about each other's answers. In sum, the "wisdom of the crowd" resides more in the statistical reality that the larger the group the greater the diversity of characteristics than in the existence of a distinctive team virtue characterized by good will and an intention to collectively arrive at the best decision.

There is a second respect in which the tacit learning generated through teamwork may lead to poor decisions. People who make judgments by working with others are more confident in those judgments than they would be if they had arrived at them by themselves. They may become overconfident to the extent that they ignore input from outside the group. The resulting myopia wipes out any advantage that the group as a decision maker has over the individual (box 2.2). Discussions among people who share similar views can lead them to become more extreme in their positions (Schkade, Sunstein, and Hastie 2010). In those circumstances, hearing from others only confirms biases. The failure to confront individuals with differing views can lead to consistently biased decision making (World Bank 2015, 183).

Box 2.2. Two or More Heads Are Not Always Better than One[a]

To test the hypothesis that confidence born of collaboration takes a toll on the quality of judgment, Minson and Mueller (2012) asked 252 people to estimate nine quantities related to U.S. geography, demographics, and commerce, either individually or in pairs after discussion. They were then offered the estimates of other individuals and pairs and allowed to revise their own; the final estimates therefore could come from the efforts of two to four people. Participants earned a $30 bonus for each of two estimation rounds, but lost $1 for each percentage point their answer deviated from the correct one. Individuals also rated their confidence in their judgments.

The results showed that people working with a partner were more confident in their estimates and significantly less willing to take outside advice. The pairs' guesses were marginally more accurate than those of the individuals at first. But after revision (or lack thereof) that difference was gone. Even the combined judgments of four people yielded no better results than those of two or three. Finally, the researchers found that had the pairs yielded to outside input, their estimates would have been significantly more accurate. Their confidence was costly.

a. The title is drawn from the proverb, "two heads are better than one, but ten without wit are worse than none." It was first recorded in 1546 by John Heywood, an English writer.

So should teamwork be dropped? No, but since collaboration is expensive and time consuming, it makes sense for team builders to have realistic expectations and to be aware of what makes for good teamwork. A group of 10 may not be 10 times better.

Some researchers have found that the biggest incremental gain accrues to going from one decision maker to two (Minson and Mueller 2012). For each additional person, the benefit drops off in a downward sloping curve. Most important is awareness of the costs of teamwork. If team members are aware that collaboration leads to overconfidence, they are more likely to review each member's input more thoroughly. Other researchers have shown that group deliberation among people who disagree but who have a common interest in the truth can harness confirmation bias to create "an efficient division of cognitive labor" (Mercier and Sperber 2011). In these settings, people are motivated to produce the best argument for their own positions as well as to critically evaluate the views of others.

The key to productive informal learning is ensuring that groups are diverse enough in composition and open enough to knowledge from outside to ensure continuous competition between new and old ideas—resulting in the same process of pruning and strengthening that characterizes the development of the individual brain. Members of smart teams have equal voice, show empathy, and are of diverse composition (box 2.3). New ideas are more likely to arise in heterogeneous teams with different backgrounds and perspectives (Andriopoulos and Lewis 2010; Beckmann 2006; Eriksson 2013; Lavie and Rosenkopf 2006; Lin, Yang, and Demirkan 2007). Social network experiments have shown that a herd-like mentality or group think, when individuals slavishly follow the single most frequently voiced idea, is counterproductive. This result also was demonstrated in a financial market experiment involving data from 10 million trades, which showed that returns on investment followed a parabola, peaking at the midpoint where traders were neither too isolated nor too herd oriented (Pan, Altshuler, and Pentland 2012; Pentland 2014).

Integration with Social Networks Influences Informal Learning

To become smarter at promoting learning, the Bank needs to pay more attention to how integration with social networks influences informal learning. Networks are important because research has found that learning from others is much more efficient than learning solely from one's own experience (Rendell and others 2010; Lazer and Friedman 2007; Glinton, Scerri, and Sycara 2010; Anghel and others 2004; Sueur and others 2012; Farrell 2011). Mathematical models of learning in complex environments suggest that the best strategy for learning is to spend 90 percent of time on finding and copying others who appear to be doing well. The remaining 10 percent should be spent on individual experimentation and thinking things through (Rendell and others 2010).

Box 2.3. What Makes a Team Smart?

A series of studies linked to the collective intelligence research program of the Massachusetts Institute of Technology have identified the factors that make teams "smart." To begin with, researchers found that team smartness is not driven by the intelligent quotients (IQs) of team members. Teams with a higher average IQ did not perform group tasks better than teams with a lower average. Neither do teams of people who self-describe as extraverts and highly motivated perform better. The ability to handle group tasks was measured by testing logical analysis, brainstorming, coordination, planning, and moral reasoning. Smart teams have three characteristics:

- Members contribute equally—the team is not dominated by one or two outspoken individuals.
- Members show empathy—they are good at reading what people outside the team feel, know, and believe (i.e., they have a theory of mind).
- Diverse teams work better than homogeneous teams, but in the best-performing teams women outnumber men.

A study published in December 2014 made the counterintuitive finding that smart teams are just as smart online as they are offline. Their superior theory of mind works as well in computer interactions as it does in face-to-face encounters.

Source: Apperly (2012), Engel and others (2014), Heyes and Frith (2014), Larson (2009), Malone and Bernstein (forthcoming), Woolley and others (2008, 2010), and Woolley and Malone (2011).

An abundant literature indicates how connections to social networks and team dynamics influence learning. This may be described as the "interpersonal dimension" of learning, to distinguish it from the individualized learning that comes from perusing documents and databases. The more connections are established between people, the greater the scope for learning from others. Social network experiments have shown that a learning curve moves from low returns, when individuals largely work in isolation from each other, to high returns, when individuals interact more, and there is an exchange of diverse ideas, the best being copied (Pan, Altshuler, and Pentland 2012; Pentland 2014).

What Has the Bank Done?

Early on in the reform process, the Bank staged workshops to introduce operational staff to the principles of the after-action review, a team-based reflection on lessons learned conducted while memories are still fresh (IEG 2014, 74–75). In February 2014, the Results, Knowledge, and Learning team of the then Sustainable Development Network of the Bank hosted a week-long internal learning experience for more than 1,000 staff that was built around peer-to-peer learning concepts and which aimed to encourage co-creation of knowledge, elicitation of tacit knowledge, and

contextualization of global knowledge. Participant perceptions gathered on-site, right after the event, and four months later confirmed the learning hypotheses: the smaller the groups, the more personal the learning experience was perceived to be; and the more involved the participants in co-creating the knowledge to be shared, the higher the perceived value and memory retention by staff. Some of the formats are being tried in other parts of the Bank.

Recently there have been other attempts to promote teamwork. The Bank unit responsible for developing the Operational Core Curriculum (OCC) has included a behavioral module that treats team building as an integral part of project design and includes team-based role playing exercises (box 2.4). Given that staff have to graduate from the OCC before they may be appointed as TTLs, this is an important step toward promoting team formation skills. A further step, taken one year ago, was to require OCC participants to be paired with a mentor during training.

Another important move, made in late 2014, was to formalize arrangements for two staff to be appointed as co-TTLs. This development, which was strongly supported by the staff interviewed by the Independent Evaluation Group (IEG) for this evaluation, increases, among other things, the scope for empowering locally recruited staff in country offices who may now share the credit for designing and implementing operations with staff in headquarters. With regard to team work overall, there is still a perception that rewards need to be more broadly shared, acknowledging the contribution of all team members not just those of TTLs.

Bank learning specialists interviewed by IEG identified two obstacles to fortifying team behavior. First, highly trained technical specialists tend to assume that their technical expertise is enough by itself to ensure effective delivery. They are skeptical about the value of behavioral training and top managers have not sent the signals needed to disabuse them. Second, Bank training courses that do include behavioral components are stratified—there are separate courses for supervisors, emerging leaders (high performing G- and H-level staff), managers, and directors. While there is logic to this separation (e.g., that staff at the same level can interact without being inhibited by hierarchy), it would make sense to complement the existing approach with training days when staff at different grades work together. Also, the learning specialists made a case to IEG for embedding them in project teams, an initiative that would be more likely to succeed if it were backed by senior management.

Box 2.4. Behavioral Training for Task Team Leaders

The World Bank unit responsible for developing the Operational Core Curriculum (OCC) has included a behavioral module that treats team building as an integral part of project design. Given that staff have to graduate from the OCC before they may become task team leaders (TTLs), this step is important for promoting team formation skills. Using team-based, role playing exercises, OCC trainers encourage staff to develop the following skills:

Forming. Team members get to know each other and acquaint themselves with the purpose, objectives, and expectations of the training course. OCC trainers are alert to the range of participant behaviors: politeness, shyness, boldness in presenting self and credentials, reluctance to commit, curiosity, and eagerness.

Storming. Trainers mediate brainstorming exercises that involve competition between ideas and between team members, with respect to the mission and goals of a typical project team. Behaviors likely to occur are: challenges to team leaders; difficulties in ensuring that each member is accountable; and confrontation between those comfortable with conflict and those who respond to conflict by silence and withdrawal.

Norming. Create norms around decision making, conflict management, resource allocation, and communication. A team unites around a common goal and plans for results. The following behaviors need to be anticipated and managed: conciliation, collaboration, ambition, and responsibility.

Performing. Support continuous learning and leadership by all when appropriate. Be ready to provide support, whether or not it is requested. Clarify who is accountable for what. Develop strategies, define goals and track results. Discuss how to lead, and when and how leaders should delegate and rotate. Beware of the temptation to micromanage. Practice constructive feedback.

Celebrating. Learn to recognize contributions by each member of the group, to celebrate success and to empathize in the event of failure. Learn to anticipate and to handle the strong emotions that might be kindled: joy, sadness, pride, fondness of each other, and desire by some to move on and by some to stay longer.

Source: Adapted from Tuckman (1965).

Is it the quality of the TTL or the quality of his or her team that drives results? World Bank research has shown that there is a strong association between project Outcome ratings and the identity of the TTL. Some TTLs work on projects that are consistently rated more highly than projects led by other TTLs. Moreover, "task team leader fixed effects are of comparable importance to country fixed effects in accounting for the variation in project outcomes" (Denizer, Kauffman, and Kraay 2011, 2). However, this research was not able to sort out the effect of individual TTL attributes (e.g., education, experience) from the effect of team attributes. Maybe the TTLs of "satisfactory" projects were not individually more gifted than their less successful peers; they simply had better teams to work with. Learning specialists are sympathetic to the view that more

work is needed to establish if this reflects the innate quality of the TTL or the quality of the team that he or she puts together (or both).

Furthermore, regarding the effectiveness of project teams, it may be that different types of projects call for different levels of team diversity. Blueprint projects (typical of the energy and infrastructure sectors where approaches are tried and tested) may be more likely to benefit from homogenous teams acting cooperatively, whereas projects requiring experimentation and innovation would perhaps benefit from heterogeneous teams where team members bring different perspectives: this idea merits investigation. Matching team characteristics to project characteristics may help to promote learning and knowledge sharing. The Bank's reward system will also affect the team dynamic. If the TTL rather than the entire team gets all or most of the recognition, the cohesiveness of the team and collaborative spirit will suffer. It remains to be seen whether the Bank's budget cutbacks can be implemented without compromising team diversity or the proper reward of team effort. More generally, the Bank could adjust its training courses to reflect the sort of research findings that this report has highlighted concerning the characteristics of effective teams.

SOCIAL NETWORK ANALYSIS SHEDS SOME LIGHT ON LEARNING

Access to the knowledge needed to prepare and implement projects, and the scope for learning in the project process, are influenced by the organizational networks in which staff are embedded. Cognizant of this, before the recent reorganization, two Bank units separately conducted a social network analysis. The first was carried out by Financial and Private Sector Development (FPD) and the second by Energy and Mining (EM). Surveys were launched to measure (i) the total number of connections among staff and (ii) the number of steps needed for one person—the knowledge seeker—to reach another person—the knowledge provider. To reach the knowledge provider, the seeker typically had to deal with several other people by face-to-face meetings, telephone calls, or e-mail exchanges. Each of these steps was counted. In the case of FPD, the number of steps between seeker and provider averaged 3.6 (FPD 2013). Eighteen months later, the total number of connections among FPD staff had increased by 44 percent, and the average number of steps decreased from 3.6 to 3.2. EM averaged 10.1 connections per knowledge provider, higher than FPD (9.4) before its pilot, but lower than FPD post-pilot (13.5). The range of such provider-seeker connections in EM was large: from 0 to 63.

These two exercises in social network analysis made four findings. First, cross-support and learning events were important ways to increase connectivity. Second, both Bank units found that it took more than three years for newcomers to become well-integrated as measured by the time it took them to reach the average level of ties within the network. Third, senior staff did most of the connecting and were likely to be

overburdened by requests for advice. In EM, staff at levels GH+ accounted for 22 percent of staff, but were responsible for 40 percent of all connections. Fourth, the staff in country offices were isolated from knowledge and learning networks relative to headquarters staff. People tended to connect with others who were recruited by the same route, with little outreach by headquarters staff to locally hired staff in country offices.

It would be wrong to assume from the research literature quoted and the Bank's excursions in social network analysis that more is necessarily better. A large number of links between seekers and providers and a high proportion of time devoted to teamwork may be a step in the right direction, but they are no guarantee of a productive outcome. Although connections and teamwork are a necessary part of the creative workplace, these are not sufficient to ensure that the most important and the most relevant knowledge is transferred and the best knowledge is nurtured. The FPD and EM surveys were not able to assess the quality of the knowledge exchanged between network members—specifically, how much better it was than if the knowledge-seeker had alone sought answers from the documents and databases.

The Bank experiments with organizational network analysis did not distinguish between the different types of knowledge that people were typically seeking and providing (i.e., technical, process, interpersonal, and country). This type of information would have helped to identify misuse of an expert's time. A person may be both a technical and an operational expert, having a competitive advantage, but if there are relatively few technical experts, it would be better to use his or her time on technical questions and force people to go to others for the operational expertise (comparative advantage).

Also, while the time taken to integrate new recruits may reduce efficiency, integration is not always an unqualified good. It may lead to attrition of the distinctive knowledge that recent entrants brought from outside the Bank. In the three to five years that it takes for new recruits to be established in the Bank, they may lose the cutting-edge knowledge they brought with them. Thus, to the extent that slow onboarding temporarily insulates this distinctive external knowledge, it may be a plus not a minus—contrary to what is suggested in the write-up of these two cases of network analyses.

This is not to say that organizational network analysis is futile. By identifying the primary knowledge providers in a network and the areas where providers are overloaded with demands, managers may plan for recruitment and retirement more effectively by anticipating the threat to the effectiveness of the network posed by the removal of key players.

Another implication is that it is not enough to plan training individual by individual because individuals rotate. The learning plan should perhaps embrace the collectivity, the social network in which individual TTLs are embedded. A future 'learning agenda' at the Bank must go beyond a focus on preparing programs for individuals and pursue initiatives that build collective capabilities to implement.

In sum, organizational network analysis is a powerful way to visualize communication gaps. Identifying insiders and outsiders may be the first step in a strategy to build and sustain learning pathways. But it will not be enough by itself. If the Bank is to realize the potential of the tacit knowledge embedded in the heads of staff, it will need to become smarter at building teams—because working with others is the main breeding ground for tacit knowledge. Not all teams perform well. For the Bank to effectively nurture teams it first needs to understand the mindsets that individuals bring to the team, and second to understand team dynamics—how decision making in teams differs from decision making by individuals.

INFORMAL LEARNING PREDOMINATES IN OPERATIONS

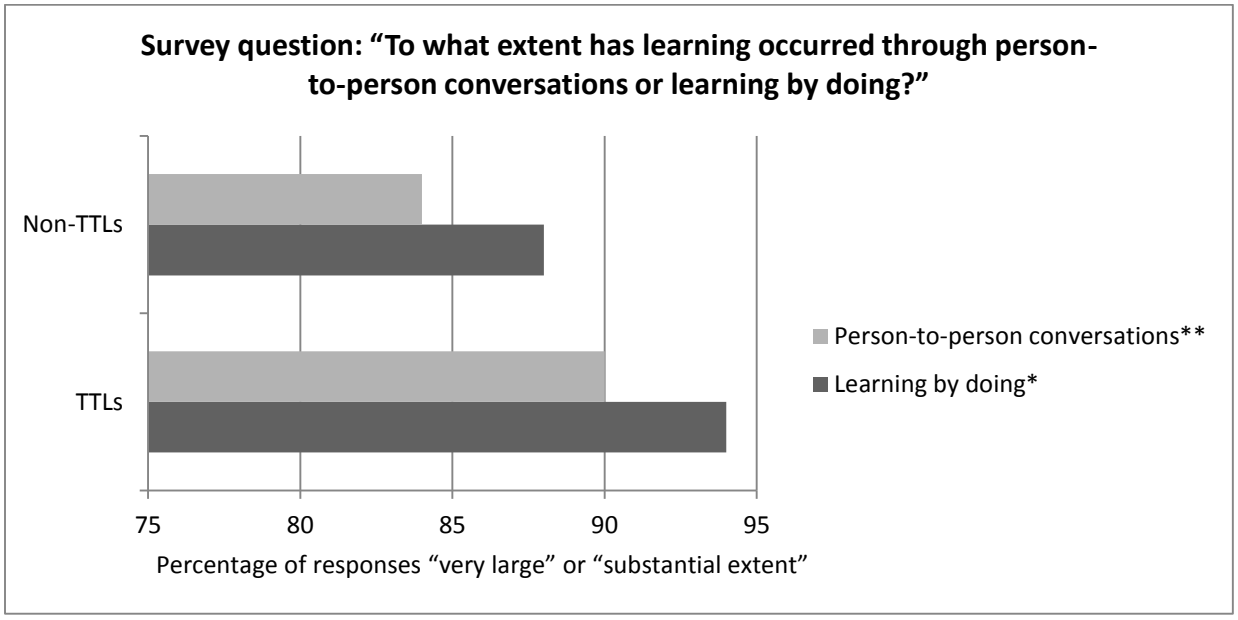
IEG has found through staff interviews and a survey that Bank staff —particularly TTLs—mainly acquire learning in the Bank informally. This squares with research on organizational learning. According to one study, people are five times more likely to turn to a coworker rather than a book, a manual, or a database (Davenport and Prusak 1998). Over 80 percent of the respondents to IEG's 2014 survey of Bank staff agreed to a very large or substantial extent that they had learned from learning by doing and from conversation (table 2.1). There is a statistically significant difference between TTLs and non-TTLs in this respect (figure 2.2).

Table 2.1. World Bank Staff Rates the Relative Importance of Different Sources of Learning and Knowledge Sharing

Survey question: "Considering your experience over the past two years, to what extent has learning and knowledge sharing occurred through the following processes and mechanisms?"	
Sources of Learning	**Percentage of Responses** (n = 817)
Learning by doing	87.1
Conversations (face to face or by electronic media)	82.9
Mentoring	55.7
Cross support	51.3
Training courses (including the Operational Core Curriculum)	44.8
Learning from partners outside the Bank	44.1
Formal quality assurance of projects	37.1
Learning events (e.g., thematic group meetings, brown bags, sector weeks)	35.8
Comments from managers	29.3
Staff rotation between jobs	25.3
Debriefing at task team leader handover	15.4

Source: IEG (2014).

Figure 2.2. World Bank Staff Mainly Learns by Doing and by Talking to Others



Source: IEG (2014).
Note: TTLs = task team leaders.
* p = 0.02.
** p = 0.04.

Learning by doing and conversation—both informal learning sources—were rated more highly than formal sources such as training, quality assurance review meetings, conferences, and seminars and one specific informal source—managers' comments.

Movement between jobs (which is spurred on by the Bank's 3–5–7 process of staff rotation) was rated much less highly as a source of learning than cross-support. Only 15 percent of staff rated debriefing by outgoing TTLs as a significant source of learning whereas 56 percent of staff agreed that mentoring was important for learning. In other words, some sources of informal learning are rated more highly than others.

Why does Bank staff attach so much importance to informal learning? Timeliness and the perceived reliability of information may be governing factors. Possibly, in organizations like the Bank, where time for learning is limited and project deadlines are always impending, the staff may favor informal to formal means of learning because information can be assimilated more quickly and with less effort. Staff may prefer to talk to people whose expertise they trust, rather than consult documents, because they perceive that the information is more likely to be up to date and reliable. (This observation merits the caveat that informal learning will always, to some extent, involve the transmission of knowledge that was formally acquired—staff with years of university study do not suddenly forget their book learning when they join the Bank even if some of their intellectual capital is depleted in the course of preparing and implementing projects.)

Tacit knowledge is based on an intuitive sense of what works. Various people told IEG that TTLs' effectiveness depends on their ability to rapidly filter out information that is not directly relevant to the operational task at hand. This process may be verbalized, but it is likely to be only partially written down—indeed, it may be totally undocumented. "Learning through doing" like this would appear to draw on the "fast thinking" part of the brain as opposed to the slow thinking involved in reading and inward reflection (Kahneman 2010).

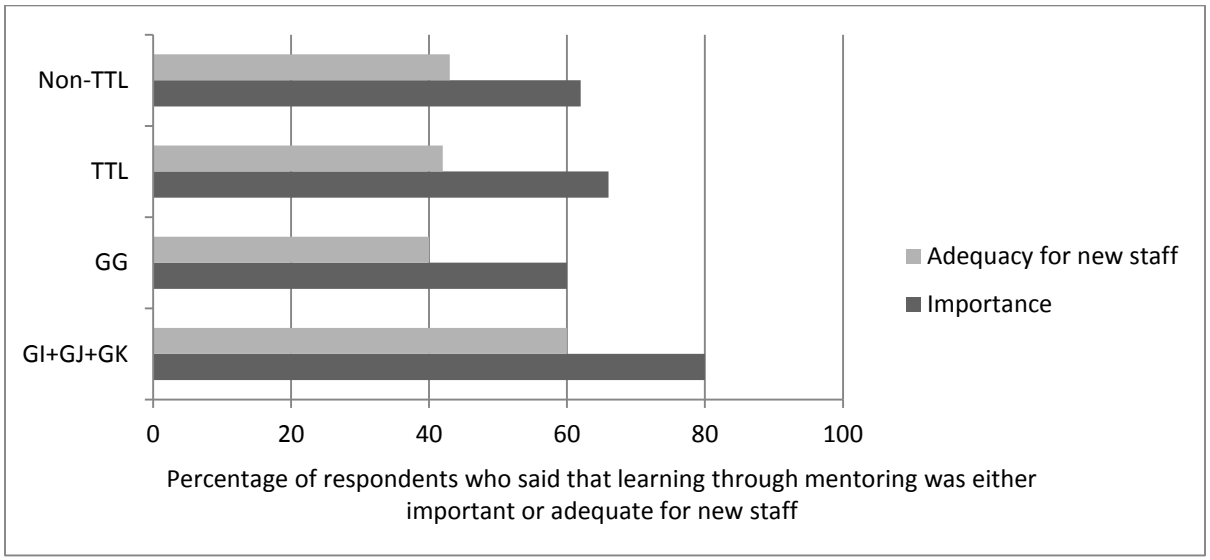
MENTORING IS AN IMPORTANT SOURCE OF INFORMAL LEARNING

The support for mentoring as a source of learning that emerged from the results of IEG's survey was echoed in the interviews and focus groups conducted by IEG. Interviewees observed that mentoring has taken a variety of forms at the Bank. Some participants noted that when they joined the Bank a formal mentoring program was in place. Others noted that they worked for years as part of a collaborative team where they were given a chance to take on some responsibility but not expected to do everything on their own. Only after they had substantial experience were they allowed to take over supervision and after that given a project to design. Others described co-TTL arrangements or operating as a "shadow TTL." Whether mentoring is formal or informal, what counts is the opportunity for novices to work side by side with seasoned TTLs (particularly on missions). The people skills that mentoring fosters are perhaps more important than the technical skills. To work well, the mentors have to be vetted, not randomly paired off with new staff. Participants stressed that whatever form it

takes, mentoring is only effective if it has strong management support and a dedicated budget.

Staff told IEG that new entrants to the Bank did not receive adequate mentoring (figure 2.3). Only 14 percent of respondents agreed or strongly agreed that new staff have sufficient operational and technical experience to operate effectively as TTLs. Mentoring is generally perceived to have fallen by the wayside, partly because the budget for supervision missions is too tight to accommodate both the TTL and a fledgling. Interviewees told IEG that managers need to invest in mentoring. However, managers can't mentor when they have more than 25 people reporting to them—the span of control is too great.

Figure 2.3. The Importance and Adequacy of Mentoring as a Learning Source



Source: IEG (2014).

According to interviewees problems arise in the absence of mentoring. If a TTL is launched without adequate preparation, he or she may seek to compensate for his/her lack of skills by hiring consultants. But, unless they are former Bank TTLs, consultants will only bring technical knowledge to bear, not the operational know-how that is needed to deliver projects that perform well. Novices are sometimes recruited as TTLs before they are ready. Some interviewees observed that this tends to happen more in country offices where staff insist on becoming TTLs, but have neither the international experience to draw on nor the network of contacts at headquarters. When they fail, they are dropped as TTLs, having been set-up for failure. This is not a new problem. In 1992, the working group on information technology that contributed to the Wapenhans report noted that the quality of project supervision is closely linked to the experience and dedication of the TTL (Wapenhans 1992). The group concluded that the increasing

use of relatively inexperienced staff as TTLs was one of the major contributors to supervision shortcomings.

In FY16, the Bank's Learning and Leadership Initiative will pilot a mentoring program in partnership with several Vice-Presidencies. There is much to learn from the Bank's past attempts to institute mentoring programs, formally and informally. An important consideration is the cost of formal programs relative to alternatives. If, as staff told IEG, most learning happens 'on the job' then it might make sense to adapt project teams rather than invest in formal mentoring. Building on the approval of "co-TTLship" in FY15, one option would be to push further with pairing senior and junior staff, or jointly assigning responsibilities to locally recruited staff in a country office and internationally recruited staff in Washington, DC.

BANK STAFF RATE TEAM DIVERSITY AND TEAM INTEGRITY HIGHLY

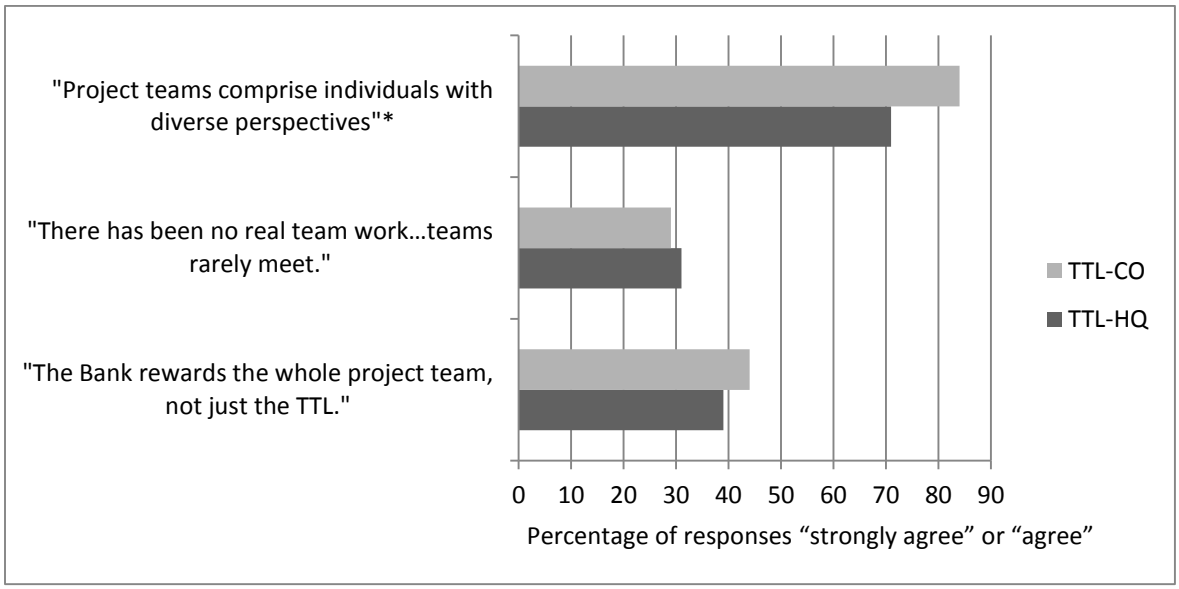
Research suggests that the diversity of a team and the way that it operates is likely to influence informal learning and the scope for achieving results. In an earlier reorganization of the Bank (1987), there was a keen awareness of the need for effective team building based on previous experience in the projects divisions, which were characterized by a strong team spirit. It was emphasized that task teams needed to have the right skills mix and experience, and there should be a TTL backup—a permanent staff member who could take over if the TTL moved on. Participants in IEG interviews and focus groups observed that the most effective TTLs are those capable of mobilizing a diverse team, with members whose skills complement, rather than substitute or duplicate, the skills of the TTL.

Questionnaire respondents and interviewees told IEG that budget cuts and the persistence of a "compliance culture" undermines team diversity. When budgets are tight there is less scope for contracting technical experts in general or the most talented in particular. First priority is given to the specialists in safeguards, procurement, and financial management.

But two survey data sources do not bear out the impression that team diversity is lacking. In the 2013 Employee Engagement Survey, 72 percent of Bank employees strongly agreed or agreed that "my work group has a climate in which diverse perspectives are valued"—compared to 73 percent in the 2009 survey. In 2013, 69 percent of TTLs responded strongly agree or agree. Although this question did not refer specifically to the diversity of perspectives in *project teams*, the experience of these teams probably colored the response to the question, particularly for TTLs. IEG's 2014 survey of Bank staff found that almost two-thirds of respondents (62 percent) regard project teams to be diverse, encompassing individuals with different perspectives. This

perception was more frequently held by country-based TTLs than TTLs located at headquarters (figure 2.4).

Figure 2.4. Perceptions of Project Teams



Source: IEG (2014).
*p = 0.00.

With respect to the distribution of rewards within the team, about 40 percent of the respondents strongly agreed or agreed with the statement that good performance by the whole team is recognized, not just the performance of the TTL. No significant difference was found in this respect between TTLs at headquarters and those in country offices.

In terms of team cohesiveness, the message from the IEG survey was relatively positive. Less than one-third of respondents strongly agreed or agreed that there was a lack of team work. However, in interviews and focus groups, several people pointed out that team integrity had eroded over time. They noted that in the past, projects were staffed with larger teams, and the full team went on mission for 10 days to two weeks. As budgets tightened missions got shorter, and it became rare to have the full team together. Increasingly, only the TTL is present for the mission's full length. Interviewees observed that the rest of the team tends to fly in at different times, each working in separate cells. This was attributed in part to budget constraints but also to availability. Interviewees told IEG that everyone is doing more with less, which adds demands to everyone's time and makes it difficult to schedule people to meet together. For the same reason, the provision for debriefing outbound TTLs has languished. When IEG surveyed Bank staff, only 15 percent of respondents reported that learning occurred to a substantial or very large extent as a result of handover notes or exit interviews with staff who were leaving.

The same finding about TTL handover emerged from another source of evidence collected by IEG. A review of highly satisfactory and unsatisfactory projects conducted for this evaluation showed that, because so much operational and technical knowledge is confined to people's heads, the gaps in handover between team leaders of projects is an important source of learning discontinuity. Several of the TTLs interviewed for the study said that there is very little overlap of TTLs at the moment of handover. Handover missions are not carried out systematically, and it is left to TTLs to make the time to seek out staff who had worked earlier on the operation.

Several solutions were discussed at IEG's recent Design Lab. For example, having a "permanent" co-TTL based in the project's country office could ensure continuity and institutional memory after the handover to a new TTL at headquarters. In addition, ensuring that handover notes from the departing TTL are easily retrievable from the World Bank's internal data systems would greatly aid the new TTL particularly in the first few months when he or she takes over, has a learning curve, is still completing lingering tasks from the old job, and, might therefore have a limited cognitive bandwidth—scarce time and mental attention. Furthermore, for their Overall Performance Evaluation, the old and new TTLs could be feedback providers for each other.

INFORMAL LEARNING, TACIT KNOWLEDGE, DOCUMENTATION, AND INFORMATION SYSTEMS HAVE A ROLE

The new Bank aspires to be a Solutions Bank, not a Knowledge Bank. In the past, the Bank sought to strengthen its position as the world's leading repository of knowledge about development. The Bank's new thrust recognizes, first, that stored knowledge needs regular updating; and information management and library staff are part of that effort. Second, the investment in web portals and knowledge search tools (e.g., Ask SoFi, launched in October 2014) is a step toward linking to knowledge outside the Bank as well as within its walls, although further enhancements in information technology will likely be needed to ensure state of the art systems for capturing, storing, and collating Bank knowledge so that Bank staff do not have to rely on google searches to find their own work or that of their colleagues. However, these important initiatives do not lessen the import of this evaluation's central message about the need to foster learning by strengthening the opportunities for informal exchanges within and outside the Bank. Connectivity needs to be enhanced. One way to do this is by drawing on the insights gleaned from the Bank's recent experience with organizational network analysis.

Document production will remain important but its role will vary from project to project. If a project involves tried and tested solutions that are not subject to immediate change, the project experience will likely be amenable to codification and distillation. If, however, the project involves solutions whose effectiveness in particular circumstances

is not yet fully known or whose solutions vary significantly depending on the context, experimentation, iteration, flexibility, and adaptation will be key. In such cases, any documentation (written or electronic) of the project's experience would best be in the form of options considered, pros and cons of each option, the option chosen and why, what trade-offs were made, and what the preconditions of success were or why the project failed, while also identifying a series of questions to ask that help customization to the local context. New information technology makes this easier to do. The Bank's SkillFinder web tool can be used to find the people best placed to help frame questions and propose solutions. LinkedIn is a way to locate expertise outside the Bank.

Since informal learning is nurtured through interpersonal exchange and teamwork, it behooves the Bank to apply research findings to developing an updated strategy that acknowledges how mindsets and teams are likely to influence consequential decisions bearing on operational results. The next chapter examines how the behaviors that individuals and teams bring to project management are mediated by the incentives that the Bank brings to bear.

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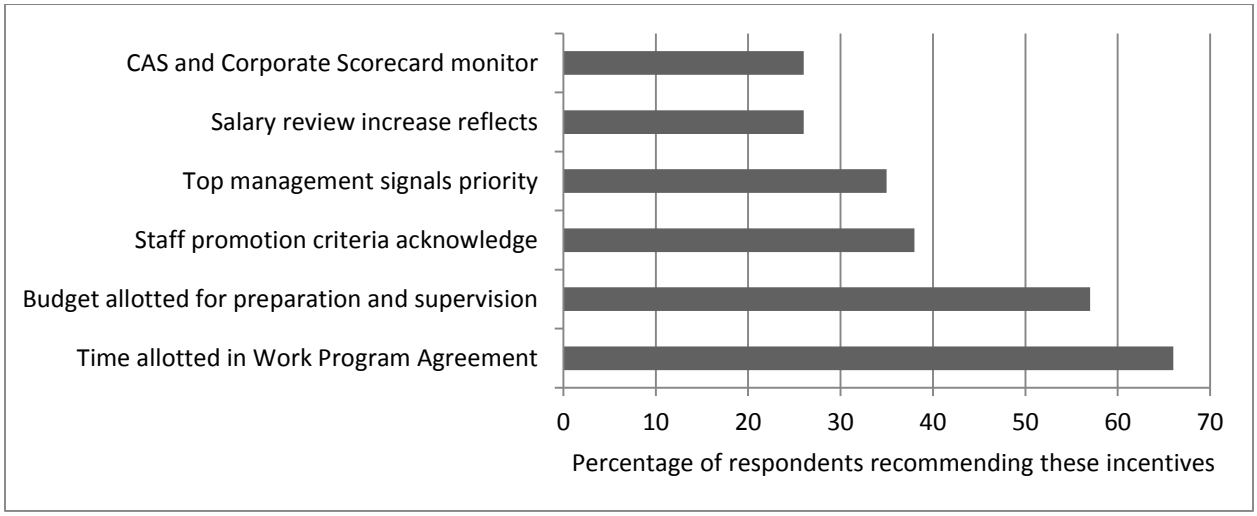
3. Incentives

The World Bank's operating environment creates a set of incentives that influence individuals and teams, influencing the importance given to informal learning and tacit knowledge (figure 3.1). In the survey by the Independent Evaluation Group (IEG) of Bank staff, the lack of institutional incentives was singled out more frequently than any other factor as one of the three biggest obstacles to learning and knowledge sharing: 52 percent of respondents named incentives as an obstacle. Participants in IEG interviews and focus groups reinforced this message.

The survey also found that, when asked to select from a list of options, of the three actions most likely to encourage learning in the Bank's lending operations, the highest percentage of staff chose allotting sufficient time for learning in the Work Program Agreement (66 percent), followed by allotting sufficient budgets (57 percent) and by greater recognition to learning in the staff promotion criteria (38 percent).

Figure 3.1. Staff Recommendations about How Best to Promote Learning in Lending



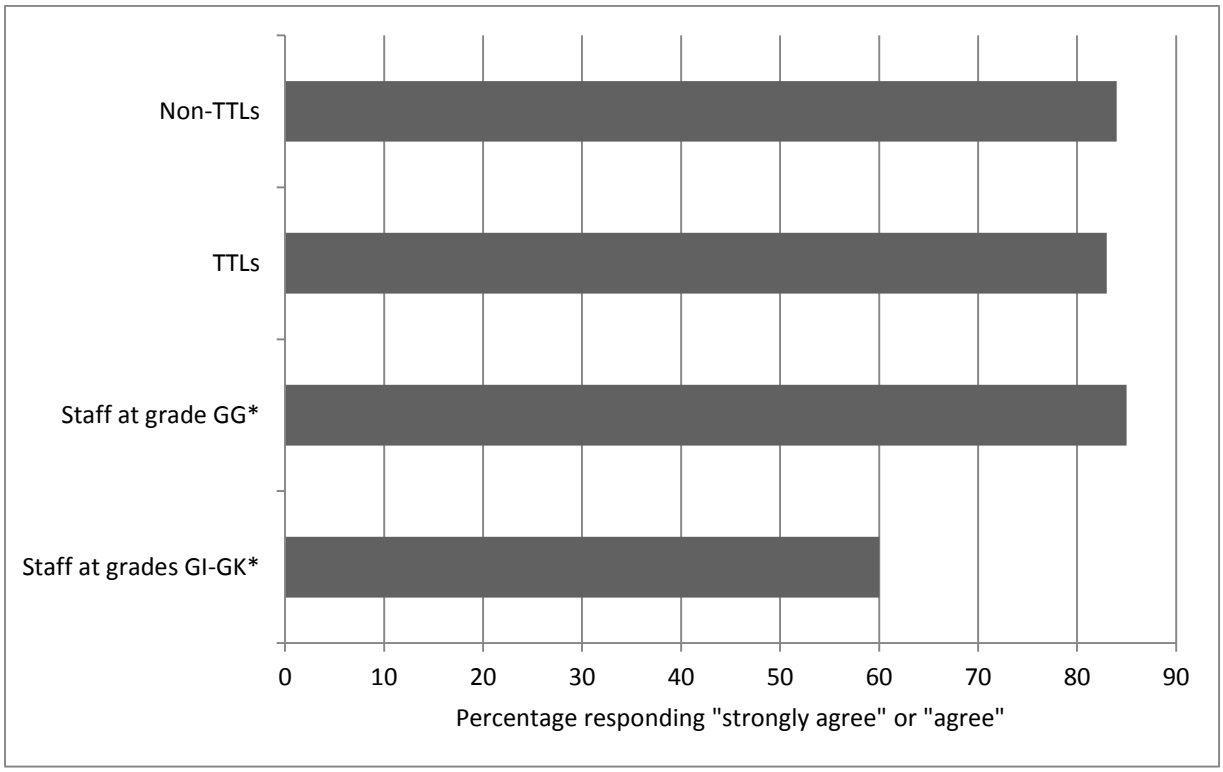
Source: IEG (2014).
Note: CAS = country assistance strategy.

Time, Budget, and Lending Pressure

IEG's content analysis of open-ended responses to the Bank's September 2014 survey of staff in Global Practices (GPs) and Cross-Cutting Solutions Areas (CCSAs) identified as a recurring theme the worry that in the new Bank not enough time and budget would be earmarked for learning and knowledge sharing. Furthermore, the quantitative questions in the same survey found that almost 70 percent of the respondents strongly agreed or agreed that lending pressure crowds out learning (figure 3.2). Separately, in

interviews and focus groups, staff told IEG that the implicit "pressure to lend" would be hard to mitigate. An earlier Bank report stated that "most staff members feel, despite the growing importance of knowledge work, that the Bank's main internal incentives are still related to lending" (World Bank 2011), repeating a theme, first highlighted by Wapenhans (Wapenhans 1992). According to the 2013 Employee Engagement Survey, 40 percent of all respondents agreed or strongly agreed that "the World Bank Group prioritizes development results over the number and volume of transactions," but only 29 percent of the task team leaders (TTLs) showed this level of agreement.

Figure 3.2. Does Lending Pressure Crowd Out Learning?



Source: IEG (2014).
*p = 0.00.

Signaling

Learning and knowledge sharing are more likely to flourish if management sends the right signals. Such signals have now gone out from leaders in the Bank. Learning, knowledge, and innovation form a pillar of the new Bank architecture. The desire to align leadership, culture, and values is explicit in recent corporate presentations. Bank management has communicated that the new structure was driven largely by the desire to ensure that the best global knowledge was delivered to country clients in a timely way. The GPs and CCSAs have been mandated to seek out and share the best available global solutions in technical areas.

But, as of September 2014, many staff had not yet picked up on, or were skeptical about, these signals. The first survey of staff in the GPs and CCSAs found that only 23 percent responded favorably concerning opportunities for learning and professional growth. Moreover, only 29 percent strongly agreed or greed that they were equipped to use the core GP and CCSA behavior of knowledge sharing (table 3.1). Also, IEG's content analysis of responses to an open-ended question in the survey identified a concern that new information technology platforms were not being used because top managers had not emphasized their importance.

Table 3.1. World Bank Staff's Ability to Share Knowledge

Survey question: "How equipped do you feel to use the Global Practices and Cross-Cutting Solutions Areas behavior of knowledge sharing?"				
Type of Respondent	**Favorable** (percent)	**Neutral** (percent)	**Unfavorable** (percent)	**Total** (percent)
All staff	29	34	37	100 (n = 1,408)
Managers (grade GG+)	34	30	36	100 (n =107)
Headquarters staff	29	31	40	100 (n = 908)
Country office staff	30	38	32	100 (n = 462)

Source: Survey of GP and CCSA staff, September 2014.
Note: GP = Global Practice; CCSA = Cross-Cutting Solutions Area.

Responses to the September 2014 survey also revealed that Bank staff were not persuaded that the Bank had a strategy for learning and knowledge sharing. This perception may have been encouraged by the absence of a clear structure of governance for knowledge and learning in Bank operations. On the one hand, there is once again a director-level chief learning officer. Responsibility for operational learning was transferred from Human Resources to the Leadership, Learning, and Innovation unit and, as part of this switch, a director-level position was reintroduced in 2014 after a hiatus of several years. Operations Policy and Country Services had a director of knowledge and learning from 2010 to 2014, under whose auspices the Bank's first knowledge strategy was produced. This post was abolished. Finally, the Global Practices Vice-Presidency had intended to appoint a knowledge director. This position was subsequently downgraded to knowledge manager, reporting to the Global Practices chief economist. Thus, governance of operational knowledge and learning is fragmented and the present structure does not accord learning and knowledge a commanding position.

Budgeting

The FY15 World Bank budget projections made in October 2014 conveyed no sense of a radical change in either the size or the distribution of the budget (table 3.2). Yet the way in which budget is allocated changed fundamentally on July 1, 2014. Control of the

budget shifted from the Country Management Units to the GPs and CCSAs. The internal market was abolished. TTLs no longer have to compete with each other to be assigned to the operational tasks, whose budget is primarily allocated at the discretion of country directors. In the new system, TTLs represent a fixed-cost that is paid by the GPs (box 3.1). Cross-support—when TTLs are temporarily deployed to work on Regions and GPs outside their unit—is paid for by the GPs not by the Country Management Units, becoming an integral part of TTL overhead. Budget allocation decisions are now limited to variable costs, principally consultants and travel.

Table 3.2. World Bank Administrative Expenses

Administrative Expenses	FY13 Actual		FY14 Estimated		FY15 Projected	
	US$, millions	Percent	US$, millions	Percent	US$, millions	Percent
FIXED COSTS	1,726	60	1,864	60	1,921	60
Staff salaries and benefits	1,422	48	1,497	49	1,543	48
Communications and information technology	78	3	86	3	88	3
Other	276	9	281	8	290	9
VARIABLE COSTS	1,165	40	1,192	40	1,266	40
Consultants and temporaries	524	18	547	18	592	19
Travel	339	12	337	11	355	11
Other	302	10	308	10	314	10
Total[a]	*2,941*	*100*	*3,056*	*100*	*3,187*	*100*

Source: World Bank (2014, 27).
a. Total units gross expenses.

Box 3.1. Global Practice Budgeting

"All staff expenses for Global Practices are funded upfront, so budget management mainly deals with the allocation and use of variable expenses. In addition, there can be revenue targets (i.e., on Trust Funds and reimbursable activities). The variable expense budgets are allocated to Senior Directors and then given to each Practice Manager (PM) as a notional variable expense ceiling (for planning assumptions). The PM prepares variable expense plans for tasks assigned to him/her using the Task Planning Tool and reconciles the plans with the agreed ceilings.

"As before, Task Members charge variable costs to tasks, and the PM monitors use against plans on variable costs and staff time. PMs have full discretion to move allocated resources across tasks and within practices in a given region.

"In contrast, Program Leaders do not hold or monitor budget. They help formulate country work programs and monitor broad delivery to clients and cross-practice collaboration. They also review/monitor burn rates against relevant tasks.

"The Global Practice VPs will hold back a contingency to encourage flexibility. These funds would be released during the year according to a clear, well defined process. Changes in work program that affect multiple Practices or Regions will follow a process to be agreed early in FY15."

Source: World Bank (2014, 25).

Trends in table 3.2 do not square with staff perceptions of cutbacks. IEG's content analysis of responses to an open-ended question in the September 2014 survey of GP and CCSA staff identified, as one of the recurring themes, a concern that budgetary restrictions as well as the budgeting process itself would undermine the goal of bringing the best global knowledge to bear in Bank projects. Some of the budget constraints may be short term, capable of being resolved as new arrangements are embedded, but there are also structural limitations that may prove more enduring.

Staff interviewed by IEG pointed to several concerns. First, it was not clear to them how variable costs for multisector projects would be divided up between the GPs and CCSAs. Will the GP where the TTL is located be responsible for all variable costs? Second, interviewees suggested that the demand for technical expertise may outstrip supply. Given that the new system only requires budgeting of variable costs, it is now cost-free to request staff to work in countries and GPs outside of their duty station. The question of how best to prioritize the time and use of the technical experts for whom there is substantial excess demand is not yet resolved. In the previous system, the cost of cross-support helped to balance demand and supply. The new structure has not yet proposed an alternative—there is no rationing mechanism. Who will decide who goes where? Will the process be decentralized, left to the discretion of individual managers and staff, or will there be an element of central planning? These are the questions posed

by IEG interviewees. Third, staff interviewed by IEG expressed a concern that the budget allocation for global programs had been cut relative to the funding made available to the Regions although IEG was unable to obtain actual budget data to verify this perception.

Fourth, although the FY15 budget for consultants appears to have increased relative to FY13–14 (table 3.2), various people told IEG that consultant hiring procedures now involve higher transaction costs than before the new organization was put in place. This may make it harder to bring the best global knowledge to bear on projects, especially if Bank staff do not have the necessary knowledge or are otherwise occupied on other tasks. TTLs report that they now have less decision-making autonomy with respect to consultant and travel costs. They spend more time negotiating with their managers than in the previous system. Consultant decisions are now made at a higher level by managers who may be less familiar with the project. It is good practice for TTLs to have to make the case that the job could not be done by a Bank staff member before opting for consultants. However, while in some cases the job could be done by a staff member, it may take longer to line up in-house expertise than to hire a consultant. To the extent that the longer time is due to bureaucratic inefficiencies rather than work or travel load, this is a problem that must be addressed.

Promotion Decisions, Salary Increases, and Performance Evaluation

A review of the World Bank Group promotion process is underway, addressing criteria such as collaboration, learning, and knowledge sharing. Pending completion of a new corporate framework and the formation of Talent Management Teams—which should be in place by the end of FY15—the GPs and CCSAs will continue to apply the previous sector board procedures. The Bank's Incentives Task Force has recommended that salary review ratings of 4 and 5 only be given to those staff who perform strongly on collaboration, knowledge, and results.

From FY15 forward, the World Bank Group Performance Management system (ePerformance) will reflect the recently revamped World Bank Group core competencies, including the one entitled, "Create, Apply, and Share Knowledge." Additionally, the cascading objectives framework for managers includes four performance dimensions—results, clients, people, and corporate contribution, in which corporate contribution includes the component of knowledge sharing. Also, the Bank has committed to introduce a tracking system that will allow for associating team contributions with project outcomes and not just deliverables.

Most of the staff interviewed by IEG remain skeptical that their incentives have changed. They point out that, before FY15, the performance evaluation had a category for learning and knowledge sharing. In IEG's survey of Bank staff, only 7 percent of respondents said that the learning and knowledge sharing rating influenced the overall performance assessment to a substantial or very large extent. In focus groups, participants observed that the rating carries little weight in their Overall Performance Evaluation.

Interviewees said that managers need more guidance on the specific questions to discuss with staff in the course of the performance evaluation: questions about the extent to which intended results, not just deliverables, are on track; the extent to which cross-GP, cross-country, and country-specific learning and knowledge sharing have occurred; and how much staff behavior relating to learning and knowledge sharing will be rewarded in relation to other behaviors. They also said that senior management needs to explicitly define and communicate to program leaders, practice managers, and global solutions leads what exactly they will be held accountable for in their own performance evaluation.

Interviewees referred to the challenges posed by the proposed tracking system. Much thinking will be needed on how to balance results—which may not be fully within the Bank's control—and effort, which may not guarantee results. In addition to the nonlinearity between inputs and results, the time lags between inputs and results and the difficulties in separating team and individual contribution are likely to make such a tracking system particularly complex. Interviewees also pointed out that evidence of delivery against lending and supervision targets will always be easier to assemble than evidence of knowledge sharing behavior, raising questions about whether the Bank will find a way to address the issue and whether the assignment of the salary review ratings of 4 and 5 will adhere to the recommendation of the Bank's Incentives Task Force.

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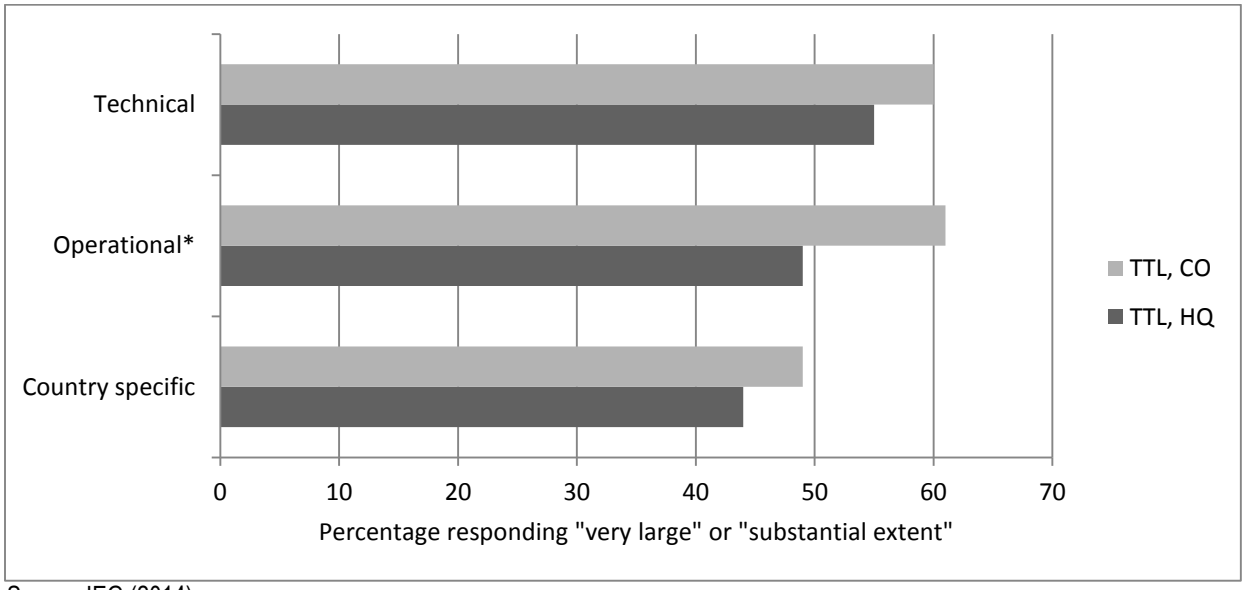
4. Balance Global and Local Focus

Shortly after joining the World Bank Group, President Jim Yong Kim observed in a keynote speech that "effective delivery demands context-specific knowledge" (Kim 2012). More than 10 years earlier, Eliot Berg, a prominent consultant to the Bank, noted the difficulty of applying generalized lessons learned from one context to other contexts. He observed, "The greatest weakness in Bank operations [is the] inability to customize programs to country-specific needs" (Berg 2000, 38). In this chapter, the Independent Evaluation Group (IEG) asks, on the basis of the limited evidence so far, whether the recent reforms at the Bank are likely to enhance its ability to deliver knowledge that meets the standard of global good practice while also responding to the specific needs of the client. The logic of the new Global Practices (GPs) and Cross-Cutting Solutions Areas (CCSAs) is that sector and thematic knowledge is globally fungible. But there is a question of external validity: Under what circumstances can lessons learned be generalized to contexts other than the ones in which they were generated? Two other questions also arise: Can it be assumed that the results from a successful pilot intervention will be attained when it is scaled up? Can it be assumed assume that the positive results attained by Agency A can also be attained by Agency B? In recent years, some researchers have cautioned that successes and failures are both highly context specific, and that transporting lessons from one context to another is not straightforward (Woolcock 2013; Pritchett and Sandefur 2015). The question now is: Can the Bank articulate a credible basis on which the various lessons emanating from its programs can or cannot be deployed elsewhere?

Based on IEG's survey of Bank staff in January 2014 and country case study evidence collected between May and November 2014, a case can be made that the Bank does not pay sufficient attention to the country-specificity of the lessons that are extracted from its operations and the knowledge that is accumulated. Respondents to IEG's survey of Bank staff were asked to what extent useful technical, operational, and country-specific knowledge existed in the Bank. The last of these three was the laggard. No statistically significant difference was found between the responses of task team leaders (TTLs) at headquarters with those in country offices with respect to the extent of the Bank's useful knowledge on the country context (figure 4.1). This may appear surprising since locating staff in country offices is supposed to enhance knowledge of local constraints and opportunities. Possibly country office staff interpreted the question as relating to the knowledge they can access rather than the knowledge they themselves possess. There may be a tendency to underestimate the tacit knowledge about country context that people carry around in their heads. Moreover, country case study evidence suggests that for locally recruited country office staff in particular, the culture of the

Bank may not encourage them to make the fullest use of this knowledge or reward them for doing so.

Figure 4.1. To What Extent Does the Bank Have Useful Technical, Operational, and Country-Specific Knowledge?



Source: IEG (2014).
Note: CO = country office; HQ = headquarters; TTL = task team leader.
*p = 0.02.

Recent data from Bank sources paint a similar picture, suggesting that staff are not yet convinced that the new Bank structure will sufficiently balance global with local knowledge. In September 2014, the Bank conducted the first of a regular quarterly survey of staff in the Global Practices (GPs) and Cross-Cutting Solutions Areas (CCSAs). This initial sounding attracted 1,430 responses. Twenty-five percent of respondents strongly agreed or agreed that the GPs and CCSAs provided them with the opportunity to access the relevant knowledge and expertise from across the World Bank Group. Fifteen percent strongly agreed or agreed that the new structure allowed them to work more effectively across boundaries (i.e., Regional, thematic, and between the World Bank, International Finance Corporation [IFC], and the Multilateral Investment Guarantee Agency).

Based on the results of the September 2014 survey, IEG conducted a content analysis of staff responses to an open-ended question about GP and CCSA performance.[1] Among the recurring themes, IEG found:

- A perceived tension between nurturing global knowledge and conducting operational work on behalf of country clients—a concern that Region and

country-specific knowledge would be compromised by the new structure because global technical knowledge needs adapting to the country context.
- Mixed opinions about the likelihood that the GPs and CCSAs would increase knowledge flow between Regions and GPs.
- Doubt that practice managers would have the incentive to allow their staff to work beyond unit boundaries.

These impressions are further supported by the interviews that IEG conducted with Bank staff in late 2014. In sum, staff said that, to the extent that technical specialists are now expected to cover the world, there is a risk that the steady accumulation of in-depth knowledge about particular countries will be neglected. Some queried what value could be added by "parachuting in"—joining a team in another country for just two weeks. Also, given that the GPs are organized around sectors and themes, it is not clear to staff how they will facilitate knowledge transfer in multisector operations. These findings from IEG interviews are corroborated by Bank data from the 2014 survey of GP staff.

IEG suggests four dimensions around balancing the search for the best-available global knowledge and the need to adapt that knowledge to the country context. First, the Bank has to acknowledge that the best global knowledge will often lie outside its walls. Second, the Bank has to be adept at facilitating the flow of knowledge between countries. Third, within each country, the Bank must understand how to adapt global knowledge to local institutions, capabilities, and values, which entails a sophisticated appreciation of institutions and political economy. Fourth, within each country, the Bank has to be agile in working across sectors.

The Bank Could Make More Use of Outside Knowledge

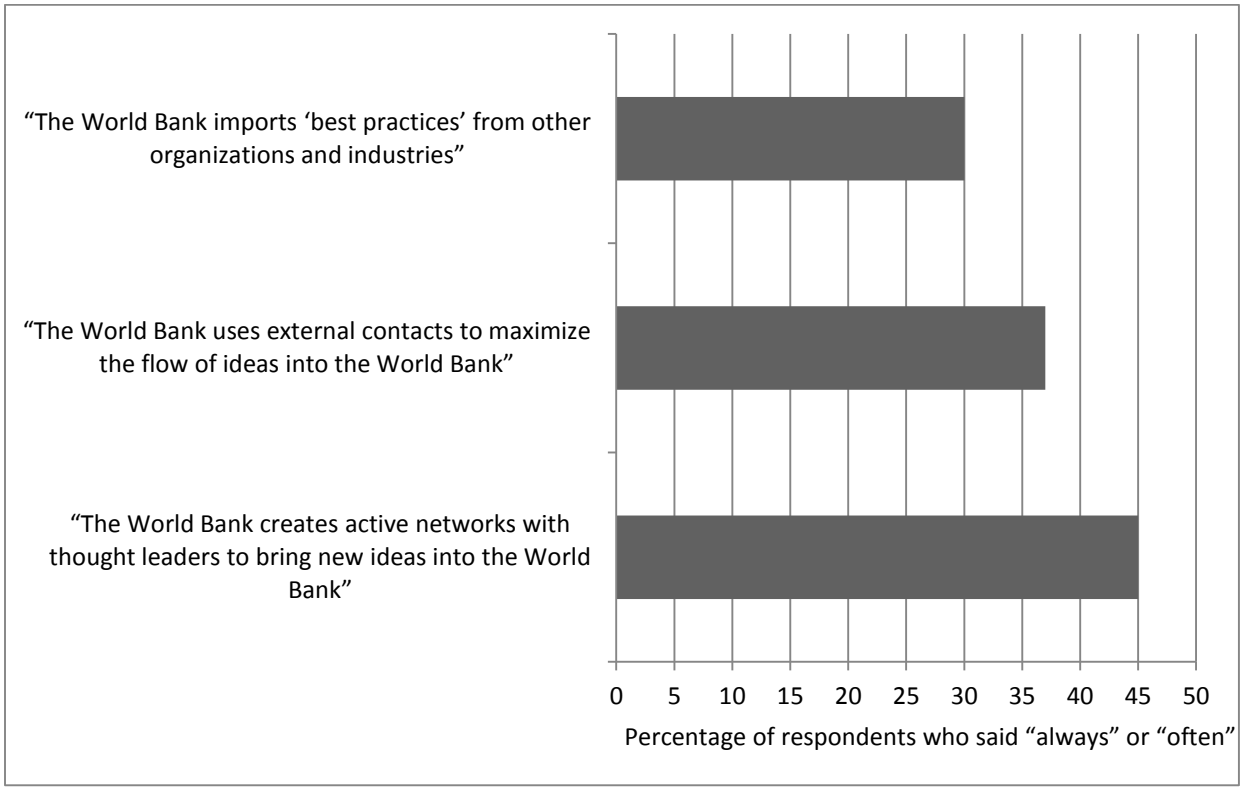
In the late 1990s the Bank aspired to encompass all of the important knowledge on development, which was the essence of then-President Wolfensohn's plan to develop a Knowledge Bank. Today, President Kim is aiming for a Solutions Bank, with solutions being found by pooling the Bank's knowledge with that of partners and clients. He asks, "…whether someone, either in or outside the Bank, has found ways to deliver the solution. If so, can we capture it, apply it, and scale it up in other contexts?" (Kim 2014).

The Bank appears not to be making the best use of external knowledge. A Harvard case study found, "The Bank remains strongly inward-oriented and insular in its knowledge activities. …Bank operations are exactly the opposite of the open-source movement in software; until very recently, the Bank predominantly relied on its own knowledge rather than opening the institution up for broad-based collaboration with other knowledge centers" (Oppenheimer and Prusak 2011, 5).

The Bank's data bears this out. In replying to a 2012 survey of staff, respondents indicated that the Bank makes limited use of external knowledge (figure 4.2). Whether importing best practice ideas from other organizations, cultivating external contacts, or networking with thought leaders on the outside, less than one-half of respondents said that the Bank did so frequently.

Data collected by IEG paint a similar picture of insularity, in this case with respect to the use of external documents. In 2014, IEG's survey of Bank staff found that, during project preparation, one-third of respondents cited non-Bank products as an important source of learning. For implementation, the proportion was one-quarter. This picture is reinforced by a separate investigation that IEG conducted. A review of all 97 project appraisal documents produced in the second and third quarter of FY13 revealed that only 36 percent of these documents drew on non-Bank research or other external sources of knowledge. Also, participants in IEG interviews and focus groups were unanimous in pointing out that, when preparing projects, TTLs use Bank documents more than documents produced outside the Bank.

Figure 4.2. The World Bank's Restricted Capture of External Ideas



Source: Organizational Health Index Survey, conducted in October 2012.
Note: There were 6,450 respondents, which is a response rate of 55 percent.

IEG country case studies shed more light on the Bank's heavy reliance on its own knowledge. In Morocco, the Philippines, and Sri Lanka, discussions with outside service providers revealed that Bank staff were reluctant to use knowledge and country studies that were not funded by the Bank. Very few of the staff interviewed by IEG referenced work done outside the Bank, and most designs and performance reports do not quote external literature.

When interviewed by IEG, staff indicated that some of the most important knowledge may lie in the heads of external experts. This is particularly the case with highly specialized technical knowledge. For example, in the IEG project performance assessments reviewed for this evaluation (appendix B), Bank staff sometimes lacked the knowledge needed to check whether procurement specifications for high-technology data systems were adequate. This made them vulnerable to companies seeking to sell expensive systems that exceeded client needs, making it more likely that the systems would not be maintained. Without importing such knowledge from the outside, the Bank's credibility with clients will suffer, particularly in middle-income countries with more sophisticated needs.

In the country case study interviews, some consultants expressed frustration to IEG at being cut off from the Bank-wide idea flow and the limited use made of their knowledge. They said that much of the knowledge they help create does not flow beyond the TTL who hired them.

In the IEG country case studies, locally recruited staff consistently referred to the importance of maintaining networks outside the Bank. In the Philippines where the nongovernmental organization sector is strong and well established, Bank staff working on community-driven development (CDD) emphasized the importance of participating in a local community of practice. This emphasis was also evident in the Sri Lanka health sector where Bank outreach to physician networks is an important part of the reform process, not least because the top ministerial posts are occupied by doctors, who will carry the most weight in the communities targeted by the project.

Summing up, the Bank could better tap sources of knowledge outside the Bank, ranging from studies, to consultant knowhow to the ideas circulating in local networks.

What the Bank Is Capable of as a Knowledge Broker

Despite findings about the Bank's underuse of external knowledge, there are notable exceptions—cases where the Bank has served as a broker of external knowledge as well a promoter of its own knowledge. Increasingly, the Bank has moved to set up joint client-staff communities of practice and to promote south-south learning exchanges.

The Bank's work on social protection perhaps exemplifies this trend. The government of Mexico took the lead in promoting conditional cash transfers, a model that was copied around the world. As a financier, the World Bank came late to the game—the Mexican government first approached the Inter-American Development Bank for a loan—but the Bank nevertheless learned from what was happening in Mexico and helped pass on the knowledge. TTLs told IEG that the 2008 global crisis was the spur that prompted Mexico to seek Bank financing (box 4.1), rather than Mexico's need for the Bank's knowledge. In the first instance, the Bank learned more from Mexico about cash transfers than Mexico did from the Bank. But over time the Bank built up new knowledge that proved useful to Mexico.

The Bank demonstrated its strength as a convener as much as a financier. In 2006 the government of Chile asked the Bank to provide a neutral venue for Latin American countries to regularly compare notes on their conditional cash transfers. Brazil, Chile, Colombia, El Salvador, and Mexico participated every two months in video conferences organized by the Bank. Every other year they met for face-to-face meetings. As a mark of the Bank's high-level commitment, this experiment in distance learning was run from the office of the vice-president for Latin America and the Caribbean Region.

IEG's country case studies found evidence of how ideas about social protection have evolved as lessons are transferred from one country to another. A learning chain can be traced from Malawi to Mexico via Ethiopia and Tanzania. In Tanzania, the first two in the Bank-supported social protection series— Tanzania Social Action Fund (TASAF) —were designed as CDD projects. They involved demand-driven, community infrastructure projects such as schools, clinics, and water supply systems.

The first TASAF project was approved in 1999, shortly after the president of Tanzania's 1998 visit to Malawi when he was impressed by the work of the Malawi Social Action Fund. It influenced the design of TASAF I and II. Since about 2008, however, a stronger influence has been the Bank-supported Ethiopia Productive Safety Net Project and the Latin American experience with cash transfers. A cash transfer scheme was piloted in TASAF II and scaled up as a nationwide program, targeting extremely poor households, not communities. As well as cash transfers, this new project design includes components offering "lean season" wage jobs in public sector works and savings mobilization. The Bank decided not to continue financing a CDD-oriented infrastructure component.

Box 4.1. Countries Share Knowledge on Social Protection

"The Bank technically supports CCT programs throughout the world, by helping to organize learning events to facilitate knowledge sharing among clients and staff from the Bank and other international organizations. WBI and the HD Vice-Presidency have collaborated on three international conferences held in Mexico (2002), Brazil (2004), and Turkey (2006). After the last conference, several Latin American CCT programs requested the Human Development Department within the Latin America Region to facilitate a CCT Learning Community by organizing monthly virtual sessions through the Global Distance Learning Network for 5 programs (Brazil, Chile, Colombia, El Salvador, and Mexico). This community is now completing its second year of operation and has discussed topics such as management, local government institutional strengthening, monitoring and evaluation, and the future role of CCT programs. This CCT Learning Community has fostered a strong, tight-knit network of senior practitioners who have found a forum for continuous communication, where they can learn from each other on second-generation issues specific to older CCT programs. Mexico's *Oportunidades* together with the Bank hosted a two-day workshop in Mexico in early 2008 that allowed them to come together to discuss issues facing CCT programs as they mature, including the changing challenges of impact evaluation and the future role of CCTs. These learning events have expanded to South–North exchanges. New York City has modeled its own transfer program, Opportunity NYC, on *Oportunidades,* and visited Mexico while designing their intervention to learn from its experience. In June 2008 the Latin America Region organized with an expanded CCT Learning Community a virtual learning session on ways that CCT programs were trying to improve employment outcomes for their beneficiaries with the participation of experts on US/UK experiences, including program managers of Opportunity NYC. Finally, the Bank recently has published a Policy Research Report, entitled *Conditional Cash Transfers: Reducing Present and Future Poverty*. The report lays out a conceptual framework for thinking about the role and design of CCTs and reviews the evidence that has accumulated on their performance in practice."

Source: World Bank (2009, 15).
Note: CCT = conditional cash transfer; HD = Human Development; WBI = World Bank Institute.

The Mexico program known as Oportunidades, now Prospera, has been the most influential model for the Tanzania social protection project. Staff from the TASAF project management unit and from the Tanzania government visited Mexico in 2012. Mexican influence on TASAF is evident in two respects. First, a Mexican firm won the bid to conduct the impact evaluation of the TASAF II cash transfer pilot. Second, the Management Information System was imported from Mexico.

Without the Bank's presentation of worldwide experience with cash transfers, it is unlikely that the government of Tanzania would have made the radical switch from the social fund, CDD model to the cash transfer model of social protection. Before about 2008 the government had not heard of cash transfers. In addition to study tours to Ethiopia, Jamaica, and Mexico, the Bank invited government and TASAF staff to attend a training course in social protection at its Washington headquarters in 2010. By this

time, there had been a paradigm shift in the Bank. As a vehicle for poverty reduction, cash transfers had replaced CDD as the preferred model. In Tanzania, there was initially some resistance to this shift because cash transfers were equated with dependence on government handouts. However, after discussion, the government was persuaded that transfers targeted the poor more effectively than the social fund model. This was the driver of the changed approach to social protection in Tanzania.

In sum, the Bank's work on social protection exhibited a strong flow of knowledge across countries and Regions well before the FY15 reorganization. It is an example from which other Global Practices may learn. But there is a question that merits attention. Did the successful transfer of learning between countries hinge on the quality of the technical knowledge that was transferred—some vital element of global validity, or was it the way in which knowledge from outside the country was successfully adapted to the local context? A discussion of this topic follows.

Mixed Success in Understanding the Political Economy of Client Countries

The country case studies conducted for this evaluation find that the Bank's country focus and decentralization have led to more emphasis on political economy analysis and to the hiring of locally recruited staff with an understanding of country networks. It may also have led to some complacency about the extent to which the Bank has internalized political realities and needs to invest in understanding the factors that were likely to affect country ownership of the lending program. Until recently, the Bank tended not to develop operationally relevant knowledge and training in the political economy, culture, and institutional capacity of countries.

The importance of political economy analysis is illustrated by the Tanzania water series and the Turkey health series assessed for this evaluation. In each case, the Bank only became fully aware of political economy constraints during project implementation. The lessons were not written up until after the projects closed. But the design of the Turkey series took better account of the need to deal with competing interest groups than was the case in Tanzania.

In Tanzania, a project sought to boost the efficiency of the water utility by leasing it to a private operator (de Waal and Cooksey 2008). The project appraisal document cites lessons learned from experience in Francophone West Africa, a region with which the team leader was familiar. It was argued that leasing the water utility to a private contractor had been shown to work and that it was feasible for the contractor to bear the commercial risk, for the government to enforce payment of water bills, and for the contractor and government to agree to share financing of repairs and replacement.

The appraisal document goes on to note, "Experience worldwide and in particular in Africa has also demonstrated the importance of…stakeholder participation in the design of institutional reform to build a strong consensus on the "privatization" of a key public service" (World Bank 2003, 7). But it was precisely this consensus that was lacking, and the project was not able to accommodate those likely to lose from the proposed reforms. These included the owners of tanker trucks that supplied the many consumers in Dar es Salaam, including some of the most powerful citizens, who had no faith in the capacity of the utility to provide a reliable service. Many government officials had a vested interest in the survival of the tanker business, which was diverting revenues from the utility. If the project had been preceded by participatory analytic work on the political economy of reforming the water utility, the Bank would have given more thought to the ease with which the successes achieved in Senegal (and, predating Bank intervention, in Côte d'Ivoire) could be transplanted to English speaking countries of Africa.

The case has since been written up as a case study (de Waal and Cooksey 2008; Triche 2012). Triche observes, "At the time the Dar es Salaam transaction was being prepared, the policies of government of Tanzania's international development partners led by the World Bank strongly favored public-private partnerships (PPPs). Several successful cases, including those in Western Africa, had created confidence that PPPs could lead to significant improvements in the financial viability and quality of services everywhere. The Bank's preparation team tried to bring the experience of the successful cases to bear on the transaction and advised the Parastatal Sector Reform Commission to address certain operator risks but, in the end, the team still had some misgivings about the viability of the Lease Contract. Despite these issues, the World Bank 'no objections' allowed the transaction to move forward. Since that time, the World Bank's enthusiasm for PPP has evolved in light of experience. The failure of several PPPs, examples of highly effective public operators and a growing appreciation for the role of small local service providers have led to the adoption of a more balanced policy of promoting the efficiency and financial viability of public operators while promoting a wide variety of forms of PPP where feasible."[2]

Unlike in Tanzania, in Turkey the government's grasp of political economy helped it implement a comprehensive health care reform. The government, rather than the Bank, was the driver. But, apart from helping to finance the reforms, the Bank played a useful role by sponsoring an analysis of the political economy and by providing a forum for Turkey to share the lessons of reform with other countries. In a recent report (Bump and Sparkes 2013), produced at the request of the Turkish Ministry of Health, financed by a Japan Trust Fund under the World Bank–Japan Partnership Program on Universal Health Coverage, and written by two academics from the United States, the authors show that, in implementing the Health Transformation Program between 2003 and

2012, the Turkish Ministry of Health tackled four political economy challenges. First, following the "logic of collective action" (Olson 1965), losers were more likely to organize against the reforms than winners were to mobilize in support of them. Costs were concentrated on elite, well-organized groups, particularly doctors in university hospitals, while benefits were thinly spread. The ministry responded by building support among the broad base of beneficiaries through highly visible, fast reforms, such as refurbishing waiting rooms, ending unpopular policies, and expanding the ambulance network. These initial moves built popular support for the more difficult reforms to come, which included changing provider payment systems, closing underperforming facilities, and merging social security systems.

Second, early on, the minister of health and his senior leadership team worked to neutralize the opposition by systematically rebutting opposition claims, by changing some of the less popular reform plans, and by exploiting the differences between different opposition groups. Third, the government built domestic support by playing the sovereignty card when expedient. It openly resisted some of the recommendations of the International Monetary Fund and World Bank. Fourth, the government was astute in its choice of tactics. It used the existing Green Card Program of health insurance as its primary vehicle for scaling up coverage for low-income households, partly because modifying a program did not require parliamentary approval. The Ministry of Health consolidated its control by taking over the Green Card Program from the social security agency, by expanding the benefits package, by increasing the number of green cards in circulation, and by improving health care centers.

These measures may not have worked in another context. The authors of the study identify several factors that predisposed toward reform. The government could move swiftly because several reform proposals had already been developed when it began the program in 2003. These proposals drew on World Bank-supported work from the early 1990s. The economic crises of 1999 and 2001 gave a sense of urgency to health and pension reforms. The 2002 parliamentary elections gave a legislative majority to the AK Party, ending decades of coalition government. This made it harder for opposing parties and interest groups to block the reform process. Strong economic growth after 2003 increased the fiscal space available for health care without imposing cuts elsewhere. Finally, the youthful age profile of the population helped. Turkish citizens demanded fewer interventions and at a lower cost than would have been the case if the average age had been higher.

In sum, attempts to tailor perceived global good practice to the needs of individual countries call for country-specific knowledge of institutions and political economy. They may work best when clients already have the knowledge needed to challenge

Bank thinking when necessary. For these reasons, customization is more likely to prosper in middle-income countries than in low-income countries.

Mixed Success in Working across Sectors in a Country

To serve its clients effectively, the Bank needs to be agile at working across different sectors in the same country. This will always be a stretch. Because the academic and professional training of Bank TTLs tends to be sector focused, staff are more likely to work across countries in the same sector than across sectors in the same country. This is confirmed by IEG's assessment of time recording data from FY12–14 presented in the next section.

Findings from IEG's country case studies reveal that, before the reorganization, there were instructive examples of working across sectors in a given country that could serve as examples of good practice for the Bank.

In Mexico, the Bank simultaneously financed separate projects in support of the conditional cash transfer program (Oportunidades, now Prospera) and the health insurance program (Seguro Popular). In 2014 Prospera and Seguro Popular reached respectively 25 million and 50 million beneficiaries, which is between 20 and 40 percent of Mexico's population. One of the challenges was to ensure that Prospera beneficiaries registered with Seguro Popular. A communications campaign was launched to correct the widespread misconception that Prospera beneficiaries would have to give up their benefits once they registered with the health insurance program. A further problem was the incompatibility of databases between states. Some states had a single database for Prospera and Seguro Popular, and others had separate databases. Also, the Ministry of Education ran a series of grant programs; for example, to support parent-teacher associations. But many of these did not operate in the poorest areas, denying the clients of Prospera the full range of benefits. The programs needed to be harmonized. Although Mexico pioneered cash transfers, with respect to cross-sector coordination, it is now behind countries that started their programs later. Chile is ahead on initiatives to develop a system of unique identification for the beneficiaries of various social protection programs, helping to improve targeting and promotion.

The Bank's second project in support of Prospera (approved in 2014) directly tackles the lack of cross-sector coordination. "Two key weaknesses are the duplication of programs and the lack of information to identify gaps in demand and supply of social services.… [I]n 2011 there were as many as 273 federal programs directed at improving socio-economic welfare—each using different targeting and delivery mechanisms—co-existing with as many as 2,391 state programs" (World Bank 2014, 3). The aim is to

integrate databases that capture the socioeconomic characteristics of beneficiaries (consumers of social services), information on who receives which social programs (unique registry of beneficiaries), and information on the supply of social programs. The project also helps beneficiaries find jobs through the National Employment Service.

In Mexico, as well as promoting coordination between sectors within the Prospera project, the Bank now faces a coordination challenge between projects in different sectors. The Bank has promoted the development of rural financial markets through Bansefi, the implementing agency for three Bank-supported projects. Because of its vast branch network, Bansefi is also the conduit for delivering benefits to Prospera beneficiaries. It wants to offer its Prospera clients loans secured against the future stream of Prospera benefits. The Bank is examining the risks posed by this linkage of programs.

Urban development projects in the case study countries have had mixed success in dealing with cross-sector coordination. In Tanzania, the upcoming Dar es Salaam Metropolitan Development Project has no water components. This appears to be because water is already covered by the First and Second Water Sector Support Projects. This avoidance of duplication makes sense but is not sufficient to justify the lack of communication between project teams that IEG observed or the absence of attempts to align sector strategy.

In the Philippines, Bank staff and their government counterparts told IEG how important it was that the KALAHI-CIDSS[3] CDD program and the Social Welfare and Development Reform complement each other. Ministry officials praised the Bank's commitment to making these government programs work together. Technical assistance and operational learning from both projects were regularly shared between staff in the Department of Social Welfare and Development and the Bank. Government-sponsored impact evaluations assessed how much the programs informed each other (Edillon, Piza, and Santos 2011). The pressure for coordination and cross-fertilization came squarely from the client's side.

A recent report (IEG 2014) examines how cross-sector work has manifested itself in projects that span human and animal health care systems, highlighting the institutional obstacles that had to be overcome (box 4.2).

Box 4.2. Cross-Sector Coordination—the Bank's Response to Avian Influenza

Effective control of avian influenza and pandemic preparedness requires cooperation and coordination between animal and human health sectors, both at the strategic level and in implementation. The outcomes of most serious concern are the risks to humans from a potential pandemic, but improvements in these human health outcomes come in part from actions on animal health.

In client countries, World Bank-financed projects had some success at increasing cooperation between animal and human health agencies, often starting from a baseline of no cooperation. National or Regional level technical committees with experts from multiple agencies were a useful platform for organizing cooperation. Establishing committees of technical experts and institutionalizing regular meetings helped to sustain cooperation beyond the lifetime of specific donor-financed projects. National level plans helped to bring in civil defense, emergency response, or security agencies.

Within the Bank, the response to avian influenza fostered a significant degree of cross-sectoral cooperation at the strategic level in designing the Global Program on Avian Influenza, in convening international agencies, and in working with the international community. Leadership and prioritization from high-level management at the Bank (including the president) were central to this process. But Bank institutional structures posed a barrier to meaningful cross-sectoral work at the operational level. The mapping of the project and task team leader (TTL) to either agriculture or health sectors determined the allocation of responsibility and accountability to management in that sector, which tended to reduce the incentive for managers and staff in other sectors to prioritize the project when allocating scarce time and resources.

Positive cross-sectoral cooperation within the Bank did occur in some projects, but this was largely driven by personalities rather than by institutional incentives. Informal co-TTL arrangements generally did not make much difference as in the end one person was still the formal TTL. (Co-TTL arrangements were formalized in late 2014.) After the Bank's restructuring, animal health and human health are still in different Global Practices, and signals will need to be sent by leadership of both practices that cross-sectoral cooperation is a priority.

Source: IEG (2014).

In country offices, relative to headquarters, the physical proximity of staff in different sectors may suggest that there are plenty of opportunities for cross-GP exchanges. Indeed, some studies have shown that office layout strongly influences knowledge flow (Pentland 2014). However, IEG observed that in some country missions, the frequency of cross-sector meetings has declined. In the past, many country directors held regular meetings dedicated to sector briefings where the staff would update the country director and colleagues in other sectors about developments in their sector. In larger offices, where the interaction with directors happened more infrequently, there were operational meetings organized for the same purpose. In the case study countries, these encounters are now less frequent. Office-wide meetings are more likely to be devoted to

human resource matters, security, and compliance issues. In country offices there are also fewer informal lunchtime seminars than in Washington headquarters, which may further reduce the opportunity for cross-sector exchange. At this stage, there is limited evidence that working across sectors is likely to be adequately rewarded by the new arrangements.

Monitoring Knowledge Flow

Knowledge flow is partly mediated by the movement of staff in whose heads those ideas are embedded. Short-term mobility typically manifests as cross-support: staff from one Bank Region are invited to participate in appraisal or supervision missions for projects in another Region. Long-term mobility involves assignment to a new post in a different Region, possibly encouraged by the 3-5-7 rule on staff rotation.[4]

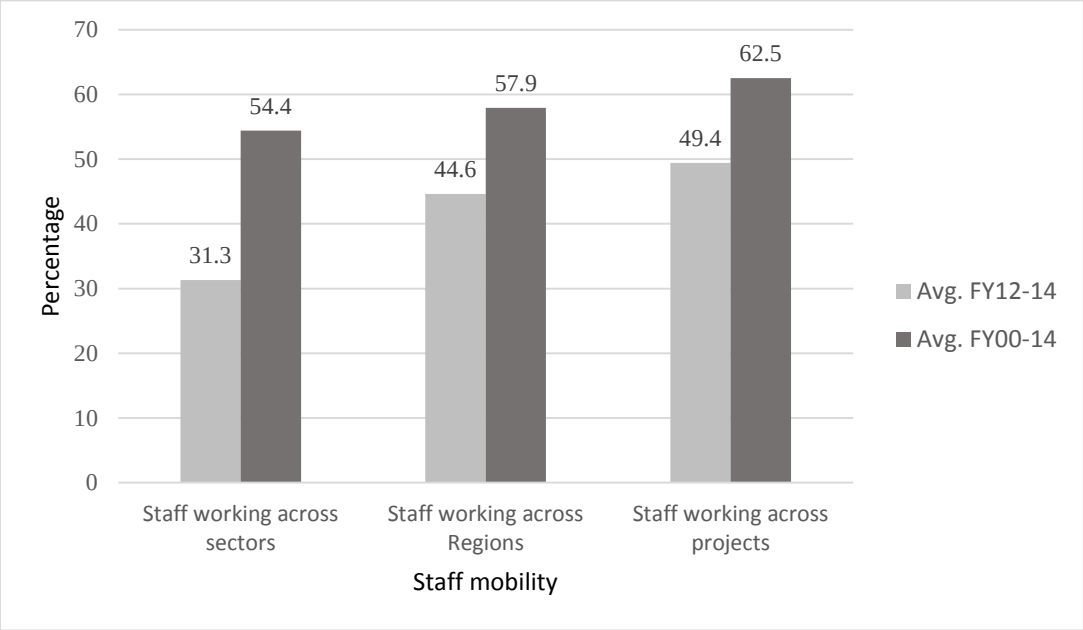
To investigate staff mobility IEG took all the data from the Time Recording System for FY00–14 and, for each Unique Personal Identification number, investigated the percentage of staff in operations who had charged time to more than one Region and more than one sector. IEG found that, between FY00 and FY14, 58 percent of operational staff worked in more than one Region and 54 percent of operational staff had charged time to more than one sector unit. If the data cut is limited to FY12–14, mobility is less, possibly because the uncertainty created by the Bank reforms led staff to delay the search for a new post: 45 percent worked in more than one Region and 31 percent worked in more than one sector. Figure 4.3 summarizes these data and also shows what proportion of staff charge time to a project series. More than one project in the same sector and in the same country might increase the opportunity for learning from mistakes.

The data reported assign equal weight to persons charging five hours (e.g., to review a project concept document from another unit) and persons charging a year or more of their time. But even when the data cut is limited to staff who have charged more than the median gross staff hours per period per activity, the proportion of those working in more than one Region or sector in FY00–14 is still relatively high: 53 percent (multi-Region) and 43 percent (multisector).

One of the motives for Bank reform was to increase the sharing of knowledge and learning by promoting mobility between Bank units. But the Bank's Time Recording System data show that, in the pre-reform Bank, mobility was already substantial. These findings do not contradict earlier observations about the limited extent of cross-support (IEG 2012) because they use a different metric that is more inclusive (measuring the incidence of "working across" involving both cross-support and job change—not the

proportion of time devoted to cross-support). Although the data analysis needs to be refined to distinguish cross-support from job change, a baseline can be created using both elements. The baseline is important in order not to underestimate or overestimate the post FY14 changes in knowledge flow resulting from the new Bank structure.

Figure 4.3. Mobility of All Staff across Sectors and Regions



Source: World Bank Time Recording System.
Note: The figure pertains to staff who are charging time to the investment projects of the International Bank for Reconstruction and Development and the International Development Association.

There is a risk that the new Bank has framed the effective deployment of knowledge too much in terms of staff mobility. There is an implicit assumption in the new Bank that generating the right solutions for clients entails bringing global good practice knowledge to bear more expeditiously than before, and that knowledge flow, which is one of the indicators in the Corporate Scorecard, calls for a more fluid movement of staff across space and between contracts.

One implication of this is that success is equated with high mobility: movers will have more illustrious careers than stickers. Typically, the movers are internationally recruited staff (IRS) located in headquarters (IRS-HQ), and the stickers are locally recruited staff (LRS) based in country offices (LRS-CO). The IRS-HQ staff are the guardians of good practice. They are supposed to have the best technical knowledge that can be applied anywhere in the world. Even though LRS-CO staff may be TTLs, their roles are essentially seen as providing support. There is a risk that by increasing the premium on mobility, the restructuring will further sharpen the divide between IRS-HQ and LRS-CO staff, creating a two-class Bank. The challenge is to recognize that learning is not wholly contingent on mobility and that learning and results will be best served by a

partnership between movers and stickers. Stickers have a particular role to play in bringing knowledge of local institutions to bear on the design and implementation of projects. Ultimately, all knowledge is local.

In sum, there are barriers to working across sectors in a given country, partly because of the sector-specific nature of Bank staff's technical knowledge and the difficulty of coordinating line ministries. In some countries, the Bank has showed imagination and commitment to cross-sector work, but this is probably the exception rather than the rule. There is a strong sense that cross-sector work is most likely to succeed when the client is driving the process.

Has the Bank Balanced Global and Local Knowledge?

In various respects, a case can be made that the new structure and roles will not privilege global technical knowhow at the expense of customizing this knowledge to the country context. Program leaders and the country directors to whom they report have a clear accountability for ensuring that projects fit the local context. Program leaders help to develop multi-practice programs and they are responsible for identifying and filtering client demands, serving as a conduit to the GPs and CCSAs. Although the balance of decision-making authority relating to project design and implementation has tilted away from the Regions to the GPs, the Regions still have responsibility for clearance and concurrence at key stages of the project process. Most practice directors and practice managers have undertaken field assignments in the past and understand the importance of country context in project design. The global solutions leads will continue to devote part of their time to managing projects, which will require them to keep sight of the local context. The same perspective will be required in their work as peer reviewers and advisers.

But based on interviews with Bank staff—ranging from top managers to TTLs—IEG encountered a repeated questioning of whether the GPs and CCSAs would permit a balanced contest between global and country priorities. Given that the GPs and CCSAs have overall responsibility for portfolio quality (through practice managers) and have a somewhat elevated role within the new structure, will Country Management Units (CMUs) be sufficiently heard—in practice—as they bring country-based local knowledge to the table? It remains to be seen how the tension between global and country-specific knowledge will be managed (table 4.1).

Table 4.1. How Well Does the Reorganization Balance Global and Local Knowledge?

Issue	Background	Possible Implications for Learning and Knowledge Sharing
Structural complexity	The number of sector and thematic units increased from 4 to 19, with 14 Global Practices (GPs) and 5 Cross-Cutting Solutions Areas (CCSAs), the latter's scope extending across the GPs.	The large number of GPs and CCSAs may complicate relations with Country Management Units and increase the complexity of relations with clients. Coordinating global technical knowledge may be more difficult than before.
Skills allocation	Previously, temporary loans of staff from one Bank unit to another (cross-support) were mediated by the cost of the staff member's time. Through an internal market, supply and demand were balanced. Staff time is now paid up front from the GP and CCSA budget; an alternative way of rationing in-demand skills between units is introduced.	The new system is intended to be transparent and to reward working across GPs and Regions. But in the absence of a market mechanism, a centralized coordinating intelligence in GPs and CCSAs will be needed to allocate staff. It is not clear how well this central intelligence will understand the knowledge that staff have and where it is most needed.
Matrix balance of power	Control of the budget has shifted from Region and country units to sector and thematic units, portending a possible increase in the power of the latter relative to the former.	There may be more scope for the GPs and CCSAs to practice advocacy, potentially imposing their ideas of global good practice on clients. Knowledge and learning may be less client driven and less country specific.
Program leader responsibility	A new program leader position has been created. Program leaders and the country directors to whom they report are responsible for ensuring goodness of fit between country-specific needs and the sector and thematic-oriented services of the GPs and CCSAs.	Program leaders may be overwhelmed by the large number of transactions with GPs and CCSAs, making it harder to ensure that countries get the knowledge and learning services they most need.
Practice manager responsibility	Practice managers head the Regional and other units into which each GP and CCSA is divided. The unit work program takes priority over the global area of activity.	Practice managers may be less aware of, and pay less attention to, knowledge generated outside the Region that they are assigned to cover.
Global solutions lead responsibility	A new global solutions lead role has been created. Each lead heads one of the 5–10 solution areas into which each GP and CCSA is divided.	Global solutions leads are intended to ensure that the best worldwide knowledge informs the work of the GP and CCSA, but theirs is not a dedicated job, and they have to work also as TTLs and advisers—the global knowledge part of their tasks may be squeezed.
Dual directorship of GPs and CCSAs	Practice managers report to corresponding GP or CCSA directors. Thematically mapped global solutions leads report to the relevant GP or CCSA senior directors. Directors are Region-focused, and senior directors are global-focused; jointly they manage the tension between Regional and global commitments.	Practice managers carry more weight than global solutions leads but senior directors outrank directors. This balancing of staff grades may help to ensure a balance between Regional and global commitments, but it may also create tensions, as practice managers and global solutions leads jockey for influence with directors. The net effect on learning and knowledge sharing is unclear.

Leveraging local knowledge and moving it upwards is just as important as localizing global knowledge. Important ways in which local knowledge can be leveraged include the following: (i) local staff conduct briefings to share their local knowledge with

visiting headquarters staff or staff from other country offices during every mission and the latter reflect the local insights into global knowledge; (ii) GP staff themselves glean local insights and integrate them with global knowledge; or (iii) CMUs push local knowledge up to GPs and CCSAs. Will the new Bank structure support sufficient globalization of local knowledge?

Interviewees suggested that the integration of cross-GP knowledge into the project cycle will be difficult given the large number of players (i.e., 19 GPs and CCSAs replace the four network anchors). Some interviewees suggested that the office of the Global Practices Vice-Presidency would be obliged to accommodate ad hoc groups with multipractice representation that are chaired by senior directors.

Interviewees also noted that cross-practice collaboration will be difficult to achieve unless it is mandated in the project design process. For example, it could be required that there is one peer reviewer from another GP or from the IFC.

Interviewees also questioned the viability of the new global solutions lead positions. At present, the role is grafted onto existing TTL and advisory responsibilities. It is not a salaried position with a defined grade, the job will not be advertised, and it will not be open to applicants from outside the Bank—appointments will not be fully competitive. There is some doubt about whether staff will be interested in taking on this role, and a concern that because it is an "add on" the global knowledge work may be squeezed out by project management and advisory commitments. Past efforts to create such a technical career stream did not prosper. To demonstrate its commitment, the Bank needs to promote some qualified GH level technical experts to levels GI and above. It is important to acknowledge, however, that there is some variation between GPs in the responsibilities and profile of global solutions leads. In the Water GP, for example, the global leads are full-time positions at GH level (or proposed at GI level), and do not have TTL or managerial responsibilities.

Those interviewed by IEG also expressed a concern about the span of control of practice managers and program leaders. The practice managers have 30 to 35 staff reporting to them and in most Regions as many as 20 active country programs. Their capacity to maintain a strategic focus and to provide substantive inputs into programs of this size will be tested. For CMUs that cover several countries, it is an open question that the program leader will be able to provide useful insights into each of the GP areas and countries they cover because 50 percent of her or his time will be reserved for fulfilling TTL responsibilities. Interviewees said that there may be a case for program leaders to report to GP and CCSA management as well as the country director, given that program leaders are expected to be the 'hinges' between global and local knowledge.

This dual accountability could be reflected in sign-off arrangements for performance evaluations of program leaders.

Interviewees expressed two other concerns. First, those in CMUs questioned whether the Bank was still committed to its own decentralization. They asked whether practice managers would be able to operate from country offices. Prompted by the evidence of a partial recentralization in the Africa Region, IEG investigated whether this was part of a broader trend. It seems that the move to pull back Africa Region staff to headquarters was a cost-saving measure that predated the reorganization and does not amount to a Bank-wide policy shift, although the trends in the Bank should be monitored.

Finally, some of those interviewed by IEG pointed to the challenge of ensuring that the skills of top-rank technical experts are evenly deployed between countries. They noted that there is a segmented market for global expertise. The best staff may be drawn to work on the middle-income countries with strong technical counterparts.

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[1] IEG performed a content analysis of the responses to a question inviting survey respondents to write their comments on the Global Practices and Cross-Cutting Solutions Areas. Written comments were received from 507 individuals, 54 of whom used the word "knowledge" while 11 referred to "learning."

[2] Also, in 2012, the Sustainable Development Network issued a paper showing how to apply political economy analysis to town water supply and sanitation (Manghee and Poole 2012).

[3] KALAHI = Kapitbisig Laban sa Kahirapan (Linking Arms against Poverty); CIDSS = Comprehensive and Integrated Delivery of Social Services.

[4] The 3-5-7 rule requires staff to remain in assignment for a minimum of three years; to seek reassignment to another Vice Presidential Unit (VPU) after five years; and when in their VPUs for more than seven years, their rotation may be actively facilitated by Regional managers.

5. Make Projects Adaptive

Adaptiveness is at the heart of what President Kim has defined as the science of delivery for the World Bank Group. "We've been working on so many projects in so many countries for so long that we have a lot of data evidence and experiential knowledge that can help countries achieve what they want to achieve for their populations," he explained in a 2013 interview (UN News Centre 2013). "And so we've been focusing a lot on helping countries actually deliver on their promises to the poor. We call it a 'science of delivery' but really what it's focused on is capturing all the best experiences from around the world and then putting that information in a form countries can use and try in their own local settings to improve their own delivery."

Hirschman (1967) and Rondinelli (1993) made the case early on for operations that are small-scale, exploratory, and risky—operations that do not always provide immediate economic returns or yield quick results. More recent studies have strongly argued for an adaptive approach to lending, emphasizing the importance of learning from failure (Andrews, Pritchett, and Woolcock 2012).

Adaptiveness within and between Projects

Based on findings from surveys and interviews conducted by the Independent Evaluation Group (IEG), Bank staff are more persuaded that there is interproject adaptiveness—long-term design evolution—than they are willing to believe that there is intraproject adaptiveness. Respondents to the IEG's survey of Bank staff were asked, in an open-ended question, to give one example of how they changed the design or implementation of their lending operation in response to learning. The answers were coded and the category with the largest share of responses (10 percent of the 356 respondents to this question) was "change occurred in the light of lessons learned from previous operations." On the other hand, while staff accept that there should be change within the span of a single project, those who spoke to IEG said that intraproject adaptiveness was lacking (box 5.1).

Box 5.1. Task Team Leaders Reflect on the Need for More Adaptive Project Design and Implementation

The following observations emerged from the 100 interviews and 6 focus groups that IEG organized with Bank staff between October and December 2013. The staff ranged by grade from TTLs to directors and were drawn from across sectors. Although these comments were made before the launch of the Global Practices on July 1, 2014, they touch on themes that transcend the organizational structure of the Bank and therefore probably remain valid today.

- Too many resources are devoted to developing "failure-proof" project designs.
- Too few resources are devoted to supervising projects and adapting to inevitable changes.
- Restructuring should be the rule in projects, not the exception.
- At present, all projects are designed according to rules and procedures that may be appropriate for infrastructure projects but are not appropriate for policy reform programs.
- Too much time is spent designing Plan A, as if it will never change; when things change—as they inevitably do—there is no Plan B.
- Flexibility is the key because complexity is the rule.
- The solutions governments seek are often operational in nature—they are about the how, not the what.
- Solutions emerge in the course of implementation; it is impossible to find all the solutions at the design phase, even if preparation is very thorough.

Source: IEG interviews and focus groups involving Bank staff, 2013.

A willingness to take calculated risks, to learn from mistakes, and to be candid when operations fail are distinguishing traits of the adaptive approach. Although every project appraisal document has a section on risk mitigation, overall the Bank does not encourage risk taking. The IEG survey of Bank staff found that only 5 percent of respondents felt to a very large or substantial extent that the Bank has encouraged informed risk taking in its lending operations. Seventeen percent of respondents replied that the Bank's staff were able, to a very large or substantial extent, to learn from mistakes. Managers were much more sanguine in this regard than staff at lower grades, with the difference between the groups being statistically highly significant: 41 percent of staff at grade GI and above replied that mistakes were learned from compared to 17 percent of GG staff. Managers have a key role to play in creating a safe space for staff to candidly discuss operational problems and how to address them. Therefore, it is a matter of concern that only one-third of respondents to the IEG survey opted for the response "very large" or "substantial extent" when asked if they felt able to discuss with their management what is not working in a lending operation.

Examples of Adaptiveness from the Country Case Studies

IEG drew on country case studies to arrive at a better understanding of the variation in project adaptiveness. The design of the FY04 Ethiopia Water Supply and Sanitation Project was premised on learning by doing as exemplified by a sanitation and hygiene initiative in the Amhara region that sought to change behavior (World Bank 2011). Community members took part in a "walk of shame" to identify and map open defecation sites. Health workers spelled out the link between open defecation and the contamination of food and water sources, encouraging villagers to commit to ending the practice. Three behaviors were promoted: hygienic disposal of human feces; hand washing with soap; and household water treatment and safe storage of drinking water. A 2010 survey representative of the 20 million inhabitants of the Amhara region showed that open defecation dropped from 64 percent to 40 percent between baseline and endline. Building of rudimentary latrines increased, and the chances of owning one were about nine times higher in households located in villages that participated in the walk of shame.

LESSONS LEARNED

Mid-course corrections were made. Learning from this initiative prompted two corrections in the approach taken by extension workers. First, the emphasis given to hand washing was better tailored to the availability of water and soap. In areas where these were scarce, other means of cleaning (rubbing hands with ashes, for example) made more sense. Second, greater attention was paid to promoting the correct use of latrines. Building a latrine does little to deter open defecation if it is not kept clean, and the pit is not covered.

Lessons were not broadly assimilated. With the exception of the Amhara initiative, there was much less learning by doing than the appraisal document had promised. The completion report concluded that an opportunity for learning was missed during implementation because of no "robust feedback loop" from monitoring to project management. As a result, there was less scope for mid-course correction. In addition, neither of the two mid-term aide memoires from 2007 and 2011 reflect on lessons learned. The box for the Amhara experiment is ticked, but there is no discussion of what had been learned in that Region and how it might be applied elsewhere. The Amhara experience was separately written up as a brief (World Bank 2011), but it was not embedded in the supervision record. Also, an independent assessment in 2013 by the U.K. Department for International Development (DFID) of capacity building under the project points to a learning discontinuity (DFID 2014). Rapid staff turnover occurred at all levels of government and no provision was made for transmitting lessons learned from outgoing to incoming staff. For example, there was no systematic handover of

manuals and databases, meaning that capacity building became an interminable process, nullifying the intended step-wise approach of "train first, then invest."

Some projects changed in ways that responded to their varied contexts. In Morocco, the Philippines, and Tanzania, community-driven development (CDD) programs adapted over time. Adaptiveness was 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 the approach has been scaled up into a major government program whose sustainability is underpinned by legislative reform.

In the Philippines, three factors encouraged adaptive community-driven development. The series of Kalahi community-driven development projects in the Philippines provide a good example of how strong Bank facilitation and responsive high-capacity partners can and do learn iteratively. The responsible government ministry (the Department of Social Welfare and Development) showed how change and regular interrogation of their work led to changes in how the project was delivered. There were three priority initiatives to ensure a learning-by-doing approach. First, the project team provided budget for the transmission of ideas through competitive grants, encouraging field officers and other staff to develop ideas that would inform the future work program. This approach motivated staff to be more innovative.

Second, the project team relied on an investigations unit in the Budget Office to track project performance, with the findings being used by management to regularly fine tune. Third, the project regularly sent field officers to visit other Regions to compare approaches and advise on progress. They developed a project mapping tool that compares Regions and is overlaid against other government and donor projects to ensure cooperation in and between programs and cross-fertilization. The principle of comparing and contrasting provincial performance has been a hallmark of the Philippines statistical reporting for many years and is a spur to adaptiveness.

In Morocco, experimentation did not improve design coherence. By contrast, in Morocco where the Bank has a 20-year history of investment in the water sector, there is less evidence of cumulative design adaptation. Over the span of three projects, different approaches have been tried—new approaches to infrastructure provision, participatory approaches, and output-based aid. But the whole remains less than the sum of the parts. A government official told IEG that the project designs proposed by the Bank did not sufficiently address the big picture: "Without looking at land acquisition, sanitation practices, water costs, distribution networks, and agricultural practices, the project

cannot hope to make the right policy choices. We know there are still big problems to solve, but we need guidance on how to fit these problems to clear solutions."

In Turkey, line-of-credit projects flexibly interpreted Bank orthodoxy. The small enterprise access to finance project series in Turkey illustrates the high return to flexible project design—designs that allow for changes within and between projects. World Bank studies and guidance have recommended that (i) lines of credit should not be subsidized because this crowds out private financial intermediaries; (ii) state-owned banks should not be used as the vehicle because their lending practices may be politically manipulated; (iii) lines of credit should not be directed to particular business sectors or Regions because this may lead to less rigorous appraisal of credit subjects and business plans; and (iv) it is better to direct World Bank funds through apex banks who then on-lend to retail banks rather than lend to retail banks directly because this provides an added layer of oversight, reducing the risk of default (IEG 2006).

Local context drove the need for flexibility as seen in three areas. In Turkey, the project series departed from each of the good practice principles. Team members stressed that Turkey was a special case: it is not best practice but best fit that counts. First, the crowding out argument did not apply because few private banks were willing to offer the medium- to long-term loans to small businesses that Bank terms allowed. Second, the size of the branch network was more important than whether the bank was private or public—the bigger the network, the greater the scope for reaching businesses in the underserved south and southeast regions. Third, after the 2008 global financial crisis, lending contracted in Turkey as it did elsewhere. To help restore liquidity, the Bank relaxed its rule about working only with apex banks, allowing one of the participating banks to shift from an apex to a retail arrangement.

Flexibility produced a sound adaptive response to an economic shock. Against the background of a sudden deterioration in the economic outlook in 2008, the government sought ways to scale up financial support to the real sector. In 2008, the government requested and the World Bank Board approved an additional loan of $200 million equivalent ($60 million and €109.1 million) to Halkbank guaranteed by the government. The flexible design of the credit line and the role of state-owned Halkbank as a retailer in the first Access to Finance for Small and Medium Enterprise Project was a key design feature that "allowed the project to be scaled up rapidly and provide significant funding to the small- and medium-enterprise sector at a time of great economic uncertainty and credit contraction" (World Bank 2013, 6). This flexibility on the Bank's part led to speedy disbursement of the loan without compromising repayment rates. The first additional finance was fully disbursed within nine months of effectiveness, and a third of the second additional finance of the same project was also disbursed within nine months after effectiveness (IEG 2012, 52).

The adaptive response was followed by a new cycle of adaptation. Once the crisis was over, the Bank switched back to a wholesale approach and, in subsequent projects in the series, diversified into leasing, Islamic finance, and credit guarantee instruments. This design flexibility was facilitated by the solid analytic work that underpinned the projects, including an influential investment climate study (World Bank 2010, 7).

In sum, staff perceive much more scope for adaptiveness. The country case study evidence collected by IEG and the science of delivery pilots have showcased promising examples of adaptive approaches. But projects vary widely in the degree of their adaptiveness, and often the lessons learned are not disseminated and incorporated in the design of subsequent operations.

Adapting by Revising the Project Development Objective

Staff skepticism about the incentive to formally restructure projects led IEG to test the effect of a 2005 policy change that introduced split ratings. One aspect of adaptiveness is timely restructuring of projects in the course of implementation. On restructuring, IEG's focus groups and interviews found that managers and quality assurance advisers tended be more bullish, emphasizing that in recent years Operations Policy and Country Services (OPCS) has facilitated restructuring. Task team leaders (TTLs) were less convinced but, in general, they said that there is greater willingness to make changes not requiring Board approval (typically involving the reallocation of loan proceeds between components) than there is to countenance a Board-endorsed revision of the Project Development Objective (PDO). Various people said that such level one restructuring is "stigmatized," partly because of a fear that it reflects badly on the competence of the TTL.

Fifty-two percent of respondents to the IEG survey of Bank staff agreed or strongly agreed that current Bank procedures for project restructuring have supported course corrections. This covers all levels of restructuring—from shifts of budget between components at the lowest level to formally approved revision of the PDO statement at the highest level. However, in separate interviews, some staff reported that IEG was "likely to mark them down" if project objectives were revised.

This observation is counter-intuitive because the harmonized guidelines of the IEG and OPCS were revised to favor early revision of project objectives when progress toward the original objectives was unsatisfactory. Beginning on January 1, 2005, all Implementation Completion and Results Reports (ICRs) were required to apply a split rating of Outcome whenever the PDO was changed during implementation. Projects were rated against both the original and the revised objectives. The aggregation of these

two ratings was based on the percent of the loan disbursed before and after the date on which the objectives were formally revised. Thus, the earlier the restructuring took place, the greater the weight carried by progress toward the revised objectives in the final calculus.

If the skeptical TTLs are right, there should be no difference before and after January 1, 2005 in the proportion of poorly performing projects that have their objectives formally revised. Also, there should be no difference in the point between effectiveness and closing when the objectives are revised. Post-2005 projects will not be restructured earlier in the project cycle. Finally, the disbursement-weighted method will not make a big enough difference to deliver a higher outcome under the post-2005 guidelines compared to the earlier guidelines—when projects, with revised PDOs or not, were just rated against their original objectives. IEG set out to test this null hypothesis (appendix D).

Findings

IEG found no increase in the frequency of revising policy development objectives. In FY00–14 the universe of IBRD/IDA investment projects with outcomes rated by IEG was 3,180; of these projects, 1,280 were rated before January 1, 2005 (pre-reform), and 1,890 were rated from that date forward (post-reform). In the pre-reform period, 106 projects (8 percent) underwent a formal revision of the PDO. In the post-reform period, 156 projects experienced PDO revision (8 percent). This suggests that the reform had no impact on the frequency of revision. To verify this, IEG also expressed the number of PDO-revised projects as a proportion, not of the universe of projects, but of the subset of projects that, on average, had a below-the-line Implementation Status and Results Report (ISR) rating for progress toward development objectives (DO rating)—averaging across the full ISR sequence. (Such projects would logically be strong candidates for PDO revision). Only 3 percent of the projects rated before January 1, 2005 had an average DO rating below the line. In the post-reform period, only 2 percent of projects had a below-the-line rating. In other words, for both periods, the proportion of projects with below-the-line ratings during implementation was lower than the proportion of projects whose objectives were formally revised. This suggests a lack of candor in ISR ratings—the supervision record understates the number of projects in need of fixing. Either way, there is no evidence that the incidence of PDO revision increased with the change of policy.

IEG also found no trend to restructure earlier. There was no significant difference before and after 2005 in the timing of PDO revision. In the pre-reform period the average span between effectiveness and completion was 7.8 years and the average

period between effectiveness and PDO revision was 4 years. For the post-reform period, the numbers were respectively 7.5 years and 4.4 years. Thus, although the split rating rewards early restructuring, the introduction of this policy did not change the behavior of TTLs.

A mixed picture emerges on incentives. Finally, IEG examined whether projects with the split rating ended up with a higher Outcome rating than they would have if they had only been rated against their original objectives. This exercise aims to assess if the policy change increased the incentive for TTLs to restructure. Many TTLs told IEG that the effort involved in revising PDOs is not rewarded by an improved IEG Outcome rating. Although there were 156 IEG-rated projects with a split-outcome rating, only 76 of these had a complete explication (in section 6 of the ICR Review) of how the rating against the original objectives and the disbursement-weighted overall rating were derived. (The evaluators did not attempt to derive comparative ratings for the other projects because this would have involved some second guessing of IEG's review process.)

Of the 76 projects, 33 (43 percent) had a higher rating under the split system than they would have received if rated only against the original objectives. But for only 19 of the 33 was the upgrade sufficient to push them from below the line to above the line (moderately satisfactory and higher). Of the 33 projects, 27 had loans that were less than 50 percent disbursed, indicating that early restructuring is conducive to a higher Outcome rating. The split system made no difference to the rating for 40 projects. In three cases, the rating was lower than it would have been if the project had only been rated against its original objectives. Of course, a badly restructured project will continue to have poor ratings regardless of whether the split system is applied or not.

The evidence supports early restructuring. In sum, if an adequate reward for the TTL's effort to restructure is construed as promotion from an Outcome rating below the line to a rating above the line, the chances of being rewarded appear low overall (25 percent, or 19 out of 76 projects). But 89 percent of projects that were pushed above the line were less than 50 percent disbursed at the moment when objectives were revised, indicating that early restructuring does have a positive effect on the Outcome rating—it is only last-gasp restructuring that the split system does not reward. However, this clear incentive has not led to the expected behavior change. The data show that the frequency and timeliness of restructuring did not increase after 2005. On the other hand, these data do not support the perception held by some TTLs that revision of the PDO is likely to increase the chance of a downgrade. (Downgrade will only occur if early restructuring is coupled with revised objectives that are less relevant than, and achieved to a lesser extent, than the original objectives.) Only 4 percent of the IEG-rated projects

(3 of the 76) received a lower Outcome rating under the split system than they would have if rated only against the original objectives.

There is a caveat to these findings: although the introduction of the split rating in 2005 has not increased the incidence of Level 1 restructurings, there are many Level 2 restructurings, which may have had a substantial impact on project outcomes. A review of FY12–13 project closings in East Asia and Pacific Region found that about 90 percent of these operations had been restructured, sometimes more than once. Only 8 percent involved Level 1 restructurings. Although Level 2 restructurings are not Board-approved and do not involve revision of project objectives, they involve changes to component funding and performance indicators which may significantly alter the results framework. Summing up, adaptiveness embraces both Level 1 and Level 2 restructuring and more work is needed to establish how large an outcome increment will be generated from a Level 1 relative to a Level 2 restructuring.

Several solutions to the problem of the lack of adaptive implementation were discussed at IEG's recent Design Lab. For example, it was suggested that project restructuring could be made the default. If a project is not restructured by mid-term, the onus should be on the TTL to explain why not. In addition, as noted earlier, reframing project restructuring as "agile and adaptive implementation" can help not only to remove the stigma attached to it, but actually make it attractive for TTLs to change course. Furthermore, the restructuring process should be streamlined and made less cumbersome. A tedious process can disincentivize much needed adaptation and course correction. One way to facilitate adaptiveness would be to frame legal agreements in a way that allows for changes in component descriptions and implementation arrangements without requiring a formal amendment. This would also reduce resistance to restructuring from country clients who must seek parliamentary approval, although such an across-the-board change in the nature of the Bank's legal agreements would have to be approved by the Bank's Board of Executive Directors.

Finally, where applicable, the Rapid Results Initiative, which breaks-up big problems into several mini-problems and pilots the implementation of the associated mini-results by a local team that is closest to the problem, could be considered (Matta and Morgan 2011; World Bank 2004; Schaffer 1991). Under this framework, the local team strives to achieve a target for the mini-result—often an intermediate outcome that helps to achieve the overall PDO—within 100 days. This problem-driven iterative process of a few 100-day, mini-projects embedded in a larger project could not only help to create local ownership and accountability for results but also would allow for testing of different interventions across different contexts. However, it may be the case that such an approach is not widely applicable. Especially in the case of complex projects with

complementarities, slicing and dicing a project into mini-parts could be counterproductive.

Science of Delivery

The principle of adaptiveness lies at the heart of what President Kim has referred to as the science of delivery: "the collective and cumulative knowledge base of delivery know-how that helps practitioners make more informed decisions and produce consistent results"(Kim 2012). Several initiatives were launched under the science of delivery banner. Along with three other GPs and CCSAs (Climate Change, Governance, Health), Water was chosen as a pilot for the Project Cycle Tools Initiative. These pilots were concluded in November 2014. The Water Toolbox includes a module on political economy analysis, which is intended to examine how local institutions and interest groups can best be accommodated when global knowhow is adapted to the country context. Furthermore, in March 2014 an international science of delivery workshop hosted by the Bank and co-sponsored by the German Agency for International Cooperation (GIZ) was devoted to the theme of "Scaling Up Sustainable Water Supply and Sanitation Service for All." A follow-up urban water supply and sanitation workshop was held in February 2015.

In December 2014, the Global Delivery Initiative was co-hosted by GIZ and the World Bank in Berlin with the aim of developing a better understanding of how to implement development projects, including by rethinking project cycles to allow for feedback loops and mid-course corrections; combining global technical expertise with local delivery knowhow; and conducting research on recurring delivery challenges; and collaborate on knowledge sharing. Over 40 participants, from around 30 different organizations joined the initiative, including the Inter-American Development Bank, African Development Bank, DFID, U.S. Agency for International Development, Harvard University, the Overseas Development Institute, and the Gates Foundation.

Another science of delivery initiative has highlighted adaptiveness. In September 2014, a case study was published on the adaptiveness of community-driven development in Indonesia (Friedman 2014). The Indonesia program is a model of design evolution. This is well illustrated by the changes in the approach to tackling corruption. Under the earlier Kecamatan Development Program, a randomized controlled trial conducted by the U.S.-based Abdul Latif Jameel Poverty Action Lab showed that the risk of audits, accompanied by a public reading and presentation of the audit results, had a greater impact in deterring corruption than some other forms of community oversight (Voss 2008). The follow-on program was modified in the light of these research findings. In 2011 the Audit Board began to audit 20 percent of subdistricts each cycle, reading out

the findings in community meetings. Communities could also take the initiative in reporting fraud to a dedicated Complaints Handling Unit via telephone, text message, email, or local drop boxes. Thus, combating corruption works best when communal oversight is backed up by external audit.

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6. Linking Learning to Results

Do World Bank projects that obtain better results do so, at least in part because of more learning taking place during the project cycle? The Independent Evaluation Group (IEG) approached this question in four ways. First, it purposively selected projects with Outcome ratings in the satisfactory and unsatisfactory range and interviewed task team leaders (TTLs) to probe the amount and type of learning that took place during various stages of the project cycle. Second, it considered evidence showing how tacit knowledge contributes to project quality. Third, it took a critical view of the evidence that went into supporting the Bank's Outcome ratings in order to investigate the assumption that Outcome ratings are a good proxy for actual attributable results on the ground. Fourth, it examined aspects of monitoring and evaluation essential for linking learning to results—results frameworks, indicators, and baseline evidence.

Relationship between Learning and the Outcome Rating

This evaluation examined 10 projects that were subject to field-based IEG Project Performance and Results Report Reviews (PPARs), comparing five projects whose Outcome IEG rated highly satisfactory with five whose Outcome it rated unsatisfactory (appendix C). This review sheds light on the relationship between learning and results.

A Learning Partnership with the Client Is the Best Guarantor of Good Results

All TTLs interviewed for the study stressed that learning is necessary but not sufficient to guarantee results. Having a highly committed counterpart and the environment in which the project works were viewed as having a greater impact on results than learning by itself. While learning was not viewed as the main driver of results or seen as something that "guarantees success," there was a shared perception that learning makes a vital contribution. It helps the Bank set priorities among development interventions and increases credibility with the client. The effect is all the greater when the client share's the Bank's commitment to learning.

All of the those interviewed in connection with the highly satisfactory projects described a strong relationship that developed with the client which in turn created an environment in which both the Bank and government teams learned together, and this was seen as an important determinant of success. Conversely, TTLs interviewed about unsatisfactory projects described a more distant relationship with a client who was less engaged or whose engagement waned over time.

Two factors stood out as contributing to the development of a close learning partnership with the client: frequent face-to-face interaction and continuity of project teams. Frequent personal interaction was achieved in several ways. In some cases the TTL was based in-country. In other cases the TTL was based in headquarters but traveled to the field for extended periods of time at critical stages of implementation and relied on locally based team members for day-to-day follow-up. In addition to building trust with the client, a strong local presence was identified as enhancing the project team's ability to swiftly respond to unforeseen events. Consistency of core project team members was identified as important for building trust, retaining institutional memory, and making adjustments.

Looking across the project cycle, the following variables stood out as contributing to a stronger learning-to-results chain in highly satisfactory projects compared to unsatisfactory projects:

- The ownership of the project by the counterparts and their commitment to its success.
- The capacity of institutions, counterparts, and stakeholders and the extent to which the incentive structure provides motivation for successful outcomes.
- The quality of the project design in providing a technical and institutional model which is appropriately tailored to the country context, including political economy considerations.
- The quality of support and oversight during the implementation process and the capacity to respond both to risks that materialize and to unforeseen events. In projects rated highly satisfactory the Bank was able to identify and respond to implementation challenges in a more proactive manner leading to a more successful resolution.
- Projects rated highly satisfactory on Outcome had satisfactory ratings on the quality of monitoring and evaluation.
- More learning occurred from pilots in the projects rated highly satisfactory compared to those rated unsatisfactory.

Tacit Knowledge Appears to Enhance Project Quality at Entry

At the turn of the millennium, a study of 485 Bank project team members, covering 96 projects, assessed how knowledge gathering influenced the rating that an independent panel of evaluators (the Quality Assurance Group) gave to project quality at entry (Haas 2006). Knowledge gathering was assessed by analyzing responses to eight survey questions, divided between technical and country-specific knowledge, with project team members being asked to rate how much of these types of knowledge they had

gathered for the project and how much technical and country knowledge they had before the project. The study examined how three variables—slack time, organizational experience, and decision-making autonomy—influenced the relationship between knowledge gathering and project quality. Organizational experience was defined as number of years in the Bank, which could be construed as a proxy for tacit knowledge because the more time operating in a given organization the greater the intuitive grasp of what works and what doesn't work in that context. Prior experience creates absorptive capacity that facilitates the assimilation, interpretation, and application of new knowledge (Cohen and Levinthal 1990; Szulanski 1996), knowledge that may be vital for project quality.

Based on a review of the literature, Haas (2006) hypothesized a trade-off between time spent gathering knowledge (i.e., reading documents and talking to experts) and the time devoted to other activities that are vital to project quality—maintaining network ties that might be needed in the future, developing mutual understanding of team members' potential task contributions, or fine-tuning design to meet client needs. Seasoned team members with years of experience in the organization may be able to gather knowledge more efficiently without crowding out those other activities bearing on project quality.

Greater knowledge gathering increased the chances of receiving a highly satisfactory project quality rating more if the team members had high levels of Bank experience than if they had low levels of Bank experience (Haas 206). On the other hand, non-Bank experience did not necessarily boost project quality ratings. To be precise, teams that were low in Bank experience were hurt by having more non-Bank experience in development work, but teams that were high in Bank experience were helped by having more non-Bank experience in development work. This suggests that tacit knowledge acquired in the Bank helps teams filter for what knowledge from outside the Bank can help them deliver projects that would attract a high quality rating by persons informed by the Bank mindset (e.g., all the members of the Quality Assurance Group were Bank staff or retirees).

Evidence Used for Rating Outcomes

IEG developed a survey instrument to assess the type and quality of evidence on efficacy (the extent to which the project's objectives are achieved, or are expected to be achieved, taking into account their relative importance, and are attributable to the activities or actions supported by the operation) contained in Implementation Completion and Results Reports (ICRs) and applied it to a random sample of 71 investment projects drawn from a universe of 261 such operations that exited the project cycle in FY12 (appendix E). The exercise had two specific objectives. First, to

assess what percentage of projects present at least some level of outcome evidence. Second, to assess the type and quality of evidence on efficacy presented in the ICRs of those projects that present at least some outcome evidence.

EVIDENCE IS NOT ATTRIBUTABLE TO THE PROJECT

Most of the projects reviewed present at least some outcome evidence in their ICRs (figure 6.1), but in two-thirds there was little discussion of the diverse factors that may have affected the outcome of interest (figure 6.2). This means that in the majority of cases the outcome of interest, if achieved, could have been due to the Bank supported intervention, unrelated to it, or may have happened in spite of the Bank intervention. The most prevalent evaluation design used for generating evidence on efficacy in ICRs consisted in collecting data on the outcome measures of interest at the beginning and at the end of the project with no control or comparison group. This design was used in 58 percent of the projects that have at least some outcome evidence (n = 60). In rare cases, like in the Bangladesh Health Nutrition and Population Sector Program, the ICR had acknowledged and discussed factors outside the project that may have affected the observed positive developments in the outcome measures of interest.

Figure 6.1. Project Presenting at Least Some Outcome Evidence (n = 71)

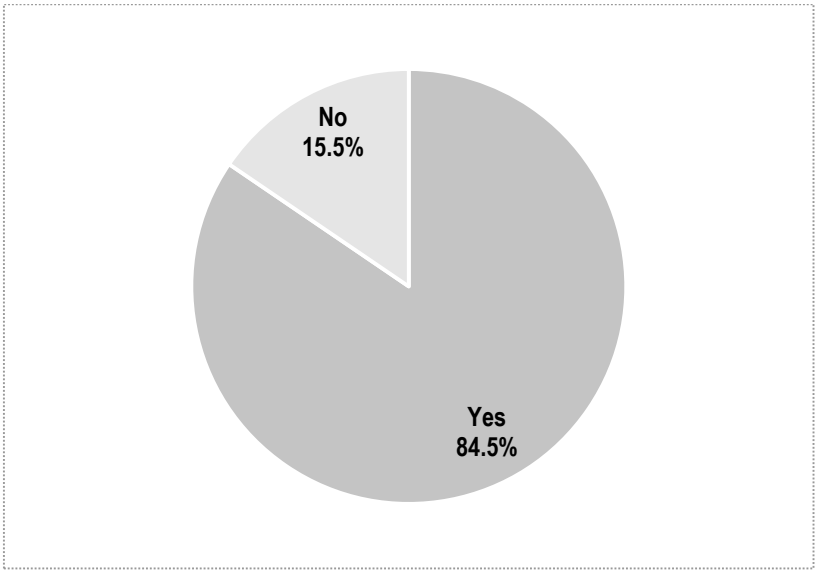
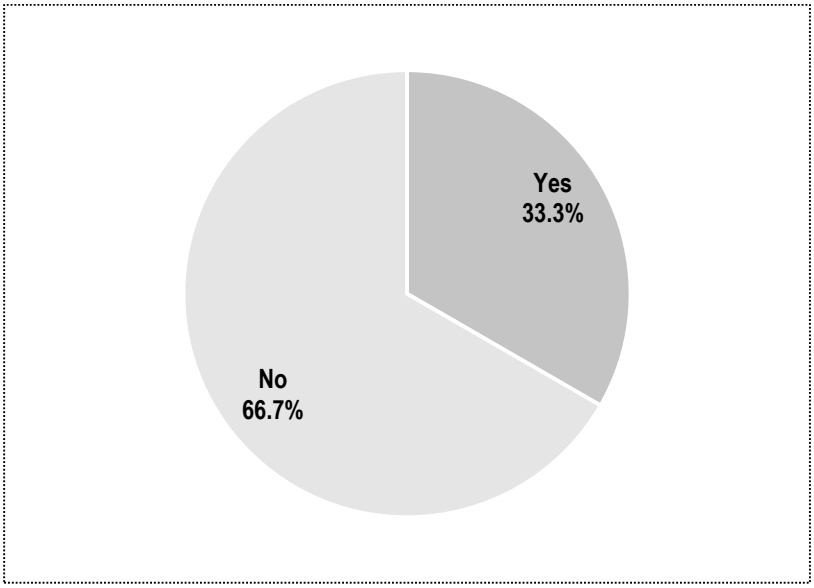


Figure 6.2. Outcome Evidence Discussing Alternative Factors (n = 60)



ICRs lack rigorous evidence on the extent to which observed outcomes can be attributed to Bank interventions. Three factors drive this lack of rigorous evidence on project outcomes. First, Bank projects formulate their outcomes indicators in ways that do not lead to comparisons of observed outcomes with what would have happened in the absence of the project. The formulation of outcome indicators is usually done in incremental terms (i.e., increase enrollment rate by 80 percent in Village A) without reference to a counterfactual (e.g., increase enrollment rate by 80 percent above what would have happened in the absence of the project). Second, the evaluation designs used for generating evidence on efficacy do not exclude other factors that might have affected the outcome of interest. There is limited guidance to staff on the importance of considering alternative factors that might have influenced the observed outcome.

Third, there is weak specification of the type of evidence gathering that was anticipated when the project was designed. Usually there is no discussion in the appraisal document of which of the following hierarchy of methods for collecting evidence will be used: experimental design, quasi-experimental design, nonexperimental design, and input and output monitoring.

Results Frameworks

RESULTS ATTRIBUTABLE TO THE PROJECT NEED LOCATING IN THE BROADER DEVELOPMENT CONTEXT

Throughout its evaluation work, IEG has found that the type of knowledge that is brought to bear on a project is influenced by the results framework, which sets the boundaries within which information is gathered. If results frameworks are to be

meaningful they need to be sufficiently comprehensive to embrace the higher-level goals toward which the project is pushing, even if the project can only be expected to make a small contribution toward those goals. The framework needs to include indicators for outcomes that can be attributed to the project; but, if learning is to be served, it also needs to situate the project in a broader sector and country context. A water supply and sanitation project may improve health by providing clean water. Even if not all the observed improvement in health can be attributed to the project it is still useful to know that health improved—and if there was no health improvement this raises valid questions about project design and performance.

Indicators

THE CASE FOR FURTHER HARMONIZATION OF INDICATORS BEARS CONSIDERATION

Bank staff will learn more effectively if they can draw on datasets that are comparable within and between countries and sectors. The Bank is pushing in this direction. In October 2014, Operations Policy and Country Services (OPCS) released the latest versions of the Core Sector Indicators (A) and the Corporate Scorecard (B). Ideally, set A should be the same as set B; or, more precisely, B should be a subset of the larger universe constituted by A. But this is not the case. There is a further limitation. The largest and most important source for comparable time series data is World Development Indicators (C). A case can be made that A and B should be taken from C. Once again, this is not the case. To further complicate matters, project-specific outcome indicators (D) are different from A, B, and C. Finally, many D indicators are output indicators wrongly described as outcome (or project development objective [PDO]) indicators.

Some sectors are more harmonized than others, but none is fully harmonized. Education and health come closest. To illustrate, table 6.1 maps A, B, and C indicators for education against the D indicators used in Sri Lanka projects from that sector. There is some evidence of harmonization but there is room for much more. What the table highlights is the challenge of moving toward harmonized guidelines and the variation that exists in the type of project outcome. The suite of indicators needs to include those that are country and sector specific (where harmonization is not appropriate) as well as global development benchmarks (where more harmonization is feasible and desirable.)

Table 6.1. Partial Harmonization of Indicators—an Example from Education

Corporate Indicators				Example of Project Indicators	
Tier One ("goals and development	**Tier Two** ("client results supported by	**OPCS Core Sector Indicators**	**World Development Indicators**	**Sri Lanka, FY08 Education Sector Development**	**Sri Lanka, FY12 Transforming**

context")	World Bank-financed operations")			**Project** (P084580)	**the School Education System Project** (P113488)
Primary school completion (%, ages 15–19; bottom 40% /gap to average)	NA	Primary school completion (%, ages 15–19)	Primary school completion (%, ages 15–19)	NA	NA
NA	Students that have benefited from learning assessments (US$, millions)	System for learning assessment at the primary level (rating scale)	NA	NA	System for learning assessment at the primary level
NA	Teachers recruited or trained (US$, millions)	Number of additional qualified primary teachers resulting from project interventions	Trained teachers in primary education (% of total teachers)	NA	NA
NA	NA	NA	Number of additional classrooms built or rehabilitated at the primary level resulting from project interventions	Capital budget prioritized for higher-order spaces and assets, such as activity and multipurpose rooms, information technology centers, science laboratories, libraries, equipment, technology, books, tools, and machinery	Program for School Improvement (defined and circular developed)
NA	NA	Gender parity index	Ratio of female to male primary enrollment (%)	NA	Female beneficiaries
NA	NA	NA	NA	Reduction in the number of out-of-school children in the compulsory schooling age range of 5–14 years	NA
NA	NA	NA	NA	Curriculum referenced learning	NA

				competencies over the basic and secondary education cycles clearly specified and communicated to schools, and incorporated in teaching plans by schools	

Note: NA = not applicable.

Baselines

STARTING POINTS ARE OFTEN NOT WELL DEFINED

It is harder to learn what contribution a project made without a baseline against which progress can be measured. Tier III of the October 2014 Corporate Scorecard refers to the frequency that projects present baseline data in the first Implementation Status and Results Report (ISR). Unlike its predecessors, the ISR format now includes a column for baseline data so these data are more systematically cited than before. But the baseline value is often misleadingly given as zero. For example, the Second Health Sector Restructuring Project in Turkey inappropriately gives a zero baseline value for the following indicator: "Smoking prevalence among the 18–29 age group in pilot provinces relative to nonpilot provinces." What this really means is that the baseline surveys had not been conducted when the first ISR was prepared.

In the First National Initiative for Human Development Project in Morocco, the zero baseline value was correct but not very informative, referring to access to subproject services, which did not exist before the project. The second project in the series had a better indicator: "Percent of the population provided with access to improved water supply in targeted rural communes." It is better because it acknowledges that the project builds on an existing foundation (50 percent had access before the project), rather than starting from scratch. It is also better because it is aligned with the Bank's corporate indicators and with a series in the World Development Indicators database.

INDICATORS ARE SOMETIMES NOT RELEVANT

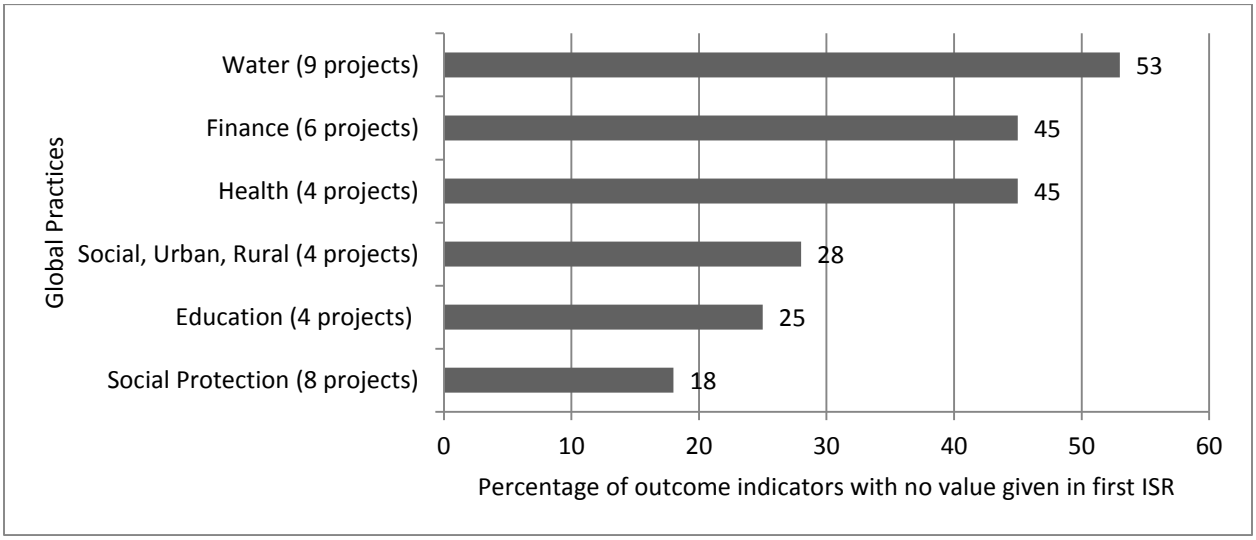
The challenge of meaningful baselines is exacerbated by projects that seek to develop proxy indicators that have only limited relevance to the range of activities conducted within a project. These projects often default to tracking outputs and loosely linking these to the high level project objectives. For example, in Morocco's Second National Initiative for Human Development Project, outcomes were measured against a set of indicators that link to specific project components, but provide little evidence of the

broader contribution it made to poverty reduction in rural areas. Appropriate baseline data on indicators aligned to the true intention of the project were not collected. This disconnect between project objectives and results indicators was common in the country case studies and was a persistent theme in mid-term review reports and in ICRs.

BASELINE DATA IS OFTEN NOT COLLECTED AT PROJECT STARTUP

The 35 projects in the country case studies have 172 outcome indicators. For 37 percent of these indicators, no baseline value was specified in the first ISR; 34 percent had baseline values of zero; and 29 percent had baseline values other than zero (figure 6.3).

Figure 6.3. Projects with Outcome Indicators that Have No Baseline Values in the First ISR



Source: Implementation Status and Results Report (ISR) data for IEG cohort of projects.

What the Bank Has Done

STEPS TO IMPROVE PROJECT DESIGN

The Bank is taking steps to tighten oversight of the evidence used to inform project designs. In December 2014, the Memorandum of Understanding for each Global Practice (GP) and Cross-Cutting Solutions Area (CCSA) included a commitment to "standardize agenda for Project Concept Note and decision meetings to include explicit discussion of the evaluative evidence that has informed the design and the plan for collecting baseline data." Two indicators were developed to measure performance against this commitment: "operations design drawing lessons from evaluative approaches (percent)" and "projects with baseline data for all PDO indicators in the first ISR (percent)." **Error! Reference source not found.** highlights the differences between GPs and CCSAs in the gap between FY13 and FY14 performance and the FY15 target.

Table 6.2. Baselines and Evaluative Evidence: Baseline Performance of Global Practices and Cross-Cutting Solutions Areas (FY13–14 trend compared with FY15 target)

Global Practices and Cross-Cutting Solutions Areas	Indicators: "Standardize agenda for PCN and decision meetings to include explicit discussion of the evaluative evidence that has informed the design and the plan for collecting baseline evidence"	
	Indicator 1 "Operations design drawing lessons from evaluative approaches" (percent)	**Indicator 2** "Projects with baseline data for all PDO indicators in the first ISR" (percent)
	Global Practices (FY13–14/FY15 Target)	
Agriculture	44/80	NA/75
Education	50/80	NA/75
Energy	38/80	NA/75
Environment	***75/80***	***NA/75***
Finance	33/80	NA/75
Governance	***75/80***	***NA/75***
Health	43/80	NA/75
Macroeconomic	***83/80***	***NA/75***
Poverty	NA/80	NA/75
Social Protection	***89/80***	***NA/75***
Social, Urban, Rural	38/80	NA/75
Trade	***57/80***	***NA/75***
Transport	36/80	NA/75
Water	50/80	NA/75
	Cross-Cutting Solutions Areas (FY13–14/FY15 Target)	
Climate Change[a]	—	—
Fragility	NA/80	NA/75
Gender	NA/80	NA/75
Jobs	NA/80	NA/75
Public-Private	NA/80	NA/75

Source: Memoranda of Understanding between Global Practices (GPs) and Cross-Cutting Solutions Areas (CCSAs) and Global Practices Vice-Presidency, December 2014.
Note: GPs and CCSAs in bold italic font scored above 50/80 on Indicator 1; NA = not available; PDO = project development objective.
a. No memorandum of understanding for Climate Change was issued in December 2014.

STEPS TO IMPROVE INDICATORS

To allow for systematic comparison of results between operations and between countries, OPCS is committed to revamping the core sector indicators (CSIs). CSIs were first introduced in 2009 to facilitate the aggregation of results data across projects. They were limited at first to projects of the Independent Development Association (IDA) but then extended to operations of the International Bank for Reconstruction and Development. There are currently 170 CSIs and, according to OPCS, only one-third of them are used. Only 38 percent of the active portfolio uses at least one CSI.

In the past, CSIs were developed and approved by sector boards, with OPCS acting as a "facilitator." This approach led to a proliferation of indicators—many with questionable

relevance for corporate reporting. In December 2014 the OPCS Council approved a moratorium on the selection of new CSIs or the revision of existing ones until their governance arrangements are clarified and a new corporate approach to CSIs is developed. OPCS is reviewing the usefulness and relevance of the existing indicators.

STEPS TO MONITOR KNOWLEDGE FLOW

In December 2014, the Memorandum of Understanding with the Global Practices Vice-Presidency for each GP and CCSA included a section on ensuring internal knowledge flows and World Bank Group collaboration. A common set of indicators for measuring knowledge flow was introduced. It comprises:

- Technical staff time spent across practices (percent), breaking out H-level staff and excluding fiduciary and safeguards work;
- Technical staff time spent across Regions (percent), breaking out H–level staff;
- Portfolio "booked" to multiple GPs and CCSAs (percent); and
- Usage of online GP knowledge portals.

Error! Reference source not found. sets out the proposed monitoring framework. Blank cells indicate how much data still need to be collected as of December 2014. FY15 targets had been specified for only one indicator. How the indicators will be measured remains unclear. There were no baseline data.

Table 6.3. Knowledge Flow and World Bank Group Collaboration: Baseline Performance of Global Practices and Cross-Cutting Solutions Areas (FY13–14 trend compared to FY15 target)

	Indicators: "Ensuring Internal Knowledge Flows and World Bank Group Collaboration"					
	Technical staff time spent across GPs (percent)	**Technical staff time spent across Regions** (percent)	**Portfolio "booked' to multiple GPs and CCSAs**	**Usage of online GP knowledge portals**	**Measure of joint engagement**	**Staff perception of World Bank Group collaboration** (percent)
Global Practices (FY13–14/FY15 Target)						
Agriculture	—	—	—	—	—	NA/25
Education	—	—	—	—	—	NA/25
Energy	—	—	—	—	—	NA/25
Environment	—	—	—	—	—	NA/25
Finance	—	—	—	—	—	NA/25
Governance	—	—	—	—	—	NA/25
Health						NA/25
Macroeconomic	15/NA	15/NA	—	—	—	NA/25
Poverty	—	—	—	—	—	NA/25
Social Protection	—	—	—	—	—	NA/25
Social, Urban, Rural	—	—	—	—	—	NA/25
Trade	—	—	—	—	—	NA/25
Transport	—	—	—	—	—	NA/25
Water	—	—	—	—	—	NA/25
Cross-Cutting Solutions Areas (FY13–14/FY15 Target)						
Climate Change[a]	—	—	—	—	—	
Fragility	—	—	—	—	—	NA/25
Gender	—	—	—	—	—	NA/25
Jobs	—	—	—	—	—	NA/25
Public-Private	—	—	—	—	—	NA/25

Source: Memoranda of Understanding between Global Practices (GPs) and Cross-Cutting Solutions Areas (CCSAs) and the Global Practices Vice-Presidency, December 2014.
Note: — = as of December 2014, data collection had not yet begun; NA = not available.
a. No memorandum of understanding for Climate Change was issued in December 2014.

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7. Recommendations

The World Bank's new organizational structure represents a major commitment on the part of Bank management to help ensure that the Bank achieves its goal of capturing and using the best global knowledge that is needed to provide its clients with development solutions and transformational programs in a timely way. This evaluation highlights the gaps and grey areas which, if not addressed in a timely manner, are likely to compromise learning and knowledge sharing as the Bank consolidates the reorganization. The evaluation's timing, when the Bank's reorganization was still unfolding, is aimed at establishing a baseline and providing early warnings that might signal necessary course corrections. The evaluation makes the following five recommendations:

Develop an Updated Strategy for Learning and Knowledge Sharing with the Institutional Accountabilities for the Implementation Clearly Identified

- Develop an updated strategy for learning and knowledge sharing which ensures that the Bank makes optimal use of all relevant learning and knowledge—a strategy that gives sufficient weight to behavioral drivers, and focuses, in particular, on: informal learning and tacit knowledge; strong and visible incentives for staff learning and development outcomes, including the necessary time and budget for them; the balance between global and local knowledge; and project adaptiveness.
- Clearly identify the governance arrangements and institutional accountabilities for learning and knowledge, specifying who is accountable for what at each level, in order to ensure the effective implementation of the strategy.

Make Optimal Use of Informal Learning and Tacit Knowledge

- Strengthen the Bank's mechanisms for capturing, disseminating, and using tacit knowledge (for example, on-the-job mentoring, hand-over, team learning, peer-to-peer learning, and peer review) to ensure that suitably qualified staff, especially those with substantial experiential and tacit knowledge, provide their best advice to other staff at critical junctures (including about operational approaches that have worked in the past, what the lessons from failure point to, and how best to adapt global good practices from within and outside the Bank to specific local contexts).

- Strengthen the behavioral skills of staff so that informal learning both by individuals and project teams is maximized.

Adjust Institutional Incentives to Promote Learning and Development Outcomes

- Take steps to ensure that the staff's Overall Performance Evaluation and salary ratings, the Bank's career development and promotion system, and the system for time and budget allocations in Work Program Agreements, give sufficient weight—in practice—to learning and knowledge sharing for the purpose of improving development outcomes, so that the pressure to lend does not compromise development outcomes.
- Strengthen the technical stream by consistently promoting suitably qualified technical experts to higher level positions.
- Provide better guidance to operational staff about the evidentiary standards needed to assess project outcomes and to establish attribution with due regard for factors outside the project that may have influenced outcomes.

Balance the Focus on Global and Local Knowledge

- Localize global knowledge (by, for example, ensuring that program leaders, and the country directors to whom they report, are able to exercise sufficient authority in relation to the Global Practices, which now have overall responsibility for portfolio quality) to enforce a good fit between project designs and country contexts.
- Leverage local knowledge (by, for example, ensuring that local staff conduct a briefing to share their local knowledge with visiting staff from headquarters or other country offices) to integrate relevant local insights into global knowledge.
- Ensure that senior staff in positions created under the new Bank structure (for example, the GP chief economist, global solutions leads, and program leaders) preserve time for learning and knowledge sharing, which can otherwise be crowded out by their wider responsibilities.
- Monitor the time that staff from the GPs and the Cross-Cutting Solutions Areas devote to working in different Regions and sectors, distinguishing between temporary assignments and movement to new jobs, to ensure that the intention of the Bank's new structure is fulfilled.

Promote Adaptiveness

- Encourage adaptiveness in project design and implementation by heightening senior management's focus on the main lessons learned from past experiences--both successes and failures—at key stages of the project cycle.
- Make it easier and more attractive for teams to restructure their projects (including by considering bold solutions such as making restructuring the default and putting the onus of explaining why a project was not restructured on the Practice Manager under whom the project falls).
- Develop pilot approaches for possible future replication that incorporate fast feedback loops, for example, rapid results or other such approaches.

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