Knowledge-Based Country Programs
AN EVALUATION OF THE WORLD BANK GROUP EXPERIENCE
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The full evaluation is available on IEG’s website at:
http://ieg.worldbankgroup.org/publications

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## Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AAA</td>
<td>Analytical and Advisory Activities</td>
</tr>
<tr>
<td>CDP</td>
<td>Country Development Partnership</td>
</tr>
<tr>
<td>DEC</td>
<td>Development Economics Vice Presidency</td>
</tr>
<tr>
<td>ESW</td>
<td>Economic and Sector Work</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>IEG</td>
<td>Independent Evaluation Group</td>
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<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
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<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
</tr>
<tr>
<td>RAS</td>
<td>Reimbursable Advisory Services</td>
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<tr>
<td>TA</td>
<td>Technical Assistance</td>
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Acknowledgments

This report of the Independent Evaluation Group (IEG) was prepared by a team led by Aristomene Varoudakis and Juan José Fernández-Ansola that included Mauricio Carrizosa, Victor Macias, and Albert Martinez, with contributions from Richard Burcroft, Susan Ann Caceres, Florence Charlier, Ismail Dalla, William Experton, James Hanson, James Lacey, Hernan Levy, Pia Helene Schneider, Hjalte Sederlof, Xiaolun Sun, Isabelle Tsakok, and Jan Peter Wogart. Analytical support for the review of the World Bank’s portfolio of analytic and advisory activities and the evaluation’s findings was provided by Aida Tapalova and Erkin Yalcin. William Hurlbut edited the report and Aimée Niane provided administrative support. Following Aristomene Varoudakis’s transfer to the Development Economics Vice Presidency in October 2012, Mauricio Carrizosa and Juan José Fernández-Ansola were responsible for revising—in response to management’s and other comments—and finalizing the report.

The evaluation benefited from advice and feedback from many persons, in particular the peer reviewers, Shantayanan Devarajan and Shahrokh Fardoust, as well as Martha Ainsworth, Geeta Batra, Hans-Martin Bohmer, Daniela Gressani, Manny Jimenez, Rick Scobey, Mark Sundberg, Marvin Taylor-Dormond, and Christine Wallich. The team gratefully acknowledges the support of management and staff throughout the Bank, and especially in the nine focus countries of the evaluation, who generously shared their time and perspectives with the evaluation team. Special appreciation is extended to many staff and managers, especially in Bank Group country offices, who provided invaluable assistance for the field visits.

The evaluation was conducted under the guidance and supervision of Nick York, Director, Country, Corporate, and Global Evaluations, IEG; and Ali Khadr, Senior Manager, Country, Corporate, and Global Evaluations, IEG, under the general direction of Caroline Heider, Director-General, Evaluation.
This evaluation assesses knowledge-based activities in nine country programs selected from 48 knowledge-intensive programs supported by the Bank Group. It identifies the factors in the success or failure of those activities as they contribute to policy making or development outcomes. It also identifies areas of strength for the Bank Group as well as areas of weakness or risk. The evaluation findings are therefore relevant to current Bank Group efforts to strengthen the contribution of knowledge to development. The evaluation was done on economic and sector work and non-lending technical assistance activities selected from a purposive sample of knowledge-intensive country programs. In addition, the evaluation assessed International Finance Corporation Advisory Services for their synergy with the Bank’s analytical and advisory activities. The findings have implications for the Bank Group’s knowledge work, including governance and incentives.

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

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

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

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

The 9 countries selected are fairly representative of countries where the World Bank Group is engaged primarily through knowledge services. They are on the top half of a ranking of relative preponderance of knowledge services, with 48 countries fitting a definition of knowledge-based programs (see Box 1.1). Compared with the average across the 48 knowledge services-intensive programs, the 9 programs selected are fairly typical but have a lower lending to knowledge services ratio; slightly higher budget for knowledge services budget as a share of country services budget; greater average number of knowledge activities because they include large clients (China and Russian Federation); slightly higher gross domestic product (GDP) per capita and a significant external current account surplus because they include China and oil producers; a slightly higher Country Policy and Institutional Assessment rating; and about the same average volume of World Bank loans.

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

Methodology

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

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

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

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

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

Achieving Outcomes: The Main Success Factors

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

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

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

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

Knowledge services requested by the client and designed specifically to achieve client objectives were more likely to achieve outcomes than knowledge services of a more generic character. For example, in China there is evidence that the recommendations of the report Reducing

![FIGURE 1](image-url)
Inequality for Shared Growth in China: Strategy and Policy Options for Guangdong Province, a high-profile study conducted jointly with the provincial authorities, are being gradually implemented with concrete results in declining inequality. In Thailand, contrary to other development agencies, counterparts see the Bank as having the capacity to properly customize international best practice to the Thai context because of its knowledge of local institutions that comes mainly from the expertise of staff in the Regional Country Office in Bangkok. The Thai report The Economics of Effective AIDS Treatment is a good example of customization to country context. In instances where the Bank did not fully address issues relevant to the client, results of knowledge-based activities tended to be poorer. Knowledge services that lagged in the achievement of outcomes were also weak in conveying international best practice, providing relevant examples, producing new evidence and data useful for policy making, formulating actionable recommendations, and discussing the capacity requirements and administrative feasibility of implementing recommendations.

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

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

The majority of these knowledge products conveyed international best practice and relevant examples, generated new evidence to inform policy making, and formulated actionable recommendations consistent with the findings. Sustainability of outcomes was more often observed when knowledge services were complemented by other World Bank activities (lending, other ESW, or complementary TA). In the majority of cases where sustainability of outcomes was likely, knowledge services contributed to strengthening institutions or the analytical and policy formulation capacity of recipients. About 60 percent of Bank knowledge services contributed at least partly to developing or strengthening institutions—with a much lower frequency in the case of IFC Advisory Services. Similarly, a large majority of Bank knowledge services and a significant part of IFC Advisory Services contributed to strengthening analytical or policy formulation capacity of recipients.

Areas of Bank Strength

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

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

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

Bank knowledge services and IFC Advisory Services generally complemented one another in contributing to results, despite some gaps. In a few cases there were well-defined programs of joint World Bank and IFC knowledge activities. For example in South Africa, to ensure synergy and coordination IFC used experienced Bank staff to manage projects on enterprise tax burden and compliance. Other examples are in the investment climate area, where World Bank–IFC collaboration allowed both to contribute to policy dialogue and reform activities. But overall the experience with coordination between World Bank and IFC was mixed. Coordination can be improved, for example, by establishing more systematic mechanisms for inclusion of one institution in the other’s review processes, especially at the concept and design stage. A key factor supporting the synergy of the two institutions in achieving results was the quality of the results framework in the country partnership strategy (CPS). The articulation
of strategic outcomes and the clarity of links between the Bank Group’s programs, projects, and instruments with expected outcomes reinforced good joint work. Another factor was the existence of core ESW—such as investment climate assessments and financial sector assessments—which underpinned the strategy and helped identify priorities for improving the investment climate and developing the financial sector.

<table>
<thead>
<tr>
<th>Expected outcome of AAA likely to be achieved</th>
<th>Yes</th>
<th>Partly</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design of AAA appropriate to meet its objectives</td>
<td>100</td>
<td>88.9</td>
<td>76</td>
</tr>
<tr>
<td>Activity requested or commissioned by client</td>
<td>87.1</td>
<td>80.6</td>
<td>72</td>
</tr>
<tr>
<td>Activity was unable or partly unable to address some issues relevant to the client</td>
<td>17.3</td>
<td>32</td>
<td>40</td>
</tr>
<tr>
<td>Activity conveyed international best practice and relevant examples</td>
<td>87.1</td>
<td>73.8</td>
<td>52</td>
</tr>
<tr>
<td>No new evidence or data to inform decision making generated</td>
<td>5.4</td>
<td>10</td>
<td>28</td>
</tr>
<tr>
<td>Local expertise used by activity</td>
<td>54.8</td>
<td>50</td>
<td>28</td>
</tr>
<tr>
<td>Actionable recommendations consistent with findings were provided</td>
<td>72</td>
<td>73.6</td>
<td>52</td>
</tr>
<tr>
<td>Capacity requirements and administrative feasibility of recommendations at least partly discussed</td>
<td>54.8</td>
<td>68</td>
<td>52</td>
</tr>
<tr>
<td>Activity outputs not delivered timely to inform important decisions</td>
<td>1.1</td>
<td>6.9</td>
<td>28</td>
</tr>
<tr>
<td>Activity disseminated and covered by media</td>
<td>65.6</td>
<td>52.8</td>
<td>36</td>
</tr>
<tr>
<td>Activity contributed to developing or strengthening institutions</td>
<td>51.6</td>
<td>31.9</td>
<td>16</td>
</tr>
<tr>
<td>Activity contributed to strengthening analytical or policy formulation capacity of recipient</td>
<td>71</td>
<td>45.8</td>
<td>20</td>
</tr>
<tr>
<td>Agreed capacity development outcomes at least partly monitored and lessons learned used</td>
<td>30.8</td>
<td>19</td>
<td>0</td>
</tr>
</tbody>
</table>
Areas of Bank Weakness or Risk

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

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

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

Implications for Bank Group Work

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

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

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

- Clarify the political economy of reform and use local expertise to enhance the impact of knowledge services. Local partners and Bank Group hubs can be critical in conveying relevant country context considerations. Most of the tasks reviewed referred to the local policy context in varying levels of detail. Those that achieved results probed more deeply into the country context and used local expertise more often than those that did not achieve results. IEG recommends the Bank involve local experts, partners, and local knowledge hubs more extensively in knowledge services to help better understand the political economy of reform in the country where advice is sought, bridge the gap between international good practices and local conditions, enhance the applicability of the recommendations, and build the local capacity to achieve longer-term impact.
Pay attention to the quality and relevance of knowledge services. This is essential for obtaining results—regardless of the form of financing of knowledge services—and for shaping learning under the Bank’s “science of delivery.” Staff needs to take multiple actions to achieve results: design projects with relevant responses to client concerns; customize international best practice to local conditions, including capacity constraints; generate data to support evidence-based policy making; formulate actionable recommendations that fit local administrative and political economy constraints; and deliver products in time to influence key decisions. IEG recommends the Bank consult broadly with the client and other stakeholders on the issues to be addressed, deploy highly experienced staff with global perspective and ability to deliver knowledge services on time, and adhere to the mandatory knowledge services quality assurance process. The Bank Group should encourage emerging “knowledge hubs” to follow approaches along these lines.

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

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

Undertake broad-based consultations and dissemination, acknowledging the public good function of Bank knowledge services while paying attention to local circumstances. Client participation in the different stages of knowledge services appears to be closely associated with success in achieving expected knowledge service outcomes. IEG recommends the Bank broaden the participation of various stakeholders into knowledge-based country programs (for example, by opening up discussions or focus groups with local experts and civil society organizations) and make Bank studies more widely accessible (for example, by recognizing the public good...
Monitor closely implementation and results to track progress toward mutually agreed outcomes and mitigate the risk of fragmentation and loss of strategic focus that are intrinsic to RAS. Bank knowledge services were not monitored and evaluated consistently in the sample of countries. Where M&E was better, knowledge services results were more likely to be achieved, probably reflecting a link between M&E, knowledge service quality, and impact. IEG recommends the Bank use—and continuously improve—implementation and results monitoring systems that would track progress toward achieving the outcomes in the results framework of the CPS and that knowledge activities be more tightly linked with CPS milestones and outcome indicators. A “circle of continuous quality improvement” for M&E is critical for shaping the “science of delivery” that the Bank is presently intent upon and to help improve M&E at the country level.

Reinforce knowledge services governance and partnerships to help enhance results. Governance will benefit from management leadership to encourage knowledge services and develop stronger M&E for knowledge services. World Bank–IFC coordination can be strengthened by developing high-quality CPS results frameworks that clearly articulate links between outcomes and World Bank Group advisory activities, and by establishing more systematic mechanisms to include each organization in the other’s review processes. An additional challenge—given the vision of a Bank Group for the whole world—will be to bring in the knowledge acquired from knowledge-based partnerships to lower-income countries.
Strengthen Bank learning from upper-middle-income countries and the intermediation of this knowledge to other countries. There were ample opportunities for learning from development experiences in the focus countries (for example, on the development trajectory from a low-income to an upper-middle-income economy in Malaysia or the extensive work the Bank has done in China on regional approaches to investment promotion). IEG recommends the Bank enhance exchanges of knowledge within the Bank through communities of practice and outside the Bank through networks of practitioners or knowledge hubs; enhance the links of the Bank’s regional chief economists with regional institutions that can play a role in sharing the Bank’s analytical work; ease the confidentiality of knowledge activities conducted through RAS; and leverage the technical capacity developed by upper-middle-income clients to other countries (for example, partner with Thai institutions to bring in the experience of Thailand’s built capacity in banking, payments system, and financial markets to other countries that may need it).

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

Implications for Staff Incentives

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

The World Bank Group management thanks the Independent Evaluation Group (IEG) for undertaking this valuable evaluation of knowledge-based programs in eight upper-middle-income countries and one high-income country. Management welcomes the opportunity to comment on the draft evaluation report. This is timely in view of the Bank Group’s increased focus on measuring results in its knowledge activities.

The next section summarizes World Bank Group response to the evaluation. Management’s specific response to IEG’s recommendations, with which it generally agrees, is noted in the attached draft Management Action Record (MAR) matrix.

World Bank Management Response

This is a well-written report with useful lessons as the Bank moves forward on the knowledge agenda at the country and global levels. The analysis tackles some important issues ranging from staff incentives to internal and external factors of success and the report skillfully captures and synthesizes the key messages. Management welcomes the thrust of many of the overall findings, which, in general, endorse much of the Bank’s approach to knowledge-based work.

The fact that our knowledge services (in these “knowledge-based country programs”) are judged to be relevant and generally well regarded by our clients is encouraging. In particular, the report notes that 84 percent of the Knowledge and Advisory Services (with a focus on the Bank’s Economic and Sector Work/Technical Assistance or ESW/TA) had fully achieved or partially achieved objectives. Likewise, it is encouraging that “state-of-the-art advice” and “knowledge connector” are seen as Bank strengths. Appendix G of the paper also notes that for countries such as Chile and Bulgaria, the Bank compares favorably to other international institutions, think tanks, and global consulting firms regarding quality, relevance, and timeliness of its knowledge. All of this points to a significant vote of client confidence in the Bank.

Management is in broad agreement with the recommendations made in the report (and summarized in the attached matrix). Implementation of many of the recommendations are already underway. However, we also note that the scope of the evaluation does not fully represent the full range of the Bank’s knowledge services; it limits the definition of knowledge-based programs largely to upper-middle-income countries (UMICs) and excludes the vast knowledge base that underpins programs in International Development Association (IDA) and fragile countries; and it does not reflect actions taken to strengthen the results framework, adopted in FY11 and that are summarized in Box 1 (see page 16).

It is important to note that the study does not fully represent the full scope of the Bank’s knowledge work in client countries. The work does not acknowledge the fact that all of the Bank’s country programs are knowledge-based or have a strong knowledge content. What distinguishes the set of activities covered by this evaluation is not so much the presence of knowledge as the absence of lending. In some of our country programs which do include borrowing, the amount of knowledge work is much greater than in some of the countries covered by this study. We would suggest IEG consider modifying the title of this evaluation as it currently seems to imply it covered
all of the Bank’s knowledge work, when it is actually limited to nine country programs in middle- and high-income countries.

It is also important to note that the report focuses mainly on ESW/TA, which comprises about 60 percent of the Bank’s core knowledge services. While ESW/TA is a critical element of the Bank’s work, management would appreciate an understanding of whether and how IEG proposes to evaluate the remaining core knowledge services, which represent nearly $300 million in expenditures each year.

The report also notes key areas for improvement related to: relevance and technical quality; strategic orientation and sustained follow-up of its knowledge work (particularly in cases where RAS is the primary form of engagement); results focus through strengthening the monitoring and evaluation framework for knowledge; and incentives for knowledge work. The rest of this section outlines the main recommendations and the Bank’s response.

The report recommends that the Bank ensure relevance and technical quality through the customization of international evidence to formulate policy options that fit local conditions and generate data to support policy making. This is also linked to the recommendation that the World Bank Group clarify the political economy of reform and use local expertise to enhance the impact of knowledge work. It notes that those knowledge activities that achieved results probed more deeply into the country context and used local expertise more often than those that did not achieve results. The use of local experts, partners, and local think tanks help to better understand the political economy of reform in the country where advice is sought, bridge the gap between international good practices and local conditions, enhance the

**Box 1 Progress in Developing a Results Framework for Knowledge since FY11**

The following actions have been taken to strengthen results since the IEG evaluation:

- ESW/TA intermediate outcome indicators have been updated to be more outcome-oriented.
- The task team self-assessment process has been strengthened and hardwired into the Bank’s management information system.
- Tools for managers to facilitate greater oversight of quality are now captured in the Ops Portal.
- Guidelines have been developed for reimbursable advisory services (RAS) that facilitates consistency in processing steps and quality assurance across the Bank.
- Client feedback instruments have been put in place for ESW/TA/TE and KP that has been used with the self-assessment to analyze results.
- Programmatic ESW/TA has been adopted to strengthen the strategic orientation of the Bank’s knowledge work. This approach is being expanded to accommodate other knowledge products.
relevance and applicability of the recommendations, and build the local capacity to achieve longer-term impact.

The report recommends that the Bank Group be more strategic, including putting in place mechanisms for follow-up and sustained engagement. This requires that the Bank stay engaged and responsive in the implementation phases of advisory activities through appropriate instruments that help clients translate recommendations from sound analysis into actions that fit local political and administrative constraints. The report makes the link between the use of programmatic approaches as a tool for sustained engagement and the achievement of high-impact or greater results. The Bank has developed and operationalized a framework (including an approach to monitoring and evaluation) and the allocation of resources that enables use of an explicit programmatic approach (PA). This tool became available on the Operations Portal in FY13.

REIMBURSABLE ADVISORY SERVICES

The report also notes the need to manage RASs more strategically. A new tool for managing RAS became available on the Operations Portal in FY13. Discussions with Bank management and the Board about the RAS strategy are ongoing.

A FY12 review of RAS (at the time called Fee-Based Services or Reimbursable Technical Assistance) was completed in October of 2012 (“RAS Review”). The review showed that the nature and amounts of RAS are growing and rapidly evolving. Given the importance of RAS for UMICs, management particularly welcomes the report’s assessment of this aspect of the Bank’s knowledge work. IEG findings raised issues around confidentiality which may be hampering the extent of broad-based engagement and dissemination of the Bank’s knowledge work in client countries. The report also highlighted the tensions around the “consultancy firm” model that is potentially limiting the Bank’s ability to engage strategically and emphasize broader development issues in a given country. Despite these challenges, IEG recommends the Bank move decisively towards RAS in knowledge-based programs to sustain this business line. Recommendations also highlighted the need to have the right incentives in place for RAS knowledge work to maintain a focus on development outcomes.

The Bank has been grappling with the above issues (most of which were also addressed in the 2011 RAS review). Management has the following comments related to confidentiality, quality assurance, and the “consultancy firm” model and associated risks.

**ON CONFIDENTIALITY** The report proposes that the Bank seek to relax some of the confidentiality surrounding RAS. The RAS Review (2012) did look at this issue and the confidentiality guidance for RAS engagements was consequently amended to allow for more openness, with policy guidance to seek client consent for disclosure on a regular basis. The changes were constrained by the Access to Information Policy (AIP), which treats RAS differently from other Bank operations, requiring client consent for disclosure.

**ON QUALITY ASSURANCE** The RAS Review also looked at quality assurance issues and identified this as a priority area for improving the program. Quality assurance for RAS is, in theory, analogous to that of Bank knowledge operations. The modalities for putting this in practice have now been fully elaborated and adopted. The new three pronged approach to monitoring results is also being applied to RAS. Operational Policy and Country Services (OPCS) (with others) has undertaken a number of steps to ensure this approach is tailored to the peculiarities of RAS, including through integrating RAS into the Operations Portal—i.e., the Bank’s management information system
for knowledge—and through detailed guidance on the application of operational policies to the RAS program.

The report raises a number of issues around the ‘consultancy firm’ model. In this connection, management would like to point out that, as an institution, the Bank has never taken the policy position that it can or should act as a consultancy firm. This position underlies a number of the features of the RAS program, including the provision that the Bank does not engage in competitive processes for RAS work. Similarly, it informs a number of the provisions in the model RAS legal agreement on intellectual property and liability, among other things. The issue was considered both in 2008 and during the FY12 RAS Review of the program, since the Bank is often under pressure from clients to conform more closely to private sector practices. On both occasions, the consensus was that the Bank should not follow a private sector business model, as it would be inconsistent with the Bank’s mandate and status as an international financial institution. Having noted this, management recognizes the tensions and incentives in a budget constrained environment toward the “consultancy firm” model. Recently adopted policies and guidance on when to undertake a RAS and the related rules and standards around quality assurance, legal agreements, and risks are designed to manage these tensions and related risks.

The report recommends that the Bank Group improve the results measurement system for knowledge services. The weakness in monitoring ESW/TA over the period of the review (FY2005–11) is rightly noted in the report. Since FY11, the Bank has adopted a new three-pronged approach to results and measurement for knowledge (that applies to all client-facing knowledge including RAS). The approach involves: (i) strengthening the self-assessments; and this will build on recommendations from IEG’s ongoing review of ESW/TA in the Operations Portal; (ii) implementing client feedback instruments to elicit client assessment of the usefulness and relevance of our knowledge products; and (iii) ex-post review of Bank assessments by IEG (or other external evaluators). This approach is now under implementation for all external client-facing products and for internal knowledge products.

Work is ongoing through systems improvement to reflect both stronger results monitoring and streamlined accountability across all products (lending and knowledge services). In addition, the framework encourages staff to think in terms of a theory of change with clear monitoring indicators to help task teams structure their knowledge activities. This could be applied to specific knowledge products (including ESW/TA) that are linked to the CPS results frameworks. The framework also requires teams to assess the risks associated with the knowledge activity achieving its intended objective, including an assessment of the relevant stakeholders and change agents and actions to mitigate these risks. The aim is to have the resulting plans for risk mitigation, supported by stakeholder analysis. These would reinforce the need to engage local actors to better manage risks associated with the political economy of the knowledge activity or engagement.

The report highlights the need to strengthen incentives for knowledge work ensuring that the appropriate resources and staff are deployed. The report recommends adoption of a financial and budget framework that balances managerial incentives for lending and knowledge activities. The Bank has already initiated actions to improve management oversight to signal senior management’s increased attention to results-oriented knowledge work. In addition to the actions outlined in the paragraphs above, the Bank has adopted an approach to link client feedback to management through the memoranda of understanding (MoUs) of regional and
network vice presidents. These actions coupled with the broader focus on results and client orientation will help support the appropriate incentives for knowledge work.

**IEG’s Recommendations**

Management agrees with the key recommendations on ways to strengthen quality, client, and results orientation, including incentives for knowledge work. Specifically, the report states the Bank should focus on “how to” options rather than diagnostics and “what to do” recommendations; stay engaged and responsive through implementation phases of advisory activities (including through programmatic approaches); use local expertise to enhance the impact of advisory activities; design advisory projects with relevant responses to client concerns; and ensure the Bank’s engagement is strategic with a focus on contributions to outcomes that are relevant to a client country’s medium-term development agenda.

Since the period under review in the report, management has initiated a number of actions to strengthen accountability and results orientation. Specifically, management notes that it has already been actively implementing many activities recommended by IEG, as noted in the attached MAR matrix. The allocation of resources to support knowledge products is already driven by the country program’s expected results via the country assistance strategy (CAS)/CPS for result processes. Client and Bank teams determine the development outcomes and the Bank’s activities needed to support the outcomes. Resources are then allocated to support the required activities. In many cases these are stand-alone knowledge products that are unrelated to lending. While management is committed to align incentives to achieve excellence in knowledge services, and, in general, to achieve improved development results, it cannot commit to specific budget allocation principles at the time when the entire budget process is being reviewed to align it to the new World Bank Group strategy under development.

Management sees IEG playing a key role in strengthening the monitoring and ex-post evaluation of the Bank Group’s knowledge services. Specifically, management looks forward to receiving the results of IEG’s ongoing review of the Bank’s information management system for knowledge to ensure it will adequately support decision making and ex-post evaluation. Results of the review will be used to further strengthen existing systems and processes for capturing and assessing knowledge.

**International Finance Corporation Management Response**

International Finance Corporation (IFC) management welcomes IEG’s recognition of the many reforms IFC has introduced in recent years to strengthen the impact and effectiveness of our Advisory Services projects. Since most of the limited number of IFC projects reviewed in this report were designed prior to those reforms, care should be taken in interpreting them as representative of IFC’s current approach.
Ensuring Relevance And Technical Quality

### IEG Findings and Conclusions

Relevance and technical quality of results were key drivers for achievement of results of knowledge services. Key dimensions included designing tasks that responded to client concerns; customizing international best practice to local conditions; generating data to support policy making; and delivering products in a timely way to influence key decisions. Moreover, client participation in the different stages of knowledge activities appears to be closely associated with success in achieving expected knowledge service outcomes, and tasks that achieved results provided actionable recommendations more often than those that did not achieve results.

### IEG Recommendations

Customize international evidence to formulate policy options that fit local conditions and generate data to support policy making. Deploy highly experienced staff with global perspective, and strengthen quality assurance process for knowledge services.

### Acceptance by Management

WB: Agree

### Management Response

WB: We agree with the need to ensure relevance and technical quality. As noted in the findings, we see the most effective way to do this is to work closely with the client to develop actionable recommendations that address the key development objectives/goals. Implementation of this recommendation is already underway.

Various evaluations at the Bank show that the Bank’s knowledge is rated well in terms of technical quality (i.e., IEG’s 2008 evaluation of ESW/TA; the most recent client surveys both the product based Client Feedback Instrument or CFI, and the Country Opinion Survey Program or COSP). These same instruments highlight the need for stronger client engagement. The Bank is strengthening the monitoring and reporting system that tracks partnerships and client engagement for knowledge.

Quality assurance continues to be strengthened and a number of changes have been implemented since this report was completed: the results framework for ESW/TA was strengthened to be more outcome-oriented; the self-assessment process was strengthened and hardwired into the Bank’s management information system with tools managers can use for greater oversight of quality; more systematic guidelines for RAS that facilitates consistency in processing steps and quality assurance across the Bank are in place; finally, the Bank’s improved system for quality assurance makes provision for capturing lessons learned in searchable fields that will enable greater learning and data to support policy advice.
### IEG Findings and Conclusions

Most tasks referred to the local policy context. Those that achieved results probed more deeply into the local context, used local expertise more often than those that did not achieve results, and formulated actionable recommendations to fit local administrative and political economy constraints. Understanding the political economy of reform and using local expertise can enhance the impact of the Bank’s knowledge services. Local partners or hubs can also play a critical role in conveying relevant country context considerations.

### IEG Recommendations

Involve local experts, partners and local think tanks extensively in knowledge services to help understand better the political economy of reform, bridge the gap between international good practices and local conditions, enhance the applicability of the recommendations, and build local capacity to achieve longer-term impact. Stay engaged with client, know the local context, and strengthen implementation by mobilizing international expertise in a timely fashion. Involve local partners in monitoring and evaluation. When appropriate, engage a broad range of stakeholders to help support the reform agenda and maintain the focus on key policy issues in the public domain. Encourage emerging knowledge hubs to follow approaches along these lines.

### Acceptance by Management

**WB: Agree**

### Management Response

WB: Implementation of this recommendation is already underway. We agree that consideration of political economy issues are critical and we have initiated consultation around how to strengthen this aspect of our work. Already, as part of the recent improvements to strengthen client and results orientation, we are requiring task teams to explicitly outline the risks they see to the achievement of targeted objectives for a knowledge activity, and client adoption of recommendations. Teams will be asked to identify risks related to design of the knowledge activity/engagement, in line with the approach used for lending services, and within the strategic context of the Bank’s country engagement through the CAS/CPS. Guidance and learning material to support staff are being developed. Going forward, a question will be included in the CFI to help monitor the use of local institutions and civil society.

The Bank will also strengthen its approach to improved learning from operations (based on case studies and toolkits). Steps will also be taken to promote shorter learning loops by linking IEG lessons to the project management portal. This will better support teams to analyze the context of specific Bank engagements to be able to adapt and adjust in a more flexible and timely manner. Recently, a mandatory task team leader (TTL) accreditation program has been launched using experiential and case-based learning as well as on-the-job learning to strengthen staff capacity in results-focused project design, implementation, and client engagement.
## Strengthening Engagement and Results Through Multi-Year Frameworks

### IEG Findings and Conclusions

The use of programmatic approaches was important to achieve outcomes, as shown by examples of knowledge services that enabled technical assistance or economic sector work to follow up on initial work. By contrast, some projects launched in response to demand from certain agencies did not produce strong results, sometimes because these were one-off initiatives with poor sustainability prospects. Staying engaged and responsive in the implementation phases of advisory services through appropriate instruments can help clients translate recommendations from sound analysis into actions that fit local political and administrative constraints. By the same token, the focus on reimbursable advisory services to respond to client demand may entail a lack of continuous engagement in some areas or lack of coverage of thematic areas that may not rank sufficiently high on the short-term priorities of clients. The Bank’s capacity to see the big picture and provide multi-sector development solutions—strength of the Bank’s knowledge services valued by clients—may thus be eroded.

### IEG Recommendations

Design programmatic knowledge services where appropriate in a number of thematic areas. Ensure that up to date knowledge and/or high-quality research underpins recommendations and provide practical know-how and customization of global practice. Develop and apply principles to ensure balance between strategic (non-reimbursable) and reimbursable activities.

### Acceptance by Management

WB: Agree
Management Response

WB: The Bank’s knowledge work (both RAS and non-RAS) are programmed in a strategic medium-term framework defined by the CPS or CAS. CPSs/CASs are now designed to be results-based and include both lending and knowledge services. Furthermore, quality assurance processes, results measurement, and monitoring have been strengthened for both RAS and non-RAS activities, including for just-in-time advice which is increasingly demanded by our clients. It is therefore incorrect to imply that only non-RAS activities are strategic or that RAS activities are not strategic.

The recommendation to develop and apply principles to ensure balance between RAS and non-RAS activities has already been implemented. Recently adopted quality assurance processes and systems have been used to strengthen the link between individual knowledge activities and the CPS/CAS results. First, teams are now required to clearly outline the objectives and intended audience, along with the intermediate outcomes that will be used to measure progress toward objectives. These objectives and outcomes are required to contribute to one of the overarching outcomes of CPSs/CASs, for those countries that have a CPS/CAS. For those countries that do not have a CPS/CAS (usually high-income countries), teams will still be required to clearly indicate the objective and audience, intended contribution to development outcomes, and related indicators of success. Second, these changes now apply also to RAS and new templates/tools have been designed for teams to ensure that the quality and strategic orientation of RASs are uniform across the Bank. Furthermore, RASs are required to have the same level of quality and follow the same processing as non-RAS ESW/TA. RAS related activities are also programmed within the CAS/CPS and guidelines have already been developed to define when a RAS should be undertaken (see the Op Memo-The Provision of Reimbursable Advisory Services available on the OPCS website). These changes help to ensure the balance between RAS versus non-RAS in the Bank’s country programs. Third, at completion TTLs/task teams are required to complete a self-assessment of results achieved with greater management oversight. Fourth, this assessment is supplemented with a client feedback instrument administered to both RAS and non-RAS activities. (In fact, the CFI was just completed for the FY12 cohort and the exercise will be launched in the coming months for the FY13 cohort of completed activities). Finally, teams are encouraged to capture/document in Bank systems the evidence of the contribution of their knowledge activity to results achieved.

In addition to the above, a new programmatic instrument for ESW/TA is now on the Ops Portal. Programmatic approaches are encouraged in those situations where they are relevant and appropriate, i.e., in support of medium term reform efforts.
**IEG Findings and Conclusions**

Bank knowledge services were not monitored and evaluated consistently in the sample of countries. In only 17 percent of the knowledge services assessed was there at least a partial results framework in the CPS, allowing a tracking of the contribution of the activity to the broader development outcomes sought by the CPS. Similarly, only 23 percent of the knowledge services included, at least partly, result indicators to track the achievement of the activity’s outcome. Where monitoring and evaluation were better, knowledge services results were more likely to be achieved, most likely reflecting a link between M&E, knowledge services quality, and impact. Implementation and results monitoring systems are needed to track progress toward mutually agreed outcomes and mitigate the risk of fragmentation and loss of strategic focus intrinsic in reimbursable advisory services.

**IEG Recommendations**

The Bank should ensure and monitor high-quality results frameworks that respond to client concerns, and link more tightly knowledge services tasks with country partnership strategies milestones and outcome indicators. Use—and continuously improve—implementation results monitoring systems that track progress of knowledge activities towards achieving outcomes in the results framework of the country partnership strategies. Ensure that all knowledge service activities are timely, seek independent validation through systematic pointed client feedback, and use such feedback to assess results and improve results framework of knowledge services. Draw on appropriate evaluation resources and develop tools to evaluate knowledge-based programs.

**Acceptance by Management**

WB: Agree

**Management Response**

WB: Management has already begun to address the issues raised by IEG. As noted above, knowledge services are now more closely linked to outcomes defined at the level of the CPS/CASs. The Bank has strengthened its results framework for knowledge services and is now putting in place processing steps and guidelines to support monitoring and quality. The self-assessment process has been strengthened to have more management oversight. A client feedback instrument is now in operation. The next step is for the Bank to learn from the exercise and use it to inform the automation of the process. This work is now ongoing.

Going forward, the Bank will put in place an approach for ex-post assessment of knowledge work. In that regard, as plans for automation of the CFI proceed, we look forward to working with IEG on developing a framework for ex-post evaluation which covers the full group of client facing knowledge products and internal knowledge products, i.e., ESW/TA, IE, TE and KP. IEG has already initiated this work with a focus on ESW/TA and we expect, as an initial step, to have a framework along with advice on how to strengthen the information content of the Ops Portal to ensure adequate information for decision making, monitoring and ex-post evaluation in the first quarter of FY14.
### IEG Findings and Conclusions

Enhancing the Bank Group’s success rate on knowledge services will require that the highest-caliber staff have incentives to be in the knowledge services “business”. There is a perception at the Bank that lending experience is essential for promotion, and the performance management system does not have enough incentives to promote knowledge activities. Moreover, country unit budgets are organized around the supervision and execution of lending operations, with knowledge services being in support of such operations. Otherwise, knowledge services are more like incidental items in the operation of country units.

### IEG Recommendations

Design appropriate incentives to promote staff engagement in knowledge activities. Move to a financial and budget framework that balances managerial incentives for lending and knowledge activities. Link funding to country units to results from country partnership strategy monitoring framework rather than lending operations.

### Acceptance by Management

WB: Partially Agree

### Management Response

WB: Various actions have been initiated to achieve greater incentives for knowledge work. The increased focus on results, client feedback and ex-post evaluation coupled with the improved management oversight (from senior management down to the task team) will help to place greater focus on results. Aside from the changes outlined above, we have instituted a routine management meeting chaired by the managing director and attended by the regional operations directors/vice presidents and the network vice presidents), to jointly review the knowledge and lending portfolio. Starting from FY14, results from the client feedback will be linked to or inform the MOU established between the managing director and the various vice presidents (Regions and networks).

The allocation of resources to support knowledge products is already driven by the country program’s expected results. Client and Bank teams determine what outcomes the Bank hopes to influence and then identify the activities needed to achieve these outcomes. Resources are then allocated to support the required activities. In many cases these are stand alone knowledge products that are unrelated to lending.

Management is committed to continue to strengthen and align incentives—including budget—to achieve excellence in knowledge services, and, in general, to achieve improved development results. However, it cannot commit at this stage to specific budget allocation principles, at the time when the entire budget process is being reviewed to align it to the new World Bank Group strategy under development.
On June 24, 2013, the Committee on Development Effectiveness (CODE) met to discuss Knowledge-Based Country Programs: An Evaluation of World Bank Group Experience and the Draft Management Response.

Summary

The Committee welcomed both the Independent Evaluation Group’s (IEG) evaluation—which assessed knowledge-based activities in nine country programs selected from 48 knowledge-intensive programs supported by the World Bank Group—and management’s draft response. Members also appreciated the constructive engagement between IEG and management. The Committee agreed with the recommendations and findings, including that relevance to client concerns, technical quality of results, and reference to local policy context drive successful knowledge services; programmatic approaches and consistent engagement achieve better outcomes; stronger results monitoring measures real progress on agreed outcomes; and enhanced staff incentives to promote knowledge activities foster staff commitment. The Committee found the evaluation timely and useful in the context of the ongoing conversation on the Bank’s knowledge work, particularly on how knowledge is positioned within the institution’s overall strategy in the medium and longer term. Members noted that a core determinant of the Bank’s development effectiveness is the extent to which it can combine lending with knowledge and, hence, achieve results and find solutions. In this regard, members underscored that the Bank needs to ensure that knowledge services are more impactful on development outcomes at the country level—and hence, management must promote appropriate staff incentives in respect of knowledge work.

Members noted IEG’s findings that results were very similar for free services and Reimbursable Advisory Services (RAS). Yet regardless of the type of knowledge service the Bank provides, members agreed that there needs to be clarity on the objective of a knowledge engagement in a client country, on the value it adds, and on the results framework that underpins its work. This would necessitate a clear understanding between the Bank and the client to ensure knowledge services are aligned appropriately. While it was recognized that RAS is a small part of the Bank’s knowledge services, members reinforced that the institution’s engagement in RAS should be in line with its overall strategy for a country. Members asked management to ensure the appropriate criteria are in place.

Members appreciated that Bank management intends to continue to strengthen and align staff incentives to achieve excellence in knowledge services. Members acknowledged that management agreed in principle with the recommendation to move to a budget framework that better balances incentives for lending and knowledge activities, but accepted that management could not commit to specifics at this time since the budget process is under review to align it to the new World Bank Group strategy.

Anna Brandt
CHAIRPERSON
Contents of the Complete Evaluation

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Figure 4.1  Achievement of Expected Outcomes of World Bank Knowledge Services by Thematic Area and Focus Countries (in percent of Activities Reviewed by IEG)

Figure 4.2  Achievement of Expected Outcomes of World Bank Knowledge Activities (in percent of Reviewed Projects)

Figure 4.3  Client Participation in Knowledge Activity Stages in Relation to Degree of Achievement of Knowledge Activity Expected Outcomes (in percent of Reviewed Knowledge Activities in Each Category of Outcome Achievement)