5. Implications

**Highlights**

- There is a case for the World Bank to pay more attention to how knowledge flow and learning is mediated through interpersonal exchanges, understanding how team dynamics and connection to social networks shapes the potential for learning and knowledge sharing.
- There is a need for smarter approaches to rewarding learning, including redesign of individual results agreements and performance evaluations.
- Learning and knowledge sharing is only likely to flourish if there is senior management commitment, leadership, signaling, and role modeling.
- The Independent Evaluation Group (IEG) has a shared responsibility for promoting learning, and it has made the commitment to assess how its evaluation procedures balance accountability and learning, and to revamp its suite of products to make more allowance for learning evaluations.
- The next evaluation in this program of IEG evaluations will examine the extent to which learning takes place within and between Bank projects in a purposive sample of countries and sectors, taking into account the views of clients and development partners.

**Implications for the World Bank**

The Bank staff perceives the lack of institutional incentives as one of the biggest obstacles to learning and knowledge sharing in the Bank. While reorganizations have been relatively common at the Bank, serious reforms of the Bank’s internal incentives have lagged. The ongoing change process provides an opportunity to finally redress this long-standing gap. But time is of the essence as reorganizations tend to deplete the very two assets management needs to push through a transformative shift in internal incentives—political capital and staff good will.

Fast and forceful action by senior Bank management in giving clear, concrete, and consistent signals on the importance of learning and knowledge sharing, including through the questions it continually asks and the behaviors it models, can bring rich pay-offs. Staff expectations are high. Nearly 60 percent of respondents to the Bank staff survey conducted by the Independent Evaluation Group (IEG) indicate that they agree or strongly agree with the statement that the Bank is committed to promoting learning and knowledge sharing in its lending operations. The Bank has
a golden opportunity right now. Three main implications emerge for the Bank from the analysis presented in this evaluation.

**STRENGTHENING THE INTERPERSONAL DIMENSION OF LEARNING AND CONNECTIVITY**

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 quickly gets stale, partly because updating websites and archives is time consuming and tedious; and second, that the Bank needs to become smarter at linking to knowledge outside the Bank, rather than focusing solely on improving the quality of its own products. The literature shows that it is the interpersonal dimension—from mentoring to informal conversations with experts—that drives learning more than individual work in isolation. Improving the format and surface polish of documents may produce fewer results than strengthening the opportunities for informal exchanges within the Bank and outside the Bank. Connectivity needs to be enhanced, drawing on the insights gleaned from the Bank’s recent experience with organizational network analysis.

The need for documentation 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 these cases, any written or electronic documentation 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. Furthermore, an electronic rolodex of experts organized in a search-friendly way to encourage person-to-person conversations and brainstorming would be helpful in these cases since there are no ready-made, off-the-shelf solutions.

At the same time, connectivity requires ease of navigating the systems for capturing, storing, and collating knowledge. This is reflected in the change agenda of the World Bank Group, which includes as one of its objectives transforming the organization’s information technology. The lack of systematic documentation and difficulty retrieving key operational information has hampered learning and knowledge sharing in the Bank Group. Obtaining the right information comes down too often to luck. Better documentation that is easily searchable and retrievable would enhance operational effectiveness while also bringing efficiency gains.
Revamping the organizational structure may be an important component of change. Yet, by itself, it has serious limitations as shown by evaluations of past Bank reorganizations, notably the reorganization that created the matrix system. Without tackling the underlying constraints relating to incentives, the benefits of reorganizations and other measures aimed at fostering learning and knowledge sharing will be limited. The Bank’s failure to adequately address the issue of incentives for learning and knowledge is an illustration of the discrepancy between private and social costs and benefits. The benefit to the individual of dedicating time, resources, and attention to knowledge is lower than the benefit to the institution. As a result, knowledge is under-produced and under-consumed. This discrepancy arises in part from the fact that development outcomes can be assessed only in the medium and long term, whereas performance evaluation of staff and managers has to be done annually. The challenge is to bridge the timing disconnect in a manner that makes conceptual and operational sense.

Recognition programs to reward staff should be perceived to be fair and transparent. Measuring staff performance to base recognition programs on is not straightforward. In addition to the time lags between inputs and outcomes, the nonlinear links between most outputs and outcomes, and the difficulties in separating team and individual contribution, make the assessment particularly complex. A supportive environment (mainly adequate time and budgets) and nonmonetary recognition are more important than individual financial incentives in motivating staff behavior at the Bank. Nonmonetary recognition can include praise from the manager, leadership attention, and opportunities to lead institutionally important tasks. The Overall Performance Evaluation (OPE) rating on learning and knowledge sharing carries little weight in influencing the overall assessment. Work program agreements, individual results agreements, and individual performance assessments could reward learning more effectively, but this presupposes systematic alignment throughout the organization, as envisaged by the new architecture of the Bank embodied in the Corporate Scorecard. The Bank needs to find an appropriate system to effectively track commitment to learning, ensuring that this is reflected in staff performance.

Leadership from Senior Management

Literature on organizational change (Schein 1997; Senge 2010) suggests that learning and knowledge sharing only flourishes when there is senior management commitment, leadership, signaling, and role modeling.
With regard to commitment, the Bank is perceived by staff to be committed to learning and knowledge sharing. Nearly 60 percent of respondents to IEG’s survey indicate that they strongly agree or agree with the statement that the Bank is committed to promoting learning and knowledge sharing in its lending operations. The findings of the 2013 Employee Engagement also show that Bank staff rate highly the opportunities the Bank gives them for learning. The Bank’s leadership can capitalize on this favorable staff perception and contribute in the following ways:

- Ensuring that the pressure to lend complements rather than competes with learning. About 70 percent of respondents to IEG’s survey of Bank staff feel that the pressure to lend has crowded out learning. The conversation in the Bank needs to shift from lending versus learning to learning from lending, striking the right balance between the two. This then necessitates an ongoing conversation regarding lending with learning versus lending without learning.
- Determining the amount, nature (monetary compensation versus nonmonetary recognition), and basis for rewarding staff for learning and knowledge sharing (outcome versus Bank performance), and penalties for repeating mistakes and hoarding knowledge. Both carrots and sticks will be required.
- Indicating to staff how much risk is permissible to take and how much failure the Bank is willing to tolerate (the Bank should not backtrack once increased risk taking begins to result in increased failure). This step requires an understanding of how good management can be linked to poor performance but appropriate risk.
- Requiring evidence from the task teams that they have consulted and used available evidence relevant to the lending operation at hand, and that the selected peer reviewers have the necessary expertise and provide a critique rather than rubberstamp.

With regard to signaling, budget and time allocations are key levers. If results, development outcomes, implementation, and learning are important, the Bank needs to fund supervision sufficiently. Similarly, if knowledge transfer is important, the Bank needs to signal this by allowing staff adequate time for sharing knowledge.

A critical requirement for signaling is consistency. Unless signals converge and point in the same direction, they will be ineffective or even counterproductive. Stated and unstated signals, formal and informal ones, all need to say the same thing with the same force, and all parts of Bank management need to talk with one voice. So if learning matters on paper, it also needs to mater in practice. And if an OPE
rating on learning and knowledge sharing is introduced on paper, it needs to also be taken seriously in practice.

With respect to role modeling, experience both with successful and failed efforts at culture change underscore that leading by example is the only way by which leaders can bring about culture change. Leaders must articulate and model the behaviors and values that define the evolving culture of the organization, and then spread them constantly through personal contact and communication. Therefore, if the Bank wants to encourage learning from failure and risk taking, staff has to feel it has a safe environment in which to experiment, raise questions and concerns, and propose new ideas. This will require senior management to:

- model openness, intellectual curiosity, and humility;
- acknowledge lack of definitive answers to the problems the organization is dealing with;
- not react defensively or become risk averse when failure occurs, but rather take failure in its stride; and
- ask questions demonstrating genuine and authentic interest in what people have to say.

Table 5.1 provides additional detail about the implications for the Bank that emerge from the main findings of this evaluation. For ease of navigation, the implications are broken down by the chapters and the topics under which the findings were presented.

**Table 5.1. Detailed Implications for the Bank that Flow from Each of the Main Findings**

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Topics</th>
<th>Findings</th>
<th>Implications</th>
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<tbody>
<tr>
<td>2</td>
<td>Time</td>
<td>The staff's number one recommendation is to earmark time for learning in lending.</td>
<td>Work program agreements throughout the organization could be better aligned, all allocating time for learning.</td>
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<td></td>
<td>Sources of knowledge</td>
<td>Interpersonal exchanges are the main source of learning in lending; knowledge is perceived as easy to access but...</td>
<td>Connections to experts inside and outside could be strengthened, with time allowed for networking.</td>
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<td></td>
<td>Knowledge management</td>
<td>... The Bank’s system for capturing, storing, and collating knowledge is less smart than that of other leading knowledge organizations.</td>
<td>Implement the Bank Group’s recently declared objective of designing and implementing information technology systems that deliver transformative change; monitor knowledge flow in the</td>
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<tr>
<td>Chapter</td>
<td>Topics</td>
<td>Findings</td>
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<td></td>
<td>Document use</td>
<td>Little use is made of non-Bank sources, and many types of Bank documents are not consulted.</td>
<td>Rather than revamping the documents and creating new websites, it may be more effective to foster learning through interpersonal exchanges such as mentoring and quality assurance clinics.</td>
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<td>3</td>
<td>External validity</td>
<td>Country-specific knowledge may have been crowded out by operational and technical knowledge; lessons learned in one country may be hard to generalize to others.</td>
<td>The Global Practices and IEG could separately monitor operational, technical and country-specific lesson learning, ensuring global reach does not compromise country specificity.</td>
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<td></td>
<td>Mentoring</td>
<td>Mentoring is critical, and the staff wants more of it.</td>
<td>There would seem to be a case for building on the Youth to Youth program, Africa Region, and other recent mentoring initiatives.</td>
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<td>Connectivity</td>
<td>Cross support and communities of practice languished respectively for structural and budgetary reasons; organizational network analysis has further highlighted the constraints, including slow integration of new staff.</td>
<td>The work by the Finance and Private Sector Development Network and the Energy and Mining Family could be usefully consolidated and selectively replicated, using organizational network analysis as a management tool to pinpoint knowledge gaps and bottlenecks and to plan for staff rotation.</td>
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<td></td>
<td>Teams</td>
<td>Team diversity is perceived to be adequate and is vital for learning; but team members are not always sufficiently recognized.</td>
<td>There may be a case for research on how team composition influences project performance.</td>
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<td>Staff rotation</td>
<td>Task team leader (TTL) handover is a potential learning discontinuity.</td>
<td>Co-TTLs and backstopping may be indicated.</td>
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<td>4</td>
<td>Commitment</td>
<td>The staff generally perceives the Bank to be committed to learning, but this is not specific to learning in lending.</td>
<td>Future staff surveys could ask questions about learning in lending specifically, assessing adaptiveness line with the new emphasis on the science of delivery.</td>
</tr>
<tr>
<td></td>
<td>Bank learning</td>
<td>Bank spending on learning has been stable and has</td>
<td>More could be made of training in political economy.</td>
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</table>
CHAPTER 5
IMPLICATIONS

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Topics</th>
<th>Findings</th>
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<td></td>
<td>emphasized operational and technical learning, in line with employee perceptions of their jobs.</td>
<td>and institutional analysis, emphasizing country specificity; this would help anticipate the external validity problem that Global Practices may encounter.</td>
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<td></td>
<td>Quality</td>
<td>Quality Enhancement Reviews and peer reviews do not consistently take account of lessons learned.</td>
<td>The One World Bank Group aspiration suggests that diverse quality assurance practices should be harmonized.</td>
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<td></td>
<td>Incentives</td>
<td>Recognition by managers and peers is a bigger motivator than pay.</td>
<td>Staff performance evaluations and promotion decisions could take more account of learning.</td>
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<td>Adaptiveness</td>
<td>Restructuring is not perceived to be an obstacle, but the culture does not reward adaptiveness.</td>
<td>Regular learning-from-failure events could be promoted; U.S. Army-style after-action reviews could be promoted.</td>
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<td>Smart tools</td>
<td>There is too little evidence yet to assess their impact on learning; by themselves, they won’t transform the culture.</td>
<td>The impact of checklists, help desks, and awards could be evaluated; if they are shown to work, they could be expanded.</td>
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<td></td>
<td>Customized learning instruments</td>
<td>Learning and Innovation Loans and Intensive Learning Implementation and Completion reports have not led to better learning.</td>
<td>Instruments like these are still valid and could work if incentives were better aligned.</td>
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Implications for the Independent Evaluation Group

The impact of IEG’s evaluation methodologies on Bank staff behavior, including risk aversion, needs to be examined. There is a perception among Bank staff that IEG’s internal culture is systematically biased toward downgrading projects. In this view, “IEG is a big reason why we cannot afford to be honest and is a major obstacle to learning.” Bank staff also reports that when projects are downgraded on outcome because of poor performance that is caused by factors beyond the Bank’s control, their incentive is to set the bar low and undertake risk-proof projects.

Bank staff feels that being monitored by their management on the disconnect between IEG and self-rating on outcome leads to risk aversion. IEG has pointed out that by taking greater account of the Bank’s performance rating, which is based
entirely on factors within the Bank’s control, the possibility of risk aversion can be reduced.

In any case, whether the perception that IEG is liable for the Bank’s risk aversion is justified or misplaced, perception is reality, and IEG needs to take serious note. Three actions are urgently warranted on IEG’s part: (i) reviewing its evaluation criteria and methodologies to examine their impact on Bank staff behavior, including risk aversion; (ii) communicating to Bank staff the underlying rationale for its evaluation criteria and methodologies; and (iii) ensuring that project iteration and project adaptiveness are adequately factored into the relevant ratings.

Given that person-to-person conversations are such an important part of learning and knowledge sharing, IEG needs to strengthen its interpersonal communication with Bank staff. A clear benefit could include a stronger feedback loop of evaluation lessons into Bank lending. IEG has made a start by engaging with Regional staff through its brown-bag seminars and question-and-answer sessions on the quality of Implementation Completion and Results reports.

IEG is taking steps to improve delivery on the learning part of its mandate, correcting some misalignments of the recent past. This study identified two such misalignments. First, the IEG’s 2011 self-evaluation report footnoted the learning part of the dual mandate (accountability and learning) that dates back to the inception of an independent evaluation department in 1973, but it did not assess IEG’s contribution to learning (IEG 2011). Second, the terms of reference of the Director General, Evaluation (DGE), which are in the public domain and therefore part of IEG’s public image, are explicit about accountability but not about learning. These shortcomings have been addressed. The DGE’s FY14 results agreement for staff spells out a commitment to promote learning as well as accountability. Moreover, IEG’s long-term agenda and current work plan have sought to enhance systematically the learning function in IEG. To this end, in FY14, a budget of almost $1 million was allocated specifically for the production of a new brand of learning reports, entailing close engagement with, and broad dissemination to, Bank operational staff. IEG is committed to a medium-term assessment of the use made of these learning products and will monitor carefully the impact on the Bank staff’s perception of how well it discharges its responsibility for learning.

**Implications for the Next Evaluation**

The second evaluation will further investigate issues emerging from this first evaluation. It will explore the extent to which learning takes place within and
between Bank projects in a purposive sample of client countries and sectors. Part of this exercise will involve asking the Bank’s clients and development partners to assess how well the Bank is learning from lending. It will also involve an attempt—using country case studies—to map the social network in which individual projects are embedded and to explore the learning trajectories of individuals and teams. The country case studies will also provide an opportunity to test and refine the learning model, relating to how the process of acquiring knowledge and sharing and engaging with it leads to learning. Particular attention will be paid to the context in which lessons are generated and the extent to which the specificity of a given context limits the scope for transmitting learning across time and space.

To the extent possible given time and budget constraints and assuming that implementation by the Bank of incentive reforms and identified good practices keeps pace and allows for early evaluation, Evaluation II will address the following questions:

- To what extent do staff not have time for learning and knowledge sharing versus to what extent are they reluctant to make time for learning and knowledge sharing?
- How has the scale and nature of a project’s monitoring and evaluation data influenced learning within and across projects, and to what extent has it contributed to project performance?
- How effective are any ongoing Bank incentive reforms? How can the Bank structure its reward and recognition programs to encourage learning and knowledge sharing and discourage the hoarding of knowledge?
- How do learning incentives vary between country- and headquarters-based staff? How has decentralization of Bank staff to country offices affected learning and knowledge sharing among Bank staff and with country clients?
- What has been the Bank’s experience in encouraging smart risk taking and learning from failure, and how can it improve its record?
- How can specific processes and instruments such as peer review, quality enhancement reviews, mentoring, and handover processes be strengthened to help improve learning from lending?
- How can corporate work such as Development Economics reports, IEG evaluations, reviews and retrospectives from Operations Policy and Country Services, World Bank Institute reports, and Bank and non-Bank impact evaluations better inform the project cycle?
- To what extent are the good practices identified by sector boards and Regional staff effective, and should they be promoted more widely?
- To what extent is the Bank’s how-to guidance effective for designing and implementing Bank lending operations, just-in-time help desks for
knowledge, one-stop shops for operational knowledge, and checklists identifying critical actions or guidance in designing and implementing Bank lending operations, and how can they be improved?

- How effective are different types of learning, i.e., technical, operational, and country-specific, and how can they be strengthened?
- Based on a discussion with Bank staff on what they consider to be different formats for learning, which formats are effective under which circumstances?

References

