Enhancing the Effectiveness of the World Bank's Global Footprint

IEG
Independent Evaluation Group

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An Independent Evaluation

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Abbreviations

ADM	accountability and decision-making
ASA	advisory services and analytics
CD	country director
CMU	Country Management Unit
CPF	Country Partnership Framework
FCS	fragile and conflict-affected situations
FCV	fragility, conflict, and violence
FY	fiscal year
GP	Global Practice
IDA	International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IRS	internationally recruited staff
LIC	low-income country
LMIC	lower-middle-income country
LRS	locally recruited staff
MDTF	multidonor trust fund
TCN	third-country national
TTL	task team leader

All dollar amounts are US dollars unless otherwise indicated.

Acknowledgments

This evaluation was prepared by an Independent Evaluation Group (IEG) team led by Anna Aghumian, senior evaluation officer, and coauthored by Elizabeth Goller, senior evaluation officer. The report was prepared under the supervision of Galina Sotirova, manager, IEG Corporate and Human Development, and Oscar Calvo-Gonzalez, director, IEG Human Development and Economic Management, and under the overall guidance of Alison Evans, Director-General, Evaluation.

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Overview

The purpose of this evaluation is to assess the effectiveness of the World Bank's decentralization efforts from fiscal year (FY)13–21. *Decentralization* refers to the World Bank's efforts to expand its global footprint by moving more staff, especially staff with operational and decision-making duties, to the field. The evaluation examines decentralization's benefits and challenges and makes recommendations to improve the process and outcomes. The evaluation finds that an increased global footprint helped the World Bank build a strong presence in client countries, delivering many anticipated benefits. These benefits include greater responsiveness to clients, more regular operational support for projects, increased trust between World Bank staff and government counterparts, and enhanced collaboration with partners in the field.

The link between field presence and project performance is more difficult to isolate, with qualitative and quantitative metrics garnering inconsistent findings. The World Bank's decentralization model also carries with it some structural inefficiencies, poses some risks to knowledge flow and global collaboration, and entails certain career development challenges for staff and managers in the field. Some of these inefficiencies are anticipated trade-offs from having a decentralized system, while others were not anticipated but resulted from having several disparate, uncoordinated decentralization efforts and reorganization reforms over the years. The evaluation recommends that the World Bank fine-tune the framework for managing its global footprint and actively seek to mitigate risks and inefficiencies within current budget constraints.

This evaluation is timely because the World Bank will further expand and adjust its global footprint by the mid-2020s. These expanded efforts are motivated by the International Bank for Reconstruction and Development's capital increase package and International Development Association's commitments, especially in lower-income and fragility, conflict, and violence (FCV)–affected countries. Therefore, this evaluation takes a critical look back at these past decentralization efforts to inform the new expansion of the World Bank's global footprint.

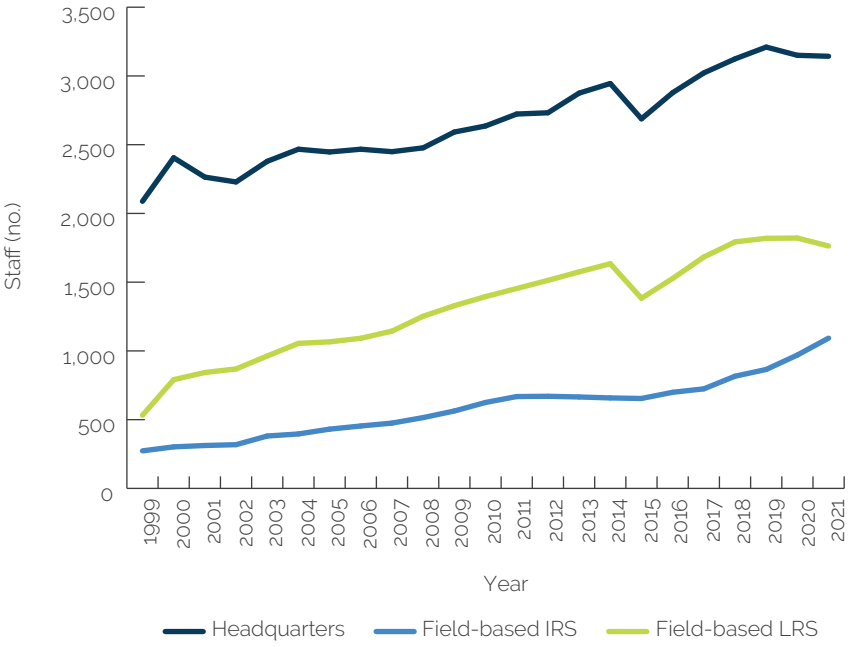
The evaluation's qualitative component covers FY13–21, whereas its analysis of broader staffing patterns looks back to the late 1990s. Several data sources informed the analysis, including case studies on 20 client countries; 227 interviews with World Bank and International Finance Corporation staff, managers, and clients; a task team leader (TTL) survey to compare perspectives on decentralization; a multivariate statistical analysis to explore the association between staff's field presence and project-level performance ratings; and a quantitative analysis of project, country program, and human resource data. The evaluation focuses only on the World Bank's professional staff in operations.[1] The evaluation does not assess the International Finance Corporation's decentralization but uses lessons learned from its experience to better understand the World Bank's experience. The cost of decentralization is not part of the evaluation's scope. Although it is a critical aspect of decentralization decisions, these costs have been restructured several times in the period covered by this evaluation, and the assessment of decentralization costs in the past would not be meaningful to inform the current context.

Evolution and Trends

The World Bank's approach to decentralization has continuously evolved over the past two decades in response to commitments to shareholders. Decentralization started in 1997, and since then, the World Bank has sharpened its focus on lower-income and fragile and conflict-affected situation (FCS) countries. From 2008 to 2012, World Bank management abandoned its centralized approach to field staffing, with each Region proposing its own strategy, and elevated a few country offices to Regional hubs, with more sector staff, managers, and operational support staff than other country offices. In 2013, to remove the Regional silos, the World Bank underwent a major reorganization that centralized managerial decision-making within the Global Practices (GPs). The reorganization also slowed the decentralization of staff and decision-making by moving many sector staff back to World Bank headquarters. In 2019, the World Bank adjusted its operational model again, shifting decision-making back to the Regions, and in 2020, the World Bank began expanding its global footprint once more. During these latest efforts, the World Bank announced new corporate targets to increase the proportion of staff in the field.

Since 1999, the World Bank more than tripled its staff field presence, gradually adjusting the global footprint to meet its corporate commitments to low-income countries and the FCS agenda. This rapid expansion of the World Bank's global footprint was driven largely by the hiring of locally recruited staff (LRS) to country offices (figure O.1). LRS now make up the biggest share of the World Bank's decentralized staff. In addition, the Africa Region, which has more FCS and lower-income countries than any other Region, employed about one-third of all field-based professional World Bank staff since the early 2000s and has the largest share of internationally recruited staff (IRS) in the field. From 2006 onward, at least one-third of all field-based staff in FCS countries were IRS, on average. However, some FCS countries receive more staff, especially IRS, because international donors prioritize those countries.

Figure O.1. World Bank Staffing Trends, Fiscal Years 1999–2021



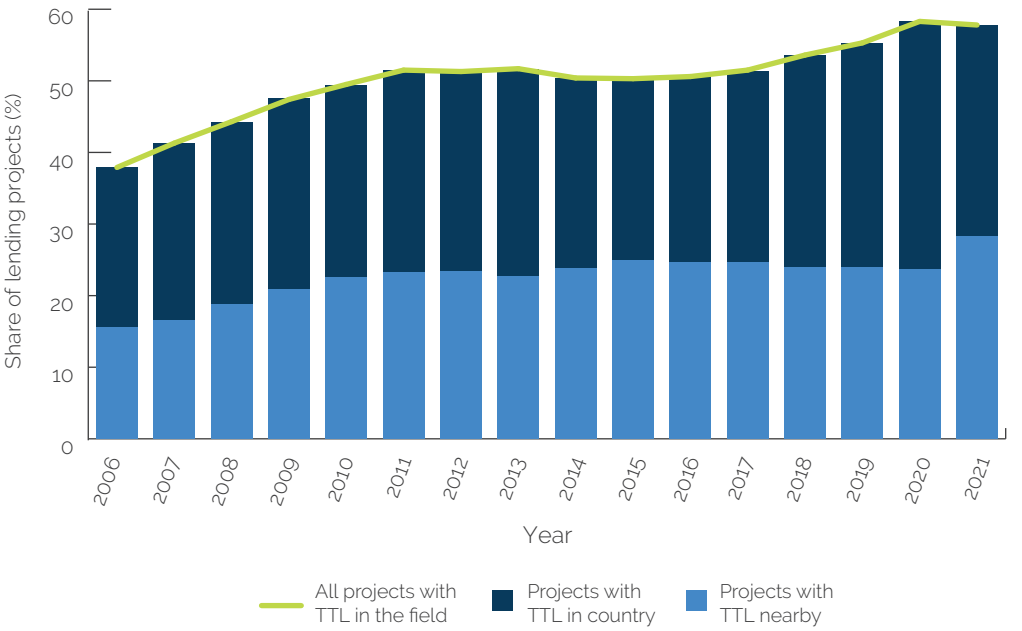
Source: World Bank human resources data.

Note: Includes only professional staff in operations, grade level GE+. Excludes extended-term consultancy contract holders. Excludes staff from institutional, governance, and administrative units. Excludes staff with missing IRS or LRS status data. See appendix A, table A.12 for full data since 1996. IRS = internationally recruited staff; LRS = locally recruited staff.

Project-level decision-making has moved closer to clients, including in FCS countries, but this shift has been slow.[2] On average, since 2006, half

of all lending projects were managed by the TTL with accountability and decision-making (ADM) responsibilities from the field, but only 28 percent were managed by the ADM TTL from recipient countries (figure O.2). The East Asia and Pacific and South Asia Regions traditionally had the highest share of projects led from recipient countries because these Regions are the farthest from headquarters. The World Bank has also delegated more country-focused advisory services and analytics tasks to TTLs in recipient countries since 2013. The World Bank's enhanced focus on FCS did not lead to a drastic increase in projects managed from FCS countries, but the trend is upward nevertheless. Since 2018, there is a slow but steady increase of FCS projects managed from the recipient countries.

Figure O.2. Lending Projects Managed from the Field, Fiscal Years 2006–21



Source: Independent Evaluation Group analysis of human resources and project portfolio data.

Note: The figure indicates the share of projects managed by TTLs in the field. "TTL in country" means the TTL is in the project recipient country; "TTL nearby" means the TTL is not in the project recipient country but somewhere in the same Region. TTL = task team leader.

Benefits

The greater presence of staff in client countries facilitates the World Bank's client-facing support and contributes to greater client satisfaction, especially in lower-income countries. This evaluation's analysis of Country Opinion Surveys shows a strong, positive correlation between client satisfaction and the World Bank's staff presence in lower-income countries. Country case studies show that the proximity of staff to clients enables more frequent day-to-day operational support and project follow-up. This support is particularly important in fragile and lower-income countries, where project counterparts tend to have limited capacity. The TTL survey also shows that locating TTLs in the field makes it significantly easier for TTLs to carry out client-facing activities, whereas locating TTLs at headquarters makes it easier to carry out global knowledge-related activities (figure O.3). Being located in-country helps staff build relationships and trust with clients, which helps the World Bank support institutional reforms, cultivate government ownership over the development process, and coordinate strategic priorities with donors by leading multidonor trust funds. In some countries emerging from political crises or conflict, the World Bank's presence signals the international community's support for the state institutions of fledgling governments.

Decentralization helps the World Bank understand country contexts and better tailor products to country needs. TTLs in the field perceive their location as helping them understand local contexts significantly better than TTLs at headquarters perceive theirs (figure O.3). A recent study found that the World Bank's core diagnostic products influence client countries' policy priorities because the World Bank involves government officials in diagnosing policy problems and formulating policy recommendations (Masaki and Parks 2020). This evaluation finds that a better understanding of local contexts helps the World Bank tailor traditional solutions to local development needs and thus makes the World Bank's support to low-capacity countries more relevant for clients.

Decentralization also helps identify new development opportunities and helps international staff to be more well-rounded as development practitioners. The TTL survey shows that 34 percent of headquarters-based TTLs believe their location hinders them from developing new business opportuni-

ties, but only 3 percent of field-based TTLs believe the same. This perception was repeated in interviews and case studies, where World Bank staff felt their physical presence or absence in a country influenced the development of new dialogues, operations, technical assistance, and sectoral advisory services. Moreover, decentralization contributes to staff's personal and professional growth by exposing them to different contexts and development approaches.

Figure O.3. Extent to Which Task Team Leaders Felt Their Duty Station Helped or Hindered Their Work

Source: Independent Evaluation Group TTL survey.

Note: Field-based staff includes staff in country and hub offices. Bars show a weighted average of the responses for each answer category. Weights were applied to the number of respondents for each answer; 2 = greatly helped, 1 = helped, 0 = neutral, -1 = hindered, -2 = greatly hindered. Average scores are shown. HQ = headquarters; TTL = task team leader.

The World Bank's preexisting field presence, strong sector knowledge, and client relationships facilitated its early coronavirus (COVID-19) pandemic

response and ensured business continuity during the pandemic. The underlying factors for success were in-country staff's prior relationships with clients built through years of collaboration and deep sectoral knowledge. These relationships contributed to faster COVID-19–related project preparation and implementation. In some cases, the presence of local staff allowed the World Bank to continue to operate and carry out missions even after the pandemic began.

During the COVID-19 crisis, the World Bank also became better at communicating virtually with clients and within the organization, bringing field and headquarters staff closer. The greater use of virtual communication also to some extent improved country office staff's access to learning events that are offered at hours more suitable for many field staff. However, for clients with gaps in digital development, especially in fragile countries, transitioning to virtual work was not without challenges.

The quantitative analyses could not corroborate clear and systematic links between staff location and project ratings despite qualitative data indicating that field presence contributes to improved project performance. The study found that an IRS TTL's field presence has a positive but relatively weak association with project ratings in FCS countries and a relatively strong but negative association with project ratings in non-FCS countries, as measured by the Independent Evaluation Group's ratings of the World Bank's quality at entry, quality of supervision, and project outcome ratings. Meanwhile, the field presence of LRS TTLs appears to be more beneficial in non-FCS locations than in FCS locations. Likewise, field presence does not necessarily affect proactivity—TTLs, regardless of their location, are equally proactive in dealing with problem projects.

Challenges and Inefficiencies

There is scope to clarify the expected outcomes of decentralization and fine-tune the framework for making global footprint decisions. The corporate field staffing targets help expand the World Bank's field presence but do not guarantee that decentralization is tailored to country and program needs or applied to areas where it can bring the most benefits. The lack of explicit

objectives and principles on which to anchor decentralization tends to make its implementation less intentional, leading to inefficiencies and missed opportunities. One exception is the Bank Group's FCV strategy for 2020–25, which links the World Bank's staffing needs to the scaling up of financial support in FCV-affected and low- and middle-income countries. However, without more elaboration on the type of staff needed and where they should be deployed, many FCV-affected countries still lack important staff skills. This is also linked to the World Bank's challenge in attracting staff to these more "difficult" countries.

Decentralization's current model contributed to an unanticipated human resource bias toward countries that host country directors. In multicountry Country Management Units (CMUs), GPs and Regions often locate IRS, including managers and program leaders, in the primary country of the CMU with an assignment to cover all countries in the CMU. As a result, the World Bank concentrates the largest share of field-based professional staff in a few countries with a country director presence. However, an analysis of the World Bank's operational support shows that this model may not be working the way it was intended. For example, countries without country directors in the CMU receive little support from other CMU countries, instead relying heavily on operational support from headquarters. The work program planning and budgeting process, which is conducted to tailor the staffing to a country's portfolio, does not seem to guarantee adequate and timely staffing support to this group of countries. A vast majority of interviewees, including country managers and country directors, also confirmed this resource allocation bias and their awareness of the issue. Case studies from smaller countries without country directors almost always revealed examples of an important project or business line in a Country Partnership Framework underachieving or being delayed because the right expertise was not available in the country, and the country could not secure timely support from the CMU or a nearby hub.

The decentralization of decision-making to the field carries with it some inefficiencies and missed opportunities. The widespread co-TTL model is less effective when the TTL with ADM responsibilities is not based in the client country. Interviewed clients generally feel that having a TTL with

decision-making powers in the project country significantly reduces project delays, speeds up project-related actions, and helps the World Bank explore new business opportunities. Therefore, designating country-based staff as co-TTLs is insufficient for ensuring the World Bank's timely support to clients during project implementation unless the co-TTL also has ADM authority. The multivariate statistical analysis also suggests that having the TTL in the project's recipient country may be associated with improved project performance and outcome ratings more than having a non-TTL project team member. The evidence also indicates that locating practice managers in the field is less beneficial when most of their staff are not also in the field and when they manage a wide geographic area.

Decentralization also poses risks to the global knowledge flow and potentially weakens the World Bank's organizational cohesiveness and shared culture. Most of the World Bank's knowledge management takes place from headquarters, where there is greater access to resources for knowledge generation, curation, and sharing. As a result, this knowledge is tailored more to headquarters staff. Similarly, staff say that formal or explicit knowledge generated by field staff, such as country-focused studies and assessments, is less valued by their peers and less frequently curated for global use than headquarters-generated knowledge, although this is difficult to measure objectively. Also, many field staff, especially LRS, feel they miss out on professional networking opportunities, which can constrain their professional growth and career development. The 2020 realignment and other human resources policy changes since then are likely to reduce the flow of IRS between headquarters and Regions. Coupled with local staff's limited exposure to global knowledge and networking opportunities, this may, if unmitigated, contribute to fragmentation of knowledge and dilute the World Bank's common corporate values and culture.

Attracting international staff with strong technical, operational, and soft skills to field posts is difficult in many FCS and lower-income countries. The evaluation finds that to provide quality support to clients, field staff must have the right combination of hard skills—such as technical and operational abilities—and soft skills—such as leadership and communication abilities and the willingness to work in difficult country contexts. The World Bank

has recently taken steps to make postings in FCS countries more desirable by offering better global mobility benefits, but staff still perceive, often incorrectly, that these posts are harmful for their career progression. Moreover, the World Bank's relocation and family support in field countries, especially countries with difficult living conditions, remains inadequate.

The World Bank also dedicated inconsistent efforts toward the professional development of LRS. Since the late 1990s, LRS have made up the largest proportion of staff in most World Bank country offices. Most of them have worked in World Bank offices for many years and gained seniority and substantial experience during that time. A handful of LRS transition into IRS positions and move out of the country, but for the majority who remain in the country, the World Bank offers few options for professional growth. Compared with its recent efforts to encourage IRS deployment in FCS, for example, the World Bank has not focused sufficiently on the role and potential of LRS, on which many FCS countries depend. The World Bank's inconsistent efforts to support the professional and career development of LRS is a missed opportunity to strengthen the World Bank's global footprint.

There is a widespread perception among World Bank staff that field postings hinder career progression, but data on recent staffing trends does not support such beliefs. Staff commonly believe they will diminish their prospects for promotion or gaining a position at headquarters if they accept a position in "difficult" field locations. Nearly 70 percent of field-based TTLs reported that decentralization reduces global networking opportunities for field-based staff in the TTL survey.

Contrary to these perceptions, evidence shows that field assignments do not hinder staff promotions or future assignments in headquarters. Promotion rates for most field-based IRS are generally higher than for headquarters-based staff at the same seniority levels. Meanwhile, 41 percent of IRS based in FCS locations in Africa in FY13 had moved to headquarters by 2021, which is higher than the movement of IRS to headquarters from FCS locations in other Regions. That being said, overall, IRS staff in FCS countries were, in fact, more likely to remain in their Region than staff initially located in non-FCS countries.

Recommendations

This evaluation suggests that the World Bank fine-tune its approach to managing its global footprint and mitigate decentralization's most apparent inefficiencies within current budget constraints.

Recommendation 1. **The World Bank should refine its current approach to managing its staffing global footprint by clearly specifying decentralization's expected outcomes and adopting principles to guide and adjust decentralization decision-making based on evidence.**

- Adopt clear principles to guide decentralization's decision-making. Such principles would help Regions and GPs to tailor and fine-tune decentralization decisions. These principles could include, for example, the following:
  - Ensuring that decentralization decisions are not only informed by immediate country program needs but are also aligned better with countries' medium-term needs (for example, more aligned with Country Partnership Frameworks). This will improve the predictability of the staffing support that countries can expect to receive and allow a more nimble and timely deployment of staff.
  - Prioritizing the location of project TTLs with decision-making authority in the recipient countries or empowering country-based TTLs with ADM responsibilities. The World Bank could do this by delegating more project-related decision-making powers to staff in client countries, including delegating more project ADM responsibilities to LRS and experimenting with alternative models to project task management.
  - Ensuring that staff deployed to multicountry CMUs adequately support non-country-director countries of CMU.
  - Adopting a more flexible approach to practice manager placement that balances the GP's needs with Region- and country-specific needs. Locate practice managers close to their staff to ensure regular and timely access to the staff they supervise. This could also include experimenting with and reinforcing virtual solutions to bring Regions and sectors closer where the situations are less clear-cut.

» Monitor and manage global footprint expansion more actively. Devising a light-touch monitoring, evaluation, and learning approach that collects evidence on key aspects of decentralization would assist in making timely course corrections and calibrating the global footprint based on country needs, corporate priorities, and Regional dynamics. The mitigation of decentralization's key challenges should be one important aspect to monitor. For example, the World Bank could monitor and assess the extent to which the recent changes to the career framework and the benefits structure are achieving the expected results, particularly with respect to improving global mobility, such as removing key barriers to staff mobility and attracting qualified staff to low-capacity or FCS countries.

Recommendation 2. **The World Bank should mitigate the risks to knowledge flow brought about by decentralization and put in place safeguards to avoid developing country and Regional silos.**

» The World Bank could tailor its knowledge management mechanisms better to field staff's needs and ensure that knowledge produced in the field flows to other field locations and to headquarters. Improving the mechanisms for curating and sharing of knowledge produced in the field and investing in virtual and in-person channels for networking and knowledge sharing would facilitate this process. The headquarters-focused knowledge management approach might also need revisiting.

» The World Bank should continue to promote staff mobility by rotating IRS between headquarters and the field and increasing cross-support opportunities for LRS. These efforts would enhance knowledge flow and ease the risk of the World Bank developing country and Regional silos.

Recommendation 3. **The World Bank should establish clear and structured paths to systematically promote LRS professional and career growth within its overall approach to improving the effectiveness of its global footprint.**

» Opportunities for professional and career growth could include (i) virtual or in-office development assignments or cross-support opportunities in headquarters and satellite offices; (ii) assignments on project teams in other countries within the same Region; (iii) provision of adequate reentry

guarantees for LRS who successfully compete for third-country national positions in other countries; (iv) temporary job swaps among LRS in different countries, possibly using the third-country national model; (v) mentoring programs designed specifically for LRS to build LRS capacity and facilitate their immersion into the World Bank's corporate culture; and (vi) networking opportunities, including virtual ones, to connect LRS to colleagues and managers at headquarters and in other Regions.

Acting on these recommendations would maximize decentralization's benefits while safeguarding knowledge flow and the World Bank's global nature.

[1] In World Bank terminology, professional staff in operations include staff grade level GE+ (excluding extended-term consultancy contract holders) and exclude staff from institutional, governance, and administrative units.

[2] Task team leaders are used as a proxy for decision-making because they have accountability and decision-making responsibilities for projects.

Management Response

Management of the World Bank welcomes the Independent Evaluation Group (IEG) report *Enhancing the Effectiveness of the World Bank's Global Footprint*. The evaluation is timely because the World Bank continues to enhance decentralization in keeping with its commitments made in the capital increase package of International Bank for Reconstruction and Development (IBRD) and in the replenishments of International Development Association.

Overall

Management notes with satisfaction the report's finding that decentralization has helped the World Bank deliver many benefits, including the facilitation of a strong response to the coronavirus (COVID-19) pandemic. It is reassuring to note that the World Bank's "strong presence in client countries" has contributed to "greater responsiveness to clients, more regular operational support for projects, increased trust between World Bank staff and government counterparts," and has "enhanced collaboration with partners in the field" (ix). Management welcomes the report's finding of "a strong positive correlation between client satisfaction and the World Bank's staff presence in lower-income countries" (xiii). The report's conclusion that "the World Bank's preexisting field presence, strong sector knowledge, and client relationships facilitated its early coronavirus (COVID-19) pandemic response and ensured business continuity" (xiv–xv) resonates well with management. Management is committed to continuing to further enhance this decentralization model.

In advancing decentralization, management is primarily driven by the need to tailor support to country and program specific needs. Management finds the analysis of the report regarding quantitative targets to be overly simplistic, as multivariate considerations and trade-offs inform management decisions to expand field presence. There are essentially only three quantitative targets in the decentralization discussion: a target for country directors (100 percent in the field), a target for program managers, and a target for the total number of staff based in fragile and conflict-affected situations. These

targets were established out of a conviction that decentralizing country directors and program managers will help inform and accelerate operational decision-making, to change staff mind-sets about the benefits of working from the field, and to "pull" lower-level positions from Washington to the field. The fragility, conflict, and violence (FCV) target also responded to shareholder pressure to increase field presence (particularly for International Development Association countries categorized as fragile and conflict-affected situations) and strong country demand for senior and internationally recruited staff (IRS) presence in-country. Actual decisions to hire more locally recruited staff (LRS) or to decentralize to a particular country office various IRS are anchored on data and evidence.

Optimizing decentralization is exceedingly difficult, given the multiplicity of both demand-side and supply-side issues, which constrain the decentralization of staff at the country level. On the demand-side, the specific needs of country programs are the key drivers of the World Bank's staffing decisions, but those needs are also very fluid.[1] Efforts are made to identify current and foreseeable country-level demand to inform annual intermanagerial discussions about workforce planning, staff talent reviews, and unit-level Work Program Agreements. Articulating country needs typically considers the country's size, complexity, development challenges, government capacity, ongoing and planned operational program, and World Bank Group comparative advantage, together with the staff profiles required to meet program needs. Added factors that are particularly relevant to the deployment of staff in FCV locations include risk management challenges and duty-of-care considerations.[2] Once a satisfactory picture of country need is articulated, the decentralization discussion turns to supply-side considerations. In the World Bank's internal recruitment processes, staff preferences play a critical role, as staff are mostly deployed through an internal competitive market, with staff proposing themselves for consideration for open positions. Moreover, staff moves to new positions are completely voluntary. The achievable staff profile in the field is thus determined in large part not just by country demand but also by supply, as staff respond individually to the relative attractiveness of a specific location. Factors that affect a location's attractiveness include a country's perceived quality-of-life, security level, quality of schooling, opportunities for spousal employment, attitude toward diversity

(including considerations relevant to lesbian, gay, bisexual, transgender, and queer issues), and international connectivity (both transportation and communication). Given that there are both demand and supply issues to decentralization, it can easily happen that demand points in one direction, but supply in another, with the result that adjustments need to be made in planning. For example, it is often very difficult to attract staff to countries with fragile and conflict affected-situations that have relatively low quality of life (for example, limited markets, high pollution, poor housing), poor in-country medical care, serious security issues (for example, high crime or low to high conflict), limited schooling for children (particularly in languages other than the national language), and limited opportunities for spousal employment, with the result that decentralization to support programs in these countries may often end with stationing staff in a nearby location, specifically, a larger country office headed by a country director or a hub office that supports staff working across a subregion. It is management's view that a dynamic context-sensitive approach that is guided by aspirational yet realistic corporate targets provides sufficient guidance and flexibility, as shown by the decentralization benefits highlighted in the IEG evaluation.

Management also believes that the budget envelope, which IEG discusses only briefly, is central to decisions pertaining to staff deployment in the field. The IEG report notes at the outset that the cost of decentralization is not part of the scope of the evaluation. That is unfortunate, as it is difficult to have an informed discussion of the effectiveness of the World Bank's efforts at decentralization without factoring in its costs. The budget envelope is a critical factor in determining staff deployment to the field, making choices to staff vacant positions with LRS, IRS, or third country nationals, and to locate such staff in one location (for example, a country capital) or another (for example, a neighboring hub). Every Region is provided a mobility budget to finance the costs of placing IRS or third country national staff in the field, within which budget trade-offs are made. For example, to service FCV countries at a reasonable cost with strong staff who have other deployment options, Regions often try to attract experienced, senior, technical IRS third country national staff by placing them in more secure and developed locations from which it is relatively easier for them to stay with their families and to travel and cover multiple countries; Country directors are often

stationed in such locations for essentially the same reasons. This has the added advantage of helping the regions stay within the overall parameter of their mobility budget. The recent assessments on the Global Mobility Support Framework and the projection on its fiscal sustainability provides an added opportunity for the World Bank to assess and align its decentralization plans with more recent cost projections.

Outcome Orientation

Management believes that the impact of decentralization should be measured in terms of the World Bank's contribution to long-term high-level outcomes in countries. In contributing to those high-level outcomes, the World Bank combines lending and nonlending instruments and helps deliver results through direct and indirect pathways. As the report states "[b]eing located in-country helps staff build relationships and trust with clients, which helps the World Bank support institutional reforms, cultivate government ownership over the development process, and coordinate strategic priorities with donors by leading multidonor trust funds" (xiii). Management believes that decentralization also helps better link project design to country context and high-level outcomes, strengthens fiduciary oversight and institution building, plays a catalytic role for policy dialogue, and helps the World Bank better align itself with development effectiveness principles in support of country ownership and better donor coordination. Therefore, the effectiveness of decentralization should be assessed taking the long-view of whether relatively short-term staffing decisions have, over time, contributed to the achievement of priority country-driven development outcomes.

Recommendations

Management enormously values IEG's attempt to gather evidence and lessons regarding World Bank decentralization efforts, and it is committed to reflecting on its many insights to move forward even more effectively. The report provides an important opportunity for reflection and for reinforcing links across different corporate initiatives, for example, the Strategic Framework for Knowledge, the Career Development and Mobility Framework (CDMF) and the outcome orientation agenda. The implicit intended out-

comes of the recommendations (namely, evidence-based decentralization process, effective knowledge flows, and fair career mobility for all staff) are indisputable, and in that context, management agrees with the recommendations. Yet, it also believes that the implementation of the recommendations, while helping put more structure in relation to either incipient or informal practices or both, may not result in significant differences in the World Bank's decentralization decisions.

Recommendation 1: Although management agrees to specify "decentralization's expected outcomes" and adopt "principles to guide and adjust decentralization decision-making based on evidence" (xix), it cautions that this articulation would make a limited contribution to determining its global footprint in countries of widely differing complexity, diversity, and fluidity of circumstances. The outcomes and principles would have to be expressed at such a high level of generality that, for any specific country, a multiplicity of decentralization actions and outcomes would be compatible with them. There will always need to be flexibility to bring the operational demand for decentralized staff into a reasonable equilibrium with the supply of staff willing and able to serve in the decentralized positions at the time in question. This will continue to be accomplished through the annual workforce planning exercise, as well as internal corporate recruitment exercises, where the World Bank endeavors to map staff who are seeking field assignments with concrete opportunities for deployment into countries that meet their criteria for livability, need their skills and expertise, address Bank Group business needs, and match the availability of resources. With these limitations, management understands that defining overall outcomes and principles of decentralization may facilitate the long-term evaluability of management efforts, serving as a high-level compass for midcourse corrections. To this end, management will endeavor to identify a few outcomes to include in the revised World Bank Corporate Scorecard for fiscal years [FY]24–27. Tracking these through measurable indicators (without necessarily articulating explicit targets) will build a database for long-term tracking.

Recommendation 2: Management concurs with the recommendation to mitigate the risks to knowledge flow brought about by decentralization. Management understands that decentralization can undermine the global

knowledge flow and intends to address this under the World Bank's 2021 CDMF as well as the 2021 Strategic Framework for Knowledge. In particular,

- Management strongly agrees that the World Bank "should continue to promote staff mobility by rotating IRS between headquarters and the field" (xx). The provisions of the 2021 CDMF—both to move operational staff every fourth year on average and to require such staff to have field experience to be promoted from level G to level H—are intended precisely to do so.
- Management is also working to better tailor its knowledge management to support field-based staff (xx), albeit within objective constraints. In this context, management notes, for example, that of the five factors that apparently make Uganda—a country office with 53 resident staff in FY21—a "well-connected country office" (box 4.2, 60), at least two are not affordable or easily replicable in smaller offices (namely, two resident specialists per sector; many high-level visits from technical specialists and management) and a third may not be (namely, providing country office task-team leaders with opportunities to work across countries). In smaller offices—such as the 54 country offices that in FY21 had less than half the number of staff of the Uganda office (30 with less than 10), the World Bank's efforts need to focus instead on the other two factors, including virtual team building and information exchange (which is cost-effective) and more effective staff mentoring, including by program managers (hence the recent effort to decentralize more program managers). This is then being supplemented with continuing efforts to strengthen online knowledge curation and dissemination (such that today almost any World Bank staff member anywhere can access the full library of Bank Group knowledge); to develop decentralized training and knowledge hubs—especially in Asia (such as in Bangkok and Singapore) but also Africa (Nairobi) to help overcome time differences; to build quasi-formalized communities of practice to share knowledge on specific topics; and to establish operational units with staff and mandates (including outreach and training) dedicated to specific themes (for example, the FCV Group, the Climate Change Group, the Gender Group and the regional Gender Innovation Labs). In the context of COVID-19 and home-based work, the World Bank has also expanded virtual training platforms to help achieve a more continuous knowledge flow between staff in field offices and in Washington. Partly as a result, where headquarters-based staff received more training than country

office staff pre-COVID, today they receive equal amounts (albeit in both cases lower amounts overall than was recorded pre-COVID). All that said, it is also the case that more can and should be done, for example, to take advantage of new opportunities for knowledge-sharing and management (for example, machine learning)—opportunities that are being pursued and will be reported under the action plan for the Strategic Framework for Knowledge.

Recommendation 3: Management agrees with the recommendation to support the career development of LRS. Management recognizes that more can be done to strengthen LRS career opportunities and intends to address this under the new CDMF. In management's view, there are many LRS with operational understanding and expertise that are as extensive as that of many IRS, and, of course, LRS typically exceed IRS in their knowledge of country context and their strong client relationships. Although there are some differences regarding career prospects (mostly due to the limited opportunities for promotion that exist in country offices), most aspects (mentoring, knowledge acquisition, contribution, and exchange, as well as interacting with government, and so on) apply equally to LRS and IRS. In addition, many of the opportunities identified in the IEG recommendations are already available and extensively used, with, of course, limitations due to competing demands on staff time and resources and, at times, due to the absence of a compelling business case (for example, for temporary job swaps). Issues about LRS career development go beyond decentralization and are being addressed in the new CDMF, and as part of the rollout of this framework management will review the opportunities for professional and career growth of LRS staff, in light of IEG's recommendations. Management also recognizes that LRS professional and career growth cannot be limited to promoting qualified LRS to IRS positions: many LRS do not want to become IRS, yet they are typically interested in and well-suited for broader and deeper in-country or regional roles that play to the strengths of their local presence, and so management will continue to seek cost-effective, business-positive ways to bring such opportunities to them.

[1] Fragility, conflict, and violence (FCV) country-specific decentralization is covered in country engagement products where relevant. Democratic Republic of Congo is one example where Africa East is finalizing the Country Partnership Framework.

[2] In large countries, Africa East has decentralized offices in provinces, the Democratic Republic of Congo being one example. Staff work in satellite offices in provinces affected by conflict and violence. East Asia and Pacific had a similar platform in Aceh earlier.

Report to the Board from the Committee on Development Effectiveness

The Committee on Development Effectiveness met to consider the Independent Evaluation Group report entitled *Enhancing the Effectiveness of the World Bank's Global Footprint* and the World Bank management response.

The committee welcomed the insightful and timely evaluation, noting that its findings and recommendations were useful in better aligning corporate initiatives to deliver on the Strategic Framework for Knowledge, the Career Development and Mobility Framework and the outcome orientation agenda. Members were pleased to learn that the World Bank's strong presence in the field has enabled the World Bank to be more responsive, tailor products to country needs, increase trust between staff and government counterparts, identify new developments as they present and to foster stronger collaboration with partners in the field. While acknowledging that the World Bank's field presence facilitated its strong response during the coronavirus (COVID-19) pandemic, members asked if there was room to further decentralize decision-making to the field. While appreciative of management's broad agreement with the evaluation's recommendations, members asked for more clarity on what decentralization success looks like, noting the importance of the evaluation findings and recommendations to help realign the World Bank's operational framework to deliver on the Green, Resilient and Inclusive Development approach, the *Forward Look* and the capital package commitments.

Although in agreement with the need to develop a more intentional, principles- and evidence-based approach to the global footprint, management clarified that decentralization decisions needed to be informed by budgetary considerations, accommodate countries of widely differing complexity, consider diversity and fluidity in circumstances, and use an element of good judgment and flexibility to balance client country demand and supply-side considerations. Acknowledging that the Independent Evaluation Group

recommended identifying guiding principles and actively managing decentralization rather than adding new indicators in the Corporate Scorecard, members appreciated management's commitment to measuring the impact of decentralization in terms of the World Bank's contribution to long-term, high-level outcomes in countries and its commitment to include indicators in the World Bank Corporate Scorecard for fiscal years (FY)24–27 to track and measure the outcome of World Bank's decentralization efforts.

Members highlighted the need to mitigate the risks to knowledge flows brought about by decentralization and to put in place safeguards to avoid country and regional silos. Recognizing the value of knowledge sharing and a common corporate culture, members asked about management's plans to increase access to corporate culture and global knowledge for locally recruited staff (LRS). While noting the Independent Evaluation Group's position that the new Career Development and Mobility Framework dealt with LRS in only a limited way, members encouraged management to ensure the empowerment of staff in the field, better curate local knowledge, and tailor knowledge to field staff's needs. Members acknowledged management's position that the new Career Development and Mobility Framework was already addressing issues related to opportunities for the professional and career growth of LRS. They welcomed management's commitment to providing implementation updates to the Committee on Development Effectiveness under the action plan for the Strategic Framework for Knowledge and to further review opportunities for the professional and career growth of the LRS.

1 | Introduction

The World Bank is embarking on new efforts to expand and adjust its global footprint by the mid-2020s. These reforms were motivated by the International Bank for Reconstruction and Development's capital increase package and International Development Association (IDA) commitments to support clients, especially in low-income countries (LICs) and lower-middle-income countries (LMICs), and countries affected by fragility, conflict, and violence (FCV). This is not a new effort. The World Bank has been continuously decentralizing its staff and decision-making over the past two decades and already has a sizable presence in the field. However, there is not much data and evaluative evidence on these past efforts and whether they delivered their anticipated results. Therefore, this evaluation takes a critical look back at the more recent decentralization efforts to benefit the new expansion of the World Bank's global footprint. These efforts focus on the decentralization of professional staff in operations and their managers. The evaluation only marginally considers the decentralization of country directors, country managers, and their staff.

The purpose of this evaluation is to assess the effectiveness of the World Bank's decentralization efforts. These are the World Bank's efforts to expand its global footprint by moving more staff and decision-making to the field. The evaluation examines the benefits and challenges of this process and proposes measures to improve it. This evaluation collected data over two major periods. First, it examined the broader staffing patterns over the past two decades to get a sense of decentralization's longer-term impacts. Second, it carried out interviews, a task team leader (TTL) survey, and country case studies from fiscal years (FY)13–21 to understand decentralization's most recent impacts. For some analyses, the coverage period varies based on data availability. This report does not evaluate the International Finance Corporation's (IFC) decentralization efforts but synthesizes and uses lessons learned from IFC's experience to better understand the World Bank's experience. To account for the effects of the coronavirus (COVID-19) pandemic, the team added a small line of inquiry to the evaluation to provide

partial evidence on how the World Bank's field presence influenced its early COVID-19 response. Most World Bank staff have strong prior opinions on decentralization, and the evaluation team worked carefully to steer clear of biases and triangulate evidence from different sources.

The cost of decentralization is not part of the evaluation's scope. Although the efficiency of decentralization is critical, the cost of decentralization, such as the mobility benefits for field assignments, and the costs of global footprint in FCV locations compared with other locations have been reformed several times in the period of this evaluation in FY15 and FY18–19, and the assessment of past decentralization costs would not be meaningful to inform the current context.

The evaluation finds that decentralization helped the World Bank build a strong presence in client countries, delivering many anticipated benefits. These benefits, mainly unveiled through substantial qualitative evidence, include greater responsiveness to clients, more regular operational support for projects, increased trust between World Bank staff and government counterparts, enhanced collaboration with partners in the field, and several other important benefits. However, the link between decentralization and project performance—as measured by available quantitative indicators—is less clear, with qualitative and quantitative metrics yielding inconsistent findings. The World Bank's decentralization model also carries with it some structural inefficiencies, poses risks to knowledge flow and global collaboration, and entails certain disincentives related to career development for staff and managers in the field. Some of these inefficiencies are anticipated trade-offs from having a decentralized system; others were not anticipated but resulted from having several disparate, uncoordinated decentralization and reorganization reforms over the years. The evaluation suggests that the World Bank adopt a more nuanced approach to managing its global footprint and mitigating decentralization's challenges and inefficiencies.

Methods

The evaluation questions guiding this evaluation are the following:

1. What are the links between decentralization and World Bank country program performance?

2. How did staffing and decision-making authority in the field improve client responsiveness and enhance performance? (i) How does this vary for different types of client countries? (ii) What factors explain the variation in decentralization's benefits and downsides? (iii) How did the World Bank staffing and decision-making authority in the field affect the World Bank's early response and support to its clients to fight COVID-19?

3. What are the lessons on how to balance the potential benefits and downsides of different decentralization configurations?

4. How can the potential benefits and downsides of decentralization be measured to strengthen the World Bank's global footprint?

To answer these questions, the evaluation team developed a conceptual framework (figure 1.1) that unpacks the key elements of decentralization's processes and impacts. The current wave of decentralization lacks an explicit objective against which the evaluation team could measure decentralization's results; therefore, the evaluation team constructed a framework based on a structured literature review of the drivers of organizational effectiveness, the effects of decentralized organizational delivery models, and the World Bank's past decentralization documents. To inform the conceptual framework, the evaluation team interviewed a cross-section of World Bank staff and managers and reviewed senior management's communications related to the World Bank's global footprint.

The evaluation's conceptual framework has five elements and some underlying assumptions about the links between decentralization and the World Bank's performance. These five elements include the following: (i) the World Bank's decentralization reforms, (ii) the enabling conditions that make decentralization work and can influence results, (iii) the reform's intended changes to staff's behaviors and mind-sets, (iv) the model's expected effects on client responsiveness and operational performance and the model's inefficiencies, and (v) the model's desired long-term effects on the World Bank's country-level performance and outcomes. The framework assumes that increasing technical, operational, and managerial staff in the field would lead to better performance of the World Bank at the country level. It posits that staff in the field are more likely to form trusting relationships with clients and development partners, deepen policy dialogues, and tailor knowledge and lending services to local

contexts. These changes would contribute to changes in staff's behaviors and mind-sets and would thereby improve the World Bank's client responsiveness, operational performance, and eventually, country program results. The framework also posits that decentralization could create certain obstacles for both staff and the institution in achieving expected outcomes.

Within the conceptual framework, the evaluation focuses on expected changes in World Bank staff's behaviors and mind-sets, anticipated effects on client responsiveness and operational performance (blue boxes in figure 1.1), and the model's inefficiencies (pink boxes in figure 1.1). The evaluation analyzes decentralization's project-level effects only in a limited way, when data are available, and tackles the enabling conditions (such as human resources policies) to the extent they contribute to or constrain decentralization's benefits.

The conceptual framework, which evolved during the evaluation, serves multiple purposes. At the design stage, the evaluation team used it to delineate the scope of the evaluation by gaining a general sense of how decentralization might affect the World Bank's performance at the country level. The evaluation team also used the conceptual framework to design case study templates, identify survey and interview instruments, and interpret data and evidence. The authors of this evaluation also used the conceptual framework as a structure around which to organize this report.

The evaluation team undertook the following data collection and analysis activities:

- Desk review. The evaluation team reviewed World Bank and IFC strategy documents, human resource and budget documents, and analytical and self-evaluation reports. These reports relate to the World Bank's past and current decentralization waves and commitments, such as those presented to the Board of Executive Directors. The desk review also included country strategies, project documents, and other operational documents for the selected country case studies.
- Case studies. The evaluation carried out case studies on decentralization's impacts on 20 client countries. These countries represented different types of decentralization configurations and captured a diverse set of the World Bank's country engagements. The evaluation team prioritized the selection

of LICs, LMICs, and countries in a fragile and conflict-affected situation (FCS) because these countries were prioritized in International Bank for Reconstruction and Development and IDA commitments. Four of these case studies were deeper in scope than the others; however, the evaluation team could not visit these four countries as originally planned because of the COVID-19 pandemic. Case study authors relied on virtual interviews and a review of country- and project-level documents.

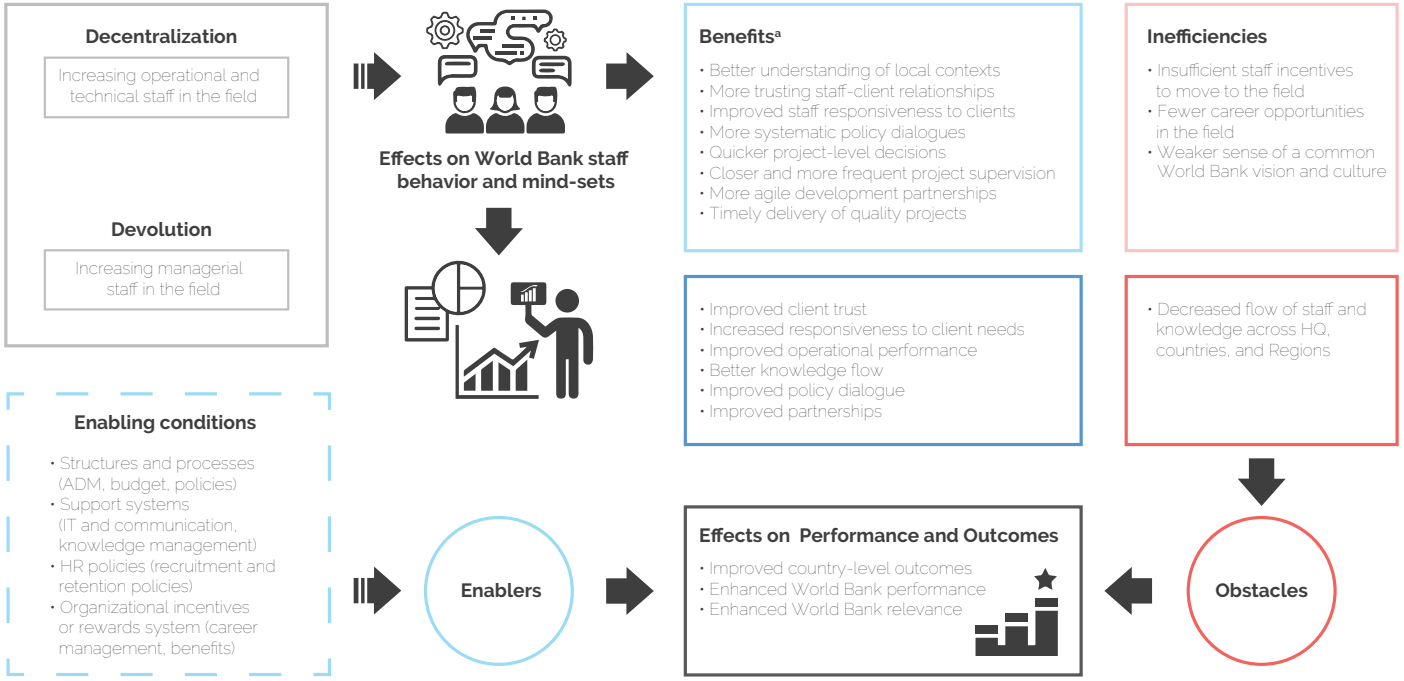
- Key informant interviews. The evaluation carried out 227 interviews with (i) World Bank staff, managers, and clients for the 20 country case studies; (ii) IFC staff and managers; and (iii) managers in Global Practices (GPs), and the Human Resources and Budget, Performance Review, and Strategic Planning Vice Presidential Units. The evaluation used NVivo software to code and analyze all case study interviews, which helped triangulate and validate findings from the other data sources.

- A TTL survey. The evaluation carried out a survey for TTLs to compare the perspectives of TTLs based in headquarters with those of TTLs based in the field. Of the 2,432 staff who led or co-led a project or analytical and advisory services in 2020, 790 (33 percent) provided valid responses to the survey.

- Multivariate statistical analysis. The team conducted a multivariate statistical analysis to explore the association between the field presence of different types of World Bank staff and project-level performance and project outcomes ratings for 2002–18. The analysis tested several hypotheses based on the World Bank's decentralization plans. The analysis also included a review of academic literature and interviews and focus groups with managers and TTLs.

- Quantitative analyses of projects, country programs, and human resource data. A number of additional analyses informed this evaluation, including (i) an analysis of staff proactivity and project preparation times, (ii) an analysis of human resources data on internationally recruited staff (IRS) grade level changes and the frequency of geographical staffing movements during FY13–21, (iii) a correlation analysis of the association between a country director's presence and country program outcome ratings, (iv) an analysis of operational support data from the World Bank's time recording system, and (v) a correlation analysis of the staff's field presence and selected World Bank Country Opinion Survey variables.

Figure 1.1. Conceptual Framework of the Evaluation



Source: Independent Evaluation Group.

Note: ADM = accountability and decision-making; FCS = fragile and conflict-affected situation; HQ = headquarters; HR = human resources; IT = information technology; LIC = low-income country; LMIC = lower-middle-income country; UMIC = upper-middle-income country.

a. These expected benefits can vary for different client groups, FCS countries, LICs, LMICs, and UMICs.

The evaluation had some notable limitations. First, the team could not undertake planned field visits because of the COVID-19 pandemic. This resulted in fewer interviews with clients and created some selection bias because the team interviewed clients who were recommended by staff rather than pursuing a wider set of clients during field visits. Second, the multivariate statistical analysis builds on existing literature and combines different data sources. However, the analysis lacked data and variables capable of fully analyzing decentralization's direct effect on performance or that could control for all other, possibly important, causal explanatory factors. Third, the evaluation assessed the World Bank's satellite, or "hub," offices in country case studies primarily from a client support perspective, and only when the nature and quality of hub support emerged as a significant issue in those countries (for more details on limitation of different methods, see appendix A). That said, the evaluation did review in detail the Center on Conflict, Security, and Development in Nairobi, Kenya (appendix C).

The evaluation team was not able to fully answer the evaluation question 1 because existing data are not comprehensive or adequate for explaining the links between decentralization and the World Bank's country program performance. However, the survey, interviews, and case studies thoroughly examine many aspects of this relationship, as conceptualized in figure 1.1. The team was able to answer evaluation question 4 only partially. The evaluation suggests actions and mechanisms for the World Bank to strengthen decentralization's benefits and mitigate key inefficiencies. The team uncovered these benefits and challenges during the evaluation, but the decision on what to monitor would depend on the specific objectives of decentralization that need to be defined by management.

The evaluation team collaborated with World Bank staff and units to collect and validate data. The team engaged closely and systematically with the Human Resources and the Budget, Performance Review, and Strategic Planning Vice Presidential Units, which shared extensive data with the team, including sensitive human resources and staff time-use data, and provided timely updates on the forthcoming human resource policy changes. The evaluation's design, methods, data collection, and emerging findings were internally and externally validated through consultations with Board members and

focused discussions with relevant staff, managers, and technical counterparts in Operations Policy and Country Services. The evaluation triangulated findings through several data sources and analyses. As a result, all findings are generally supported by at least three data sources.

Road map. The report comprises five chapters, including this introduction. Chapter 2 reviews the global footprint reforms and staffing and decision-making trends since decentralization began more than two decades ago. Chapter 2 sets the stage to answer the evaluation questions in subsequent chapters. Chapter 3 uncovers decentralization's benefits to clients and to the World Bank across different Regions and country types and discusses the links between field presence and operational performance. Chapter 4 unpacks some of decentralization's challenges and inefficiencies and describes how these undermine decentralization's expected impacts. Both chapters 3 and 4 answer evaluation question 2 and inform evaluation question 3. Chapter 5 answers evaluation question 3 and contributes to evaluation question 4 by providing recommendations on how to maximize the benefits of decentralization and mitigate its inefficiencies. All chapters contribute to evaluation question 1—an overarching question to assess the links between decentralization and project and program performance. The evaluation's appendixes present several of the original documents and background analyses that informed the evaluation's findings.

2 | Trends

The World Bank Group has undertaken decentralization reforms since 1997 and gradually adjusted its global footprint to meet corporate commitments to low-income countries and the fragile and conflict-affected situation agenda.

The World Bank has tripled its staff presence in the field since 1999 but increased its staff presence in headquarters only by about half in the same period. This expansion of the global footprint was driven by the hiring of locally recruited staff to country offices. Locally recruited staff now make up the largest share of the World Bank's field staff presence.

The World Bank's decentralization of project-level decision-making (accountability and decision-making task team leaders) has been less robust than anticipated. Only about a third of the projects managed in the field are led from the projects' recipient countries. The share of projects managed from recipient countries is even lower in fragile and conflict-affected situation countries.

Recent adjustments to the World Bank's operational model bring risks and opportunities to the current decentralization model.

The purpose of this chapter is to review the evolution and trends of the World Bank's decentralization efforts since they began more than two decades ago.[1] The chapter sets the organizational context of decentralization, which is critical for answering the evaluation questions, and contributes to evaluation question 2 by exploring the nature and level of the staffing and decision-making authority in the field (gray box in figure 1.1). The chapter first examines the World Bank's decentralization model and how the World Bank adjusted and readjusted this model. It then looks at the trends in staff deconcentration and decision-making devolution and shares some relevant lessons from IFC's decentralization experience.

Reforms

The Bank Group began its decentralization efforts in 1997 with the Strategic Compact, and by 2008, most country directors and many sector and fiduciary staff had already moved to the field. The Strategic Compact articulated several reasons for decentralizing the World Bank.[2] These included making the World Bank more responsive to clients, strengthening the World Bank's in-country partnerships, better integrating global and country knowledge inside the organization, bolstering client ownership over national development processes, and increasing the cost-effectiveness of the World Bank's support to client countries (World Bank 2001). By 2008, these decentralization efforts were well established, with many sector and fiduciary staff having already moved to the field and 75 percent of country directors being relocated to country offices, compared with just 5 percent in 1997 (World Bank 2008, 2010a, 2011).

However, as time passed, the inefficiencies and gaps in the decentralization model became pronounced. First, the financial costs of decentralization increased significantly, driven by rising staff salaries, field assignment benefits, additional infrastructure to accommodate field staff, and security costs to keep field staff safe, especially in FCS countries. Second, decision-making remained mostly centralized in headquarters, limiting the benefits of decentralization. Third, the model, as applied through the World Bank's matrix system, hampered staff's mobility across Regions and central units and impeded the flow of global knowledge (World Bank 2008, 2009).

From 2008 to 2012, World Bank management made incremental changes to the decentralization model to remedy some of these inefficiencies. First, World Bank management abandoned its centralized approach to field staffing, and each Region proposed its own strategy for where to place sector staff. Second, to reduce reliance on Washington, DC, as the only global headquarters and bring decision-making closer to clients, the World Bank elevated a few country offices—such as those in Kenya, Senegal, and South Africa—to Regional or subregional hubs with more sector and operational support staff, including those in financial management and procurement units, and more managers. In a similar adjustment, the World Bank also deployed more sector staff to Country Management Units (CMUs), or countries hosting country directors (CD countries), which act as minihubs to clusters of country offices.

The 2013 World Bank reorganization shifted managerial decision-making to the GPs, which also affected the decentralization of staff and decision-making.[3] More specifically, the management of operational budgets moved to GPs, and operational staff and practice managers reported to directors in the GPs rather than to sector directors in the Regions. The purpose of this change was to reduce the Regional silos and limited knowledge flow under the World Bank's previous matrix model. Past Independent Evaluation Group (IEG) evaluations and the World Bank's own corporate-level monitoring during FY15–17 demonstrated that the reorganization increased cross-support and mobility across Regions (World Bank 2017a, 2019b). However, as this chapter will show, the reorganization also slowed the World Bank's decentralization of staff and decision-making by moving many sector staff back to headquarters to sit closer to their GP and significantly weakening the influence of country directors.[4] Moreover, this new model lacked adequate mechanisms to work across GPs and among GPs and CMUs (World Bank 2019b).

In 2019, the World Bank adjusted its organizational model once more, shifting operational decision-making back to the Regions. According to a senior management communication in April 2019, this adjustment to the operational model "preserves the benefits of the GP structure while strengthening links and cooperation between GPs and Regions" (World Bank 2019c). These adjustments also reinstated the regional director position, handing control over operational budgets and sector staff back to the Regions. This latest

change in the model may bring back some features of the World Bank's previous matrix structure that led to the reduced mobility of sector staff across Regions and may pose risks to the flow of global knowledge.

In 2020, the World Bank, motivated by the 2018 International Bank for Reconstruction and Development capital increase package and IDA commitments, made efforts to expand its global footprint again. The expansion broadly aims to serve clients better, especially in LICs and LMICs and in countries affected by FCV. Key elements of this expansion include placing more sector staff and practice managers in the field and completing the placement of all country directors in the field. More specifically, the World Bank announced new corporate targets to increase the proportion of staff in the field from 45 percent to 55 percent by the mid-2020s, place half of all practice managers in the field by FY22, ensure that one in three field-based practice managers are located in Africa, and move project task management to the field. The World Bank justified these targets in a 2019 management statement, explaining, "While it is challenging to determine an 'optimal' level of decentralization, having over half of our staff in the field demonstrates our commitment to moving our work closer to our clients" (World Bank 2019a).

IFC tried to maintain the quality and common standards of a centralized model during its decentralization, while increasing the empowerment, risk taking, and innovation of a decentralized model. Lessons from IFC's experience in decentralization are useful for understanding the possible gains and trade-offs for the World Bank, should it take a similar pathway. Starting in 2009, IFC delegated its decision-making authority for investments to senior managers in the field, leaving only industry or sector specialists at headquarters. This made it easier for IFC to interact and respond to clients, since staff no longer had to wait for approvals from headquarters. But IFC's decentralization also led to concerns about IFC Regions operating in silos and taking greater risks than headquarters would have taken. These concerns led to a reform in 2018 that shifted some of IFC's decision-making back toward headquarters to ensure quality and consistency across Regions. It may still be too early to assess the impacts of IFC's 2018 accountability and decision-making (ADM) reform, but IFC managers interviewed for this evaluation identified some pitfalls from the reform. First, the reforms diluted accountability because of more people

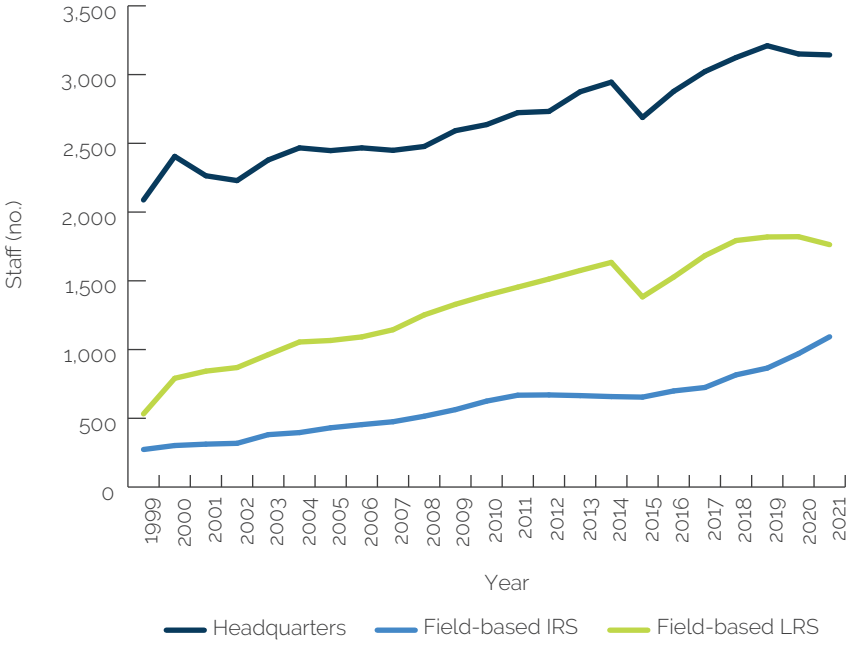
getting involved in decision-making. Second, investment processing takes longer. And third, staff feel less empowered and less able to give quick and straight answers to clients. The underlying cause seems to be that the distance of global directors from the field leads to more transactional costs, since everything done in the field has to be checked at headquarters.

Deconcentration of World Bank Staff

Since 1999, the World Bank increased its field presence by more than three times, and its headquarters presence increased by about half. As a result, the balance of staff between headquarters and the field also shifted. In 1999, during the Strategic Compact's implementation, 28 percent of all World Bank staff were posted in the field.[5] Twenty-two years later, this share has increased to 47.6 percent, and the share of staff in headquarters has declined from 72 percent to 52.4 percent with a 2 percent increase in field staff only in the past two fiscal years (figure 2.1). The expansion of the World Bank's global footprint during those first years of decentralization was driven largely by the hiring of local staff, not by hiring more international staff, who continued to rotate among headquarters and country offices (figure 2.1). Subsequently, by 2021, locally recruited staff (LRS) made up the biggest share of the World Bank's field-based staff.

The World Bank expanded its global footprint to meet its corporate commitments to the FCS agenda and to LICs. The World Bank's continuous commitment to IDA countries and enhanced commitment to the FCS agenda since the 15th Replenishment of IDA in 2007 dictated the flow of staff to LICs in all World Bank Regions.[6] LICs and LMICs had the largest share of field-based staff from FY99 to FY21, which is understandable because these countries make up the largest share of client countries. The Africa Region, which has more FCS and LICs than any other Region, employed about one-third of all field-based professional World Bank staff from FY99 to FY21 and the largest share of IRS (figures 2.2–2.4). In FCS countries globally, staff increased about two and half times since 2003.[7] From 2006 onward, at least one-third of all field-based staff in FCS countries were IRS, on average. In 2011, the World Bank had the highest share of IRS (41 percent) located in FCS countries (figure 2.4).[8] Since 2019, the share of IRS in FCS countries increased by nearly 2 percent.

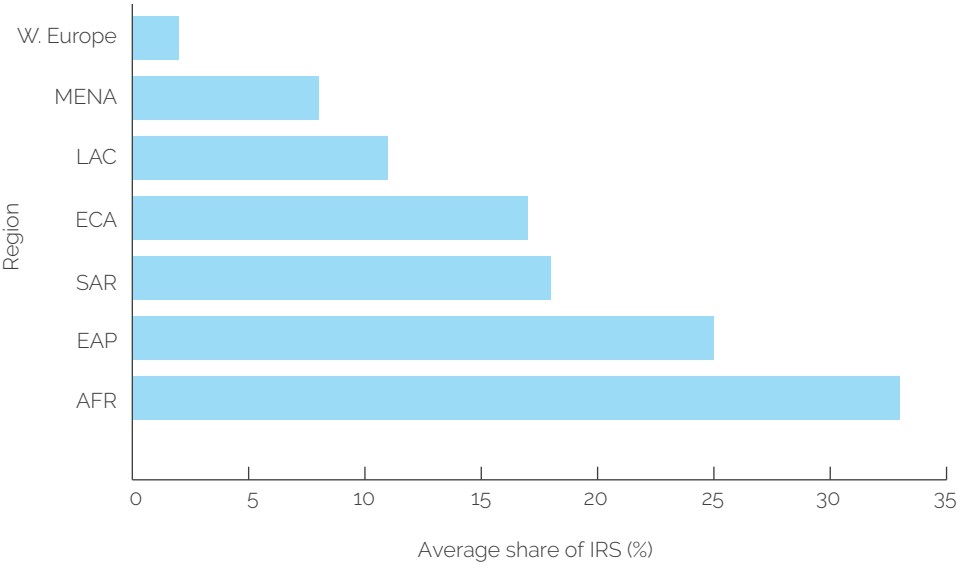
Figure 2.1. World Bank Staffing Trends, Fiscal Years 1999–2021



Source: World Bank human resources data.

Note: Includes only professional staff in operations, grade level GE+. Excludes extended-term consultancy contract holders. IRS = internationally recruited staff; LRS = locally recruited staff.

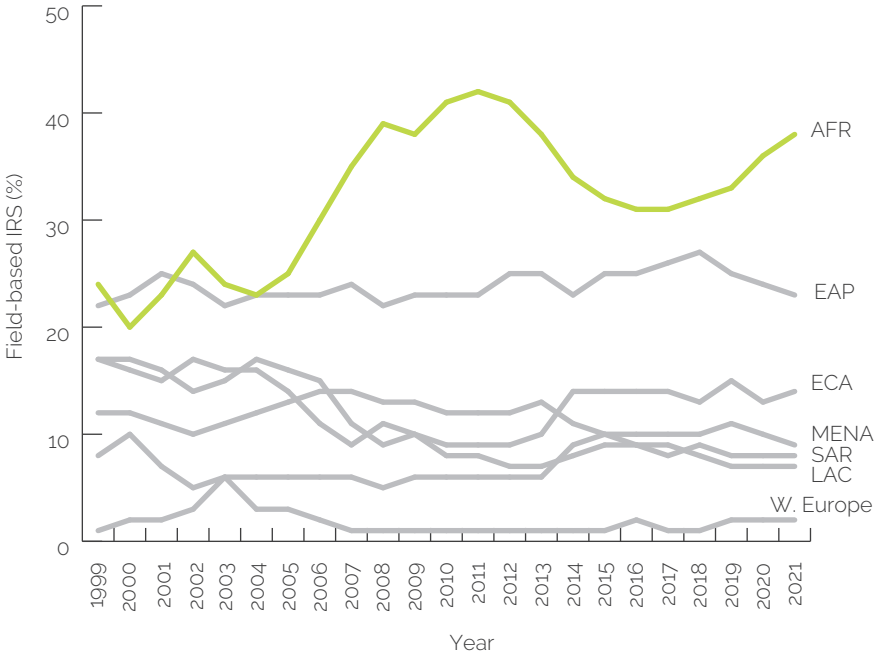
Figure 2.2. Field-Based Internationally Recruited Staff by Region, as a Share of All Field-Based Staff, Fiscal Years 1999–2021



Source: World Bank human resources data.

Note: Includes only professional staff in operations, grade level GE+. Excludes extended-term consultancy contract holders. Excludes staff from institutional, governance, and administrative units. AFR = Africa; EAP = East Asia and Pacific; ECA = Europe and Central Asia; IRS = internationally recruited staff; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; SAR = South Asia; W = Western.

Figure 2.3. Field-Based Internationally Recruited Staff by Region, Annual Trend, Fiscal Years 1999–2021



Source: World Bank human resources data.

Note: Field-based staff with region identified as HQ or missing are excluded. AFR = Africa; EAP = East Asia and Pacific; ECA = Europe and Central Asia; HQ = headquarters; IRS = internationally recruited staff; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; SAR = South Asia; W = Western.

Locally and internationally recruited professional staff play complementary roles in the field. There is a recurring debate within the World Bank about whether to rely heavily on international staff in the field or use more local staff. Placing IRS in the field has significantly higher costs, especially in FCS countries. Local and international staff, however, bring distinct strengths and play complementary, reinforcing roles in the field. For example, international staff usually start their careers in headquarters, so they carry on the World Bank's corporate culture, bringing global technical knowledge.[9] The competitive advantage of local professional staff is that they bring language skills, long-standing and trusting relationships with government counterparts, continuity and institutional memory to country programs, and a deep understanding of the country's local context.

The World Bank hires third-country nationals (TCNs) to increase the technical and operational capacity in country offices. The World Bank introduced TCNs as a hiring mechanism in 2014, and they have been particularly popu-

lar in FCS countries where there are often fewer IRS and a scarcity of skilled LRS. From 2014 to 2020, the World Bank hired 559 TCNs, mostly in the Africa Region. Most TCNs have previous World Bank experience and were hired from headquarters or World Bank country offices. Although this number of TCNs is very small compared with the number of LRS and IRS, the number of TCNs is currently growing. This is similar to IFC's staffing, which relies primarily on TCNs for its field presence. TCN staff can bring cross-country knowledge; however, they are also less likely to be exposed to the World Bank's culture and corporate vision and, in the longer term, would likely experience similar difficulties as local staff, as described in chapter 4.[10]

Figure 2.4. Internationally Recruited Staff Located in FCS Countries, Fiscal Years 2003–21

Source: World Bank human resources data.

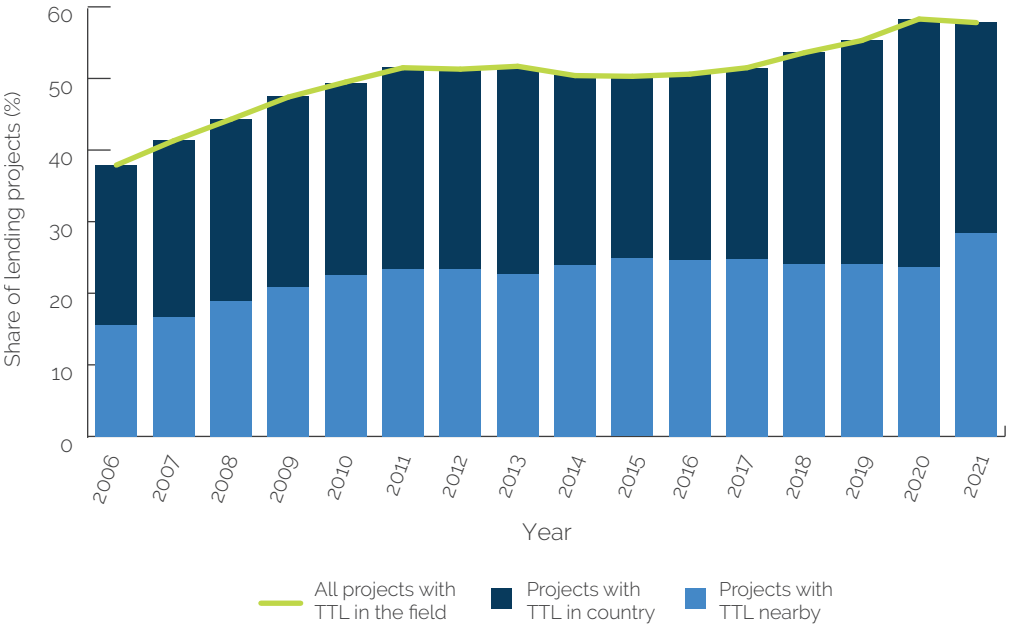
Note: FCS = fragile and conflict-affected situation; IRS = internationally recruited staff.

Devolution of Decision-Making

Project-level decision-making has increasingly moved to the project's recipient country, but this shift has been slow.[11] On average in FY06–21, 50 percent of all lending projects were managed, that is, had the ADM-responsible TTL (TTL with decision-making power), in the field,[12] and of these, 28 percent were managed from project recipient countries (figure 2.5). All Regions

have increased their shares of lending projects led from recipient countries during FY13–21 period, with Europe and Central Asia, and Latin America and the Caribbean having the smallest increases (figure 2.6). Being farther from headquarters, the East Asia and Pacific and South Asia Regions have the largest share of projects led from recipient countries.

Figure 2.5. Lending Projects Managed from the Field, Fiscal Years 2006–21



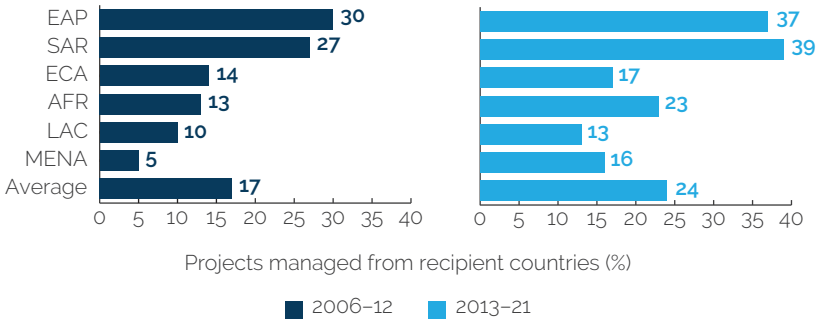
Source: Independent Evaluation Group analysis of human resources and project portfolio data.

Note: "TTL in country" means the TTL is in the project recipient country; "TTL nearby" means the TTL is not in the project recipient country but somewhere in the same Region. TTL = task team leader.

The World Bank has also delegated more country-focused advisory services and analytics (ASA) tasks to TTLs in recipient countries.[13]The World Bank has historically managed ASAs from headquarters. This is likely because headquarters has more technical or sector staff and easier access to knowledge-related funding opportunities, like trust funds. For example, during 2006–12, more than 70 percent of country-focused ASAs were produced in Washington, DC, for all Regions except East Asia and Pacific. This has changed dramatically in all Regions since 2013, with East Asia and Pacific and South Asia experiencing the largest increase in ASAs managed from recipient countries. Currently, East Asia and Pacific manages nearly 60 percent of country-focused ASAs from the field. Meanwhile, similar to its lending

portfolio, Latin America and the Caribbean manages the fewest ASAs from the Region, again likely because of Latin America and the Caribbean's proximity to headquarters.

Figure 2.6. Lending Projects Managed from Recipient Countries, by Region

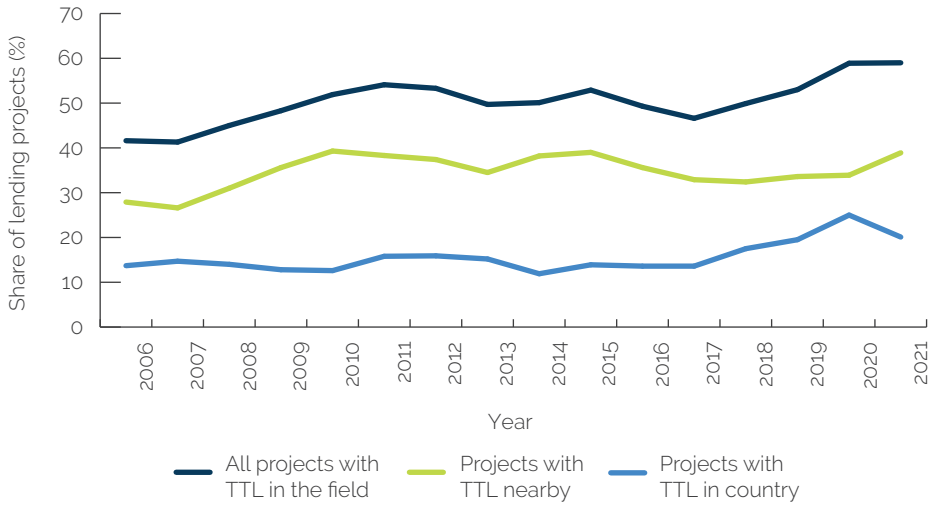


Source: Independent Evaluation Group analysis of human resources and project portfolio data.

Note: AFR = Africa; EAP = East Asia and Pacific; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; SAR = South Asia.

The World Bank's strategic focus on FCS countries did not lead to a sharp increase in projects being managed directly from the FCS locations, but the overall trend is upward since 2018. On average in FY06–21, nearly half of lending projects in FCS countries were managed from the field locations, but only 16 percent of those projects were managed from the recipient FCS countries. Since 2018, however, there is a slow but steady increase of ADM TTLs located in project countries, the highest since 2006 (figure 2.7). Likewise, about 40 percent of country-focused ASAs were led from the field, but only about 12 percent of those were led by TTLs in the recipient countries.

Figure 2.7. Lending Projects in FCS Countries Managed from the Field

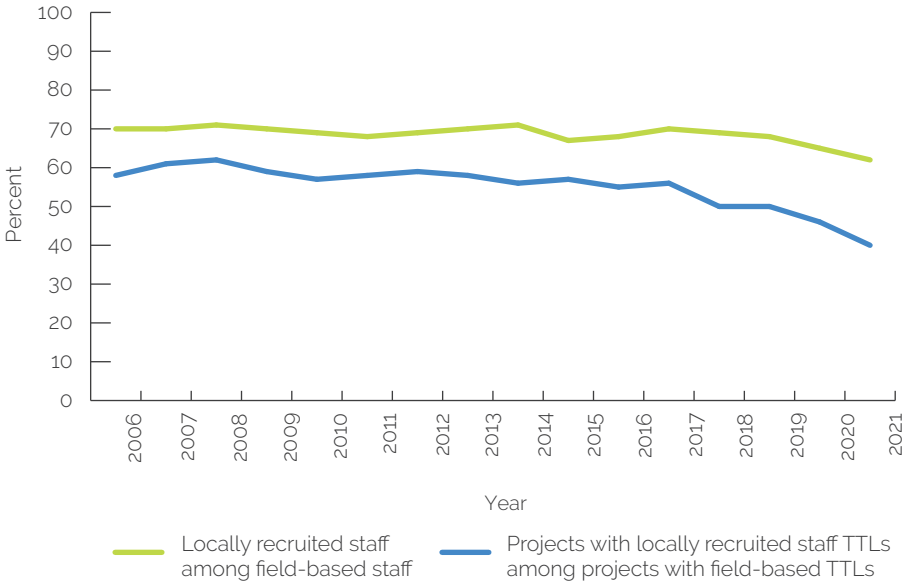


Source: Independent Evaluation Group analysis of human resources and project portfolio data.

Note: "TTL in country" means the TTL is in the project recipient country; "TTL nearby" means the TTL is not in the project recipient country but somewhere in the same Region. FCS = fragile and conflict-affected situations; TTL = task team leader.

Since 2013, fewer LRS are leading projects, and the trend is downward in recent years. Although the share of locally recruited professional staff in country offices has changed little since the early 2000s, there was a decline in the share of projects led by locally recruited TTLs over the same period. This may have to do with the increasing number of projects with co-TTLs after 2013. Under this co-TTL model, the IRS often assumes the ADM role, and the LRS assumes the non-ADM supporting role (figure 2.8), resulting in fewer LRS staff leading projects. In 2021, the share of LRS TTLs has been the lowest since 2006.

Figure 2.8. Locally Recruited Staff in the Field, and Lending and Advisory Services and Analytics Projects Managed by Locally Recruited Staff in Project Countries



Source: Independent Evaluation Group analysis of human resources and project portfolio data.

Note: TTL = task team leader.

[1] This chapter covers the World Bank's global footprint in the World Bank's client countries that have investment lending operations. It covers the staffing trends based on human resources data from fiscal year (FY)1996 to FY21 and project data from FY06 to FY21.

[2] The Strategic Compact was an agreement "between the World Bank and its shareholders: to invest $250 million in additional resources over a three-year period to deliver a fundamentally transformed institution—quicker, less bureaucratic, more able to respond continuously to changing client demands and global development opportunities, and more effective and efficient in achieving its main mission—reducing poverty" (World Bank 2001).

[3] As a complex matrix organization with many moving parts, the World Bank often adjusts different aspects of its organizational structure and decision-making to improve the delivery of its corporate goals. Although many of these changes are beyond the scope of this evaluation, some affect how central unit (headquarters) works with the periphery (Regions and Country Management Units).

[4] Decentralization slowed down or even reversed in some sectors already in 2012 due to high costs of placing international staff in the field. In certain places and sectors (for example, in Africa's transport sector in 2012), the World Bank even started to bring IRS back to Washington, DC, because of high costs.

[5] In this evaluation, the analysis of human resources applies only to the World Bank's professional staff in operations, which includes grades GE and up in headquarters and field offices, and excludes staff in institutional, governance, and administrative units.

[6] The 15th Replenishment of the International Development Association outlined its strategy, instruments, and operational response to support fragile states.

[7] Some fragile and conflict-affected situation (FCS) countries, such as Afghanistan or Myanmar, receive more staff, especially internationally recruited staff, because those countries are prioritized by international donors.

[8] Locating staff in FCS countries costs about 40 percent more than locating staff in non-FCS countries. FCS countries also have higher security spending.

[9] Large decentralized organizations rotate their international staff between central and Regional units for multiple purposes. First, international staff and managers can apply knowledge from other units and share innovations in new locations. Second, international staff help transfer the organization's culture to the field by reinforcing the organization's policies and practices and improving networking opportunities for staff. Third, field positions expose

them to diverse experiences and cultures, improving their technical and managerial skills and personal learning (Edström and Galbraith 1977; Hocking, Brown, and Harzing 2004).

[10] Third-country nationals would either become local staff after five years of service or move to another country office.

[11] Task team leaders are used as a proxy for decision-making because they have accountability and decision-making responsibilities for projects.

[12] The evaluation's data on project task management covers FY06–21.

[13] In this evaluation, the focus is on the portfolio of country-focused advisory services and analytics, excluding those that have Regional and global focus. With country-focused advisory services and analytics, the World Bank supports clients through advice and analysis to design or implement better policies, strengthen institutions, build capacity, inform development strategies or operations, and contribute to the global development agenda.

3 | Benefits

Decentralization has realized many of its anticipated benefits, with some variation across different types of countries. These benefits include greater trust and better relationships between World Bank staff and government counterparts, greater collaboration with development partners, and timelier and more frequent operational support to counterparts.

Decentralization improves the World Bank's support to clients, especially in low-capacity countries, by increasing staff's understanding of country contexts and tailoring products to local development needs. Decentralization allows the World Bank to closely support complex operations and engage in innovative development approaches across countries with different capacities.

The World Bank's presence (after periods of disengagement) in countries emerging from conflict or political crises can help restore trusting relations with the government, lend legitimacy to government counterparts, and signal the global community's support for state institutions.

Hubs do not provide the same benefits as in-country presence but can still improve the World Bank's responsiveness to clients compared with headquarters' support. Hubs can also mitigate risks associated with placing World Bank staff in countries with security problems or unfavorable living conditions. Locating staff in nearby country or hub offices is a viable interim solution for fragile and conflict-affected situation countries, where security conditions do not allow locating staff in-country.

The World Bank's preexisting field presence, strong sector knowledge, and client relationships allowed it to provide an early response and business continuity during the coronavirus pandemic.

Survey and interview data have revealed many links between decentralization and early indicators of project's successful performance, but the results of the multivariate statistical analysis had mixed findings on the association between a greater field presence and project ratings.

This chapter examines the anticipated and unanticipated benefits of decentralization for client countries with differing capacities and fragility levels. The chapter answers evaluation question 2 and informs question 3 by exploring the gamut of benefits for different types of countries associated with the field presence of the World Bank. The chapter also contributes to question 1 by discerning the possible links between decentralization and the World Bank's project performance, conceptualized in figure 1.1 (middle columns of the conceptual framework [blue boxes]). The chapter is divided into four parts, the first showing decentralization's key benefits for different types of client countries, the second showing how decentralization benefits manifest in the World Bank's project-level performance, the third showing decentralization's key benefits for the World Bank itself, and the fourth describing decentralization's role in the World Bank's early response to the COVID-19 crisis. This chapter also integrates lessons from IFC's longer history of decentralization.

Client Responsiveness

A greater World Bank staff presence in client countries is correlated with greater client satisfaction in lower-income countries, and Regional patterns are largely consistent with these results. There is a strong positive correlation between client satisfaction and World Bank staff's in-country presence in LICs and LMICs.[1, 2] The analysis shows that as the World Bank's field presence rises, so does the client's satisfaction with the World Bank's (i) collaboration with civil society and the private sector, (ii) honesty and straightforwardness, (iii) respectful treatment of clients and stakeholders, and (iv) long-term engagement as a development partner (appendix E, table E.3).[3] Similarly, in Africa, where most countries are in a lower-income range, the correlation between client satisfaction and World Bank staff presence is positive and, in some cases, also statistically significant. In the Europe and Central Asia and Latin America and the Caribbean Regions, which have the highest number of upper-middle and high-income countries, the general pattern is negative, with fewer statistically significant relationships.[4] In interviews, however, all clients welcomed the World Bank's presence in their countries, and a plurality of clients explicitly highlighted the importance of having decision makers, which mostly meant TTLs, in the field. The interviews also showed that

clients were also satisfied with the support of World Bank staff not based in the country, often citing their global perspective.

Figure 3.1. Extent to Which Task Team Leaders Felt Their Duty Station Helped or Hindered Their Work

Source: Independent Evaluation Group TTL survey.

Note: Field-based staff includes staff in country and hub offices. Bars show a weighted average of the responses for each answer category. Weights were applied to the number of respondents for each answer; 2 = greatly helped, 1 = helped, 0 = neutral, −1 = hindered, −2 = greatly hindered. Average scores are shown. HQ = headquarters; TTL = task team leader.

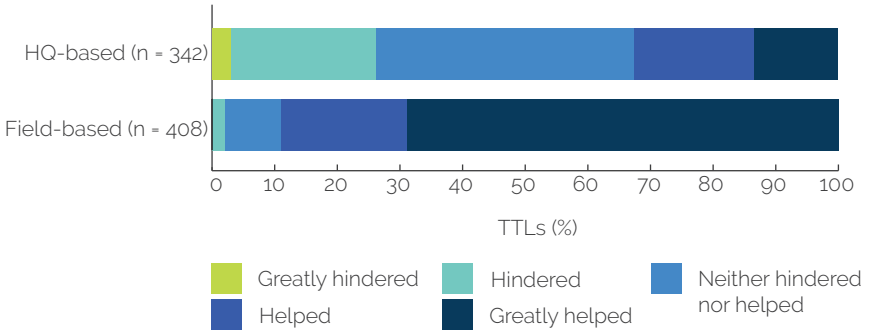
TTLs find it easier to serve clients from the field than from headquarters. The TTL survey clearly showed that locating TTLs in the field, in both FCS and non-FCS countries, makes it significantly easier for the TTLs to carry out client-facing activities, whereas locating TTLs at headquarters makes it easier to carry out knowledge-related activities (figure 3.1). Field-based TTLs also spend more time on client-facing activities than headquarters-based

TTLs.[5] These activities include (i) interacting with development partners, (ii) building a relationship of trust with clients, (iii) acquiring an in-depth understanding of the local context, and (iv) developing business opportunities. IFC, for its part, saw similar benefits from putting senior staff in the field. According to the background paper on IFC's decentralization experience (appendix D), these benefits included a better understanding among staff of local markets and the local political economy, projects better tailored to client needs, increased informal interactions between staff and clients leading to greater trust, and more business opportunities generated from staff-client dialogues. A World Bank TTL based in the Central African Republic summarized it nicely: "Being in the field, I do five things very well: I am in constant contact with the client; I address capacity issues of the client promptly; I maintain sustained dialogue with all the partners, including other development partners; the travel costs are low because I do not undertake any international travel; and I have the advantage of proximity, which helps with troubleshooting." The following paragraphs will examine decentralization's benefits to these client-facing activities.

Client trust toward the World Bank was a key advantage of locating staff in the field across countries with different capacities because it helped this staff engage in policy dialogues with clients and support government reforms. Nearly three times as many field-based TTLs as headquarters-based TTLs said their location helped build trusting relationships with clients (figure 3.2). Interviews confirmed that physical proximity helped staff and managers engage clients on policy issues and support challenging reforms. As a TTL in Nigeria put it, "Like any human relationships, dialogue is based on trust, familiarity, and likeability. Proximity makes it easier to talk to and work with [clients]. They see you all the time, and they are familiar with you. Depending on how you behave, they trust you. That relationship helps when we have to talk about difficult stuff." In Nepal, the evaluation found that informal discussions and networks accessed in the field facilitated challenging federalist reforms. In the Nepal case study, staff with only headquarters experience felt they were able to maintain close client relationships; however, staff with both headquarters and field experience said they noticed a big improvement in their ability to build relations with clients only after being based in the field. IFC's review of its decentralization experience also found

that decentralization led to stronger relationships with local and Regional partners (IFC 2009). Academic literature supports these empirical findings, showing that geographic proximity and frequent interactions among actors facilitate trust building. These studies claim that face-to-face interactions are superior to other forms of information exchange, such as virtual communication, for building trust (Jarvenpaa and Leidner 1999; Nilsson and Mattes 2015). However, this is because frequent and repeated interchanges facilitate trust building, not because trust is inherently local or dependent on co-location. The literature also contends that once actors have built deep trust, that trust will endure, reducing the importance of continued geographic proximity (Nilsson and Mattes 2015).

Figure 3.2. Extent to Which Task Team Leaders Felt Their Duty Station Helped or Hindered Trust Building



Source: Independent Evaluation Group analysis of TTL survey.

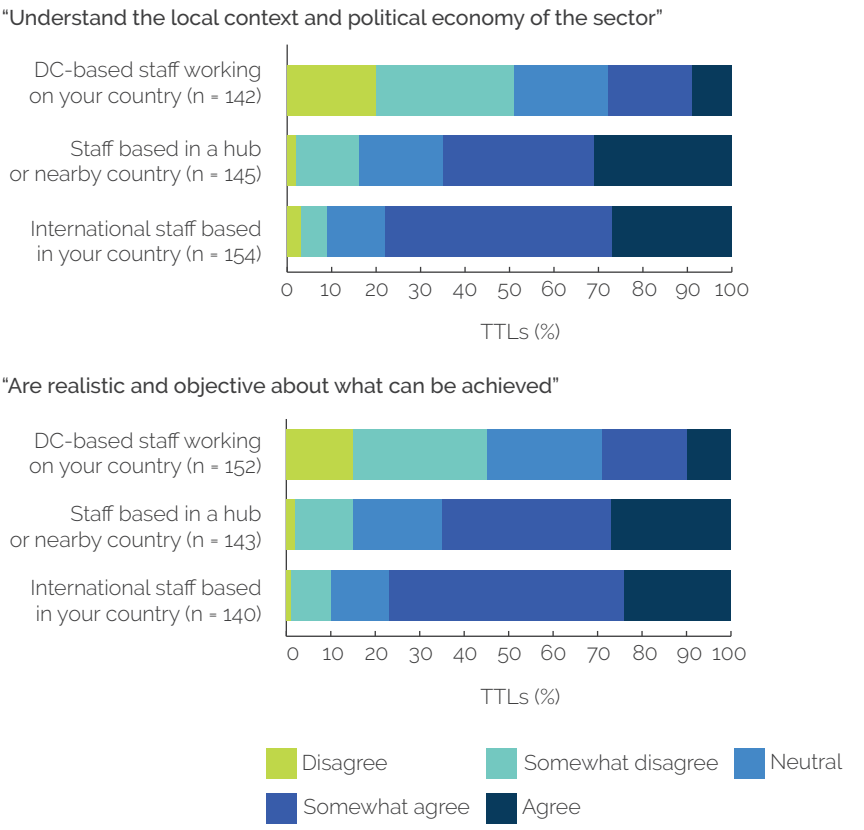
Note: HQ = headquarters; TTL = task team leader.

In FCS countries, field presence after periods of World Bank disengagement was critical for restoring trusting relations with government counterparts. Building trusting relationships is challenging in FCS countries because of those countries' deep-seated conflicts and cultural and ethnic cleavages. In Burundi, for example, deep-seated cultural and ethnic cleavages drove the country's fragility, issues that can only be bridged by building trust and nudging the conflicting parties toward political settlements. In Somalia, there was consensus among interlocutors that field presence was the most effective way to build trust with clients after a long period of disengagement, and the World Bank "needed to restore confidence after the 1980s when the country was hit hard by structural adjustment loans." Following the World Bank's reengagement in Myanmar in 2012, the World Bank, the International

Monetary Fund, and bilateral donors supported the government's reforms to modernize its public financial management system and develop internal capacities. The evaluation found that the World Bank's investment since 2013 in frequent interactions and relationship building with government counterparts was pivotal for the successful completion of the first phase of public financial management reforms.

Decentralization helps the World Bank understand country contexts and tailor products to country needs, making analytical products more influential. International development studies demonstrate the importance of understanding the country context when designing development projects, but international financial institutions, like the World Bank, are often seen as lacking this knowledge and failing to adequately consult governing authorities to acquire it (Andrews 2013). TTLs in the field perceived their location as helpful in understanding local contexts significantly more than TTLs at headquarters (figure 3.1). In addition, about a third of LRS who responded to the TTL survey felt that Washington, DC–based staff working on their country do not understand their country's local context and political economy and are not realistic about what can be achieved in the country (figure 3.3). A recent study (Knack et al. 2020) found that the World Bank's economic and sector work is more effective at influencing government priorities and the design and implementation of government policies than, for example, the World Bank's development policy lending. The reason for economic and sector work's effectiveness is that these diagnostics are undertaken jointly with government officials and involve their contextual knowledge in diagnosing policy problems and formulating policy recommendations (Masaki and Parks 2020). This is confirmed by IFC's early decentralization experience (IFC 2009). IFC found that decentralization led to a deeper understanding of the local context with greater appreciation for the local market's risks. Interviews with IFC staff showed that having staff in the field, especially investment officers, enabled IFC to get to know their clients, improve the quality and depth of analyses, and operate within complex local environments (appendix D).

Figure 3.3. Field-Based Locally Recruited Task Team Leaders' Perceptions of Staff Abilities to Understand Local Contexts and Set Realistic Expectations



Source: Independent Evaluation Group TTL survey.

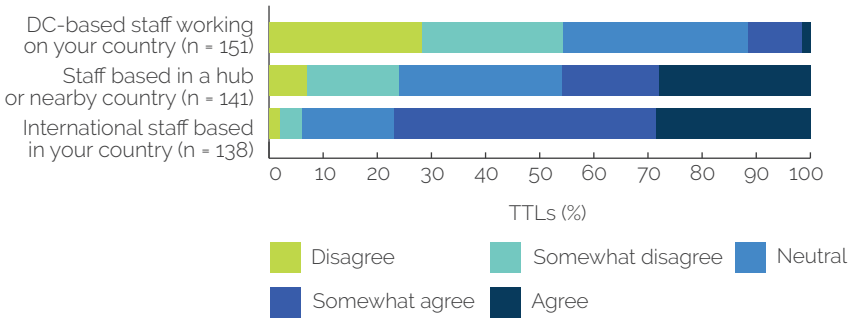
Note: DC = Washington, DC; TTL = task team leader.

Staff's better understanding of local contexts, especially in low-capacity and fragile countries, improves the World Bank's support. In high-capacity countries, clients often seek global knowledge from similarly advanced parts of the world to improve their development experience. In low-capacity and fragile countries, clients often prioritize acquiring contextual knowledge and adapting traditional solutions to local needs. A program leader in Myanmar said, "In fragile environments, issues are not clear; the client sometimes doesn't even know what they want. So to sit with them and understand how their system is unique and how they can improve it is very critical. Just reading their newspapers is important. In a low-capacity and fragile country like Myanmar, where every important institutional reform starts from scratch, it

is important to have the ability to understand what to prioritize. That means, knowing the local context by frequently talking with the client." In Liberia, the evaluation found that the World Bank program focused on adapting traditional project approaches to local conditions, rather than providing international best practices.

Decentralization allows the World Bank to more actively engage with in-country development partners. Interviewed World Bank staff agreed that collaborating with different partners is significantly easier from the field because, as a headquarters-based TTL put it, "If you go on mission for one week, it is nearly impossible to meet [development] partners." Decentralization also facilitates donor coordination because locally based partners find the World Bank's field-based staff more accessible and informed on the country's issues. In the TTL survey, headquarters-based TTLs acknowledged that their location hindered their interactions with development partners, whereas most field-based TTLs perceived their location as helpful or greatly helpful (figure 3.1). Field-based TTLs spend more time convening donors and building partnerships than headquarters TTLs. In addition, most field-based LRS TTLs felt that headquarters-based TTLs did not have good contacts and networks with development partners, government officials, nongovernmental organizations, and others in their country (figure 3.4).

Figure 3.4. Field-Based Locally Recruited Task Team Leaders' Perceptions of Whether Internationally Recruited Staff Have Good Contacts and Networks



Source: Independent Evaluation Group TTL survey.

Note: DC = Washington, DC; TTL = task team leader.

Effective country-level convening is crucial for more coordinated and strategic development support in FCS countries. FCS countries often rely heavily on additional financing from donors. A practice manager who previously worked on West Bank and Gaza mentioned that "on partnerships, it makes a difference to be in the country. I was able to generate a lot of funding in West Bank and Gaza because of my local presence that provided more opportunity to engage with others." The Afghanistan case study attributed the World Bank's country footprint for its outstanding success in establishing and managing the Afghanistan Reconstruction Trust Fund. The partnerships with donors and the government enabled the fund to become a very successful multidonor trust fund (MDTF), reaching $1 billion annually with 34 donors. For the World Bank to be successful in FCS countries, it must effectively mobilize and manage MDTFs (appendix C). This requires the World Bank to carefully nurture partnerships, coordinate strategic priorities with donors, and properly report results to the donor consortium, which in turn require a strong in-country presence and local decision-making authority. MDTF resources enabled the World Bank to scale up its programs in Afghanistan and Liberia far beyond IDA allocations. In Somalia, the Multi-Partner Fund enabled the World Bank to deploy resources and build a credible relationship with the government long before Somalia became eligible for IDA financing (appendix C). The country director for another FCS country reinforced the importance of staff presence for better convening: "This is a complex country with huge donor engagement. When this country faces a particular situation, if you are not present, the government will receive fragmented advice from all the others there. The fact is that when we are present, we play a large role in coordination. To do that, we must have IRS staff with international experience to inform that donor coordination."

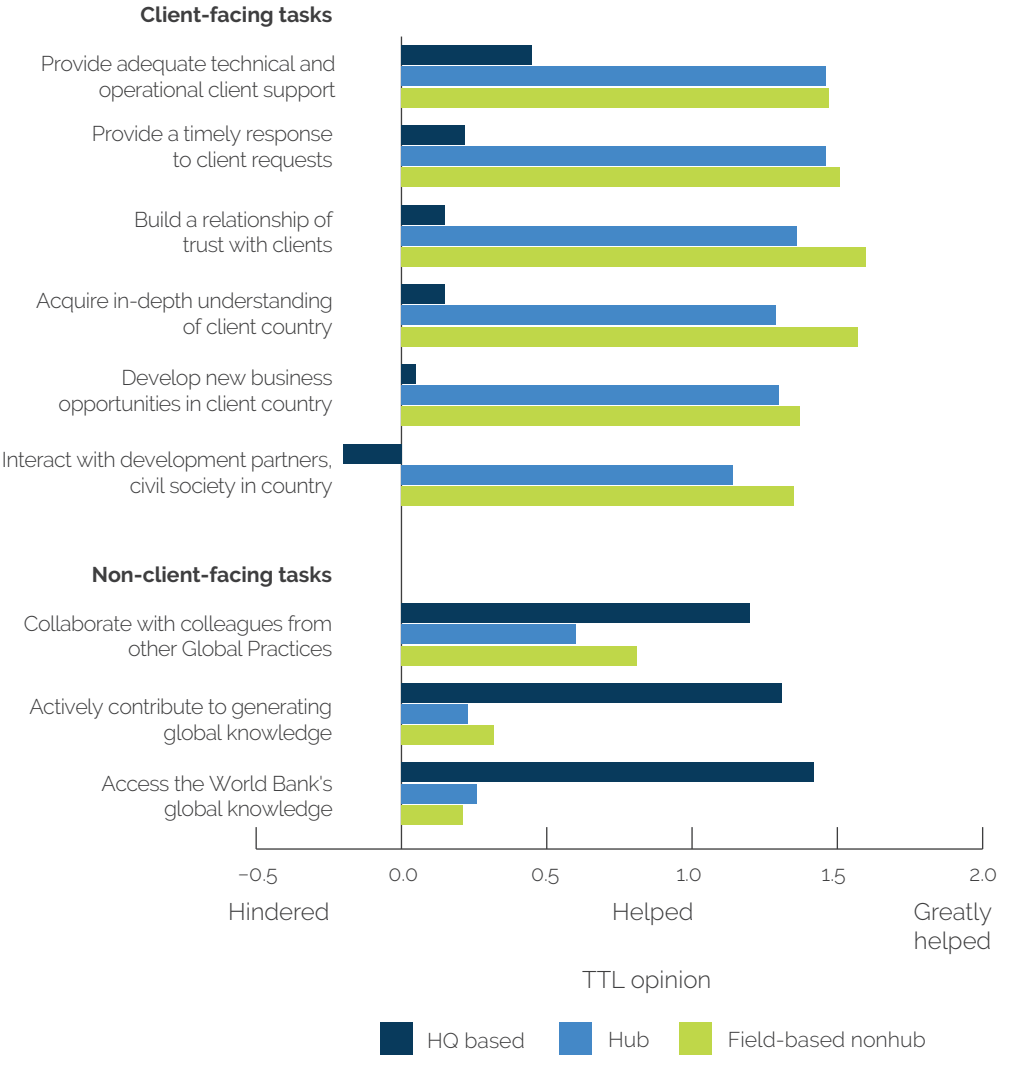
In countries emerging from conflict or political crisis, the World Bank's presence can lend legitimacy to lawfully elected governments and signal the global community's support for state institutions. In some FCS countries with extended periods of political violence or undemocratic leadership, the World Bank restored its field presence after those countries transitioned toward more peaceful and inclusive governance. In these countries, the World Bank's field presence not only provided much needed development support but also boosted the legitimacy of the new governments. In Madagascar, when the new constitutional government took over and the World Bank reengaged in 2013, the fledgling government used the World Bank's participation in the new administration's initiatives to help

legitimize the administration itself. According to the case study, the World Bank's partnership with the government was what added legitimacy to the administration, but the World Bank's physical presence was also a helpful, maybe necessary, component of that partnership. In the Central African Republic, the World Bank had no staff in the field during the nation's upheaval from 2013 to 2015. The World Bank reopened in 2015 with only the country manager and a handful of local consultants based in the country. The primary goal of the World Bank's engagement was to extend "life support" to the failing government's institutions and help start the arduous process of rebuilding the government's social contract with its citizens. Therefore, when the World Bank reestablished a presence in the Central African Republic, it implicitly conveyed its trust in the government. In Burundi, the government protested when the World Bank closed its country office during the COVID-19 pandemic, claiming there were no COVID-19 cases in the country and that the World Bank was trying to scare the population. However, according to the case study, the more likely reason for the government's protest was that presidential elections were approaching quickly, and the government felt the World Bank's office closure would undermine the election's legitimacy or force the government to postpone it.

Hubs, or satellite offices, can provide a degree of client responsiveness while mitigating challenges that discourage World Bank staff from taking field assignments. Hubs may not substitute for country presence, but they can mitigate some of the challenges associated with placing World Bank staff in countries with higher security risks or locations with unfavorable living conditions. The TTL survey revealed that staff find it significantly easier to be client responsive from a hub office than from headquarters (figures 3.5 and 3.6). In interviews, World Bank staff agreed that the hub office's physical closeness to clients makes it easier and cheaper to travel to and support nearby countries. The common time zone a hub office shares with the countries it supports makes the hub conducive to easier, more frequent, and closer interaction with clients compared with headquarters. Well-staffed hubs can also bring an array of senior technical specialists closer to clients, especially when these specialists' workloads do not justify them being permanently located in a country office. According to a TTL in Somalia, the Nairobi hub allowed the country team to benefit from the entire spectrum of development professionals who would have not been readily available had the team been located in Mogadishu. Several World Bank interviewees felt

that bringing together a critical mass of people in a hub office also helps share knowledge, establish networks, and create a common identity. The TTL survey, however, indicates that global knowledge flow and collaboration are nearly as difficult from hub locations as from country offices (figure 3.5). A comprehensive assessment of the World Bank satellite offices may be needed to assess hub services and to calibrate the benefits and drawbacks.

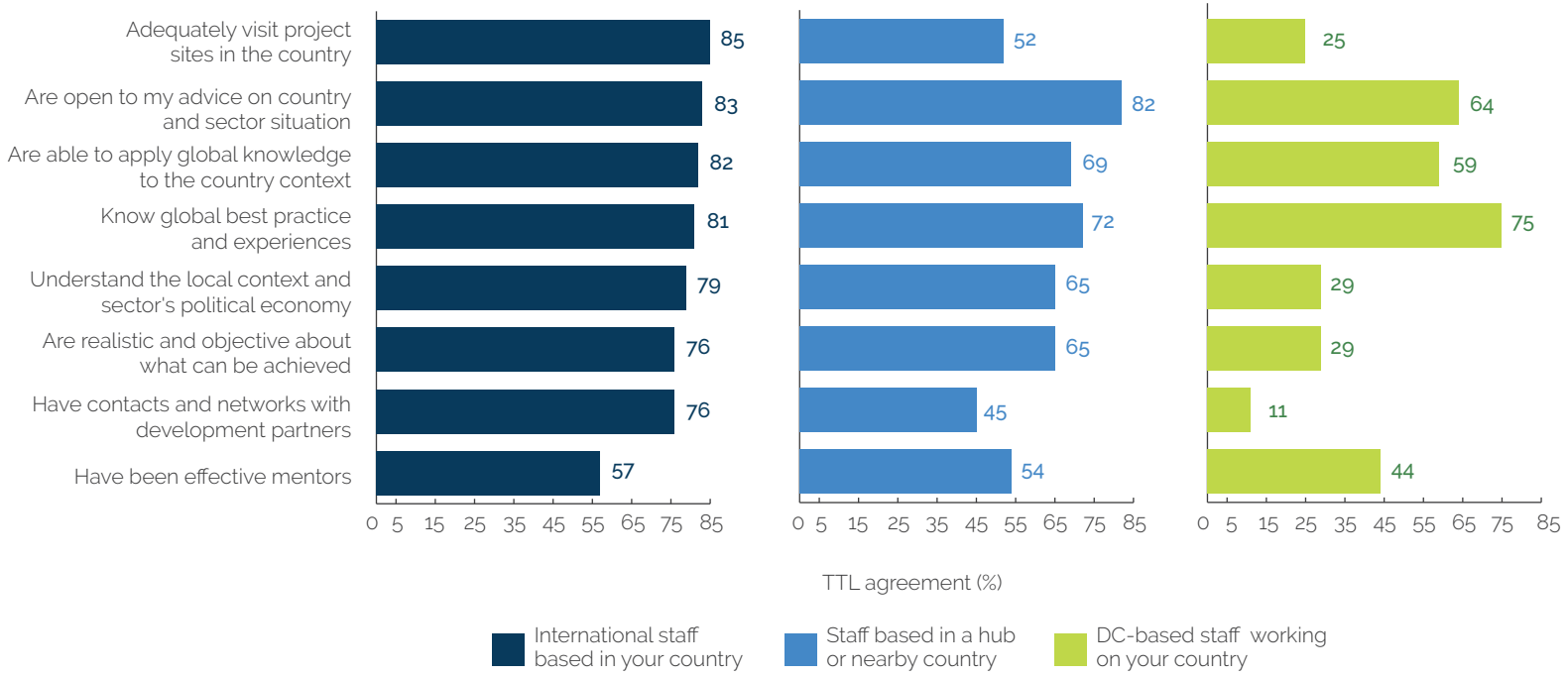
Figure 3.5. Extent to Which Headquarters, Hub, and Country-Based Task Team Leaders Felt Their Duty Station Helped or Hindered Their Work



Source: Independent Evaluation Group TTL survey.

Note: Bars show a weighted average of the responses for each answer category. Weights were applied to the number of respondents for each answer; 2 = greatly helped, 1 = helped, 0 = neutral, −1 = hindered, −2 = greatly hindered. Average scores are shown. HQ = headquarters; TTL = task team leader.

Figure 3.6. Field-Based Locally Recruited Task Team Leaders' Perceptions of the Support from Internationally Recruited Staff in Different Locations



Source: Independent Evaluation Group TTL survey.

Note: The percentage of those in each category who agree or somewhat agree with the statements is shown. DC = Washington, DC; LRS = locally recruited staff; TTL = task team leader.

Project-Level Performance

Decentralization does not necessarily affect the proactivity of TTLs who are equally proactive in dealing with problem projects, regardless of their location. The evaluation found that the proactivity action indicator for lending operations that had been flagged as problematic during FY13–19 was similar for operations with the TTL in the country and operations with the TTL outside the country (in either headquarters or other locations).[6] Overall, 73.6 percent of problematic projects with TTLs not in the recipient country have taken actions, compared with 73.5 percent of projects with TTLs in the country (table 3.1). However, a slightly higher share of lending operations with TTLs in the recipient countries were upgraded, whereas a slightly higher share of operations with a remote TTL were closed.

Table 3.1. Proactivity Index and Actions Taken by Task Team Leader (%)

TTL Location	Closed	Restructured	Suspended	Upgraded	Partially Canceled	Overall Action Indicators
TTL not in country (1,320 projects)	17.5	28.4	1.5	41.4	7.9	73.6
TTL in country (574 projects)	15.5	27.9	1.9	43.7	8.7	73.5

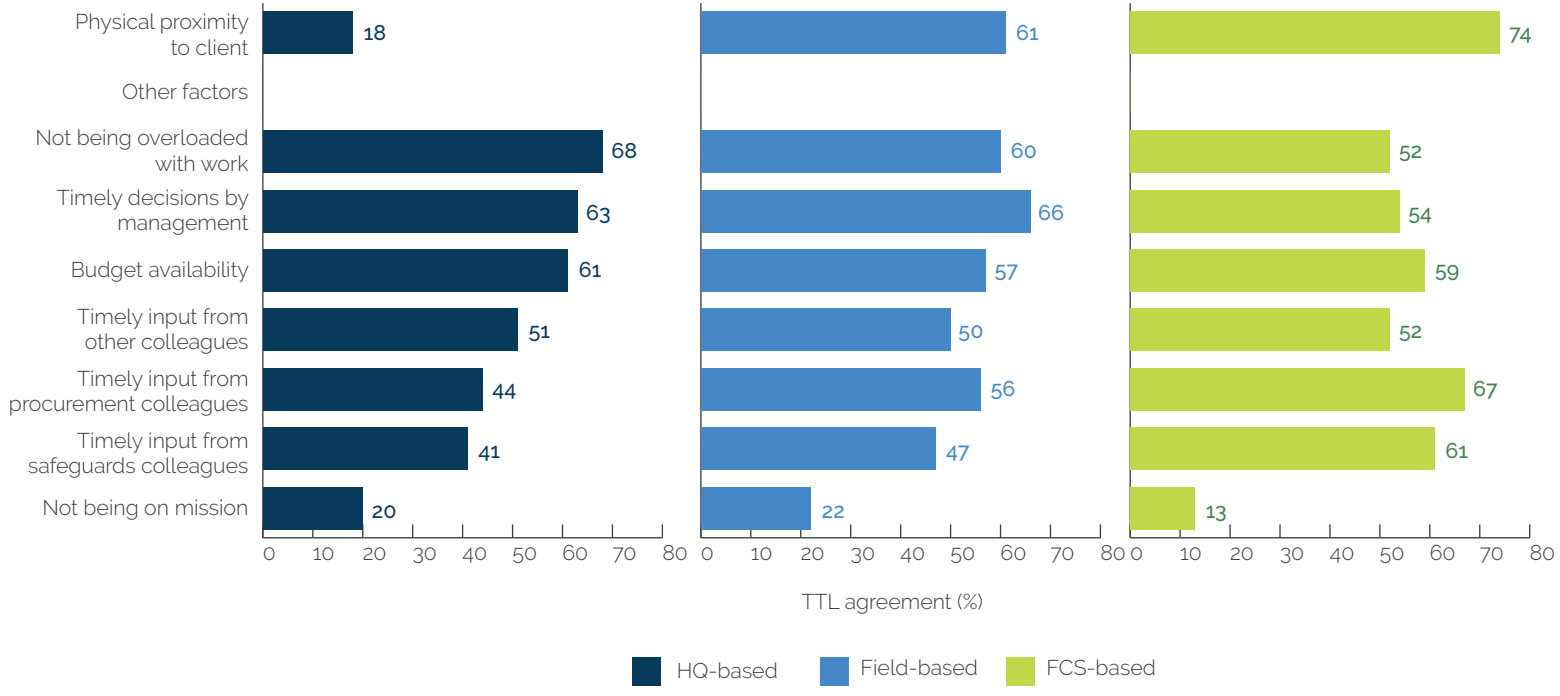
Source: Independent Evaluation Group analysis of World Bank project Proactivity Index.

Note: TTL = task team leader.

The proximity of staff to clients enables more frequent and timely operational support and monitoring, which is especially important in low-capacity and fragile countries. In interviews, more than a third of World Bank staff identified closer, better, and more frequent client support and follow-up as key benefits of decentralization. Interviews showed—and the TTL survey reinforced—that physical proximity to clients helps staff (i) quickly address project bottlenecks, (ii) meet with government officials immediately or on short notice, and (iii) respond to clients instantly with no need to wait for Washington, DC, office hours or supervision missions. Interviewees often mentioned the importance of proximity not only to project TTLs but also those who enable day-to-day implementation of projects, such as the procurement and financial management specialists or safeguards experts. Staff found this support particularly important in LIC and FCS countries, where project implementation has more capacity challenges. For example, the TTLs in the field, and especially in FCS locations, seem to depend more on procurement and safeguards colleagues for timely client support than do those at headquarters (figure 3.7). The evaluation also found that being in the field makes monitoring of what is happening in the field much easier. A program leader in an FCS country pointed out that "if we have people much closer to the client, it would increase our ability to supervise projects effectively and even reduce the risk of corruption." The Rwanda Country Program Evaluation showed that in some sectors, such as agriculture and social protection, the policy dialogue with donors and the government lost intensity when the TTL was no longer based in the country office. In the urban sector, some stakeholders attributed implementation delays to the lack of a field presence of the right staff (World Bank 2018a).

Timely support to clients, however, also depends on other factors that may be equally important, such as resource availability or manageable workloads. Despite the general belief among all staff that physical proximity contributes to a timelier response to clients, headquarters staff did not feel their distant location was a major factor in causing delays. Although 74 percent of field-based TTLs in FCS countries and 61 percent of field-based TTLs in non-FCS countries considered "physical proximity to clients" an important factor for ensuring a "timely response to client requests," only 18 percent of headquarters-based TTLs said the same (figure 3.7). All TTLs, regardless of their location, also felt their access to management, the availability of resources, and their own workloads were determining factors for timeliness.

Figure 3.7. Most Important Factors for Allowing a Timely Staff Response to Clients



Source: Independent Evaluation Group TTL survey.

Note: FCS = fragile and conflict-affected situation; HQ = headquarters.

Decentralization allows the World Bank to provide close support for complex operations and encourages innovative approaches across countries with different capacities. Client interviews showed that high-capacity clients—in countries such as Argentina, Ukraine, and Vietnam—also value the World Bank's day-to-day operational support but particularly for complex projects. In Ukraine, the evaluation found strong consensus among interviewees that the country office's management and specialist support for the ongoing health project Serving People, Improving Health was crucial because of the project's dispersed geography and multiple project implementation units. According to the Ukraine case study, short missions from overseas did not provide staff enough time to interact with provincial or local project implementation units, especially since these units had little experience with implementing externally funded projects and required more instruction. Only in-country staff could provide the frequency of visits necessary to guide provincial units. Similarly, the Vietnam Trung Son Hydropower Project was a high-risk, high-return operation with important environmental and social implications. IEG rated the project highly satisfactory for supervision and project outcomes. The project required 140 missions over eight years, which would have been impossible from headquarters. Several clients also referred to the relationship between innovation and the World Bank's local presence. A client from Tunisia said, "For innovative investments such as 'value chain development,' where there is considerable experimentation, we need specialists in the field who will work with us daily to test new ideas (proof of concept) and implement them before taking them to scale." Another client in the Europe and Central Asia Region said, "When the [World] Bank's staff are in the field, they see potential for new opportunities and go for it. It is very difficult to do it when they come for short missions."

World Bank staff and clients, especially those in fragile and low-capacity countries, agree that the World Bank's local presence is essential for building the client's capacity. For instance, a client from an FCS country said, "Capacity building is when someone goes out in the trenches and gets their hands dirty." A client from the East Asia and Pacific Region said, "Capacity building must happen in-country. But too often … the World Bank shows up, builds a road, and says 'now maintain' it." The Liberia case study concluded that insufficient IRS staff in the country office did not affect the quality of the World Bank's lending and advisory products but limited the

World Bank's capacity-building effectiveness and ability to understand Liberia's local context. Similarly, another World Bank client in the East Asia and Pacific Region said, "The lack of in-country decision makers [from the World Bank] contributed to delayed procurement processes and less in-country project design and capacity-building." The Rwanda Country Program Evaluation reinforced this, showing that basing senior TTLs in the field can help build policy-making capacity and ensure smooth project implementation, particularly in countries with limited institutional capacity (World Bank 2018a). The Afghanistan Interim Strategy Note and Country Partnership Framework (CPF) discussed the need for in-country staff to help the government overcome its capacity constraints and manage the World Bank's large lending program. The Central African Republic case study showed that in low-capacity countries, simple project implementation support can serve as additional capacity building. IFC's decentralization experience reinforced these findings (appendix D).

The multivariate statistical analysis could not corroborate clear and systematic links between staff location and project ratings, despite survey and interview data revealing links between field presence and early indicators of improved project performance, as conceptualized in figure 1.1. The multivariate statistical study analyzing the possible association between the field presence of different staff types (TTL LRS and IRS, non-TTL LRS and IRS) and the World Bank's project performance and project outcome ratings found unclear and, in some cases, counterintuitive results. For instance, the study found a relatively strong but negative association between an IRS TTL's field presence and project ratings in non-FCS countries, as measured by IEG's ratings of the World Bank's quality at entry, quality of supervision, and project outcome ratings. By contrast, the study found that an IRS TTL's field presence has a positive but relatively weak association with project ratings in FCS countries. Meanwhile, the field presence of LRS TTLs appears to be more beneficial in non-FCS locations than in FCS locations. The analysis also found a few statistically significant relationships among different staff types and portfolio size or countries of different income levels. For example, LRS operational staff's field presence is positively associated with project ratings in large country programs. However, the evidence is not consistent, and the overall patterns remain unclear (appendix B).

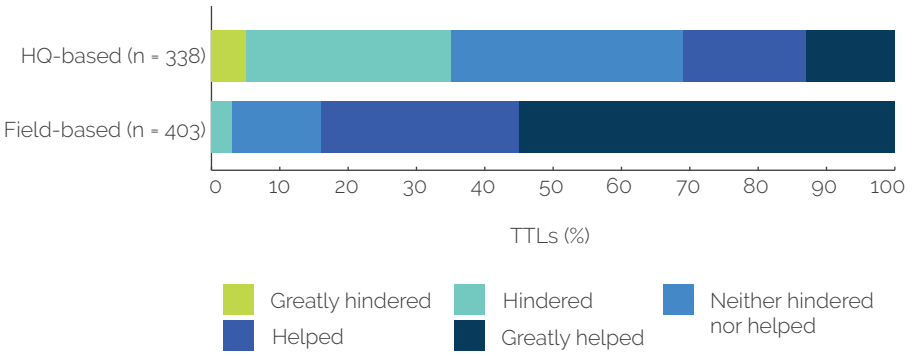
The World Bank's field presence does not necessarily shorten project preparation times. IFC's experience shows that decentralization initially improved project cycle times and the speed of project delivery to clients. IFC's average processing time per project (from early review to commitment) declined from 294 days in FY02 to 203 days in FY08 (IFC 2009). However, IFC subsequently found that decentralization had little impact on project processing times (IFC 2014). Past self-evaluations of the World Bank's decentralization also noted—albeit more qualitatively—that a TTL's field presence improved project preparation and implementation (World Bank 2008). The evaluation's analysis of project preparation times during FY13–19 found that the average preparation time for lending projects with a TTL in the project country was 531 days but only 454 days for projects without a TTL in the country. In FCS countries, the pattern is the same, though the difference in preparation times is smaller. However, it should be noted that project preparation time may depend on many different factors. World Bank staff and managers commonly observed that often the preparation of projects that are complex or require more sensitive client discussions are moved to the field.

Additional Benefits for the World Bank

Decentralization stimulates GPs to foster closer ties with CMUs, shape country engagement more directly, and generate new development opportunities. The World Bank staff felt their physical presence or absence in a country influenced the development of new dialogues, operations, technical assistance, or advisory services. Such perception was strong across interviews, case studies, and the TTL survey results. According to a TTL working on Nepal, the GP's "frequent interaction with the country management team allowed [the GP] to form meaningful connections and have a more direct impact on the World Bank's country strategy and priorities in terms of how best to combat poverty." A practice manager for Africa said, "You need to have someone in the field to develop the business and obviously [country directors] are going to give preference to areas where they feel the GP has done its homework and has the capacity to provide follow-up support." The TTL survey showed that only 31 percent of headquarters-based TTLs believe their location helps them develop new business opportunities, but 84 percent of

field-based TTLs believe the same (figure 3.8). A TTL based in Romania said that the government asked the World Bank to carry out several reimbursable advisory services "because I was near the client and could help them articulate their demands." Similarly, the Nigeria case study reported, "The presence of seasoned IRS staff who could carry forward deep and complex policy dialogue has created windows for new engagement." IFC's early experience confirmed the positive impact decentralization can have on business development. During IFC's decentralization from 2002 to 2008, it generated more investments and advisory services than previously (IFC 2009), even though a later evaluation found that the impact of IFC's decentralization on commitment amount per investment officer was less than expected (World Bank 2017b). Interviews with IFC staff for this evaluation confirmed that decentralization and stronger relationships with clients helped IFC generate business (appendix D).

Figure 3.8. Extent to Which Task Team Leaders Felt Their Duty Station Helped or Hindered New Business Development



Source: Independent Evaluation Group TTL survey.

Note: HQ = headquarters; TTL = task team leader.

Fieldwork makes the World Bank's international staff experience as development practitioners more versatile and can help prepare them for managerial jobs. Several interviewees said that field experience contributed to their personal and professional growth and is an important benefit for the World Bank as a global institution. For instance, a practice manager for Africa said, "Decentralization makes staff more aware of the realities of living and working in the country. I'm glad to be in touch with reality. It is extremely enriching." A TTL in Armenia said, "If the [World] Bank wants to remain

competitive, staff need to have field experience. It is important for gaining credibility as an international expert." Some respondents shared their experience on how East Asia and Pacific's previous practice manager model helped develop a cohort of skilled managers (see box 3.1). According to one of them, decentralized managers were farther away from the management team in the country offices; they worked directly with clients and had a single-sector background but needed to cover multiple sectors. These conditions helped them sharpen their leadership and managerial skills. Nearly all these decentralized practice managers later became directors. Staff also noted the value of making field experience a prerequisite for promotion, especially to higher-level managerial positions. According to them, the managers who have been in the field, especially in difficult locations, are more sensitive to operational needs and have more realistic expectations for country staff and therefore can make more informed decisions on staffing and programming. This was confirmed by a few long-time clients in the Latin America and the Caribbean and East Asia and Pacific Regions, who thought that their former World Bank counterparts in the Region, now elevated to higher managerial positions, understand the clients' constrains in the field better.

Box 3.1. East Asia and Pacific Region's Pre-2014 Practice Management Model

Before the World Bank's 2014 decentralization, the Sustainable Development Practice Group and the Poverty Reduction and Economic Management Networks in the East Asia and Pacific Region piloted their own Practice Group management model. Field-based practice managers served in Practice Groups that covered one or a limited number of neighboring countries instead of covering the Global Practice for many countries, as is currently the norm. The Practice Group also had a practice manager in headquarters who managed headquarters staff and helped the field-based practice managers with administrative processes. Several interviewees felt that this model allowed the field-based practice managers to provide more attention to individual clients and country-based staff and can seamlessly incorporate the duties of program leaders.

Source: Independent Evaluation Group interviews.

COVID-19 Response

The World Bank's preexisting field presence, strong sector knowledge, and client relationships facilitated its early COVID-19 response. The underlying factors of success were in-country staff's prior relationships with clients built through years of collaboration and deep sectoral knowledge. In Argentina, where one of the World Bank's first COVID-19 response operations was approved, there were three health sector specialists in the field when the pandemic began. The specialists, who had been building their relationships with clients for more than 20 years, were able to quickly confirm the client's needs and prepare the substance of the operation in two meetings. In Afghanistan, three new operations related to COVID-19 were prepared by experienced teams that were already managing large ongoing operations in the country. This enabled the teams to partner with their existing government clients to respond rapidly to the pandemic. Being in the same time zone and occasionally having safe physical meetings also helped accelerate the World Bank's COVID-19 response. IFC's experience was similar to the World Bank's, with IFC's quick initial COVID-19 response made possible by strong preexisting in-country relationships with clients.

The World Bank's in-country staff helped ensure business continuity during the COVID-19 crisis. Some country offices remained open even though the headquarters was closed, so local staff continued to carry out missions. As a TTL for the Solomon Islands put it, "People in-country did a good job in keeping the office going and supporting staff in other countries. With travel restrictions, we rely on the local staff. Local presence is playing a key role in maintaining operations until the World Bank is back to operating normally and travel from [headquarters] resumes." Also, according to a country manager in the Europe and Central Asia Region, the World Bank's decision to not remove its country presence during this health crisis signaled to the government the World Bank's dedication to the country.

The COVID-19 crisis has brought country office and headquarters staff closer together, democratizing discussions, and helped clients embrace virtual communication. World Bank staff interviews showed that the World Bank has become better in communicating virtually during the COVID-19 crisis both with clients and within the organization, bringing field and headquarters staff closer. A practice manager for the Africa Region said, "In the pre–COVID-19 era, I had much

less interaction with field-based managers than I did with managers in [Washington,] DC. Now, during COVID-19, I am interacting more with [R]egional staff." A TTL based in Argentina said something similar: "Now that everybody is working virtually, I have daily contacts with the Global Practice; before I was mainly in contact with counterparts and colleagues [in the country office]." According to a TTL for Somalia, the COVID-19 response "brought people together on WebEx," reducing a lot of the "political posturing, and democratizing the discussion." According to another practice manager for Africa, COVID-19 leveled the playing field for discussants: "Before COVID-19, it was very much about face-to-face—when you were on the screen, you felt disconnected. Lots of decisions are taken (separately) in Washington [, DC]: knowledge, career. With COVID-19, everybody is on a screen. Everybody had to learn to treat people differently." A similar transition to virtual communication happened in relations with clients. However, for clients, especially in fragile countries, transitioning to virtual work was not without challenges. The country manager for a small FCS country in Africa said, "The COVID-19 crisis highlighted some of the weaknesses in our engagement with African clients and their citizens mainly related to the digital economy agenda."

The reliance on virtual communication during the COVID-19 crisis offers lessons that can mitigate some of decentralization's inefficiencies. For example, although the COVID-19 crisis reinforced the importance of having a local presence, several interviewees felt that the new embrace of virtual communication may reduce the need for mission travel. According to a TTL for Myanmar, "Even low-capacity countries like Myanmar are getting better in virtual connections," and the World Bank does not "always need to be in the field to be effective." Moreover, increased virtual communication could mitigate some of decentralization's inefficiencies. As chapter 4 will show, practice managers and their staff in the field often feel disconnected, but the extended period of virtual working might improve this. A field-based practice manager in Tunisia said, "I had to make sure that the team in [Washington,] DC, always had a 'door to knock on' to get the best technical advice and advice to enhance their career path. Then COVID-19 happened and, in some ways, reduced the spatial differences because everyone is now based at home." The greater use of virtual communication also to some extent improved country office staff's access to global knowledge. A TTL for Madagascar said, "The lack of accessible training for local staff is a shortcoming of decentralization. But with COVID-19, virtual trainings are more common."

[1] Client satisfaction is measured using data from the World Bank Country Opinion Surveys. Field presence is measured by the number of staff per lending operation in the country. The evaluation used 17 questions from the survey analysis. For details, see appendix E.

[2] In upper-middle-income countries, the evaluation found no correlations; in high-income countries, the sample size is too small to make an accurate judgment.

[3] It should be noted that even in cases where the relationships between the variables are statistically significant, the coefficients are quite small, implying that the impact of increased staff intensity on client satisfaction is small.

[4] In other Regions, such as Middle East and North Africa, East Asia and Pacific, and South Asia, there is no clear pattern, and the sample sizes are very small to make an accurate judgment. In fragile and conflict-affected situation countries, the general pattern is inconclusive as well.

[5] The scale to measure the time allocation for task team leaders' tasks (which is on a scale from 1 to 10, with 1 being "no to little time" and 10 being "a very large amount of time") did not provide much variation. Therefore, although the scale still shows where most time is spent, it does not correctly capture the differences in time amounts.

[6] Proactivity action indicator measures if any action has been taken to remedy a problem project.

4 | Challenges and Inefficiencies

The quantitative targets help expand the global footprint, and work program planning and budgeting process is used to tailor the staffing to the country's portfolio. However, the work program planning and budgeting process and the corporate targets do not guarantee that staffing decisions are sufficiently nuanced to take full advantage of decentralization's benefits.

The World Bank's knowledge generation system is largely headquarters based. Access to knowledge from the field remains challenging, while formal knowledge produced by field staff is often less valued and less frequently curated for global use than headquarters-generated knowledge.

Reduced circulation of staff between headquarters and the field, coupled with local staff's limited exposure to the World Bank's corporate vision and culture, can contribute to Regional and country silos and undermine the World Bank's global nature.

There may be an unintended human resource bias toward country programs that host country directors, to the detriment of the Country Management Unit's smaller country programs. For example, these countries host the largest share of professional staff. These staff are meant to serve nearby country offices, but this may not be working as intended.

There are also some inefficiencies related to the location of practice managers and project task team leaders. For example, the widespread co-task team leaders model is less effective when the task team leaders with accountability and decision-making responsibilities are not located in the client country.

There is untapped potential among locally recruited staff. They have limited opportunities for professional development through mentoring, learning events, and short-term assignments and are less exposed to the World Bank's common corporate culture.

Field assignments do not hinder staff's career progression or mobility, despite widespread beliefs among international staff that they do. However, international staff in fragile and conflict-affected situation (FCS) countries are more likely to remain in their Region than staff initially located in non-FCS countries.

It is difficult for the World Bank to attract international staff with relevant skills and the right mind-set to field posts in many FCS and lower-income countries. The factors contributing to this are the lower visibility and perceived limited career prospects in smaller countries that do not host country directors. International staff also have objective concerns about lower quality of life, health, and security at field posts in those countries.

This chapter focuses on some key challenges and inefficiencies in the World Bank's current approach to decentralization, as depicted in the last column of the conceptual framework shown in figure 1.1, and demonstrates how these challenges and some human resources policies (enabling conditions in figure 1.1) undermine the desired effects of decentralization. The chapter contributes to evaluation question 2 and informs evaluation question 3. More specifically, the chapter examines decentralization's challenges related to strategic direction, structure, decision-making, global knowledge flow and collaboration, and career development for staff and summarizes challenges from IFC's decentralization experience.

Strategic and Structural Issues

The objectives of the World Bank's ongoing wave of decentralization are not clearly articulated. It is unclear how the broad quantitative staffing targets that aim to provide more impetus to decentralization are linked to countries' and Regions' needs. Early in 2019, to help design the reform, the World Bank formed a high-level working group to contribute to early discussions on possible implications of an enhanced footprint. However, this group was disbanded at the beginning of the implementation, and there is currently no central unit responsible for elaborating the model's design, providing guidance, monitoring decentralization's performance and possible impacts on different parts of the World Bank's work, or suggesting course corrections. The Regions do not articulate any objectives or strategies related to decentralization, either, despite differences in staffing needs and trends across Regions. An exception to this is the Bank Group's FCV strategy for 2020–25. The strategy articulates the World Bank's staffing needs for addressing fragility challenges and scaling up the financial support for low- and middle-income countries in FCV situations, but its implementation would benefit from elaborating on the type of staff needed and where they should be deployed to achieve better results.

The broad quantitative targets, without articulating expected outcomes of decentralization and some key guiding principles, do not support making tailored staffing decisions. In some Regions and GPs, the decisions on whom to send to the field were made to meet expected staffing targets. Staff and

midlevel managers in interviews were critical of the World Bank for establishing these targets without linking them to clear goals and countries' development needs. For example, the case studies uncovered instances where practice managers were sent to the field to meet staffing targets without that sector having a substantial portfolio in that Region. There were even more frequent cases of practice managers being sent to the field while leaving most of their GP staff in headquarters. One director noted, "Decentralization is a means to an end. Not the end. We are currently ticking boxes." In other words, decentralized staffing targets increase the number of staff and managers in the field but do not ensure that decentralization decisions are tailored to country and program needs. The work program planning and budgeting process (Work Program Agreement) that aims to tailor the staffing to the country's portfolio also does not seem to be sufficient to provide adequate and timely staffing support in some cases.

Decentralization's impact on the delivery of country programs is rarely discussed in the context of CPFs. The World Bank does not formally link its field staffing to the achievement of CPF objectives. As a result, very few CPFs discuss staff location, nor is there any record of country programs using the CPF process to hold internal discussions about decentralization. Instead, country programs make staffing decisions at the margins in the context of annual Work Program Agreement discussions. Sixteen of the 20 case study countries' CPFs discuss capacity constraints in implementation, fiduciary processes, safeguards, and monitoring and evaluation, but only a few—such as Afghanistan, Burundi, the Central African Republic, the Solomon Islands, Tunisia, and Vietnam—take the next step of noting the role the World Bank's footprint plays in addressing these constraints. The Argentina Country Partnership Strategy (FY15–18), for example, says that "expanded engagement at the provincial level may also require additional capacity building at the local level," but it stops short of saying what the implications of this are for the country office's staffing levels and composition (World Bank 2014, 47). Only FCS country strategy documents generally discuss the need for enhanced country presence but with uneven coverage. Afghanistan's Interim Strategy Note (FY12–14), for example, notes that "operational progress is most likely to be achieved with the strong engagement of TTLs who are experienced, reside or spend considerable time in Kabul, and who are persistent in their

hands-on engagement with the counterparts and stakeholders" (World Bank 2012, 17). The Solomon Islands Completion and Learning Review noted that "limited on-the-ground presence" was one factor that caused the Country Partnership Strategy program to face "implementation challenges in reaching some objectives" (World Bank 2018b, 17).

More staff are concentrated in CD countries regardless of those countries' portfolio size. Placing professional staff near country directors in CMUs has been one of the World Bank's strategies since 2008 to mitigate the limitation of having Washington, DC, as the only center to serve country offices. Few small countries with limited operational portfolios can justify the cost of having a full-time IRS located in-country. For this (but also other) reasons, IRS, including program leaders and managers, tend to locate in the primary country of the CMU with an assignment to cover all countries in the CMU. As shown in box 4.1, there are significantly more staff per project in the CD country of the CMU than in the CMU's other country offices.

Box 4.1. Staffing in Countries with Different Decentralization Models

Countries in which a country director is based (CD countries) host significantly more professional staff than countries without a country director. Thirty-seven countries where country directors are located (cluster 1) had on average 22 professional GE+ staff (locally recruited and internationally recruited staff) in fiscal year 2020[a] but 57 countries with country directors located in a nearby country (cluster 2) had approximately four times fewer staff. Twenty-four countries that are served by nearby hubs or headquarters (cluster 3) had even fewer staff. CD countries do not necessarily have more projects per staff than non-CD countries—in CD countries, there are an average of 2.4 projects for every professional staff member, compared with approximately 4.5 projects in non-CD countries. In the same way, the lending volume per professional staff member is lower in CD countries than in non-CD countries (figure 4.1).

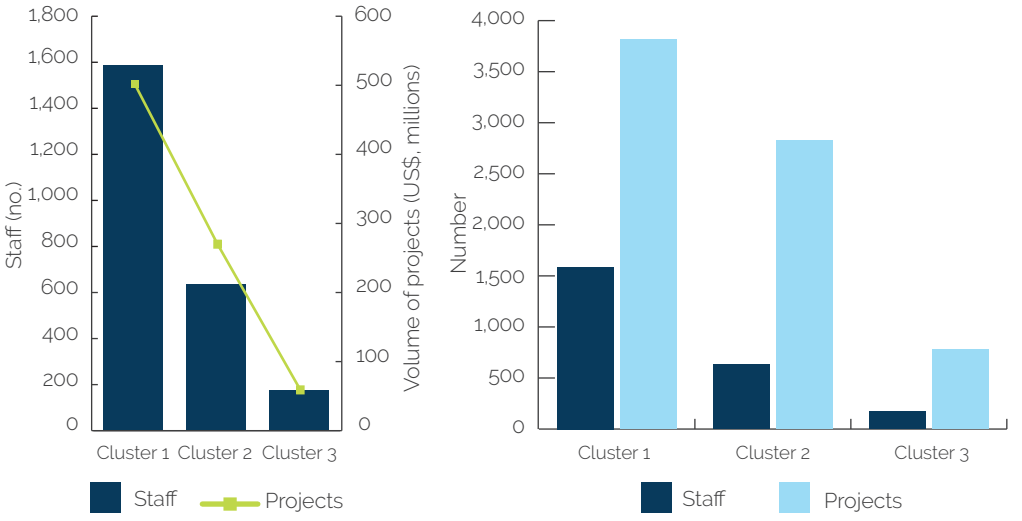
Source: Independent Evaluation Group.

Note: a. There is some variation within cluster 1 countries as well. Overall, large, single-country Country Management Units have more professional staff, especially locally recruited, than multicountry Country Management Units.

Figure 4.1. Professional Staff in Operations by Country Cluster

a. Lending volume and professional operational staff by country cluster, FY20

b. Lending projects and professional staff by country cluster, FY20



Source: Independent Evaluation Group.

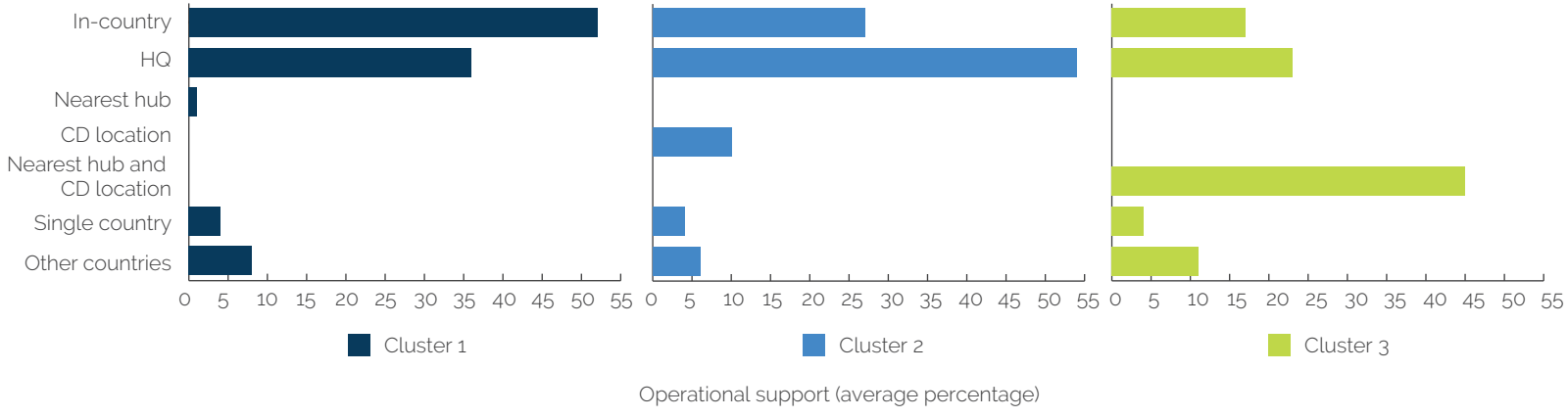
Note: Cluster 1 = country director in a borrowing country—serving one country or multiple countries; cluster 2 = country director outside a borrowing country, located in a neighboring borrowing country; cluster 3 = country director outside a borrowing country, located in a hub (Part I country) or in Washington, DC, headquarters; FY = fiscal year.

In multicountry CMUs, there may be an unintended human resource bias toward CD countries. Data analysis of the World Bank's operational support (measured by the location of staff charging time to projects in case study countries) to the case study countries shows that this model may not be working the way it was intended (figure 4.2). For example, non-CD countries of CMUs (cluster 2) receive very little support from the CD country (only 10 percent) or from any other nearby office. Instead, more than half of the operational support to these countries still comes from headquarters, and only 27 percent of operational support comes from staff within the country. A vast majority of interviewees, including country managers and country directors, confirmed this resource allocation bias and awareness of the issue. Nearly all smaller non-CD countries revealed examples where an important project or an entire CPF business line was underachieved or delayed because the right expertise was not available in the country, and the country could not secure timely support from the CMU or a nearby hub. In one Europe and Central

Asia Region country, the lack of a private sector expert with strong technical skills and global expertise hampered the country program's private sector engagement as envisioned in the CPF. The case studies also demonstrate that IRS perform a wide range of other valuable tasks in the countries in which they are based that are not easily "programmed," such as networking with the government, development partners, and civil society; developing new business; and mentoring LRS. It is much easier to carry out these less formal but important tasks if one is in the country than if one is in a nearby country. This suggests that although selected key staff are intended to be a CMU-wide resource, this often requires a deliberate effort from managers to make it happen.

The availability of more professional staff in CD countries might contribute to better country program ratings in these countries, indicating the importance of having staff available in non-CD countries. A correlation analysis examined the effect of the country directors' presence on the World Bank's overall country program performance and the achievement of country development outcomes from FY10 to FY20.[1] The analysis found that the country director's field presence had a strong positive correlation with country program outcome ratings, measured by IEG's CPF Completion and Learning Report Reviews. There is also a positive but nonsignificant correlation between the country director's presence and the World Bank's performance rating (figure 4.3). The positive influence a country director's presence has on country program performance may suggest that the additional staff and resources, including more IRS, channeled to CD countries contribute to better outcomes.

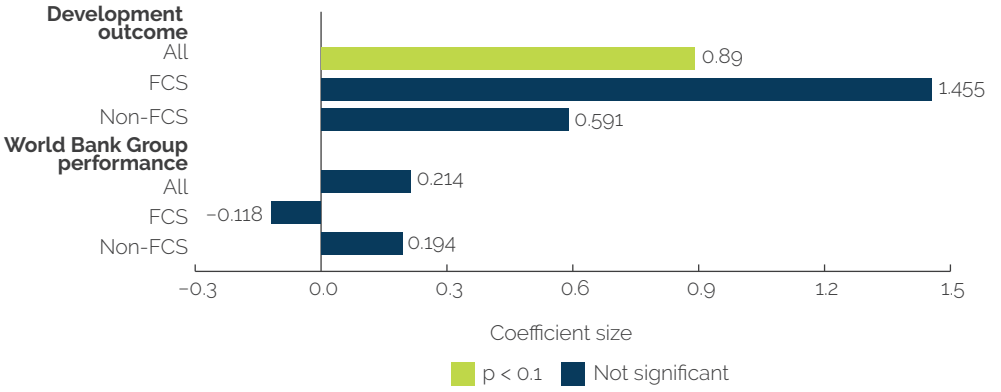
Figure 4.2. Operational Support to 20 Case Study Countries by Cluster, Fiscal Years 2013–19



Source: Independent Evaluation Group analysis of World Bank staff time allocation data.

Note: Operational support refers to staff's time allocation for a project measured by staff weeks. Cluster 1 = countries with country directors; cluster 2 = countries with country directors in a nearby country; cluster 3 = countries served by a nearby hub or headquarters. Nearest hub and country director locations are the same for cluster 3; "single country" refers to the country from which the case study country receives the most support; "other countries" refers to countries that provide operational support and that are not included in the rest of categories. For Cluster 1 countries, "in country" and "CD location" are the same. These data have some limitations; they exclude the support from financial management and procurement specialists, who charge their time to a central World Bank budget code rather than to projects. Program leaders' time is also not fully allocated by projects, so it is possible that their support to neighboring countries is not fully reflected in these data. CD = country director; HQ = headquarters.

Figure 4.3. Association between Country Director Presence and World Bank Country Program Outcomes, Fiscal Years 2010–20



Source: Independent Evaluation Group's analysis of human resources data and its rating database of Country Assistance Strategy Completion Report Reviews and Completion and Learning Report Reviews.

Note: Country program outcomes as measured by the length of the bar shows the coefficient size, and the color indicates coefficient significance Independent Evaluation Group development outcome and World Bank Group performance ratings are shown. The length of the bar indicates the coefficient size, and the color indicates coefficient significance. FCS = fragile and conflict-affected situations.

Decision-Making Inefficiencies

Locating practice managers in the field is less beneficial when most of their staff are not also in the field, when they are responsible for a wide geographic area, and when the time zone difference between headquarters and client countries is insignificant. World Bank management aims to move a large share of practice managers to the field in the medium term, bringing them closer to clients and field staff. However, this is most beneficial if most of the practice manager's staff are in the field. A practice manager pointed out how being in West Africa vastly increased his interaction with field staff, especially LRS, who are mostly located in that Region. TTLs were able to connect with him for real-time advice, and he could be present on short notice for critical discussions. By contrast, another practice manager in West Africa with all but two of her direct reports in headquarters found it difficult to supervise headquarters staff from the field. The time zone difference between headquarters and client countries is another argument in favor of decentralizing practice managers. A country director in the South Asia Region said, "If

the manager is based in Washington [, DC,] and the staff are 10 hours ahead, then you have a short window to get guidance, and also the turnaround time for clearances is longer." The evaluation also found that decentralizing practice managers is less effective when they are responsible for large geographic areas because the vastness of the geographic scope they cover does not bring them much closer to clients. A headquarters-based practice manager said, "I oversee 25 countries. Even if I were in the field, travel in Africa is difficult, and I would not have time to see all our clients." Practice managers for Europe and Central Asia and East Asia and Pacific expressed similar concerns about the large number of countries under their purview. The TTL survey also confirmed the importance of timely access to and decisions by managers as a key success factor for better client responsiveness (figure 3.7).

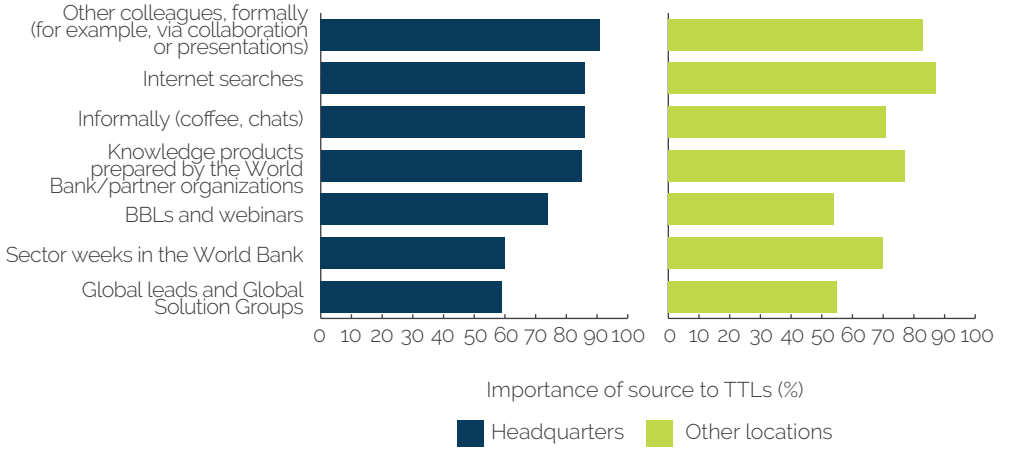
The widespread co-TTL model is less effective when the TTL with ADM responsibilities is not based in the client country. Designating country-based staff as co-TTLs is insufficient to ensure timely support during project implementation unless authority for decision-making is also devolved to them. The multivariate statistical analysis suggests that the presence of ADM TTLs in project countries is more beneficial to project ratings than the presence of other team members without decision-making authority (appendix B). As discussed in chapter 2, only 28 percent of ADM TTLs for lending projects that are in the field are located in their project's country, on average. This share is even lower for FCS countries. Meanwhile, most of these projects have co-TTLs in the project country. Interviews show that all projects led from outside the country greatly benefit from having a co-TTL or qualified team member in the country to interact with clients, supervise projects, and keep up with the evolving local context. However, having a co-TTL without decision-making powers does not bring the same benefits to clients. A high-ranking client in Liberia said, "[World] Bank TTLs need to be in the field. Coming four times a year doesn't really give a view of the needs in the country." In Ukraine, a road safety project moved more slowly when the ADM TTL was in headquarters and a local junior-level co-TTL with no decision-making powers was in the field. The situation improved when the ADM TTL moved to the field, which made the project move faster and allowed the ADM TTL to empower her co-lead. Several World Bank staff felt there was no reason

why co-TTLs, who are often locally recruited seasoned professionals, could not have ADM responsibilities. Other World Bank staff said that for the co-TTL model to work well, it needs to involve equal responsibility among the TTLs.

Global Knowledge Flow and Collaboration Challenges

Decentralization and the World Bank's internal knowledge management system impose inherent limitations on field staff's access to formal global knowledge. Formal or explicit knowledge refers to reports, assessments, evaluations, learning events, or any number of official products. In interviews and surveys, World Bank staff expressed concern that decentralization and the organizational changes discussed in chapter 2 can pose a risk to knowledge flow across Regions. For example, most field-based TTLs found it difficult accessing global knowledge, with only 36 percent of those surveyed saying working in the field helped them access global knowledge. By contrast, 85 percent of headquarters-based TTLs felt their location helped them access global knowledge. This is partly because the World Bank's knowledge generation system is largely in headquarters, where the largest number of sector staff are concentrated and where there is greater access to resources for learning events and analytical products. As a result, the World Bank's knowledge largely comes from headquarters and is inevitably tailored more for headquarters staff. This is true despite this evaluation uncovering examples of decentralization bringing global knowledge and innovation to the field and generating valuable local knowledge from the field to inform World Bank strategies and operations. Interviews and the TTL survey also found that sector weeks, although highly valued, are infrequent; field staff have limited access to brown bag lunches because of connectivity issues or time zone differences; and some knowledge sharing mechanisms, such as Global Leads or Global Solution Groups, are ineffective.[2] That said, the evaluation found that internet searches are one of the TTLs' preferred sources of information, regardless of their location (figure 4.4), while many also noted the lack of sufficient time for learning as a constraint, regardless of their location.

Figure 4.4. Sources of Global Knowledge That Are Important or Somewhat Important for Task Team Leaders

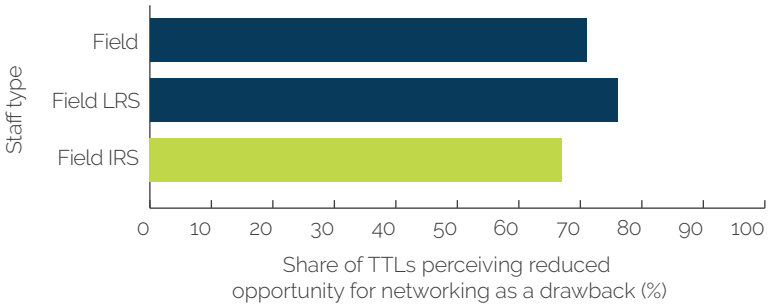


Source: Independent Evaluation Group analysis of the TTL survey.

Note: Survey question: On a scale from 1 (unimportant) to 5 (important), please indicate how important the following sources of global knowledge were for your projects and other activities in fiscal year 2020, before the COVID-19 pandemic. BBL = brown bag lunch; TTL = task team leader.

Decentralization makes it more difficult for field staff to acquire informal, or tacit, global knowledge and reduces global networking opportunities. Tacit knowledge is usually transferred through informal interactions. Interviews and the TTL survey show that informal interactions and idea exchanges among colleagues was one of staff's most important sources for global knowledge. However, such interactions are limited for field-based staff, particularly LRS, because they are less globally mobile and have fewer networking opportunities than headquarters-based staff. According to the TTL survey, 71 percent of field-based TTLs, regardless of their recruitment type, felt that working in the field reduced the opportunity for networking. Reduced networking is particularly a problem for LRS TTLs, with 76 percent of them considering it a drawback of being in the field versus 67 percent of IRS (figure 4.5). Box 4.2 shows how staff in a country office can stay connected to the World Bank's global network.

Figure 4.5. Task Team Leaders Perceiving Reduced Opportunity for Networking in a Country Office or Regional Hub



Source: Independent Evaluation Group analysis of the TTL survey.

Note: IRS = internationally recruited staff; LRS = locally recruited staff; TTL = task team leader.

Box 4.2. A Well-Connected Country Office: The Uganda Case Study

Uganda presents an interesting case study in how staff can be better connected to global networks in country offices, as opposed to in headquarters, hubs, or even the central Country Management Unit office. In Uganda, there is an unusually high number of internationally recruited and locally recruited staff in the country office and, contrary to the familiar refrain heard from staff in other country offices about the isolation from Global Practices (GPs), staff interviewed for the Uganda case seemed satisfied with their situation in this regard. Several factors seemed to contribute to this outcome, most of which could be replicated elsewhere. First, the relatively large size of the Uganda country office meant that there were at least two specialists per sector based in the country office. Second, the program leaders covering Uganda seem to have been especially conscientious about their role as the bridge between the GP and Country Management Unit, holding regular virtual team meetings with GP and Country Management Unit staff to share experiences and technical findings. Third, there were many high-level visits from both senior technical specialists and management, which allowed staff to connect with the broader institutional and GP-specific agendas. Fourth, the practice managers responsible for Uganda were strongly oriented toward nurturing staff potential and supporting staff's professional development. And fifth, task team leaders in the Uganda country office were given opportunities to work across countries.

Source: Independent Evaluation Group, Uganda case study.

The human resource policy changes of 2020 may pose a risk to the flow of global knowledge by reducing the circulation of international staff between headquarters and the Regions and need to be carefully monitored. Several recent policy changes may have an impact on global knowledge flow and collaboration. As already noted in chapter 2, the remapping of sector staff to the Regions might reduce sector staff's networking and opportunities to acquire work in other Regions. A practice manager said, "If you hire people directly to the field without them ever working in headquarters, they will not be able to network, and field staff will gradually work more in [R]egional silos. We know each other from cross-practices, but these connections will gradually disappear over the years. With the suggested Global Footprint Plan, how do you ensure rotation, how do you get to another [R]egion if they don't know you?" A country director noted, "As more and more people are pushed further into the field, where they stay from 4 to 8 years, how will the flow of knowledge across the [R]egions be maintained? There were already challenges under the Global Practices model. How does cross-fertilization happen? What is the new model? It is important to think through this model in this process to preserve our global nature, so we don't mimic regional development banks." The new Career Development and Mobility Framework (FY21), which aims to improve the mobility of IRS by introducing a more structured approach to IRS rotation, also may inadvertently weaken the global knowledge flow. The framework is likely to reduce the flow of professional (sector) staff between headquarters and the Regions because the new approach does not guarantee a return to headquarters. Given the critical role of headquarters in generation and flow of knowledge, the lack of systematic circulation of IRS to Washington, DC, where GPs are located, might further fragment global knowledge. Likewise, in IFC, an increased decentralization raised concerns over Regional silos and the deterioration in global knowledge and sharing of global experience. IFC professional staff in the field have shorter experience at IFC than their headquarters peers, and this likely reduces opportunities for junior staff in the field to learn from senior staff because of high staff turnover.

Formal or explicit knowledge generated by field staff is often less valued and less frequently curated for global use than headquarters-generated knowledge. One of decentralization's potential benefits is that it would help

integrate local knowledge into the World Bank's global knowledge network and inform World Bank strategies and operations. This is difficult to measure objectively, but there is a strong perception among World Bank staff that knowledge produced by field staff, such as country-focused reports and analytical studies, is less appreciated, recognized, and shared outside of the country or Region in which it was produced. A program leader in a large LMIC country said, "Every country unit is doing work on productivity, for example. Yet, it is never compiled. The chief economist is more interested in doing cutting-edge research than policy-relevant technical work. We need to bring these two together." Field-based TTLs see this as an institution-wide problem that undervalues formal knowledge generated in the field. In the TTL survey, only 44 percent of field-based TTLs said their location helped them generate global knowledge, but 82 percent of headquarters-based TTLs said the same. In the view of many staff, the larger diagnostic products produced in headquarters have high visibility, despite often not being relevant to country programs, but in-country products that can have a profound influence on government policy and other operational work remain under the radar of headquarters units responsible for knowledge management and get less recognition. This low visibility strongly undermines chapter 3's finding that the World Bank's country-focused analytical products are a powerful conduit for influencing policy changes in client countries.

Decentralization can dilute the World Bank's organizational cohesiveness and shared corporate culture. Organizational culture is defined as a set of beliefs, values, and assumptions that are shared by members of an organization (Schein 1985). Ample literature shows the importance of organizational culture on organizational effectiveness (Barney 1986; Schraeder and Self 2003; Bulent and Adnan 2009). Schneider (1988) defined corporate culture as the "glue" that holds organizations together by providing cohesiveness and coherence among the parts. This evaluation found that staff, particularly practice managers, are concerned about the potential negative impacts of decentralization on the World Bank's corporate culture. The concern extends mainly to LRS in general and IRS who carry out several consecutive field assignments because they have limited exposure to headquarters. More than half of LRS TTLs were concerned about their limited access to corporate culture and global knowledge. The increasing trend in the World Bank to hire TCNs on indefinite assignments in the field is likely to pose similar risks.

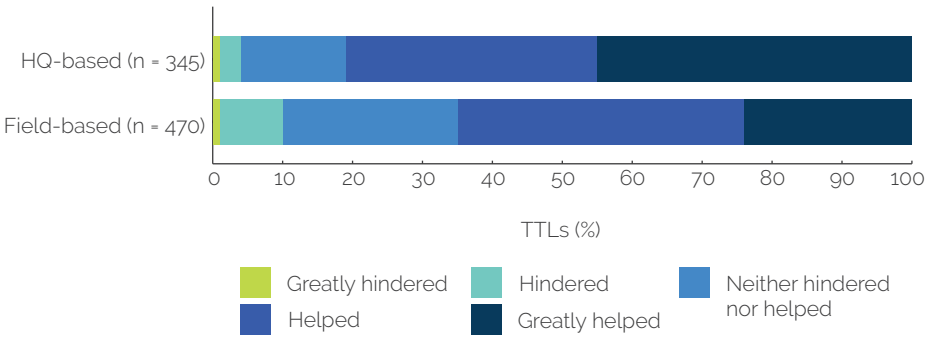
In fact, IFC's more extensive experience with TCNs shows the difficulties in familiarizing them with IFC's mission and headquarters' services. The IFC decentralization experience also shows that the greater autonomy given to country programs and staff's detachment from corporate culture corroded common quality standards.

LRS face certain in-country pressures that IRS and managers can effectively mitigate. LRS often must walk a fine line between becoming a trusted confidante of the government, civil society, and local development partners and remaining neutral when dealing with these local partners, many of whom may be friends or former colleagues. Maintaining impartiality is important for LRS when providing healthy criticism or conveying tough messages to clients. This is not a World Bank–specific issue but an inherent risk for any large, decentralized organization. This challenge is particularly poignant in countries with highly charged political environments. One interviewee from a small FCS country said that when LRS oppose local counterparts, "they are scared for their life and the safety of their family." Many interviewees suggested that one way to relieve this pressure on local staff is to have international staff play the role of an "honest broker," or "bad cop" to the LRS's "good cop" in sensitive interactions with partners. In this context, it is important for IRS to not undermine LRS and make the World Bank's reliance on the LRS's judgment clear to the client.

Decentralization might reduce collaboration among GPs by dispersing sector staff in the field, but this risk is mitigated when different sector staff are co-located in the same field office. The TTL survey showed that 16 percent more headquarters-based TTLs than field-based TTLs felt that their location helped or greatly helped them with cross-GP collaboration (figure 4.6). According to interviews, the headquarters' centralized structure also enhanced the collaboration among managers. A practice manager in Africa said, "In [headquarters], all GPs are present, so you can have more day-to-day interactions. Most Practice Managers and Regional Directors are still in [Washington,] DC, so connectivity [there] is better among management. Decentralization limits this connectivity, so there are some downsides." For the same reasons, however, cross-GP collaboration can also work when staff from different GPs are co-located in the same physical space. A TTL based in the Romania country office, which has a large staff presence,

said, "Collaboration works better because we have staff from different GPs in the field," and another TTL from Argentina said, "Cross-GP work is so much more effective in the country when technical GP staff are sitting in one place." A TTL in Vietnam said, "The rapport within the country team in the office brings multiple GPs together to work collectively. In [Washington,] DC, at times this cohesion falls apart."

Figure 4.6. Extent to Which Task Team Leaders' Location Helps or Hinders Collaboration with Colleagues from Other Global Practices



Source: Independent Evaluation Group analysis of the TTL survey.

Note: HQ = headquarters; TTL = task team leader.

Career Development Challenges

There are strong and widespread perceptions among World Bank staff that field postings inhibit career progression. Seventy-one percent of field-based and 56 percent of headquarters-based respondents in the TTL survey thought that being in the field hampers the "networking and visibility needed for career development." Being in the field also makes finding the next job assignment more difficult (figure 4.7). These perceptions are also confirmed in interviews, where staff frequently noted that field assignments may result in fewer career growth opportunities because of lack of access to managers and sector peers. Interviews also show that staff commonly believe they will diminish their prospects of getting a position at headquarters if they accept a position in "difficult" field locations, becoming what they call "field nomads."

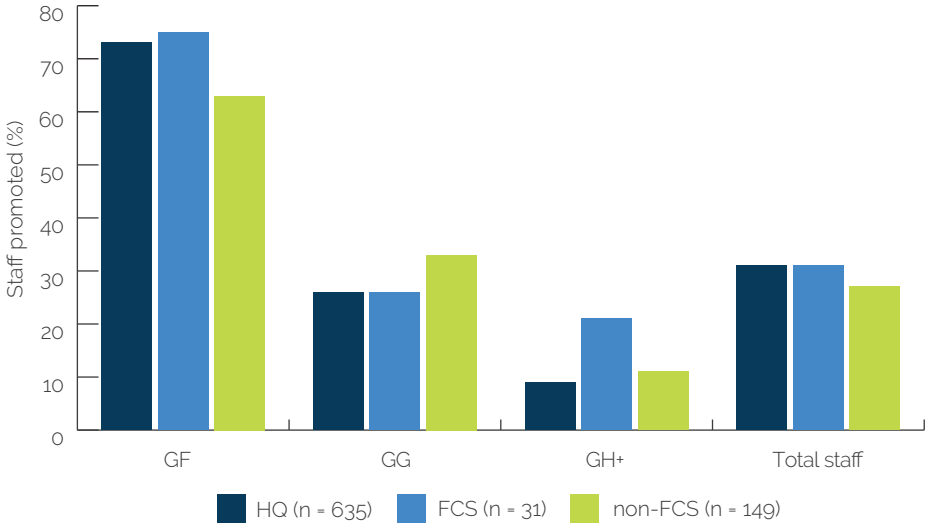
Despite such common misperceptions, the promotion rates were higher for field-based staff than for headquarters staff. The quantitative evidence over the evaluation period shows that promotion rates for field-based staff in both FCS and non-FCS countries at levels GG and above, encompassing most of the IRS staff in the field, is generally higher than for headquarters-based staff at the same levels. In fact, only GF-level staff at headquarters had a higher promotion rate than field-based staff in non-FCS countries, though these results may be skewed since GF staff are disproportionately present at headquarters (nearly 90 percent); even so, GF staff in FCS countries still had higher promotion rates than GF staff at headquarters (figure 4.8).

Figure 4.7. Perceived Drawbacks among Staff of Being in the Field

Source: Independent Evaluation Group analysis of the TTL survey.

Note: Survey question: Please indicate what you perceive to be drawbacks of being based in a country office or regional hub.

Figure 4.8. Promotion Rates by Staff Grade, Fiscal Years 2013–21

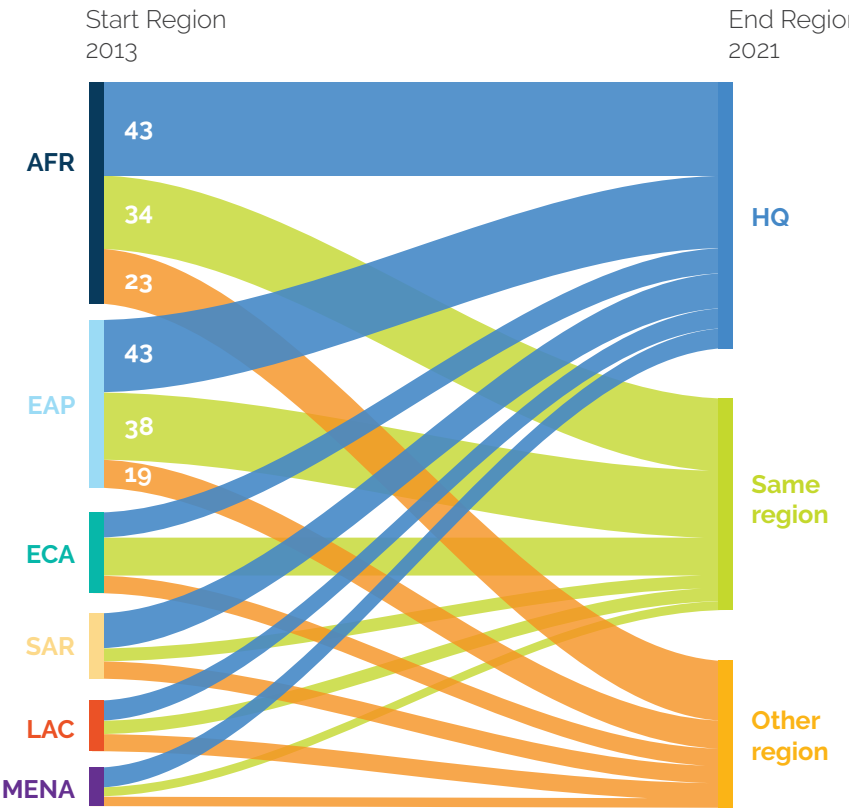


Source: Independent Evaluation Group analysis of human resources data.

Note: FCS = fragile and conflict-affected situation; HQ = headquarters.

The movement of staff between headquarters and the Regions is also fluid, dispelling the strong perception that staff who move to field positions remain in field positions, especially in Africa and FCS locations. Forty-one percent of IRS based in FCS locations in Africa in FY13 moved to headquarters for their next assignment by FY21 (figure 4.10). This is 6 percent lower than in FY19 but still higher compared with the movement of IRS to headquarters from FCS locations in other Regions. Forty-three percent of IRS in Africa in FCS locations remained in the same Region, while only 34 percent of IRS who were in non-FCS countries in Africa in FY13 remained in the same Region in FY21. Africa and East Asia and Pacific Region have the largest share of staff moving to headquarters from non-FCS locations (figure 4.9). Moreover, it was the Europe and Central Asia and East Asia and Pacific Regions, not Africa, that had the highest rates of staff continuity in non-FCS locations among the Regions. In addition, figure 4.11 shows that the results in FCS countries in all Regions are similar, with a large share of staff in FCS countries in FY13 moving to headquarters or non-FCS locations rather than FCS locations by FY21. That said, IRS staff in FCS countries were, in fact, more likely to remain in their Region than staff initially located in non-FCS countries (figure 4.10).

Figure 4.9. Movement (Job Change) of Internationally Recruited Staff in Non-FCS Countries by Region, Fiscal Years 2013–21 (%)



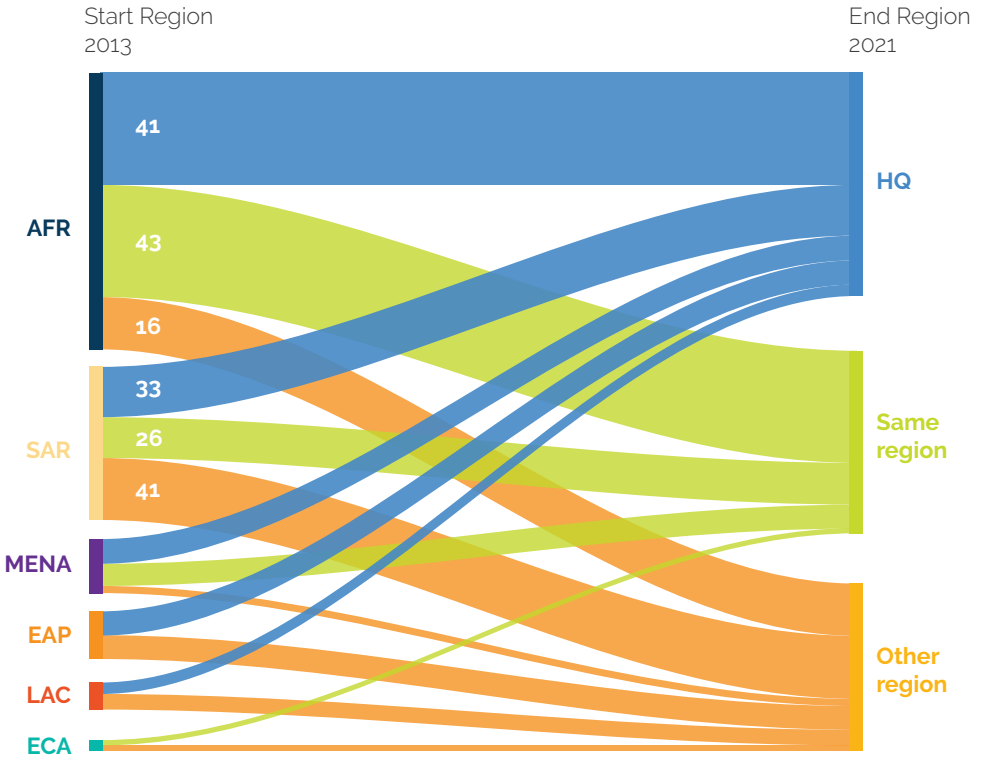
Source: Independent Evaluation Group analysis of human resources data.

Note: AFR = Africa; EAP = East Asia and Pacific; ECA = Europe and Central Asia; FCS = fragile and conflict-affected situations; HQ = headquarters; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; SAR = South Asia.

Attracting international staff with strong technical and operational skills and the right mind-set to field posts is difficult in many FCS and lower-income countries. The demand is high for IRS with strong technical or operational skills and the right attitude and people skills for field posts. However, these staff have limited interest in working in such countries because these posts have low visibility, are perceived to have limited prospects for career growth, and have a lower quality of life. Country directors and country managers for FCS countries reported that few high-quality staff applied for posted positions through the batch recruitment process and that they needed to proactively reach out to these candidates to encourage them to apply. By

comparison, job advertisements for posts in some large middle-income countries attracted more than 50 qualified applicants. The lack of high-quality field staff can have negative consequences on a country program's performance. For instance, according to IEG's evaluation of knowledge flow and collaboration, country managers in smaller countries believed that inexperienced TTLs gave bad advice to clients and were unfamiliar with the World Bank's internal policies and procedures (World Bank 2019b, 41).

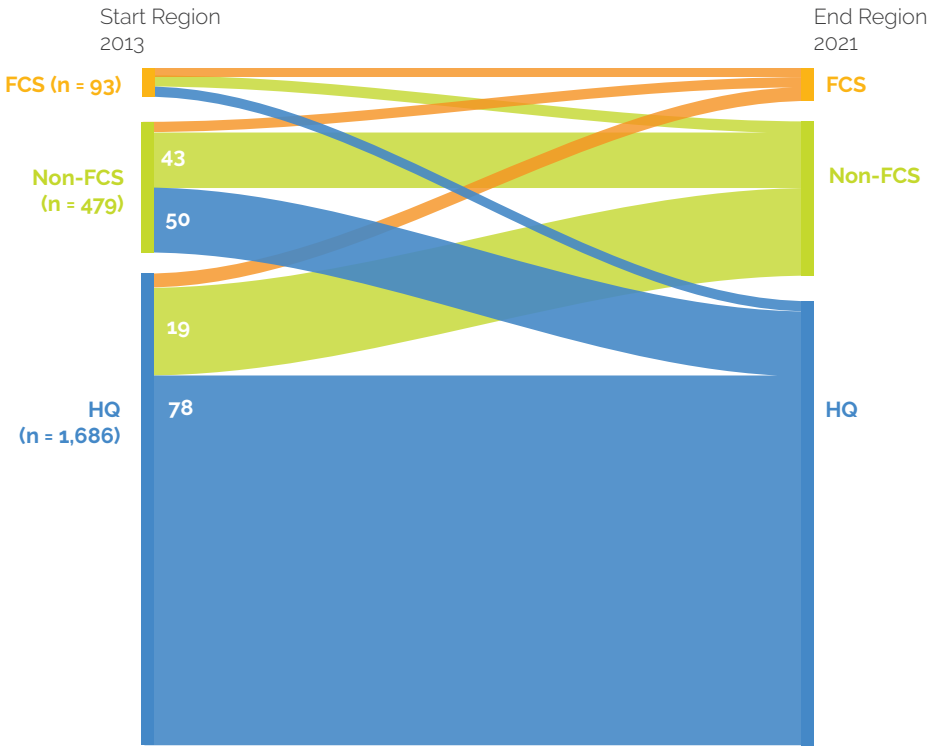
Figure 4.10. Job Change of Internationally Recruited Staff in FCS Countries by Region, Fiscal Years 2013–21 (%)



Source: Independent Evaluation Group analysis of human resources data.

Note: AFR = Africa; EAP = East Asia and Pacific; ECA = Europe and Central Asia; FCS = fragile and conflict-affected situations; HQ = headquarters; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; SAR = South Asia.

Figure 4.11. Movement (Job Change) of Internationally Recruited Staff between FCS and Non-FCS Countries and Headquarters (%)



Source: Independent Evaluation Group analysis of human resources data.

Note: Figure shows staff who changed location and title; location and division; or location, division, and title, between 2013 and 2021. FCS = fragile and conflict-affected situation; HQ = headquarters.

Some recent human resources policies may further erode the incentives for qualified IRS to move to the field. One such policy from 2020 makes country manager positions "ungraded," meaning that accepting the role may not come with a promotion. The aim of this move was to expand the eligibility for country manager positions to staff with a G grade level for "less complex" countries. However, this may put a staff with a higher-grade under the supervision of a lower-grade manager, discouraging higher-grade staff from applying to field positions. Placing a limit on promotions to lead specialist (H level) is another corporate policy that demotivates high-performing and qualified staff from applying for difficult assignments. A former country director for an FCS country said, "We're pushing decentralization, but we have made it difficult for staff. In FCV countries, it is difficult to bring family. So,

what is the incentive system for staff? We are cutting H-level positions and offer no real pay increases, no promotions; positions are downgraded. We are not providing the incentives for people to decentralize." IFC also found that motivating staff to work in FCS countries, even when based in the hubs, was challenging. Although there is a strong push to grow IFC's business in FCS countries, there were no performance incentives to match this (appendix D). IFC is attempting to rectify this by adopting FCS and IDA-specific performance indicators in its Corporate Scorecard. IFC's experience in this area could point to avenues for the World Bank to pursue.

Many IRS feel that the World Bank's support to families moving to the field, especially in poorer or FCS countries, must be improved. Studies in human resources and organizational performance show that inadequate repatriation practices and the insufficient adjustment of a staff member's family to a new location can lead to unsatisfactory performance by the staff member and even their departure from post.[3] Fifty-four percent of IRS TTLs considered reduced professional opportunities for spouses and partners as the main drawback of decentralization. A recent GLOBE workplace climate survey (2020) and interviews also highlighted the mobility and field career challenges of lesbian, gay, bisexual, transgender, intersex, and queer staff that need to be addressed as well. IRS in interviews said the World Bank did not help them enough in identifying work opportunities for spouses, finding good housing options, or providing logistical and legal guidance when moving to new locations. For example, nearly all the Kathmandu-based IRS interviewed for the Nepal country case study indicated there was no system to support staff that moved there, despite the difficult living conditions in the country. As a result, newly arrived IRS said they had to find their own housing, access utilities, and establish medical care for their families and education for their children, all while maintaining a full-time work schedule. These challenges have been amplified by the COVID-19 crisis, in which good health care and clear direction to moving staff are essential for protecting staff's health.

The professional growth and career progression opportunities for senior LRS in the field are limited. Since the late 1990s, LRS have made up the core staff of most World Bank country offices. Most of them have worked in World Bank offices for many years and gained seniority and substantial experience during that time. A handful of LRS transition into IRS positions and move

out of the country, but for most who want to remain in the country, the World Bank offers few options for professional growth. An IRS in Vietnam said, "We need to find ways to help the career development of local staff who do not want to become IRS because they don't want to leave their country. They need to be able to diversify their programs and gain experience and seniority." LRS's limited career development opportunities are aggravated by fewer networking opportunities and less access to managers, who are located in hubs or headquarters. A Somalia program leader said, "If you do not give LRS opportunities to grow, you dissipate your human capital and de-skill them over time." The evaluation found that international staff and managers almost unanimously supported providing structured professional and career growth opportunities for their local colleagues. In this spirit, box 4.3 shows how exposing talented LRS to cross-country experiences can be beneficial for both the institution and the staff member's career.

Box 4.3. Effect of Exposing LRS to Cross-Country Experiences

When the World Bank's office closed in the Republic of Yemen in 2015 because of the political crisis, the World Bank relocated four of its Yemeni staff to Amman, Jordan. Three of these staff had previously worked only on operations in the Republic of Yemen, but one had Regional experience. By fiscal year 2020, only the staff with the Regional operational experience was selected to lead operations in Jordan, and the others remained in supporting roles. It was this staff's Regional experience that qualified him for this leadership position.

Source: Independent Evaluation Group, Jordan case study.

The mentoring of field-based LRS does not happen regularly unless done intentionally and proactively. In headquarters, staff have regular interactions with managers and senior technical specialists, so mentoring occurs naturally. In field offices, however, there are fewer opportunities for this type of informal interaction and mentoring, so country programs must make specific, intentional efforts to do so. IFC's experience suggests that relying on informal mentoring in country offices is unlikely to meet the needs of new and junior staff. The Vietnam country office, for example, has put in place formal

mentoring programs to ensure that LRS can grow professionally. Mentoring is particularly important for new local hires in country offices to ensure they understand the World Bank's mission and their role in supporting it. Country managers, program leaders, practice managers, and experienced IRS can facilitate this by being proactive in ensuring that junior staff and LRS can turn to them for advice and guidance. In interviews for the Afghanistan and Armenia case studies, a number of country directors and managers proudly shared experiences of helping local staff successfully engage in Regional opportunities or successfully compete for IRS positions by providing them with guidance, feedback, training, and opportunities to do cross-support. The consensus in interviews and the TTL survey was that mentoring works best when it is done among field-based staff in the same office, particularly in FCS countries, where missions tend to be short and intense and offer fewer opportunities for visiting staff to mentor. In Myanmar, for example, the tight labor market means that few local staff have much experience; therefore, mentorship helps build needed capacity.

Overall, despite the perceived drawbacks and challenges associated with field assignments, field-based staff often have high job satisfaction. The World Bank's annual staff surveys show that field-based staff tend to be more satisfied than headquarters staff with their work and authorizing environment. The interviews for the country case studies also reflected field-based staff's high personal satisfaction with work. An IRS in Hanoi said, "Perhaps most important of all, it is exciting to be in the field—you just have much more enthusiasm for the job." Another particular benefit of being located in the field is that mission travel, although more frequent, tends to be of shorter duration, leaving more time for family and social demands. Sixty percent of field-based TTLs indicated that professional travel did not impose a burden on their personal lives, compared with only 20 percent of headquarters-based staff.

[1] See appendix A for detailed results from the correlation analysis and its limitations. The analysis replicates the analysis carried out for the Independent Evaluation Group's 2010 *Results and Performance of the World Bank Group*, which looked at the correlation between country director location and country program outcomes (World Bank 2010b).

[2] Sector learning weeks or forums are a weeklong on-site annual gatherings of professional staff, international and local affilitated with a Global Practice, for trainings, knowledge exchange, and networking. Sector weeks were usually held in Washington, DC.

[3] These studies found that a spouse's lack of a social network, increased financial dependency, and lack of status were the main reasons for spousal dissatisfaction. Expatriate success could be improved by emphasizing the importance of the family for the position and providing support systems for the spouse. See, for example, Stoner, Aram, and Rubin (1972).

5 | Mitigating Inefficiencies and Maximizing the Benefits

Decentralization delivers many benefits to the World Bank's clients, despite the quantitative analyses not corroborating clear and consistent relationships between staff location and project ratings. These benefits include helping develop (i) better relationships and greater trust among World Bank staff and government counterparts, (ii) a more in-depth understanding by World Bank staff of client country contexts and political economies, (iii) greater collaboration with development partners in the field, and (iv) quicker and more frequent operational support to counterparts. However, the benefits vary across different types of countries. These benefits are most apparent in FCS and low-capacity countries. For example, in some FCS countries, the World Bank's local presence after long periods of disengagement lends credibility to fledgling governments and helps restore client confidence in the World Bank. This trust helped the World Bank support institutional reforms, cultivate government ownership over the development process, and coordinate strategic priorities with donors by leading MDTFs. Clients in fragile and low-capacity countries perceive the World Bank's in-country presence as critical for building local capacity, and clients in some higher-capacity countries greatly value the World Bank's global knowledge and operational support to complex operations. Meanwhile, the multivariate statistical analysis did not uncover systematic links between the World Bank's field presence and project performance ratings. The evidence of decentralization's impact on country programs is limited as well because the World Bank's self-evaluations of country programs rarely examine the impacts from the World Bank's staff presence in countries.

Decentralization also brought challenges and inefficiencies that should be mitigated to enhance the World Bank's effectiveness and avoid undermining its global nature. Some of these inefficiencies were anticipated trade-offs from a decentralized structure, such as some erosion of the World Bank's common corporate culture and the risk to global knowledge flow. Other inefficiencies were unanticipated, such as the human resource bias toward

countries where the country director is located; these multicountry CMUs often do not provide adequate technical and operational support to all country offices within the CMU. Despite some improvements in mobility benefits for staff deployed to FCS countries, the World Bank still has difficulties in attracting skilled international staff with the right mind-set and skills to field posts in many lower-income or FCS countries. At the same time, the World Bank provides limited professional and career development support for experienced LRS, who are an essential part of the World Bank's global footprint. The evaluation also found that it matters where certain types of staff are located. For example, designating country-based staff as co-TTLs does not automatically ensure timely support for projects unless these co-TTLs have project decision-making authority. Moreover, the location of practice managers, who are increasingly moving to the field, is of critical importance, given their role in staff's career management and in the chain of project decision-making.

Recommendations

The World Bank's current approach to its global footprint would benefit from improving the framework and guidance used to drive decentralization decisions, and actively managing the decentralization challenges within current budget constraints. In this context, the evaluation recommends the World Bank (i) fine-tune its approach to managing decentralization anchored on explicit objectives and guiding principles, (ii) take measures to safeguard knowledge flow and the World Bank's global nature, and (iii) improve career management of LRS to harness their full potential.

Recommendation 1

The World Bank should refine its current approach to managing its staffing global footprint by clearly specifying decentralization's expected outcomes and adopting principles to guide and adjust decentralization decision-making based on evidence.

Justification

The World Bank's decentralization decisions are carried out in the context of the work program planning and budgeting processes (Work Program Agreement), which aim to tailor the staffing to a country's portfolio. However, the evaluation found that these mechanisms may not be sufficient to secure timely availability of staff with the right skill mix for a large group of countries. The broad corporate staffing targets for the field provide additional incentives for decentralization, but they do not guarantee that decentralization decisions are fully tailored to country and program needs or channeled to areas where decentralization can bring the most benefits, leading to missed opportunities. For instance, despite the World Bank's corporate focus on FCS, the World Bank has found it difficult to attract staff to these more "difficult" countries and, instead, the largest share of staff are concentrated in a few countries where the country director is located. Complementing quantitative targets with specific objectives and principles to guide this process would allow the World Bank to enhance its approach to managing its global footprint.

Proposed Actions

- Adopt clear principles to guide decentralization's decision-making. Such principles would help Regions and GPs to tailor and fine-tune decentralization decisions. These principles could include, for example, the following:
  - Ensuring that decentralization decisions are not only informed by immediate country program needs but are also aligned better with countries' medium-term needs (for example, more aligned with CPFs). This will improve the predictability of the staffing support that countries can expect to receive and allow a more nimble and timely deployment of staff.
  - Prioritizing the location of projects TTLs with decision-making authority in the recipient countries or empowering country-based TTLs with ADM responsibilities. The World Bank could do this by delegating more project-related decision-making powers to staff in client countries, including delegating more project ADM responsibilities to LRS and experimenting with alternative models to project task management.

- Ensuring that staff deployed to multicountry CMUs adequately support non-CD countries of CMUs.
- Adopting a more flexible approach to practice manager placement that balances the GP's needs with Region- and country-specific needs. Locate practice managers close to their staff to ensure regular and timely access to the staff they supervise. This could also include experimenting with and reinforcing virtual solutions to bring Regions and sectors closer where the situations are less clear-cut.

- Monitor and manage global footprint expansion more actively. Devising a light-touch monitoring, evaluation, and learning approach that collects evidence on key aspects of decentralization would assist in making timely course corrections and calibrating the global footprint based on country needs, corporate priorities, and Regional dynamics. The mitigation of key challenges should be one key aspect to monitor. For example, the World Bank could monitor and assess the extent to which the recent changes to the career framework and the benefits structure are achieving the expected results, particularly with respect to improving global mobility, such as removing key barriers to staff mobility and attracting qualified staff to low-capacity or FCS countries.

Recommendation 2

The World Bank should mitigate the risks to knowledge flow brought about by decentralization and put in place safeguards to avoid developing country and Regional silos.

Justification

Decentralization can enrich the World Bank's knowledge flow by bringing global knowledge and innovation to the field and generating local knowledge that informs World Bank strategies and operations. However, decentralization and other organizational changes, discussed in chapters 2 and 4, can also pose risks to knowledge flow if not managed proactively. The World Bank's knowledge management—which includes generating, curating, and sharing knowledge—is still concentrated in headquarters. There is also a strong perception among staff that formal knowledge generated by field

staff is often less valued and less frequently curated for global use than headquarters-generated knowledge.

Reduced staff movement from the field to headquarters and local staff's limited exposure to the World Bank's corporate vision and culture could contribute to Regional and country silos and undermine the World Bank's global nature. Moreover, many field staff feel they miss out on professional networking opportunities in the field, which can constrain their professional growth and career development. Meanwhile, the COVID-19 crisis, although presenting many challenges, also revealed new ways to enhance networking and knowledge exchange among field and headquarters staff.

Proposed Actions

- The World Bank could tailor its knowledge management mechanisms better to field staff's needs and ensure that knowledge produced in the field flows to other field locations and to headquarters. Improving the mechanisms for curating and sharing of knowledge produced in the field and investing in virtual and in-person channels for networking and knowledge sharing would facilitate this process. The headquarters-focused knowledge management approach might also need revisiting.
- The World Bank should continue to promote staff mobility by rotating IRS between headquarters and the field and increasing cross-support opportunities for LRS. These efforts would enhance knowledge flow and ease the risk of the World Bank developing country and Regional silos.

Recommendation 3

The World Bank should establish clear and structured paths to systematically promote LRS professional and career growth within its overall approach to improving the effectiveness of its global footprint.

Justification

Local staff are a key pillar of the World Bank's global footprint, providing continuity of staff and knowledge within country offices. However, the evaluation shows that their career management is uneven, and many LRS

have limited opportunities to grow professionally and diversify their skills and experiences, leading to untapped potential among the World Bank's LRS and a missed opportunity to make the World Bank's global footprint more effective.

Proposed Actions

» The World Bank could harness LRS' potential by providing more opportunities for professional and career growth. Such opportunities could include (i) virtual or in-office development assignments or cross-support opportunities in headquarters and satellite offices; (ii) assignments on project teams in other countries within the same Region; (iii) provision of adequate reentry guarantees for LRS that successfully compete for TCN positions in other countries; (iv) temporary job swaps between LRS in different countries, possibly using the TCN model; (v) mentoring programs specifically designed for LRS to build LRS capacity and facilitate their immersion into the World Bank's corporate culture; and (vi) networking opportunities, including virtual ones, to connect LRS to colleagues and managers at headquarters and in other Regions.

Acting on these recommendations would maximize decentralization's benefits while safeguarding knowledge flow and the World Bank's global nature. The World Bank has moved well beyond the question of whether to decentralize. The issue now is how to further adjust the global footprint on the margins to maximize benefits while limiting potential negative trade-offs to knowledge flow and corporate culture.

Key Terms Explained

Accountability and decision-making role. These roles are defined in the World Bank's accountability and decision-making framework to clarify staff roles for key decisions in the World Bank for different processes, to establish a more disciplined decision process.

Country Management Unit (CMU). The World Bank's presence in client countries is structured through Country Management Units under seven Regional vice presidencies within the World Bank. Each CMU is headed by a country director, who is the World Bank's highest-level decision maker in the field. All World Bank country offices that are led by country managers are grouped in multicountry CMUs under each Region. In 12 large countries, the World Bank has single-country CMUs.

Decentralization. Organizational changes that can entail a physical relocation (deconcentration) of the personnel, transfer of decision-making authority (devolution) from an organization's center to its peripheral units, or both.

Deconcentration. The physical relocation of personnel from an organization's center to its peripheral units, with no connotation of power transfer among organization members or units.

Devolution. The transfer of decision-making power from an organization's center to its periphery, usually from higher-level authorities to lower-level authorities, between an organization's headquarters and its field units, or both. Devolution can and often does happen without any physical movement of personnel.

Global footprint. Refers to the World Bank's staffing and decision-making in the field.

Matrix system. The World Bank's operating model before 2013, in which the organization had client-focused Regional vice presidencies and technical sector departments grouped into networks (anchors).

Proactivity Index. The ratio of projects in "actual" problem status 12 months earlier that have had a proactivity action in the previous 12 months divided by the total number of problem projects from 12 months earlier.

Problem or problematic project or project in actual problem status. Ongoing projects rated as moderately unsatisfactory or below for development objective, implementation progress, or both.

Work Program Agreement. A Work Program Agreement is a contract between a country director, who provides funding, and a Regional director to deliver outputs during a fiscal year. A CMU can contract with a global director and nonoperational units based on demand.

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APPENDIXES

Independent Evaluation Group

Enhancing the Effectiveness of the World Bank's Global Footprint

Appendix A. Methods

This evaluation assesses the effectiveness of the World Bank's past decentralization efforts to inform the World Bank's current efforts to strengthen its global footprint. This refers to the World Bank's efforts to expand its global footprint by moving more staff and decision-making to the field. The evaluation examines the benefits and challenges from this process and proposes measures to improve it.

The evaluation questions are the following:

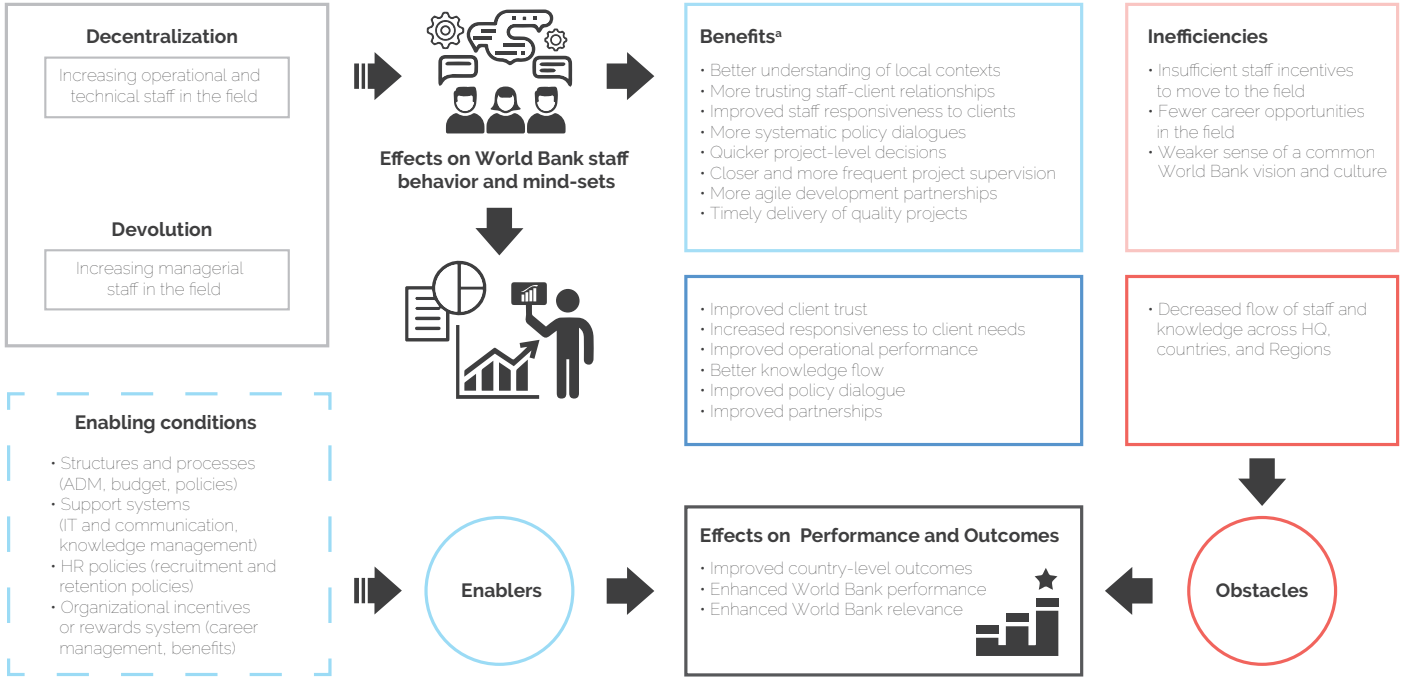
1. What are the links between decentralization and World Bank country program performance?
2. How did staffing and decision-making authority in the field improve client responsiveness and enhance performance? (i) How does this vary for different types of client countries? (ii) What factors explain the variation in decentralization's benefits and downsides? (iii) How did the World Bank staffing and decision-making authority in the field affect the World Bank's early response and support to its clients to fight [coronavirus] COVID-19?
3. What are the lessons on how to balance the potential benefits and downsides of different decentralization configurations?
4. How can the potential benefits and downsides of decentralization be measured to strengthen the World Bank's global footprint?

To answer these evaluation questions, the evaluation team developed a conceptual framework that guided the evaluation design—the choice of evaluation methods, data collection tools, and analysis. The conceptual framework is guided by the World Bank's broad commitment to strengthen and adjust its global footprint to improve the effectiveness of its client country programs, especially in low-income countries, lower-middle-income countries, and in countries in a fragile and conflict-affected situation (FCS). The evaluation's conceptual framework has five elements and some notable underlying assumptions. These five elements include the following: (i) the World Bank's decentralization reforms; (ii) the enabling conditions

that make decentralization work and can influence results; (iii) the reform's intended changes to staff's behavior and mind-set; (iv) the model's expected effects on client responsiveness and project and program effectiveness, and the model's inefficiencies; and (v) the desired long-term effects on the World Bank's staffing: the number of people, their skill mix, and their roles in an organization, performance, and country outcomes. Figure A.1 depicts this framework. The conceptual framework assumes that increasing technical, operational, and managerial staff in the field would lead to better performance of the World Bank at the country level. It assumes that staff in the field are more likely to form trusting relationships with clients and development partners, deepen policy dialogues, and tailor knowledge and lending services to local contexts. These changes would contribute to changes in staff's behaviors and mind-sets and would thereby improve the World Bank's client responsiveness, operational performance, and country program results. The framework also assumes that decentralization could create certain obstacles for both staff and the institution in achieving expected outcomes. The evaluation team identified these assumptions after a structured literature review of the drivers of organizational effectiveness and the effects of a decentralized organizational delivery model. To inform the conceptual framework, the evaluation team interviewed a cross-section of World Bank staff and managers and reviewed senior management's communications related to the current adjustments to the World Bank's global footprint.

The evaluation had some notable limitations. First, because of the COVID-19 pandemic, the team could not undertake planned field visits. This resulted in fewer interviews with clients than expected and created some selection bias because the team interviewed clients who were recommended by staff rather than pursuing a wider set of clients during field visits. Second, data collection for this evaluation was carried out in 2020, and the focus was mainly on pre–COVID-19 reality, with limited reflections on the post–COVID-19 workplace. Third, the evaluation assessed the World Bank's satellite, or hub, offices in country case studies primarily from a client support perspective, and only when the nature and quality of hub support emerged as a significant issue in those countries. A comprehensive assessment of satellite office is warranted to assess the types and quality of services they provide.

Figure A.1. Conceptual Framework



Source: Independent Evaluation Group.

Note: ADM = accountability and decision-making; FCS = fragile and conflict-affected situation; HQ = headquarters; HR = human resources; IT = information technology; LIC = low-income country; LMIC = lower-middle-income country; UMIC = upper-middle-income country.

a. These expected benefits can vary for different client groups, FCS countries, LICs, LMICs, and UMICs.

The evaluation has not been able to answer question 1 fully because existing data are not sufficiently comprehensive and adequate to explain the links between decentralization and the World Bank's country program performance. However, the survey, interviews, and case studies examine thoroughly many aspects of this relationship, which are conceptualized in figure A.1. Evaluation question 4 has been answered only partially. The evaluation suggests actions and mechanisms to strengthen the benefits and mitigate the key challenges that were uncovered in the evaluation, but the decision on what to monitor would depend on the specific objectives of decentralization, which need to be defined by management.

Overview of Data Collection and Analysis

Table A.1 provides an overview of the methods used for data collection and analysis, and table A.2 details the methods and data sources used to answer each evaluation question. Their more detailed description, including the limitations associated with each of the methods, follows.

Table A.1. Overview of Data Collection and Analysis

Data Collection and Analysis	Description
Structured literature review	Literature review focusing on drivers of effectiveness in decentralized organizations, the effect of decentralization on organizational performance, and key performance indicators. Expert consultations complemented this literature review. Literature review carried out on selected topics to triangulate specific findings.
Desk review	A review of World Bank and International Finance Corporation strategy documents, human resource and budget documents, and analytical and self-evaluation reports. These reports relate to the World Bank's past and current decentralization waves and commitments, such as those presented to the Board of Executive Directors.
Country case studies	In-depth case studies of 20 purposefully selected countries based on desk reviews and stakeholder interviews, with the objective of understanding the role of the World Bank's field staffing.

(continued)

Data Collection and Analysis	Description
Key informant interviews analyzed through NVivo	Total of 227 interviews of current and former World Bank staff and managers from Regions, relevant Global Practices, corporate units and Country Management Units, and client country representatives analyzed through NVivo.
World Bank TTL survey	TTL survey of all World Bank TTLs in 2020, with 33 percent response rate. TTL survey aimed to compare the perspectives of headquarters- and field-based TTLs on the effects of decentralization.
Focus groups	Two focus groups were held: with TTLs to triangulate TTL survey finding on TTLs' lack of empowerment, and with World Bank managers to triangulate some interview findings.
Multivariate statistical analysis	Multivariate statistical analysis to study the association between field presence and project performance and outcomes covering 2002–18. An analysis to identify the impact of TTL field presence on project management efficiency for World Bank projects approved between FY13 and FY19. The project management efficiency was measured by using two indicators: (i) proactivity actions taken by TTLs on problem projects measured by the World Bank proactivity actions indicators and (ii) project preparation time measured by the duration of project revised Concept Note date to revised approval date.
IRS promotion and regional mobility analysis	An analysis of grade level change and geographical movement destinations and frequencies of World Bank professional IRS during FY13–21.
Decentralization trend analyses	Analysis of World Bank human resources data to identify the staff deconcentration trends in FY99–21; analysis of devolution of project-level decision-making data using World Bank human resources, time recording system, and project portfolio data.
Country director's presence and country program outcomes correlation analysis	A correlation analysis of the association between a country director's presence and country program outcome ratings (CLRR ratings) in FY10–20.
World Bank COS correlation analysis	World Bank COS correlation analysis between responses to World Bank Group performance-related questions and staff field presence, and additional descriptive analysis to inform case studies.

Source: Independent Evaluation Group.

Note: CLRR = Completion and Learning Report Review; COS = Country Opinion Survey; FY = fiscal year; IRS = internationally recruited staff; TTL = task team leader.

Table A.2. Evaluation Design: Evaluation Questions, Methods, and Data Sources

Evaluation Questions	Data Collection and Analysis Methods	Data Sources
EQ 1. What is the evidence about the links between decentralization and World Bank country program performance?	» Structured literature review » Key informant interviews » NVivo analysis of interviews » Country case studies » Multivariate statistical analysis » Structured review of CPF, PLRs, and CLRs » Quantitative analyses of project, country program, and human resources data	» World Bank staff and clients » Human resources data » Literature on organizational effectiveness » Other country data (for example, CPIA ratings) » Project portfolio data » Country-level data » World Bank Country Opinion Surveys
EQ 2. How did staffing and decision-making authority in the field help improve client responsiveness and enhance performance? 2a. How does this vary for different types of client countries? 2b. What factors explain variation in decentralization benefits and downsides? 2c. How did the World Bank staffing and decision-making authority in the field impact its early response and support to its client countries to fight the coronavirus (COVID-19)?	» Staffing trends analysis » Key informant interviews » TTL survey » Country case studies » Multivariate statistical analysis » Country Opinion Survey analysis » Staff Engagement Survey analysis » Structured review of CPF, PLRs, and CLRs » IFC case study » Desk review » Focus group discussions	» World Bank staff and client human resources data » Country strategy documents » Other country data (for example, CPIA ratings) » Project portfolio data » World Bank Country Opinion Survey » Client survey (two-minute surveys) » IFC reports on decentralization

(continued)

Evaluation Questions	Data Collection and Analysis Methods	Data Sources
EQ 3. What are the lessons on how to balance the potential benefits and downsides of different decentralization configurations?	» Key informant interviews » NVivo analysis of interviews » TTL survey » Country case studies » Multivariate statistical analysis » Structured review of CPF, PLRs, and CLRs » IFC case study » Desk review » Focus group discussions	» World Bank staff » Human resources data » Country strategy documents » Other country data (for example, CPIA ratings) » Project portfolio data » IFC reports on decentralization
EQ 4. How can the potential benefits and downsides of decentralization (as part of strengthening the global footprint) be measured?	» Key informant interviews » Structured literature review	» World Bank staff » Literature on organizational effectiveness

Source: Independent Evaluation Group.

Note: CLR = Completion and Learning Review; CPF = Country Partnership Framework; CPIA = Country Policy and Institutional Assessment; IFC = International Finance Corporation; PLR = Performance and Learning Review; TTL = task team leader.

Structured Literature Review

The objective of the literature review was to summarize and critically analyze current academic literature on the impacts of organizational decentralization, especially in the context of international organizations. It focused primarily on answering the following questions:

5. How are decentralization (in an organization) and related terms and concepts defined, especially in the context of international organizations, but not exclusively?
6. What causal chains have been developed in the literature for analyzing effectiveness of organizations with decentralized structures?
7. What drivers of effectiveness in decentralized organizations have been identified, including how does decentralization affect (various aspects of)

organizational performance, and what are the (negative) implications of decentralization for an (matrix) organization?

8. What methods, criteria, and key indicators were used to measure the effectiveness of organizations that have decentralized structures? What methods or tools were used for such assessments?

These questions related to definitions, types, impacts, and unintended consequences of decentralization, and research methods and indicators used in studies of organizational decentralization. The review's focus was on key findings from 20–25 journal articles on these topics, prioritizing (i) similarity between a paper's empirical focus and the type of decentralization World Bank management plans to undertake, (ii) the prestige of the journal in which a paper was published, (iii) the number of times an article was cited, and (iv) recently published literature. The review was conducted using Google Scholar, starting with the search words listed below, with supplementary words that emerged during the review. There is also substantial use of forward and backward citation searching, including a review of (i) articles cited by articles already considered important and (ii) articles that cite articles already considered important. The focus was on papers published in political science, sociology, organization studies or management, and public administration journals, though there was no categorical exclusion of other disciplines.

During the analysis of the findings, the Independent Evaluation Group (IEG) also carried out literature reviews on specific topics to triangulate the findings from other data sources. These reviews started with the search words related to the topic in Google Scholar. For instance, to triangulate the findings on enhanced trust building with clients in the field, IEG started the search with the words *trust* and *proximity*. IEG then again used forward and backward citation searching, reviewing (i) articles cited by articles already considered important and (ii) articles that cite articles already considered important.

Country Case Studies

The case studies were carried out through (i) structured desk review of Country Partnership Frameworks, Performance and Learning Reviews, and

Completion and Learning Report Reviews for the 20 selected countries to identify patterns in country programs related to decentralization; (ii) review of selected project documents; and (iii) interviews with key informants.

Sampling of countries. Twenty countries were selected purposefully from the universe of 126 low-, lower-middle-, and upper-middle-income countries that had lending operations. The goal was to have a sample of countries that represent different types of decentralization configurations and capture the diversity of World Bank country engagements, varying by income level, FCS status, and Region. To arrive at a typology of the World Bank's decentralization configurations, the team followed multiple steps.

First, the team grouped countries by the location of a country director. This resulted in the following three distinct types of decentralization configurations:

- Cluster 1 = country director in a borrowing country—serving one country or multiple countries;
- Cluster 2 = country director outside the borrowing country, located in a neighboring borrowing country; and
- Cluster 3 = country director outside the borrowing country, located in a hub (Part 1 country) or at headquarters in Washington, DC.

Next, the number of financing operations, to represent World Bank country program size, was used as a criterion to group these countries within each of the three clusters. This aimed to ensure that in selected countries, the World Bank had a sizable portfolio in a country (except for small states) that would require having some operational presence and a different skill mix in the field. Thus, countries in each of these three clusters were further divided into two groups: countries with a large number of financing operations (above the average number of operations in their cluster) and countries with fewer operations (below the average number of operations in their cluster).

After mapping all 126 countries to these categories, the team selected countries for evaluation based on the following criteria:

- Low- and lower-middle-income countries and FCS countries were prioritized

because the World Bank committed to improve its global footprint especially in countries that belong to those groups. This naturally led to overrepresentation of countries from the Africa Region.

- At least two countries from the same Region were selected, but to avoid bias, it was ensured that they did not share the same country director.
- The World Bank has had an engagement in a country in the period of the evaluation.
- The sample included at least one small state and at least one FCS country that is a nonfamily post.
- One country with protracted conflict (Afghanistan) was included.

Although there could be different ways to categorize global footprint arrangements of the World Bank, the two criteria used were the following: (i) different types of decentralization configurations, meaning countries with the country director in the borrowing country, countries with the country director in a neighboring borrowing country, and countries served from a third country, such as a hub or headquarters; and (ii) different sizes of country programs. These criteria allowed the team to select countries with sufficiently distinct decentralization features and global footprint needs, which were expected to be useful to maximize learning from these decentralization experiences (tables A.3 and A.4). It is also important to highlight that other critical features of decentralization, such as the presence of managerial staff, operational (including fiduciary) staff, and safeguard staff, and the skill mix in the field, were a critical part of the analysis in selected countries.

Table A.3. Sample of Case Study Countries by Decentralization Typology

Country Director Location	Country Program Size	
	Group 1: large lending portfolio, FY13–19	Group 2: small lending portfolio, FY13–19
Cluster 1: Country director in a borrowing country	Afghanistan, Nigeria, Vietnam	Argentina, Myanmar, Ukraine
Cluster 2: Country director outside a borrowing country	Armenia, Central African Republic, Jordan, Liberia, Madagascar, Nepal, Niger, Tunisia, Uganda	Burundi, Somalia
Cluster 3: Country director outside a borrowing country, in (Part I country) hub or HQ	Albania, Guatemala, Solomon Islands	—

Source: Independent Evaluation Group.

Note: Cluster 1 = country director in a borrowing country—serving one country or multiples countries; cluster 2 = country director outside a borrowing country, located in a neighboring borrowing country; cluster 3 = country director outside a borrowing country, located in a hub (Part I country) or in Washington, DC, HQ. FY = fiscal year; HQ = headquarters.

Table A.4. Sample of Case Study Countries by Income Level and FCS Status

Region	Country	Income Level and FCS Status	Lending Operations (no.)	Non-US-Based Operational Staff (average) FY13–19 (no.)
AFR	Nigeria	LMIC FCS	61	42
AFR	Uganda	LIC	53	28
AFR	Liberia	LIC FCS	47	12
AFR	Madagascar	LIC	39	19
AFR	Niger	LIC FCS	38	11
AFR	Central African Republic	LIC FCS	26	4
AFR	Burundi	LIC FCS	22	6
AFR	Somalia	LIC FCS	20	0

(continued)

Region	Country	Income Level and FCS Status	Lending Operations (no.)	Non-US-Based Operational Staff (average) FY13–19 (no.)
EAP	Vietnam	LMIC	113	84
EAP	Myanmar	LMIC FCS	18	24
EAP	Solomon Islands	LMIC FCS	21	4
ECA	Ukraine	LMIC	33	19
ECA	Armenia	UMIC	40	11
ECA	Albania	UMIC	32	10
LAC	Argentina	UMIC	51	38
LAC	Guatemala	UMIC	22	4
MENA	Tunisia	LMIC	37	10
MENA	Jordan	UMIC	31	3
SAR	Afghanistan	LIC FCS	70	43
SAR	Nepal	LIC	67	30

Source: Independent Evaluation Group.

Note: Country director location was updated to December 31, 2019. FCS status reflects World Bank 2020 List of Fragile and Conflict-Affected Situations. AFR = Africa; EAP = East Asia and Pacific; ECA = Europe and Central Asia; FCS = fragile and conflict-affected situation; FY = fiscal year; LAC = Latin America and the Caribbean; LIC = low-income country; LMIC = lower-middle-income country; MENA = Middle East and North Africa; SAR = South Asia; UMIC = upper-middle-income country.

Country case studies were anchored in a case study template prepared by the evaluation team. The template provided clear instructions to evaluators on how to conduct the review. The main objectives specified in the template included (i) assessing whether the Country Partnership Framework documents identify any needs or opportunities for field presence or mention any substantive benefits of decentralization; (ii) identifying areas of engagement where World Bank Group support to the client or the Bank Group's program would require or benefit substantially from decentralization; (iii) identifying sectors/projects for which interviews will be carried out with task team leaders (TTLs), practice managers, program leaders, and sector clients; (iv)

discussing the dynamics of staffing in the country; (v) exploring the Country Opinion Surveys (COSs); and (vi) bringing country-specific decentralization findings together.

In terms of limitations, although the purposeful sample of 20 case study countries was based on criteria that are most relevant to the decentralization process in the World Bank, it may not be representative of the population of low-income, middle-income, and upper-middle-income countries. Because of this, findings related with the case studies are important examples of the decentralization experience but may not be generalizable to the population of countries that the World Bank supports.

Interviews

The evaluation team carried out three types of interviews: (i) interviews for case studies, (ii) interviews to identify lessons from the International Finance Corporation's decentralization experience, and (iii) corporate-level interviews with managers in corporate units and Global Practices (table A.5).

Table A.5. Types of Interviews

Type of Interview	Interviews (no.)
World Bank staff and managers for case studies	176
International Finance Corporation	32
World Bank corporate units, Global Practices, Global Themes	19
Total	227

Source: Independent Evaluation Group.

The selection of key informants for the case studies was a multistep process. First, the team reviewed the country program documents covering fiscal years (FY)13–20 for each case study country. This assessment sought to understand the extent to which the project portfolio in the country might require and benefit from field presence of sector and operational staff, assuming that more complex and innovative projects require more field presence to be effective.[1] A complex project is defined as one involving multiple sec-

tors or multiple institutions requiring technical or institutional coordination that are beyond the experience the implementing agency or agencies and strain their capacity. An innovative project is defined as one involving the use of a new program, new technologies, or a new lending instrument that is beyond the experience and capacity of the implementing agency or agencies. Based on these definitions, the team identified two to three projects or programs in each country for desk review and verified with the country director or country manager whether the team's assumptions about the projects' complexity or innovativeness were accurate. Next, the TTLs of those projects and their respective practice managers, program leaders, and clients in the same sectors were interviewed. Thus, the indicative criteria to select TTLs were the following: (i) TTLs who led complex projects, and (ii) TTLs who led the main work or policy dialogue in the sector. The procedure resulted in 176 interviewees: 144 staff and 32 clients (tables A.6, A.7, A.8).

Table A.6. Key Informants by Role

Role	Informants (no.)
Task team leader	63
Country manager or resident representative	20
Country director	11
Practice manager	20
Program leader	19
Operations staff	4
Operations manager	3
Other (for example, lead economist)	4
Client	32
Total	176

Source: Independent Evaluation Group.

Table A.7. Key Informants by Country's FCS Status

FCS Status	Staff	Client	Total
FCS	65	16	81
Non-FCS	79	16	95
Total	144	32	176

Source: Independent Evaluation Group.

Note: FCS = fragile and conflict-affected situation.

Table A.8. Key Informants by Region

Region	Staff	Client	Total
AFR	60	10	70
EAP	24	6	30
ECA	19	2	21
LAC	17	6	23
MENA	12	3	15
SAR	12	5	17
Total	144	32	176

Source: Independent Evaluation Group.

Note: AFR = Africa; EAP = East Asia and Pacific; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; SAR = South Asia.

The team used text analytics to code and systematically interpret interview results. NVivo software was used for coding and analyzing all 176 interviews carried out for the case studies. The coding cycle consisted of two rounds. The first round used a coding scheme, consisting of nodes created to align them with the evaluation's conceptual framework. After the first round of coding, evaluators read through material coded at each of the nodes to consolidate repetitive themes and reflect on emerging findings to arrive at a second round of parent nodes. The nodes used in both rounds are shown in table A.9.

With this relatively large collection of qualitative interviews, NVivo supported evaluators in accurately capturing, storing, and reporting qualitative results.

Additionally, NVivo enabled qualitative data to be presented in a quantitative format, allowing for a rich triangulation of data to inform results. The evaluation analyzed emerging findings from this iterative coding process to draw broader conclusions about the data, as compared with the conceptual framework.

Table A.9. Parent Nodes for the Two Rounds of Semistructured Interview Analysis in NVivo

Round 1	Round 2
» Decentralization measures » Intended changes in World Bank responsiveness and performance » Intended changes in World Bank staff behavior and mind-set » Incentives for staff to work in the field » Factors influencing decentralization effectiveness » Measuring decentralization effectiveness » Other benefits and disadvantages of decentralization » COVID-19 response » Impactful quotes	» Decentralization context » Benefits of decentralization » Impact of benefits of decentralization » Decentralization drawbacks » Factors influencing effectiveness of decentralization » Measuring decentralization effectiveness » Mitigating decentralization drawbacks » IRS and LRS division » COVID-19 response

Source: Independent Evaluation Group.

Note: IRS = internationally recruited staff; LRS = locally recruited staff.

The limitation of these key informant interviews stemmed from the selection of staff and clients for the interviews tied to specific projects and sectors assessed to be innovative, complex, or both by country case study evaluators. This was based on the assumption that more complex or innovative

operations require more field . Thus, insights from these interviews are tied to a purposeful sample of innovative or complex projects.

TTL Survey

The TTL survey was designed to take a snapshot of the perception of TTLs who led or co-led lending operations or advisory services and analytics either active or closing in 2020. The survey ran in FY21, from July 30 to August 11, 2020, with a response window of two weeks.

Of the 2,432 TTLs to whom the survey was sent, 790 provided valid responses (33 percent), with some variation across questions. The survey link was not individualized for the survey to be anonymous. The survey included five background and 11 context questions (shown in table A.10).

Table A.10. TTL Survey: Basic Questions and Types

Question	Question Type
1. To which GP or other unit are you mapped?	Open-ended
2. What was your duty station country in FY20, before the COVID-19 pandemic began (starting approximately in March 2020)?	Open-ended
3. Please indicate all Region(s) in which you have worked throughout the duration of your career at the World Bank.	Multiple choice for the six World Bank Regions, all that apply
4. Please indicate your current employment status (options included IRS; LRS in the field; LRS in Washington, DC; third party; I don't know; and other with space to specify).	Multiple choice, single answer
5. Throughout the duration of your World Bank career, please indicate the number of years you have been based in the following locations: (i) At HQ in Washington, DC, (ii) in a country office or Regional hub, and (ii a) of which in a fragile and conflict situation location.	Open-ended

(continued)

Question	Question Type
6. Please indicate to what extent your duty station HINDERED or HELPED you to carry out your work as TTL, such as "Respond to client requests in a timely manner in the country(ies) where I work," "Develop new business opportunities in the country(ies) where I work," or "Access the World Bank's global knowledge," in FY20, before the COVID-19 pandemic.	Multiple choice among 12 TTL tasks and a category "other" with space for comments; single Likert scale answer by category. Likert scale: greatly hindered, hindered, neutral, helped, greatly helped
7. On a scale from 1 (unimportant) to 5 (important), please indicate how important the following sources of global knowledge (for example, BBLs and webinars, sector weeks, or informal knowledge through coffee or chats) were for your projects and other activities in FY20, before the COVID-19 pandemic.	Multiple choice among seven global knowledge sources and a category "other" with space for comments; single Likert scale answer by category
8. On a scale from 1 (unimportant) to 5 (important), please indicate the importance of these factors in influencing your ability to adapt global knowledge to country needs. The factors included, for instance, "existence of client demand," "realistic workload," "being located in the country or a hub," or "being located in [Washington,] DC."	Multiple choice among 10 factors and a category "other" with space for comments; single Likert scale answer by category
9. Please select the most important factors that positively influence your ability to respond in a timely manner to project-related client requests. The factors included, for instance, "physical proximity to clients," "timely decisions by management," or "budget availability."	Multiple choice among eight factors and a category "other" with space for comments, all that apply
10. Please indicate what you perceive to be drawbacks of being based in a country office or Regional hub? Please select all that apply from statements, such as "Difficulty in next job placement," "concern about high security risks," or "reduced opportunities for networking."	Multiple choice among eight drawbacks, a category "none," and a category "other" with space for comments, all that apply
11. On a scale from 1 (not empowered) to 5 (fully empowered), please indicate to what extent you are empowered to make the decisions required to achieve the objectives of your project or analytical work.	Single answer, single Likert scale answer on a scale from 1 (not empowered) to 5 (fully empowered)
12. Please provide the reasons why you feel you might not be fully empowered to make decisions to achieve the objectives of your project or analytical work.	Open-ended

(continued)

Question	Question Type
13. We are interested in which activities you spent your time on in FY20, before the COVID-19 pandemic. Please review the list of activities below, and then assess the amount of time you spent on these activities relative to one another. The activities to choose from included, for instance, "supporting clients," "generating and sharing knowledge at global level," or "building partnerships and donor coordination."	Multiple choice among six TTL tasks and a category "other" with space for comments; single Likert scale answer by category. Likert scale: 1–10 scale, where number increases with time allocation
14. Please indicate the most important factors that affect the ability of staff in the field to be effective in responding to clients and delivering the country program.	Open-ended, up to five factors and space for additional comments
15. Question appearing only for LRS in the field: Reflecting on your experiences with the World Bank, please indicate, on a scale from 1 (disagree) to 5 (agree), to what extent you agree with seven statements, such as "Understand the local context and political economy of the sector in my country," "Are knowledgeable about global best practice and experiences in other countries," and "Adequately visit project sites in the country" for the following three staff categories of (i) [Washington, DC]-based staff working on your country, (ii) staff based in a hub or nearby country, and (iii) international staff based in your country. The question stated that "where you have seen a wide variance among individuals in a staff category, please provide an average rating."	Multiple choice, single Likert scale answer by category
16. Do you have overall comments about the World Bank's global footprint?	Open-ended

Source: Independent Evaluation Group.

Note: BBL = brown bag lunch; FY = fiscal year; GP = Global Practice; HQ = headquarters; IRS = internationally recruited staff; LRS = locally recruited staff; TTL = task team leader.

In terms of limitations, the TTL survey was sent to the population of 2,432 TTLs that led or co-led lending operations or advisory services and analytics either active or closing in 2020. Therefore, the survey captured perceptions and attitudes toward decentralization only of current or recently active TTLs. The fast-tracking of the evaluation also led the team to make the decision of carrying out the survey at the end of July and beginning of August 2020,

with a short response time window of two weeks, a time when staff usually take time off work, which could have limited the response rate. That said, the survey yielded a reasonably high response.

Finally, although the sample of total respondents shows similar characteristics to those of the population, there are notable differences that need to be considered when making inferences from survey results. For example, the sample of total respondents overrepresents the number of TTLs located in non-FCS countries by about 4 percentage points, those located in the East Asia and Pacific Region by more than 3 percentage points, and those that are IRS staff located in the field by about 6 percentage points (table A.11).

Table A.11. Characteristics of TTL Survey's Respondents versus Population of TTLs Who Led World Bank Financing or ASA Projects Active or Closed in 2020

Variable	Total Respondents (mean)	Population (mean)	*p* Value (2-tailed test)
Located in field	0.538 0.499	0.509 0.500	0.158
Located in HQ	0.462 0.499	0.491 0.500	0.158
Located in FCS country	0.065 0.246	0.078 0.268	0.227
Located in non-FCS country	0.473 0.500	0.432 0.495	0.039**
Located in AFR	0.144 0.352	0.167 0.373	0.131
Located in EAP	0.153 0.360	0.119 0.324	0.012**
Located in ECA	0.068 0.253	0.070 0.255	0.896
Located in LAC	0.046 0.209	0.034 0.181	0.128
Located in MENA	0.035 0.185	0.036 0.186	0.953
Located in SAR	0.085 0.279	0.084 0.277	0.925
IRS staff in the field	0.290 0.454	0.228 0.419	0.000***
IRS staff at HQ	0.408 0.492	0.438 0.496	0.138

(continued)

Variable	Total Respondents (mean)	Population (mean)	*p* Value (2-tailed test)
Non-IRS staff in the field	0.246 0.431	0.281 0.450	0.050
Non-IRS staff at HQ	0.042 0.200	0.053 0.225	0.202
Global Practice			
Agriculture and Food	0.063 0.244	0.061 0.240	0.854
Digital Development	0.014 0.117	0.013 0.112	0.807
Education	0.063 0.244	0.062 0.241	0.887
Energy and Extractives	0.080 0.271	0.080 0.271	0.979
Environment, Natural Resources, and the Blue Economy	0.051 0.219	0.050 0.217	0.899
Finance, Competitiveness, and Innovation	0.118 0.322	0.104 0.305	0.278
Governance	0.092 0.290	0.092 0.288	0.945
Health, Nutrition, and Population	0.054 0.227	0.065 0.246	0.296
Infrastructure Finance, PPPs, and Guarantees	0.003 0.050	0.001 0.035	0.423
Macroeconomics, Trade, and Investment	0.056 0.229	0.070 0.255	0.158
Poverty and Equity	0.035 0.185	0.029 0.167	0.351
Social Sustainability and Inclusion	0.034 0.182	0.030 0.170	0.527
Social Protection and Jobs	0.054 0.227	0.061 0.240	0.469

(continued)

Variable	Total Respondents (mean)	Population (mean)	*p* Value (2-tailed test)
Transport	0.071 0.257	0.067 0.250	0.694
Urban, Disaster Risk Management, Resilience, and Land	0.099 0.298	0.087 0.282	0.319
Water and Sanitation	0.057 0.232	0.059 0.236	0.800
Other	0.044 0.206	0.055 0.229	0.230

Source: Independent Evaluation Group.

Note: The number of observations in the sample is always 790, and the number of observations in the population is always 2,424. There were 8 TTLs in the total of 2,432 original TTLs in the population that were not in the human resources data and thus could not be compared with the sample. GPs from the population are the lead GPs for projects to which the TTLs/co-TTLs are linked; GPs from the sample are self-reported by TTLs/co-TTLs as the GP to which they are assigned. For each variable, the top cells in the table show means, and the bottom cells show standard deviations. Two-sample mean tests are used, assuming equal variances. Asterisks show statistical significance of difference of means tests between respondents in the population and respondents in the sample. AFR = Africa; ASA = advisory services and analytics; EAP = East Asia and Pacific; ECA = Europe and Central Asia; GP = Global Practice; HQ = headquarters; IRS = internationally recruited staff; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; PPP = public-private partnership; SAR = South Asia; TTL = task team leader.

$^{**}p < 0.05$ $^{***}p < 0.01$.

Multivariate Statistical Analysis

The multivariate statistical analysis is an observational study about the association between field presence of different types of World Bank staff and project-level measures of Bank Group performance (project outcome rating, quality at entry, and quality of supervision), covering 2002–18. It offers a novel attempt of measuring this relationship by exploiting the variation in field presence of various types of staff associated with projects while controlling for time-invariant country characteristics, time-invariant sector characteristics, several time-variant project-level characteristics grounded in the literature, and time trends. It tested several hypotheses based on the World Bank's decentralization plans, academic literature review, and a series of interviews and focus groups with managers and other operational staff who have extensive experience with World Bank operations. The analysis relied on four principal sources of data: (i) staff placement (human resources)

data, (ii) time allocation data, (iii) project team composition data, and (iv) a number of project performance indicators included in the IEG project performance ratings. Appendix B provides the multivariate statistical study with detailed methodology and results of analysis.

The multivariate statistical analysis had some important limitations. Although the analysis builds on existing literature, combines different data sources, and was carried out rigorously, the results might still be affected by the lack of data to populate a satisfactory model that is capable of analyzing the effect of decentralization-related variables while controlling for all other, possibly important, causal explanatory factors.

Proactivity and Project Preparation Time Analyses

The proactivity and project preparation time analyses aimed at identifying the impact of TTL field presence on World Bank lending project management efficiency between 2013 and 2019. Project management efficiency was measured by two indicators: (i) the proactivity actions taken by TTLs on problem projects measured by the World Bank proactivity actions indicators, and (ii) the project preparation time as measured by duration between a project's revised Concept Note date to its revised approval date. The analysis focuses on accountability and decision-making TTLs identified in the Operations Portal team data.

The *proactivity index* is defined as the ratio of projects in "actual" problem status 12 months earlier that have had a proactivity action in the previous 12 months, divided by the total number of problem projects from 12 months earlier. A proactivity action for a project is one of the following actions: upgrade the rating, close the project, cancel at least part of the financing (≥ 20 percent), suspend the financing, or restructure the project (both level 1 and level 2). Restructurings for extensions of closing dates or reallocations are not counted as proactivity actions unless they are combined with other actions. After being downgraded to mostly unsatisfactory or below for development objective, implementation progress, or both, a project needs to have one of the proactivity actions taken within the next 12 months; otherwise, it will be considered to have a proactivity problem. The *proactivity action indicator* measures whether any action listed was taken, and the *proactivity index*

gap is defined as the difference between the proactivity index for a given country's portfolio having TTLs stationed in the country and the proactivity index for the same country's portfolio having TTLs stationed outside the country. A positive value was to show that a TTL in a country is more proactive on problem solving for problematic projects.

The *project preparation time gap* measures the difference between the preparation time of a country's portfolio whose TTLs are stationed in the project recipient country and the preparation time of the same country's portfolio whose TTLs are stationed outside the project recipient country. A positive value was to show that TTLs in a country are more proactive on problem solving for problematic projects, and higher values show lower efficiency for projects with in-country TTLs compared with projects with TTLs outside the country.

In terms of limitations, in the proactivity and project preparation time analyses, it is assumed that for projects with or without TTL in the project recipient country, other factors that influence the project preparation and proactivity actions are equal. However, it is likely that more complex or high-risk projects might be correlated with the decision of placing a TTL in the project country. Therefore, the projects that have a TTL in the country might require more preparation time or be more prone to failure. Project preparation time is also strongly influenced by factors such as client capacity and commitment and the availability of a Board of Executive Directors date. Also, TTLs for projects are only identified for the FY when the project was tagged as a problem project. However, some actions might need more than one FY to be addressed, and the analysis does not capture the impact of TTLs who contributed to proactivity earlier.

Internationally Recruited Staff Promotion and Regional Circulation Analysis

IEG used the human resources data to analyze grade level changes and geographic mobility of World Bank international staff in FY13–21. The analysis focused on professional staff with grade GE+, excluding staff from governance and administrative units, extended-term consultants, and ungraded staff. All staff considered were employed at the World Bank at some point

during FY13–21, regardless of whether they were still employed at the time the analysis was finished.[2] Three location types were defined: headquarters, non-FCS countries, and FCS countries. The analysis was done separately for staff located at headquarters in 2013, in FCS countries in 2013, and in non-FCS countries in 2013. The main objective of the exercise was to provide a snapshot of notable trends and differences in location change and grade level promotion within and between the three groups, including Regional differences. IEG assessed 2,695 staff,[3] most of whom had grade levels GG or GH in 2013. For staff located in FCS countries in 2013, 60 percent had level GG, followed by GH at 25 percent. For staff located in non-FCS countries, these shares were 48 percent and 35 percent, respectively, and for headquarters staff, 48 percent and 26 percent, respectively.

Decentralization Trend Analysis

IEG used human resources staff location data to assess the World Bank decentralization trends during FY99–21 (table A.12) This included trends by staff hiring types, by different income group countries, by FCS status, and by Regions. In addition, IEG used the human resources data together with project data to identify the trends in task team leadership by location, and time allocation data to determine the level of operational support to client countries from different locations.

Table A.12. World Bank Staffing Trends from FY96 to FY21

	Field-Based			
Fiscal Year	Headquarters	IRS	LRS	Field-Based (LRS+IRS)
1996	1,826	183	66	249
1997	1,744	191	70	261
1998	1,555	207	72	279
1999	2,088	273	532	805
2000	2,405	302	791	1,093
2001	2,264	312	843	1,155
2002	2,229	318	869	1,187

(continued)

Fiscal Year	Field-Based			
	Headquarters	IRS	LRS	Field-Based (LRS+IRS)
2003	2,379	381	963	1,344
2004	2,467	396	1,055	1,451
2005	2,447	431	1,066	1,497
2006	2,467	454	1,092	1,546
2007	2,449	475	1,144	1,619
2008	2,477	515	1,252	1,767
2009	2,592	563	1,329	1,892
2010	2,636	625	1,395	2,020
2011	2,723	668	1,454	2,122
2012	2,732	670	1,513	2,183
2013	2,875	665	1,575	2,240
2014	2,945	658	1,634	2,292
2015	2,688	654	1,383	2,037
2016	2,878	699	1,527	2,226
2017	3,022	724	1,683	2,407
2018	3,124	816	1,793	2,609
2019	3,210	865	1,819	2,684
2020	3,150	970	1,821	2,791
2021	3,143	1,093	1,763	2,856

Source: World Bank human resources data.

Note: Includes only professional staff in operations, grade level GE+. Excludes extended-term consultancy contract holders. Excludes staff from institutional, governance, and administrative units. Excludes staff with missing IRS or LRS status data. FY = fiscal year; IRS = internationally recruited staff; LRS = locally recruited staff.

Country Director's Presence and Country Program Outcomes Correlation Analysis

Country director's presence and country outcomes correlation analysis replicated the analysis carried out in *IEG Annual Report 2010: Results and Performance of the Bank Group*, which looked at the correlation between country director location and outcomes of World Bank country programs (World Bank 2010). The report, covering FY05–10, found that outcomes are better among country programs with country directors located in-country rather than in nearby locations or headquarters. The new analysis replicated the approach taken in World Bank (2010) but had a wider scope. It looked at more recent data for Country Assistance Strategies or Country Partnership Frameworks to test whether the findings of the earlier study are still valid and also tested the effect of the country director's field presence in FCS and non-FCS countries, included development policy operations (development policy loan outcome ratings) as another dimension to measure the country directors' engagement effectiveness at the policy level.

World Bank Country Opinion Survey Correlation Analysis

The evaluation carried out a correlation analysis between selected variables from the World Bank COS, capturing perceptions on World Bank performance and the professional (GE+, not including institutional, governance, and administrative) staff field presence intensity (see results in appendix E). Field presence intensity is defined as the number of staff based in the country in the survey year divided by the lending portfolio size for the overall COS-surveyed period. The size of the lending portfolio in the country was measured by the number of financing projects. The analysis covered FY 12–19, subject to COS data availability.

The Bank Group COS program is an ongoing effort to systematically gauge and track over time the perceptions and views of the Bank Group's clients and partners around the globe. The survey data provide the institution with a more in-depth understanding of the views of stakeholders on issues related to the World Bank's work in the field (how it operates, its relationships, and its knowledge) and other development-related issues. The program is

overseen by the Department of External and Corporate Relations' Public Opinion Research Group.

Survey respondents include stakeholders from government entities; employees of ministries, ministerial departments, and implementation agencies; Project Management Units overseeing implementation of a project or consultants or contractors working on Bank Group–supported projects or programs; local government offices or staff; bilateral and multilateral agencies; private sector organizations; private foundations; the financial sector and private banks; nongovernmental organizations and community-based organizations; media; independent government institutions; trade unions; faith-based groups; youth groups; academia, research institutes, and think tanks; and the judiciary branch.

In this COS correlation analysis, the survey respondent rate and response representativeness of stakeholder groups varied for each country,[4] and the composition of stakeholder groups varied in terms of size and composition across countries, based on country context, Bank Group program, and engagement. This limits the number of observations in some of the pairwise correlations.

Ensuring Validity of Findings

The evaluation applied several measures to ensure the validity of findings. First, the evaluation was based on regular consultations with the relevant human resources departments and other corporate units, with the technical counterparts in Operations Policy and Country Services, and with World Bank management on key issues related to decentralization, policy changes, data availability and quality, and emerging findings. The evaluation would not have been possible without the generous support of the Human Resources Vice Presidential Unit, which provided all the human resource data to the team. These engagements helped create ownership, improve quality, and make the evaluation's focus and findings more relevant and useful for the intended users. The evaluation also systematically triangulated findings from several methodological approaches and literature to support claims, with any one claim being generally supported by findings from at least two

approaches. For example, the evaluation triangulates evidence from country case studies, the TTL survey, and the Bank Group's 2019 Staff Engagement Survey to assess how field presence adds value to staff's careers and World Bank clients. Similarly, the findings from the interviews were compared with the results of the TTL survey. The evaluation also used a series of facilitated discussions with the country case studies authors to discuss and validate the emerging findings.

In addition, data collection and evaluation methods were validated internally or externally, or both. For example, the final selection criteria for case study countries was based on engagement with several stakeholders from within and outside IEG, and the IEG's methods team was consulted to ensure quality in the multivariate statistical analysis, in the design of interview protocols and the TTL survey methodology, and the analyses of results.

Reference

World Bank. 2010. *IEG Annual Report 2010: Results and Performance of the World Bank Group*. Independent Evaluation Group. Washington, DC: World Bank. http://ieg.worldbank.org/sites/default/files/Data/reports/rap_2010.pdf.

[1] The World Bank does not have a definition of complex projects. Therefore, the team derived what constitutes a complex project from several facilitated discussions with Operations Policy and Country Services technical partners, a number of seasoned task team leaders, and practice and country managers.

[2] The analysis was completed on November 13, 2020.

[3] Figure excludes staff from institutional, governance, and administrative units, and 40 ungraded staff (of whom 33 were in headquarters and 7 were in the field in 2013).

[4] In the countries covered by the Country Opinion Survey, for some group of stakeholders in certain years, there are insufficient respondents to represent themselves statistically. For example, in China's 2018 Country Opinion Survey, there are not enough respondents from bilateral or multilateral agencies, central banks, or regulatory agencies.

Appendix B. Multivariate Analysis of the Effect of World Bank Decentralization on Project Ratings

Introduction

How does decentralization affect the World Bank's project-level performance and project outcome ratings? This report complements the global footprint evaluation's interview and survey analysis with a multivariate statistical study of the association between the degree of field presence of different types of World Bank personnel with project-level measures of Bank performance and project outcome ratings.

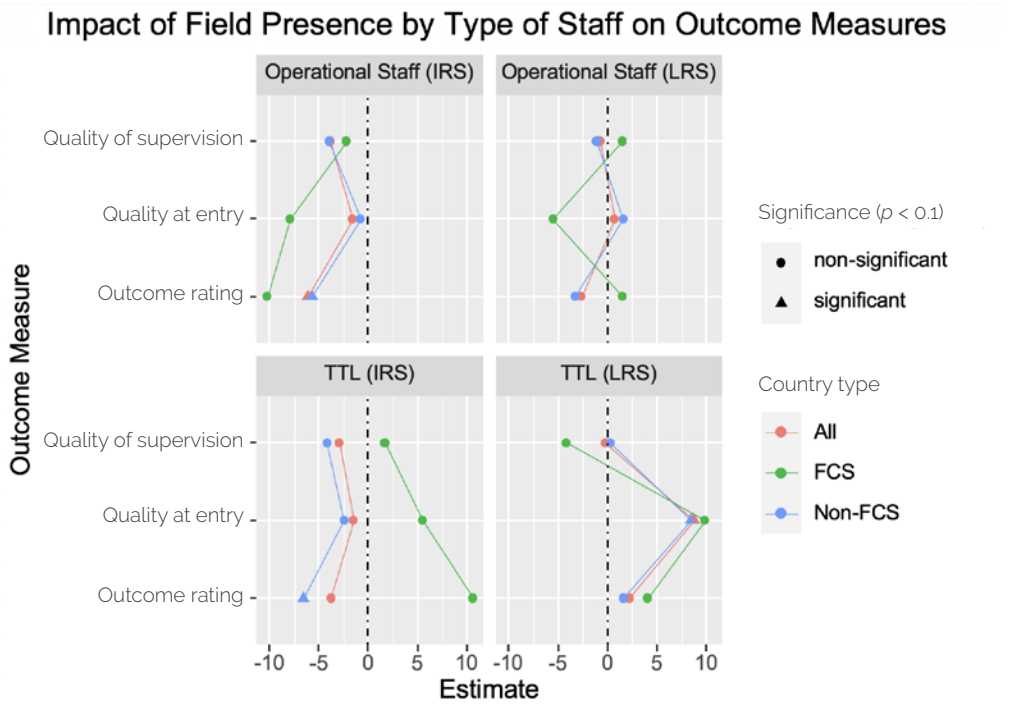
The team identified only four existing multivariate statistical studies of the impacts of staff field presence for any development agency (Honig 2020; World Bank 2010, 2019; Ralston 2015). We build on these analyses in four main ways. First, this is the first analysis to focus on non–task team leader (TTL) professional operational staff (hereafter referred to as non-TTL operational staff) as a distinct personnel category. It is the second analysis to differentiate between internationally recruited staff (IRS) and locally recruited staff (LRS) in examining the association between TTL field presence and outcomes of interest (box B.1). Third, this report marks the first decentralization analysis to link non-TTL operational staff to particular projects instead of employing a field presence metric, which assumes that all nonmanagerial staff based in a country may affect projects that take place there. Fourth, it is the first study to explore whether the association between staff field presence and dependent variables of interest vary between projects of varying levels of complexity (proxied by whether a project is a development policy loan [DPL], as explained further below) for countries of different income levels and for countries with different portfolio sizes.

Summary of Findings

Results suggest that the association between personnel field presence and outcomes of interest (project outcome, quality at entry, and quality of supervision) vary to some extent by staff type (TTL or non-TTL), hiring type (LRS versus IRS), and country fragile and conflict-affected situation (FCS) status (figure B.1).

- Field presence of non-TTL IRS operational staff is by and large negatively associated with the dependent variables of interest.
- No clear pattern is observed in the relationship between LRS non-TTL operational staff field presence and the dependent variables of interest.
- There is relatively strong evidence that IRS TTL field presence has a negative association with dependent variables of interest in non-FCS countries and weak evidence that IRS TTL field presence has a positive association with dependent variables of interest in FCS countries.
- Patterns are mixed in the relationship between LRS TTL field presence and the three dependent variables of interest. Results suggest a positive association between LRS TTL field presence and dependent variables of interest in non-FCS countries but provide no evidence for an association between LRS TTL field presence and dependent variables of interest in FCS countries.
- Furthermore, no systematic evidence is found that the association between field presence and project outcome ratings varies with country income level, country portfolio size, or whether a project is a DPL.[1] The results and their potential implications for conceptualizing the effects of decentralization are described below.

Figure B.1. The Effect of World Bank Field Presence on Project-Level Performance and Outcomes (by type of staff)



Source: Independent Evaluation Group.

Note: The horizontal lines around the dots are confidence intervals for the estimate at 90 percent confidence level; FCS = fragile and conflict-affected situation; IRS = internationally recruited staff; LRS = locally recruited staff; TTL = task team leader.

Generally, World Bank field presence for all staff types has positive effects on project outcomes and World Bank performance. However, the mechanisms through which field presence seems to improve things appear to be somewhat different for IRS versus LRS and for TTLs versus non-TTL operational staff.

For both IRS and LRS, greater field presence implies more time spent with the client. This means a greater ability for the World Bank to assist clients through technically challenging implementation activities, to build client capacity, and to engage in deeper and more meaningful policy dialogue. Academic research suggests that closer communication among those involved in aid projects can increase mutual trust in a way that ultimately benefits project performance (Diallo and Thuillier 2005).

It is also expected that greater time in the field will enable World Bank staff to better tailor projects to client needs. Research suggests that decentralization can benefit organizational performance by enhancing an organization's ability to absorb important information. When organization members are working in closer proximity to their contexts of interest, they will more effectively learn about local conditions and knowledge, and this learning may usefully inform operational strategy (Argyres and Silverman 2004). Such "soft information" may include knowledge of local regulations, political institutions, pools of human talent and how to access them, and common business practices, among other things. Organization members can use this information to adjust approaches planned in relative isolation from "ground realities." A large body of literature has demonstrated the importance of the use of local knowledge in international development (Honig 2018; Scott 1999).

IRS have the added value of global knowledge. Since they frequently rotate between countries and through Washington, DC, they are able to bring lessons learned from one context and apply them to another. Theories of organizational learning suggest that in-person contact is one of the most effective mechanisms of knowledge transfer (Kane and Rink 2020). LRS have the advantages of preexisting familiarity with local contexts and continuity in their relationships with client governments.[2]

Although IRS and LRS differ principally in terms of the types of knowledge they bring to projects and the ease with which they are able to build and maintain relationships with clients, TTLs and non-TTL operational staff differ in the decision-making authority they hold. As managers of projects, TTLs have final say on many project-related decisions. Thus, even if non-TTL operational staff or other project participants hold more useful knowledge for a given project than does the TTL, this knowledge may not be used in implementation. It is therefore reasonable to expect that, on balance, increased TTL field presence will more strongly affect outcomes of interest than will non-TTL field presence. Qualitative analysis carried out for this evaluation also found that the field presence of TTLs who hold decision-making authority are also valued by clients.

» Hypothesis 1. Field presence of IRS TTLs has positive impacts on project outcome and Bank performance ratings.

» Hypothesis 2. Field presence of non-TTL IRS operational staff has positive impacts on project outcome and Bank performance ratings.

» Hypothesis 3. Field presence of LRS TTLs has positive impacts on project outcome and Bank performance ratings.

» Hypothesis 4. Field presence of non-TTL LRS operational staff has positive impacts on project outcome and Bank performance ratings.

Contingency Hypotheses

Although field presence may benefit project outcomes and Bank performance through a number of distinct channels, it is also possible that the strength of the association between field presence and outcomes of interest depends on project features and the environment in which the project takes place. Indeed, a long tradition of management theory has stressed the relationship between management strategy (for example, which types of staff to place where), the task at hand (for example, type of project), the environment in which the organization is operating (for example, type of country), and performance (Drazin and Van de Ven 1985). Qualitative research suggests four scenarios in which World Bank staff field presence may have a particularly strong positive impact: in countries affected by fragility, conflict, and violence (FCV), in lower-income countries, for more "institutionally complex" projects (described below), and in countries with larger project portfolios. FCV countries, by virtue of their instability, weak institutions, often fewer financial resources, and out-migration of skilled citizens, suffer from project design and implementation capacity deficiencies. In such situations, in-country World Bank staff can play particularly important roles in guiding clients and providing technical assistance. Countries of relatively lower income but not categorized as affected by FCV likely suffer from similar, albeit less severe, capacity shortfalls.

» Hypothesis A. Field presence has a more positive impact in countries that are more affected by FCV.

» Hypothesis B. Field presence has a more positive impact in lower-income countries.

In interviews, many World Bank staff noted that projects involving extensive policy dialogue and institutional reform stand to benefit disproportionately from field presence. Such projects often require extensive negotiation, which is most effectively accomplished in person. Furthermore, aside from country directors and country managers, it is the TTL who interacts most with clients, and TTL field presence is particularly useful for such projects. We use DPLs as a proxy for projects involving extensive policy dialogue and institutional reform.

» Hypothesis C. Field presence has a more positive impact for DPLs than non-DPLs.

Finally, qualitative research suggests that in countries with larger portfolios, World Bank staff face disproportionately larger workloads. In these countries, it is therefore reasonable to expect that additional World Bank field presence will alleviate the average individual burden. This may cause everyone to become more effective and both project outcome ratings and Bank performance to improve.

» Hypothesis D. Field presence has a more positive impact in countries with larger portfolios.

Methodology

To study associations between personnel field presence and World Bank performance and project outcome ratings, we exploit variation in the degree of field presence of various types of staff associated with projects while controlling for time-invariant country characteristics and time-invariant sector characteristics. We also control for a number of project-level characteristics, time-variant country characteristics, and a time trend. Next, we discuss the data, variable construction, time period of analysis, and multivariate statistical models.

Data

The analysis relies on four principal sources of data: staff placement data, time allocation data, project team composition data, and various project-level indicators included in the Independent Evaluation Group (IEG) project performance ratings.

Staff placement data. Yearly snapshots of World Bank Group employee information (1996–2019). Variables include a unique individual ID, duty country, grade, and other information. (These data were obtained from the World Bank Human Resources Vice Presidential Unit.)

Time allocation data. Includes the team members mapped to each World Bank project (2002–present),[3] including the amount of time charged by each team member to the project. These data are collected from the World Bank time recording system. We use these data primarily as a means of linking individuals to projects to which they contributed. We use the time component of these data for the sole purpose of identifying staff who charged a very small amount of time to a given project and should thus not be counted as true project team members in the analysis. See annex B.1 for more details.

IEG performance ratings. Specific ratings used are described in the Variables section.

Project team data. Staff members, their roles, and time associated with the projects. The main (decision-making or ADM) TTLs for projects (for each fiscal year) are identified using this data source.[4] These data are voluntarily added into the World Bank Operations Portal by project teams.

Variables

Bank performance and project outcome ratings. The IEG project ratings database contains three project-level measures related to the World Bank's performance: Bank performance, quality at entry, and quality of supervision. Only the latter two metrics are used for this analysis because the overall Bank performance rating is just an aggregate function of the other two variables. In the IEG data, quality at entry and quality of supervision both consist

of six-point scales, ranging from highly satisfactory to highly unsatisfactory. We converted both of these six-point ratings into percentile-rank versions, which report projects' quality at entry and quality of supervision ratings as percentiles relative to projects evaluated in the same fiscal year. This conversion creates more continuous outcome variables, which can improve modeling accuracy.

To be able to compare our results with those of other studies of World Bank decentralization, we also make use of IEG's project outcome variable, which is more commonly used in studies of World Bank and project performance. As with the Bank performance ratings, the IEG project outcome consists of a six-point scale, which we similarly converted to a percentile-rank version.

Staff field presence. We distinguish between four personnel categories: IRS non-TTL professional operational staff, LRS non-TTL professional operational staff, IRS TTLs, and LRS TTLs. The non-TTL professional operational staff categories include sector specialists.

We defined "field presence" of a given staff type as a continuous variable measuring the proportion of this staff type's presence during a project's preparation stage (from project start to project approval), supervision stage (from project approval to project close), and the whole project cycle (from project start to project close). For example, if at least one IRS TTL is present for three of six years of a project's supervision stage, that project's IRS TTL field presence metric would be coded as 0.5.[5] (See annex B.1 for more details on how we constructed the different staff categories and field presence measurement.)

Other variables:

- Team member headquarters presence. This measures headquarters presence of TTLs and non-TTL professional operational staff using the same methodology (for measuring staff field presence) described above.
- The World Bank's Country Policy and Institutional Assessment rating[6]
- Resource intensity. We use a measure of country director field presence as a proxy for the level of institutional resources that could be present in a particular country-year because country directors tend to bring resources with them

that may otherwise not be controlled for in the regressions.[7] Typically, most senior Global Practice staff and program leaders are co-located with the country director. The country director is charged with allocating these resources to other countries in the same Country Management Unit based on demand.

- Project approval fiscal year
- Project size. Logged net commitment (US$, millions)
- Additional financing. Dummy variable indicating whether the project ever received additional financing
- Project duration. Years
- DPL. Dummy variable indicating whether the project is a development policy loan (1 = yes, 0 = no)
- Country income group. World Bank country income classification
- Country portfolio size. The average number of projects a country approved each year during 2002–18[8]

Time Period of Analysis

It is important to emphasize that because of limitations concerning the time recording system data, the time period of analysis runs from project approval to completion between 2002 and 2018. The dynamics of decentralization could have been different before 2002, and they may change in the future. This analysis is therefore best understood as a snapshot of the dynamics of decentralization over approximately the past two decades.

Multivariate Statistical Model

The basic multivariate statistical model used in the analyses below is the following:

$$Dependent\_variable_{ijt} = \beta_1 * IRS\_Op\_Staff\_Field\_Presence_{ijt} + \beta_2 * LRS\_Op\_Staff\_Field\_Presence_{ijt} + \beta_3 * IRS\_TTL\_Field\_Presence_{ijt} + \beta_4 * LRS\_TTL\_Field\_Presence_{ijt} +$$

$$Project\_Features_i +$$
$$Country\_Features_{jt} +$$
$$Year_t +$$
$$Sector\_Fixed\_Effects_i +$$
$$Country\_Fixed\_Effects_j$$

where *i* represents a unique project, *j* represents a unique country, and *t* represents a unique fiscal year.[9] In the heterogeneity, we use regional fixed effects, rather than country fixed effects to model interaction effects with country income and portfolio size, which we determined are best measured at the country level. All models use robust standard errors.

Box B.1. A New Look at the Determinants of Investment Project Financing Quality: Analysis Scope and Findings

An internal study by Operations Policy and Country Services (2019) is the most recent prior analysis of lending project performance by the World Bank that explored the potential effects of task team leader (TTL) location. The study had a related but somewhat different scope from the one presented here. Its sample consisted of World Bank projects approved during fiscal years 1995–2009 and focused on the effects of TTL field presence only. It similarly examined the effects of internationally recruited staff and locally recruited staff field presence separately while using the Independent Evaluation Group project outcome rating as its dependent variable. The study reported the following three findings:

- "No current evidence that project quality is either worse or better for projects prepared or supervised from [headquarters] or the field.
- A significant negative penalty if TTL (preparation or supervision) based outside [headquarters], but only before 2003.
- It does not matter whether the TTL was locally or internationally hired."

Source: World Bank, 2019.

Regression Results

Regression results are presented in tables B.1–B.6.

Table B.1. Summary Statistics

Statistic	N	Mean	St. Dev.	Min	Max
Outcome rating	2,793	35.2	25.9	0.0	99.3
Quality at entry	2,816	35.8	26.7	0.0	100.0
Quality of supervision	2,775	32.9	24.5	0.0	99.3
Operational staff field presence	2,834	0.4	0.4	0.0	1.0
Operational staff field presence (IRS)	2,834	0.1	0.2	0.0	1.0
Operational staff field presence (LRS)	2,834	0.4	0.3	0.0	1.0
Resource intensity	2,834	0.4	0.4	0	1
TTL field presence	2,834	0.2	0.3	0.0	1.0
TTL field presence (IRS)	2,834	0.1	0.2	0	1
TTL field presence (LRS)	2,834	0.1	0.2	0.0	1.0
Team member HQ presence	2,834	0.7	0.3	0.0	1.0
CPIA	2,829	7.4	2.6	1.0	16.5
Project duration	2,834	7.8	3.6	1	18
Additional financing	2,834	0.2	0.4	0	1
Project size (logged net commitment, US$, millions)	2,833	3.8	1.3	−0.7	7.6
FCS status	2,834	0.2	0.4	n.a.	n.a.

Source: Independent Evaluation Group.

Note: CPIA = Country Policy and Institutional Assessment; FCS = fragile and conflict-affected situation; HQ = headquarters; IRS = internationally recruited staff; LRS = locally recruited staff; n.a. = not applicable; St. Dev. = standard deviation; TTL = task team leader.

Aggregate Results and Heterogeneity by FCS Status

Table B.2 displays regression results from models estimating associations between field presence of all staff types and all three outcome variables of interest. Models 1, 4, and 5 report results of regressions making use of the full sample; models 2, 5, and 8 estimate an FCS-only sample; and models 3, 6, and 9 estimate a non-FCS sample. We discuss results for each staff type in turn.

Non-TTL IRS. The results suggest that, overall, field presence of IRS non-TTL operational staff is negatively associated with outcome variables of interest. The coefficient estimate is negative for all models, and it is statistically significant for the model employing the project outcome rating. The coefficient estimates range from −0.8 to −10.2. This suggests that shifting from having zero IRS non-TTL operational staff present throughout a project to having at least one IRS non-TTL operational staff member present throughout a project is associated with a 0.8 to 10.2 percentile reduction in outcome variables of interest, relative to all World Bank projects completed in the same year.

Non-TTL LRS. We observe no clear pattern in the relationship between LRS operational staff field presence and the three dependent variables of interest. Coefficient estimate signs are mixed both within and across FCS categories.

IRS TTLs. We find relatively strong evidence that IRS TTL field presence has a negative association with outcome variables of interest in non-FCS countries and weak evidence that IRS TTL field presence has a positive association with outcome variables of interest in FCS countries. The coefficient estimate for IRS TTL field presence is negative for all three dependent variables using the non-FCS sample and statistically significant for one of them (the project outcome rating), ranging from −2.5 to −6.6. This suggests that in non-FCS countries, shifting from having zero IRS TTLs present throughout a project to having at least one IRS TTL present throughout a project is associated with a 2.5 to 6.6 percentile reduction in outcome variables of interest, relative to all World Bank projects completed in the same year. The coefficient estimate for IRS TTL field presence is positive for all three dependent variables when using the FCS sample,

though none of the estimates are statistically significant. The coefficient estimates range from 1.7 to 10.6. This suggests that in FCS countries, shifting from having zero IRS TTLs present throughout a project to having at least one IRS TTL present throughout a project is associated with a 1.7 to 10.6 percentile increase in outcome variables of interest, relative to all World Bank projects completed in the same year.

LRS TTLs. We observe slightly less clear patterns in the relationship between LRS TTL field presence and the dependent variables of interest. There is evidence that LRS TTL field presence has a positive association with dependent variables of interest in non-FCS countries; all coefficient estimates are positive, and one is statistically significant. The coefficient estimates range from 0.25 to 8.5. This suggests that in non-FCS countries, shifting from having zero LRS TTLs present throughout a project to having at least one LRS TTL present throughout a project is associated with a 0.25 to 8.5 percentile increase in outcome variables of interest, relative to all World Bank projects completed in the same year. However, signs of coefficient estimates using the FCS-only sample are mixed.

Table B.2. Regression Results, Association between Field Presence Variables and Project Outcome and Bank Performance Ratings

Variable	Outcome Rating			Quality at Entry			Quality of Supervision		
	ALL	FCS	Non-FCS	ALL	FCS	Non-FCS	ALL	FCS	Non-FCS
Operational staff field presence, IRS	(1) −6.111**	(2) −10.249	(3) −5.702*	(4) −1.587	(5) −7.950*	(6) −0.803	(7) −3.854	(8) −2.195	(9) −3.980
	(2.915)	(6.628)	(3.207)	(3.207)	(4.627)	(2.241)	(3.021)	(7.627)	(3.306)
Operational staff field presence, LRS	−2.666	1.542	−3.297	0.706	−5.552	1.594	−0.788	1.468	−1.086
	(1.833)	(3.884)	(2.035)	(1.409)	(3.784)	(1.506)	(1.604)	(4.104)	(1.750)
TTL field presence, IRS	−3.775	10.582	−6.557**	−1.511	5.487	−2.454	−2.914	1.680	−4.207
	(2.815)	(6.612)	(3.080)	(2.277)	(7.157)	(2.408)	(2.573)	(6.947)	(2.745)
TTL field presence, LRS	2.174	4.051	1.600	8.771***	9.850	8.478***	−0.265	−4.191	0.248
	(2.581)	(5.957)	(2.822)	(2.721)	(9.083)	(2.833)	(2.108)	(5.831)	(2.270)
Resource intensity	−7.031**	−10.326	−4.523	−2.786	5.080	−4.109	−0.274	0.607	0.490
	(3.399)	(6.735)	(4.112)	(2.389)	(5.725)	(2.668)	(2.833)	(6.159)	(3.422)
CPIA	0.072	−0.130	0.120	−0.131	0.326	−0.202	0.608***	0.794	0.587***
	(0.232)	(0.573)	(0.255)	(0.163)	(0.402)	(0.178)	(0.202)	(0.571)	(0.217)
Approval FY	0.230	−0.243	0.353**	0.432***	0.075	0.466***	0.814***	0.445	0.872***
	(0.153)	(0.417)	(0.169)	(0.165)	(0.421)	(0.180)	(0.150)	(0.460)	(0.163)

(continued)

Variable	Outcome Rating			Quality at Entry			Quality of Supervision		
	ALL	FCS	Non-FCS	ALL	FCS	Non-FCS	ALL	FCS	Non-FCS
Project size (logged net commitment, US$, millions)	1.466***	−0.129	1.611***	2.515***	0.068	2.867***	1.614***	0.802	1.732***
	(0.535)	(1.329)	(0.591)	(0.568)	(1.353)	(0.623)	(0.513)	(1.473)	(0.554)
Additional financing	12.404***	9.000***	13.283***	14.607***	15.703***	14.444***	9.962***	8.612***	10.394***
	(1.451)	(2.944)	(1.659)	(1.566)	(3.323)	(1.768)	(1.445)	(3.238)	(1.629)
Project duration (years)	−1.222***	−1.130***	−1.233***	−1.846***	−2.145***	−1.789***	−0.942***	−1.156**	−0.908***
	(0.172)	(0.423)	(0.189)	(0.181)	(0.443)	(0.199)	(0.175)	(0.453)	(0.192)
Team member HQ presence	2.592	5.915	1.860	2.876	6.351	2.290	−0.746	−4.015	0.106
	(2.160)	(4.573)	(2.460)	(1.779)	(4.431)	(1.942)	(1.762)	(4.325)	(1.940)
Fixed effects: Country	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fixed effects: Sector	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,786	468	2,318	2,757	459	2,298	2,608	442	2,166
Adjusted R^2	0.134	0.108	0.117	0.135	0.155	0.124	0.098	0.062	0.091

Source: Independent Evaluation Group.

Note: Standard errors are in parentheses. CPIA = Country Policy and Institutional Assessment; FCS = fragile and conflict-affected situation; FY = fiscal year; HQ = headquarters; IRS = internationally recruited staff; LRS = locally recruited staff; TTL = task team leader.

*$p < 0.1$ **$p < 0.05$ ***$p < 0.01$.

Heterogeneity by Project Type, Country Income Level, and Country Portfolio Size

We now explore heterogeneity in the association between field presence and project outcome ratings with respect to project type (DPL versus non-DPL), country income level, and country portfolio size.[10] Tables B.3–B.6 display regression results from models estimating interactions between field presence of different staff types and each variable of interest. Within each table, model 4 estimates whether the association between field presence and project outcome ratings is different for DPL versus non-DPL projects; model 6 estimates whether the association between field presence and project outcome ratings varies according to country income level; and model 8 estimates whether the association between field presence and project outcome ratings varies with country portfolio size. All models with interaction terms employ region and sector fixed effects.[11] For models exploring field presence–DPL interactions, we restrict the regression sample to projects completed after fiscal year 2004 because the World Bank's DPL model underwent a major change in 2004.[12]

We observe no clear patterns across the four staff type-specific estimates of each interaction type. Signs are mixed, suggesting that the association between field presence and project outcomes does not depend on whether a project is a DPL, a country's income level, or a country's portfolio size. That said, we do observe a few statistically significant coefficient estimates for particular types of staff:

- The coefficient estimate for the interaction between non-TTL LRS field presence and DPL status is −15.2 and highly significant.
- The coefficient estimate for the interaction between non-TTL LRS field presence and country portfolio size is 0.35 and highly significant.
- The coefficient estimate for the interaction between IRS TTL field presence and DPL status is −10.3 and highly significant.

These latter results suggest that there could be some heterogeneity in the association between field presence and project-level outcomes—across all variables of interest—for particular staff types.

Tables B.3–B.6 show regression results, models exploring heterogeneity in association between field presence and outcomes by DPL status and country income level and portfolio size (outcome variable = project outcome rating).

Table B.3. Internationally Recruited Non-Task Team Leaders Operational Staff

Variable	1	2	3	4	5	6	7	8
Operational staff field presence (IRS)	−6.770*** (2.614)	−8.292*** (2.674)	−8.992*** (3.007)	−9.645** (4.223)	−7.591*** (2.687)	−0.928 (6.731)	−9.209*** (2.703)	−5.891 (4.763)
DPL			−6.405*** (2.082)	−6.531*** (2.196)				
Income level					2.224** (0.991)	2.450** (1.028)		
Country portfolio size							0.281*** (0.077)	0.300*** (0.082)
Interact: DPL				1.245 (5.710)				
Interact: income						−3.887 (3.661)		
Interact: country portfolio size								−0.213 (0.258)
Fixed effects: Region	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fixed effects: sector	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Control	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes

(continued)

Variable	1	2	3	4	5	6	7	8
Observations	2,793	2,786	2,092	2,092	2,786	2,786	2,786	2,786
Adjusted R^2	0.002	0.076	0.085	0.084	0.078	0.078	0.081	0.081

Source: Independent Evaluation Group.

Note: Standard errors are in parentheses. Regression controls for Country Policy and Institutional Assessment, project approval fiscal year, project size, additional financing status, project duration, and team member headquarters presence. For models testing DPL projects, the sample is restricted to post–fiscal year 2004. Coefficients suppressed in output. DPL = development policy loan; IRS = internationally recruited staff.

$^{**}p < 0.05$ $^{***}p < 0.01$.

Table B.4. Locally Recruited Non-Task Team Leader Operational Staff

Variable	1	2	3	4	5	6	7	8
Operational staff field presence (LRS)	3.283** (1.398)	0.476 (1.557)	−1.095 (1.817)	4.369* (2.251)	0.646 (1.550)	4.307 (3.900)	−0.810 (1.607)	−5.075** (2.468)
DPL			−6.582*** (2.085)	−1.943 (2.364)				
Income level					2.507** (0.990)	3.211*** (1.210)		
Country portfolio size							0.268*** (0.079)	0.089 (0.112)
Interact: DPL				−15.152*** (3.443)				
Interact: income						−1.909 (1.911)		
Interact: country portfolio size								0.351** (0.154)
Fixed effects: Region	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes

(continued)

Variable	1	2	3	4	5	6	7	8
Fixed effects: sector	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Control	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,793	2,786	2,092	2,092	2,786	2,786	2,786	2,786
Adjusted R^2	0.002	0.074	0.081	0.089	0.076	0.076	0.077	0.079

Source: Independent Evaluation Group.

Note: Standard errors are in parentheses. Regression controls for Country Policy and Institutional Assessment, project approval fiscal year, project size, additional financing status, project duration, and team member headquarters presence. For models testing DPL projects, the sample is restricted to post–fiscal year 2004. Coefficients suppressed in output. DPL = development policy loan; LRS = locally recruited staff.

$^{*}p < 0.1$ $^{**}p < 0.05$ $^{***}p < 0.01$.

Table B.5. Internationally Recruited Task Team Leaders

Variable	1	2	3	4	5	6	7	8
TTL field presence (IRS)	−4.709**	−6.190**	−5.460**	−0.335	−5.801**	−8.612	−7.053***	−7.481*
	(2.333)	(2.409)	(2.554)	(3.509)	(2.404)	(5.658)	(2.425)	(4.237)
DPL			−6.513***	−5.369**				
			(2.084)	(2.159)				
Income level					2.356**	2.220**		
					(0.991)	(1.034)		
Country portfolio size							0.279***	0.276***
							(0.077)	(0.082)
Interact: DPL				−10.303**				
				(4.757)				
Interact: income						1.617		
						(3.058)		
Interact: country portfolio size								0.026
								(0.236)
Fixed effects: Region	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fixed effects: sector	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Control	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,793	2,786	2,092	2,092	2,786	2,786	2,786	2,786
Adjusted R^2	0.001	0.076	0.083	0.085	0.077	0.077	0.080	0.079

Source: Independent Evaluation Group.

Note: Standard errors are in parentheses. Regression controls for Country Policy and Institutional Assessment, project approval fiscal year, project size, additional financing status, project duration, and team member headquarters presence. For models testing DPL projects, the sample is restricted to post–fiscal year 2004. Coefficients suppressed in output. DPL = development policy loan; IRS = internationally recruited staff; TTL = task team leader.

* $p < 0.1$ ** $p < 0.05$ *** $p < 0.01$.

Table B.6. Locally Recruited Task Team Leaders

Variable	1	2	3	4	5	6	7	8
TTL field presence (LRS)	5.386**	6.241***	5.484**	5.308*	6.145***	7.011	5.258**	4.227
	(2.163)	(2.345)	(2.515)	(2.810)	(2.342)	(5.855)	(2.373)	(4.034)
DPL			−6.137***	−6.204***				
			(2.087)	(2.136)				
Income level					2.449**	2.504**		
					(0.987)	(1.028)		
Country portfolio size							0.235***	0.223***
							(0.078)	(0.086)
Interact: DPL				0.836				
				(5.734)				
Interact: income						−0.455		
						(2.977)		
Interact: country portfolio size								0.065
								(0.211)
Fixed effects: Region	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fixed effects: sector	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Control	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,793	2,786	2,092	2,092	2,786	2,786	2,786	2,786
Adjusted R^2	0.002	0.076	0.084	0.083	0.078	0.078	0.079	0.079

Source: Independent Evaluation Group.

Note: Standard errors are in parentheses. Regression controls for Country Policy and Institutional Assessment, project approval fiscal year, project size, additional financing status, project duration, and team member headquarters presence. For models testing DPL projects, the sample is restricted to post–fiscal year 2004. Coefficients suppressed in output. DPL = development policy loan; LRS = locally recruited staff; TTL = task team leader.

*$p < 0.1$ **$p < 0.05$ ***$p < 0.01$.

Discussion and Study Limitations

The results suggest that the association between staff field presence and outcomes of interest (project outcome, quality at entry, and quality of supervision) vary to some extent by staff type (TTL or non-TTL), hiring type (LRS or IRS), and whether a country is affected by FCV. Non-TTL IRS professional operational staff field presence is largely negatively associated with outcome variables of interest. We observe no clear pattern in the relationship between LRS professional operational staff field presence and the three dependent variables of interest. We find relatively strong evidence that IRS TTL field presence is negatively associated with dependent variables of interest in non-FCS countries and weak evidence that IRS TTL field presence is positively associated with dependent variables of interest in FCS countries. We observe slightly less clear patterns in the relationship between LRS TTL field presence and the three dependent variables of interest. Results suggest a positive association between LRS TTL field presence and dependent variables of interest in non-FCS countries but suggest no clear association between LRS TTL field presence in FCS countries. Furthermore, we find no systematic evidence that the association between field presence and project outcomes varies with country income level, country portfolio size, or whether a project is a DPL.

Finally, it is perhaps worth noting that where associations do appear to be strong, they do not appear large. For instance, the largest coefficient estimate we observe in regression results from models estimating associations between degree of field presence and outcome variables of interest (table B.2) is roughly 10. This suggests that shifting from having zero individuals of staff type X present throughout a project to having at least one individual of staff type X present throughout a project is associated with a 10 percentile point increase in outcome variables of interest, relative to all World Bank projects completed in the same year. Most coefficient estimates are smaller in magnitude than this.

We close with a discussion of the potential implications of these results for conceptualizing the effects of decentralization in the World Bank, followed by a description of methodological limitations.

Implications for Conceptualizing the Effects of Decentralization in the World Bank

Differences among Non-TTL IRS and Non-TTL LRS Field Presence

Contrary to expectations, we find that non-TTL IRS operational staff field presence is largely negatively associated with outcome variables of interest and observe no clear pattern in the relationship between LRS non-TTL operational staff field presence and the three dependent variables of interest.

Taken together, these results suggest that at a project level, field presence of IRS operational staff is less beneficial than field presence of LRS operational staff. There could be several plausible explanations for this difference:

- IRS are not as effective as LRS in the field because they have a shallower understanding of the contexts in which they are working. This reflects one of the core study hypotheses above.
- Qualitative research suggests that IRS may become demotivated when placed in the field, for personal reasons. Although getting transferred to the field requires a challenging life adjustment, many staff also feel that decentralization can limit their potential for advancement within the World Bank.
- Both IRS and LRS may hold incentives to inflate project ratings, but the incentives of LRS could be stronger, owing to their closer relationships to client governments and personal attachment to their home countries.

Differences among IRS TTL Field Presence in FCS and Non-FCS Countries

Findings regarding IRS TTL field presence partially align with the study hypotheses. Although the team expected that IRS TTL field presence would be positively associated with project-level outcomes across the board, we found evidence that the direction of this relationship depends on a country's FCS status; IRS TTL field presence is positively associated with dependent variables of interest in FCS countries. Still, this heterogeneity is arguably

consistent with our prediction that field presence will generally have a more positive association with project-level outcomes in FCS countries than in non-FCS countries.

The negative relationship observed between IRS TTL field presence and project-level outcomes in non-FCS countries may be partially explained by issues of power. In contrast to non-TTL operational staff, TTLs hold the authority to make final decisions on many aspects of project design and implementation. Prior literature suggests that the World Bank is more susceptible to overexercizing its bargaining power in relation to client governments, especially in less fragile contexts, and field presence of powerful World Bank personnel may increase the World Bank's risk of doing so (Honig 2020; Swedlund 2017). That said, findings from the qualitative component of this evaluation provide reason to doubt that TTLs hold enough power for overexertion of bargaining power to present an issue for project performance. If such power dynamics do not explain it, then the difference in association of IRS TTL field presence with project-level outcomes between more and less fragile countries may have more to do with the stronger need for in-country expertise in FCS countries.

Positive Association between LRS TTL Field Presence and Project-Level Outcomes in Non-FCS Countries Only

Results concerning LRS TTL field presence partially align with the study hypotheses. In contrast to expectations, the team observed a positive association between LRS TTL field presence in non-FCS countries only. Furthermore, our observation of a more positive association between LRS TTL field presence in non-FCS countries than in FCS countries contradicts our hypothesis that field presence is generally more beneficial in FCS countries relative to non-FCS countries. This result may have to do with the possibility that LRS are less skilled in FCS countries than in non-FCS countries. The qualitative component of this evaluation found strong evidence that the World Bank struggles to recruit sufficiently skilled LRS in FCS countries, largely because of the relative absence of robust educational institutions.

General Differences between TTL Field Presence and Non-TTL Field Presence

Taken together, the results suggest that TTL field presence is more beneficial, or at least less harmful, than field presence of non-TTL operational staff. Except for the negative association between IRS TTL field presence and project-level outcomes in non-FCS countries, coefficient estimates for each TTL-related field presence measure are either consistently positive or mixed across the three dependent variables of interest. By contrast, coefficient estimates for each non-TTL-related field presence measure are either consistently negative or mixed. This high-level difference may suggest that placing power in the field (devolution) is a more promising managerial strategy than moving staff who hold expertise but lack decision-making authority (deconcentration). Put another way, when there is decentralization without devolution, the inherent drawbacks of decentralization, such as negative consequences for the personal well-being of staff and intraorganizational knowledge flows, become more prominent and may even outweigh the positive aspects of decentralization.

Lack of Heterogeneity in the Association between Field Presence and Project-Level Outcomes

Contrary to expectations, we find no evidence to suggest that the association between field presence and dependent variables of interest differs systematically across the various dimensions of projects and countries. In other words, considering all staff types as a whole and employing project ratings as our outcome variable of interest, we do not find evidence that field presence is more valuable for DPLs relative to non-DPLs, for projects occurring in countries of higher or lower income, or for projects occurring in countries with larger or smaller portfolio sizes. A few statistically significant relationships are observed for particular staff types, including a positive DPL–field presence interaction estimate for non-TTL LRS, a negative DPL–field presence interaction estimate for IRS TTLs, and a positive portfolio size–field presence interaction estimate for non-TTL LRS. However, overall patterns remain unclear.

The lack of overall patterns likely has to do with the probable reality that field presence is simply not strongly associated with project-level outcomes. As explained above, our regression results suggest that shifting from having zero individuals of staff type X present throughout a project to having at least one individual of staff type X present is associated, at most, with a 10 percentile point change in the project's outcome relative to projects completed in the same year. With such a small magnitude of association to begin with, our multivariate statistical approach may lack sufficient statistical power to detect heterogeneity, even if it exists. Substantively, this absence of a systematic association suggests that the three dimensions explored here—DPL projects, country income level, and country portfolio size—may not be important variables to prioritize when undertaking staff placement decisions. A country's FCS status may be a more salient concern when it comes to decentralization decisions.

Methodological Limitations

A note on methodological limitations is in order. First, because of the lack of information on staff members' qualifications, experiences, work location preferences, motivation, and other staff-specific characteristics, observed patterns could be due to omitted variable biases (driven by the aforementioned unobservable factors). If, for example, newly appointed TTLs are more likely to be deployed to a field country and TTL experience is a key driver for project performance, then the lack of experience of staff members in the field could be an omitted factor that drives the negative association. Similar logic applies to factors such as "relationship with clients." Future analysis, if possible, should devote more efforts to collecting data at the staff level (as opposed to the project level).

Second, although we have used the presence of country directors to proxy resource availability, resource availability is likely to be a multidimensional concept, and some of its components may not be captured by country director presence. Moreover, it is possible that not only the amount of resources but how resources are being used matters for project performance. A project that is endowed with many resources but has most of its resources misallocated is likely to receive a low outcome rating. Because of data limitations, our models lack the power to detect such a possibility.

Third, there could be team composition effects. For example, holding the size of the project team fixed, deploying more staff members to the field implies having fewer team members in headquarters, which could exert negative effects on project performance. Moreover, decentralization of staff could render collaboration between staff in the field and staff in the headquarters less efficient (for example, because of the time difference between the two locations). Again, the data lack sufficient information to explore team composition effects.

A fourth potential limitation concerns reverse causality. Theoretically, in response to project implementation challenges, World Bank management could send more staff to the field. If systematic, this management strategy could lead to bias in the regression results. However, based on interviews with World Bank staff, the team believes this is an unlikely scenario. Staff report that in response to problems with design, disbursement, or implementations, TTLs typically employ strategies that do not involve sending more staff to the field, such as restructuring, suspending, and upgrading, and even when one does decide to send a staff member to the field in response to a problem with a project, it often takes many months to implement the relocation.

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[1] These results are for the most part supported by logistic regression robustness checks; a detailed comparison of results obtained from ordinary least squares versus logistic regression is provided in annex B.2.

[2] A secondary rationale for exploring potential differences in internationally recruited staff versus locally recruited staff field presence concerns World Bank resources. It is very costly to send international staff to client countries. Thus, it would be useful to know whether it is more valuable to have one staff type or the other in-country.

[3] Before 2002, the World Bank's time recording system data were collected at a more aggregated level than it has been since. It is not possible to create a comparable measure for the pre-2002 period.

[4] The main task team leaders (TTLs) are those who were identified in the project team data as team lead with administrative lead flag (accountability and decision-making TTL).

[5] This approach is consistent with the common approach used in the program evaluation literature in which "treatment" is defined as a dummy for "program participation." Here, it provides estimates of the difference in the average performance of projects with and without staff field presence, holding other things equal.

[6] See https://datacatalog.worldbank.org/dataset/country-policy-and-institutional-assessment.

[7] We measure Country Director presence in the same way we measure TTL and non-TTL operational staff field presence, except we do not use the time recording system or project teams data to link country directors to projects, since country directors can theoretically affect all projects that occur in their country in a given year.

[8] We chose to use an average rather than a time-variant measure because of large fluctuations in project approval numbers for some countries.

[9] Additional notes on control variables: (i) The team considered controlling for client country performance (included in Implementation Completion and Results Report Reviews through approximately 2015). However, this rating is highly correlated with the Bank performance rating, which could present estimation problems, so we decided not to include it. (ii) We have effectively also included an approval year fixed effect since our key dependent variable is standardized relative to ratings of all projects approved in the same year.

[10] We focus only on the project outcome variable in the heterogeneity analysis to facilitate interpretation; however, general patterns (or lack thereof) persist when employing quality at entry and quality of supervision as outcome variables.

[11] As explained in Metholdogy section of this appendix, we use region fixed effects (rather than country fixed effects) in models testing interaction terms because we determined that country income and portfolio size are best measured at the country level. We do not include resource intensity (proxied by country director presence) as a control variable in the heterogeneity analysis out of concern that doing so could essentially serve as a country fixed effect because of a lack of within-country variation in country director presence over time.

[12] See Moll, Geli, and Saavedra (2015). We obtain a very similar result when using the complete sample of projects.

Annex B.1

Further Description of Field Presence Measurement

The team included only full-time staff of grades GE and up, excluding extended term consultants, outside of the institutional, governance, and administrative vice presidential units grouping.

We classified an individual as part of a project team if they accounted for 10 percent or more of total project time charged for a project during any fiscal year.

We sorted staff into the non-TTL professional operational staff category using their titles as they appeared in the staff placement data, along with a list of key terms relating to technical experts, created by the evaluation team members. We then eliminated those who served as TTL for a given project. The key terms include the following: "safeguard," "social development," "environmental specialist," "environmental economist," "specialist," "economists," "operations officer," "operational analyst," "program/research/learning analyst," "professional, program/practice/sector manager," "adviser" (but not operations adviser), "engineer," "program coordinator," "scientist," "statistician," "country sector coordinator," "sector leader," and "program leader."

We chose not to factor staff presence beyond the first staff member present at any given time into the treatment measure because the intensity of staff field presence associated with a project may be endogenous to project performance. For example, spotting problems with a project's implementation, the World Bank may decide to send additional staff members to the field—a scenario that would lead to reverse causality issues in the regression models.[1] By capping the field presence measure at one staff member for any given year of a project's cycle, the team limited the possibility for this type of confounding.

Robustness Checks

As robustness checks, binary logistic regression models were also run, with the dependent variable rescaled as follows:

- Moderately satisfactory, satisfactory, and highly satisfactory = 1
- Moderately unsatisfactory, unsatisfactory, and highly unsatisfactory = 0

The results of the logistic regression estimating the association between field presence and the three dependent variables of interest are reported in annex B.2. The results of logistic regression estimating heterogenous associations are reported in annex B.3.

Ordinary Least Squares versus Logistic Regression Comparison for Main Results

Judging based on sign consistency, the logistic regression models show two notable discrepancies compared with the results of ordinary least squares (OLS) regression: (i) Although OLS regression suggests a positive association between LRS TTL field presence and outcome variables of interest in non-FCS countries, logistic regression models partially conflict with this (the coefficient estimate for quality of supervision is negative rather than positive). The logistic regression models alternatively suggest a positive association between LRS TTL field presence and outcome variables of interest in FCS countries. (ii) Although OLS regressions demonstrate no clear pattern between LRS non-TTL field presence and outcome variables of interest, the logistic regressions suggest a weak negative association between LRS non-TTL presence and outcome variables of interest in FCS countries (all three coefficient estimates are negative, though none are significant).

Ordinary Least Squares versus Logistic Regression Comparison for Heterogeneity Analysis

Judging based on sign consistency, the logistic regression models demonstrate even less evidence for interaction effects. In the section on regression, we highlighted three statistically significant interaction term coefficient estimates. Logistic regression produces equivalent signs for these coefficient estimates but without statistical significance and with considerably lower absolute magnitudes.

Annex B.2

Results of Logistic Regressions Estimating Association between Various Types of Field Presence and Project Outcome Ratings/Quality at Entry/Quality of Supervision

Table B2.1. Logistics Regressions

	Outcome Rating			Quality at Entry			Quality of Supervision		
Variable	ALL	FCS	Non-FCS	ALL	FCS	Non-FCS	ALL	FCS	Non-FCS
Operational staff field presence (IRS)	(1) −0.128 (0.292)	(2) −0.469 (0.790)	(3) −0.118 (0.324)	(4) −0.184 (0.193)	(5) −0.364 (0.470)	(6) −0.189 (0.217)	(7) −0.349 (0.354)	(8) −0.997 (0.823)	(9) −0.110 (0.413)
Operational staff field presence (LRS)	−0.285 (0.196)	−0.259 (0.460)	−0.287 (0.219)	0.053 (0.137)	−0.540 (0.385)	0.157 (0.146)	−0.035 (0.208)	−0.088 (0.474)	0.035 (0.235)
TTL field presence (IRS)	−0.267 (0.290)	1.094 (0.807)	−0.592* (0.314)	0.096 (0.226)	1.066 (0.695)	−0.083 (0.239)	−0.052 (0.322)	0.874 (0.715)	−0.294 (0.359)
TTL field presence (LRS)	0.075 (0.253)	0.089 (0.698)	0.025 (0.278)	0.634** (0.287)	0.445 (0.824)	0.616** (0.308)	−0.210 (0.241)	0.288 (0.716)	−0.227 (0.264)
Resource intensity	−0.117 (0.343)	0.189 (0.698)	−0.031 (0.410)	−0.180 (0.223)	0.888 (0.636)	−0.381 (0.252)	0.435 (0.371)	−0.466 (0.765)	0.850* (0.443)
CPIA	0.021 (0.024)	0.020 (0.060)	0.026 (0.027)	−0.005 (0.015)	0.037 (0.039)	−0.011 (0.017)	0.029 (0.025)	0.030 (0.062)	0.026 (0.028)

(continued)

Variable	Outcome Rating			Quality at Entry			Quality of Supervision		
	ALL	FCS	Non-FCS	ALL	FCS	Non-FCS	ALL	FCS	Non-FCS
Approval FY	0.014	−0.053	0.033*	0.023	−0.029	0.031*	0.029	0.035	0.032
	(0.016)	(0.042)	(0.018)	(0.016)	(0.043)	(0.018)	(0.019)	(0.055)	(0.021)
Project size (logged net commitment, US$, millions)	0.198***	0.121	0.202***	0.272***	0.125	0.296***	0.311***	−0.024	0.376***
	(0.053)	(0.133)	(0.059)	(0.052)	(0.135)	(0.058)	(0.061)	(0.162)	(0.067)
Additional financing	0.895***	0.628*	0.961***	1.004***	1.026***	1.021***	0.812***	1.042***	0.770***
	(0.158)	(0.339)	(0.182)	(0.145)	(0.313)	(0.165)	(0.177)	(0.389)	(0.202)
Project duration (years)	−0.080***	−0.056	−0.089***	−0.178***	−0.177***	−0.184***	−0.104***	−0.113**	−0.104***
	(0.018)	(0.048)	(0.020)	(0.018)	(0.045)	(0.020)	(0.021)	(0.053)	(0.024)
Team member HQ presence	−0.001	0.375	−0.094	0.440***	0.953**	0.338*	−0.183	−0.258	−0.128
	(0.220)	(0.515)	(0.251)	(0.165)	(0.412)	(0.184)	(0.220)	(0.516)	(0.250)
Fixed effects: Country	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fixed effects: Sector	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,786	468	2,318	2,757	459	2,298	2,608	442	2,166

Source: Independent Evaluation Group.

Note: Standard errors are in parentheses. CPIA = Country Policy and Institutional Assessment; FCS = fragile and conflict-affected situation; FY = fiscal year; HQ = headquarters; IRS = internationally recruited staff; LRS = locally recruited staff; TTL = task team leader.

*$p < 0.1$ **$p < 0.05$ ***$p < 0.01$.

Annex B.3

Results of Logistic Regressions Estimating Field Presence Interaction with DPL Status, Country Income Level, and Country Portfolio Size (dependent variable = project outcome variable)

Table B3.1. IRS Non-Task Team Leaders Operational Staff

Variable	1	2	3	4	5	6	7	8
Operational staff field presence (IRS)	−0.159 (0.292)	−0.303 (0.790)	−0.324 (0.324)	−0.262 (0.193)	−0.295 (0.470)	−0.001 (0.217)	−0.326 (0.354)	−0.213 (0.823)
DPL			−0.247	−0.234				
Income level					0.031	0.042		
Country portfolio size							0.007	0.007
Interact: DPL				−0.117				
Interact: income						−0.177		
Interact: country portfolio size								−0.008
Fixed effects: Region	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fixed effects: sector	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Control	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,793	2,786	2,092	2,092	2,786	2,786	2,786	2,786

Source: Independent Evaluation Group.

Note: Standard errors are in parentheses. Regression controls for Country Policy and Institutional Assessment, project approval fiscal year, project size, additional financing status, project duration, and team member headquarters presence. For models testing DPL projects, the sample is restricted to post–fiscal year 2004. Coefficients suppressed in output. DPL = development policy loan; IRS = internationally recruited staff.

Table B3.2. LRS Non-Task Team Leaders Operational Staff

Variable	1	2	3	4	5	6	7	8
Operational staff field presence (LRS)	0.075	−0.204	−0.243	−0.081	−0.201	−0.273*	−0.246	−0.923*
	(0.196)	(0.460)	(0.219)	(0.137)	(0.385)	(0.146)	(0.208)	(0.474)
DPL			−0.262	−0.129				
Income level					0.034	0.020		
Country portfolio size							0.009	−0.021
Interact: DPL				−0.440				
Interact: income						0.038		
Interact: country portfolio size								0.058
Fixed effects: Region	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fixed effects: sector	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Control	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,793	2,786	2,092	2,092	2,786	2,786	2,786	2,786

Source: Independent Evaluation Group.

Note: Standard errors are in parentheses. Regression controls for Country Policy and Institutional Assessment, project approval fiscal year, project size, additional financing status, project duration, and team member headquarters presence. For models testing DPL projects, the sample is restricted to post–fiscal year 2004. Coefficients suppressed in output. DPL = development policy loan; LRS = locally recruited staff.

*$p < 0.1$.

Table B3.3. Internationally Recruited Task Team Leaders

Variable	1	2	3	4	5	6	7	8
TTL field presence (IRS)	−0.216	−0.359	−0.269	0.381*	−0.354	−0.958***	−0.379	−0.027
	(0.290)	(0.807)	(0.314)	(0.226)	(0.695)	(0.239)	(0.322)	(0.715)
DPL			−0.252	−0.109				
Income level					0.031	0.0001		
Country portfolio size							0.007	0.010
Interact: DPL				−1.240				
Interact: income						0.370		
Interact: country portfolio size								−0.023
Fixed effects: Region	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fixed effects: sector	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Control	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,793	2,786	2,092	2,092	2,786	2,786	2,786	2,786

Source: Independent Evaluation Group.

Note: Standard errors are in parentheses. Regression controls for Country Policy and Institutional Assessment, project approval fiscal year, project size, additional financing status, project duration, and team member headquarters presence. For models testing DPL projects, the sample is restricted to post–fiscal year 2004. Coefficients suppressed in output. DPL = development policy loan; IRS = internationally recruited staff; TTL = task team leader.

*$p < 0.1$ ***$p < 0.01$.

Table B3.4. Locally Recruited Task Team Leaders

Variable	1	2	3	4	5	6	7	8
TTL field presence (LRS)	0.243	0.223	0.274	0.255	0.222	0.445	0.202	−0.003
	(0.253)	(0.698)	(0.278)	(0.287)	(0.824)	(0.308)	(0.241)	(0.716)
DPL			−0.234	−0.240				
Income level					0.038	0.051		
Country portfolio size							0.005	0.002
Interact: DPL				0.095				
Interact: income						−0.122		
Interact: country portfolio size								0.013
Fixed effects: Region	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fixed effects: sector	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Control	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,793	2,786	2,092	2,092	2,786	2,786	2,786	2,786

Source: Independent Evaluation Group.

Note: Standard errors in parentheses. Regression controls for Country Policy and Institutional Assessment, project approval fiscal year, project size, additional financing status, project duration, and team member headquarters presence. For models testing DPL projects, the sample is restricted to post–fiscal year 2004. Coefficients suppressed in output. DPL = development policy loan; LRS = locally recruited staff; TTL = task team leader.

Table B3.5. Regression Results, OLS Models Exploring Heterogeneity in Association between Field Presence and Outcomes by DPL Status and Country Income Level and Portfolio Size (DV = quality at entry)

	Operational (IRS)			Operational (LRS)			TTL (IRS)			TTL (LRS)		
Variable	1	2	3	4	5	6	7	8	9	10	11	12
Main estimate	−5.448*	0.333	−4.336	5.765***	0.939	−1.354	−0.042	−4.774	−5.313	9.383***	3.427	10.040**
	(2.837)	(4.624)	(3.617)	(1.702)	(2.946)	(2.064)	(2.845)	(4.909)	(3.785)	(3.181)	(6.936)	(4.760)
DPL	−2.143			3.326			−0.749			−1.421		
	(2.114)			(2.275)			(2.104)			(2.079)		
Income level		0.626			0.439			0.465			0.321	
		(1.001)			(1.112)			(1.005)			(0.987)	
Country portfolio size			0.160**			0.032			0.147*			0.140*
			(0.081)			(0.100)			(0.081)			(0.079)
Interact: DPL	2.637			−15.906***			−8.861**			−1.420		
	(4.342)			(2.955)			(4.043)			(5.710)		
Interact: income		−1.968			0.514			0.799			2.957	
		(2.526)			(1.543)			(2.536)			(3.621)	

(continued)

	Operational (IRS)			Operational (LRS)			TTL (IRS)			TTL (LRS)		
Variable	1	2	3	4	5	6	7	8	9	10	11	12
Interact: country portfolio size			0.051 (0.197)			0.205 (0.125)			0.099 (0.189)			−0.090 (0.242)
Fixed effects: Region	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fixed effects: sector	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,065	2,757	2,757	2,065	2,757	2,757	2,065	2,757	2,757	2,065	2,757	2,757
Adjusted R^2	0.107	0.098	0.099	0.118	0.097	0.099	0.109	0.098	0.099	0.111	0.101	0.102

Source: Independent Evaluation Group.

Note: Standard errors are in parentheses. Regression controls for Country Policy and Institutional Assessment, project approval fiscal year, project size, additional financing status, project duration, and team member headquarters presence. For models testing DPL projects, the sample is restricted to post–fiscal year 2004. Coefficients suppressed in output. DPL = development policy loan; DV = dependent variable; IRS = internationally recruited staff; LRS = locally recruited staff; OLS = ordinary least squares; TTL = task team leader.

$^{*}p < 0.1$ $^{**}p < 0.05$ $^{***}p < 0.01$.

Table B3.6. Regression Results, OLS Models Exploring Heterogeneity in Association between Field Presence and Outcomes According to DPL Status and Country Income Level and Portfolio Size (DV = quality of supervision)

	Operational (IRS)			Operational (LRS)			TTL (IRS)			TTL (LRS)		
Variable	1	2	3	4	5	6	7	8	9	10	11	12
Main estimate	−6.865	−10.081	0.904	−0.036	−1.138	−4.405**	−2.120	2.053	3.301	3.396	8.304*	6.569**
	(4.459)	(6.806)	(5.083)	(1.940)	(3.377)	(2.165)	(3.029)	(5.475)	(4.007)	(2.200)	(4.780)	(3.215)
DPL	0.428			0.647			0.950			0.972		
	(2.056)			(2.221)			(2.061)			(2.072)		
Income level		1.440			1.416			1.859*			2.123**	
		(0.943)			(1.102)			(0.955)			(0.950)	
Country portfolio size			0.206***			0.001		0.240***			0.218***	
			(0.075)			(0.104)			(0.076)			(0.081)
Interact: DPL	−1.342			−1.052			−7.039			−3.323		
	(6.145)			(3.284)			(4.787)			(5.138)		
Interact: income		3.045			0.816			−3.373			−2.990	
		(3.707)			(1.594)			(2.872)			(2.299)	
Interact: country portfolio size			−0.411			0.332**		−0.494***			−0.286*	
			(0.301)			(0.139)			(0.210)			(0.160)

(continued)

	Operational (IRS)			Operational (LRS)			TTL (IRS)			TTL (LRS)		
Variable	1	2	3	4	5	6	7	8	9	10	11	12
Fixed effects: Region	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fixed effects: sector	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,933	2,608	2,608	1,933	2,608	2,608	1,933	2,608	2,608	1,933	2,608	2,608
Adjusted R^2	0.065	0.073	0.075	0.062	0.072	0.075	0.065	0.074	0.076	0.064	0.073	0.074

Source: Independent Evaluation Group.

Note: Standard errors are in parentheses. Regression controls for Country Policy and Institutional Assessment, project approval fiscal year, project size, additional financing status, project duration, and team member headquarters presence. For models testing DPL projects, the sample is restricted to post–fiscal year 2004. Coefficients suppressed in output. DPL = development policy loan; DV = dependent variable; IRS = internationally recruited staff; LRS = locally recruited staff; OLS = ordinary least squares; TTL = task team leader.

$^{*}p < 0.1$ $^{**}p < 0.05$ $^{***}p < 0.01$.

[1] That said, as explained in the report, this is not a common managerial practice. The World Bank typically responds to problems with project implementation in other ways.

Appendix C. Decentralization in Countries in Fragile and Conflict-Affected Situations

Introduction

The World Bank Group annually compiles a list of countries in a fragile and conflict-affected situation (FCS), harmonized with other multilateral organizations. The FCS status is based on the country's (i) institutional and social fragility, and (ii) intensity of conflict. This evaluation undertook case studies of the Bank Group's global footprint in 9 FCS countries out of the 37 countries on the fiscal year (FY) 20 harmonized FCS list. Three of the 9 FCS countries—Myanmar, Nigeria, and the Solomon Islands—are lower-middle-income countries; the rest are low-income countries. Of the 9 FCS countries, Niger was the only one with a higher rating (3.4) in the Country Policy and Institutional Assessment than the 3.2 threshold typically used for FCS classification. Niger was included in the FCS list because the country met the threshold of fatalities for medium-intensity conflict.

Among all FCS countries as a group, annual project approvals doubled since 2013 in terms of commitment amount, and the number of projects grew by 84 percent (table C.1). There was a noticeable dip in commitment amount and project approvals in 2015, possibly because of time lost during the World Bank's reorganization, and a peak in 2017 at the end of the cycle of the 17th Replenishment of the International Development Association. The overall trend, however, is upward.

Table C.1. World Bank Lending Commitments in FCS Countries, FY13–19

Approval Year	Commitment Amount (US$)	Projects (no.)
2013	3,063,642,869	63
2014	3,630,836,684	110
2015	2,848,100,001	63
2016	4,115,350,800	66
2017	6,896,201,041	108
2018	5,710,240,000	89
2019	6,226,130,717	106
Total	32,490,502,112	605

Source: World Bank institutional data.

Note: FCS = fragile and conflict-affected situation; FY = fiscal year.

The World Bank's Footprint in FCS Countries

At the aggregate level, the World Bank's global footprint in FCS countries has increased since 2003, but there is considerable variation in the degree of decentralization among them. All FCS countries had country management presence—three had country directors, four had country managers, and the Solomon Islands had a resident representative in-country, except during periods of conflict and insecurity. The Somalia country manager was based in Nairobi throughout. During FY13–19, on average, the case study FCS countries had 16 staff in the country offices. This includes staff with grade GE and above and excludes staff from institutional, governance, and administrative units. It also includes internationally recruited staff (IRS) and locally recruited staff (LRS). Average annual staff in the period in-country ranged from none in Somalia and 4 in the Solomon Islands and the Central African Republic, to highs of 41 in Nigeria and 43 in Afghanistan (table C.2).[1] In FY19, the Afghanistan country office staff was complemented by 16 IRS staff dedicated to Afghanistan who were located in the Dubai satellite office.

The largest increase in country office staff was in Myanmar, a lower-middle-income country with minimal security risks, where the World Bank seems to be making an up-front staff investment with the expectation of a growing portfolio. Myanmar's designation as a family station made it easier to recruit IRS staff, which increased from 4 to 20 between 2013 and 2019. With this, Myanmar has the highest ratio of IRS to LRS among the sample FCS countries. The total staff grew from 9 to 40 during the same period. Other FCS countries also saw substantial increases in country office staff during that period, although most of the increase was in LRS. IRS constitute about one-third of all field-based staff in FCS.

Table C.2. Lending Operations and Staffing in Case Study FCS Countries, by FCS Type, FY13–19

Country	FY20 FCS Classification	Family Posting	Active Operations (no., annual average, FY13–19)	Country-Based Staff (no., annual average, FY13–19)	Ratio of Annual Active Operations to Staff
Afghanistan	High-intensity conflict	No	36	43	0.84
Somalia	High-intensity conflict	No	8	0	n.a.
Central African Republic	Medium-intensity	No	11	4	2.75
Myanmar	Medium-intensity	Yes	11	24	0.46
Niger	Medium-intensity	Yes	19	11	1.73
Nigeria	Medium-intensity	Yes	37	41	0.90
Burundi	Social and institutional fragility	No	10	7	1.43
Liberia	Social and institutional fragility	Yes	23	12	1.92

(continued)

Country	FY20 FCS Classification	Family Posting	Active Operations (no., annual average, FY13–19)	Country-Based Staff (no., annual average, FY13–19)	Ratio of Annual Active Operations to Staff
Solomon Islands	Social and institutional fragility	Yes	12	4	3.00
Average for case study countries including Somalia			19	16	1.19
Average for case study countries excluding Somalia			20	18	1.11

Source: Independent Evaluation Group evaluation based on human resources data.

Note: Country-based staff includes all non-US-based World Bank grade GE+ staff in a country office but excludes institutional, governance, and administrative staff. Afghanistan does not include Dubai. FCS = fragile and conflict-affected situation; FY = fiscal year; n.a. = not applicable.

Determinants of the World Bank's Footprint Size in FCS Countries

The World Bank's footprint in client countries may be expected to be linked to its business needs, such as the size of the country program or client capacity. Data from the comparative analysis and interviews from case study countries helped explore several determinants of the World Bank's footprint. These include country director presence, portfolio size, client capacity, and the availability of a sizable multidonor trust fund (MDTF).

» Country director presence was the strongest predictor of the size of the World Bank's footprint in FCS countries. The country office staff size is highest in the three case study countries with the country director present, which is often associated with actual or potential large country programs. Country director presence determines the location of the entire Country Management

Unit (CMU), including the operations manager, program leaders, and many of the lead specialists. The co-location of CMU staff and their ability to coordinate with each other leads to much greater support to those countries, even when IRS are located in a nearby hub for security reasons, as for Afghanistan.[2] The remaining six case study FCS countries, which are part of a larger CMU, have a much smaller World Bank footprint and have to compete for support from the program leaders and sector specialists in the CMU country team. Except for Liberia, whose strategic significance allowed it to obtain adequate support from program leaders, the evaluation found smaller FCS countries to be disadvantaged. As a result, the share of operational support from headquarters increased noticeably from FY13 to FY19 in countries such as Burundi and the Central African Republic.

» There is wide variation in the relationship between the World Bank's footprint and portfolio size. Myanmar had the lowest ratio of portfolio size to in-country staff (0.46). In FCS countries without a country director present, the ratio of total operations to staff strength ranged from 1.73 in Niger and 1.43 in Burundi to 3.00 in the Solomon Islands and 2.75 in the Central African Republic (table C.2). Fragile countries with increased lending without an associated increase in staff strength run greater implementation risks.[3]

» The evaluation was unable to discern a clear relationship between client capacity and the size of the World Bank's footprint. FCS countries with weak capacity require more World Bank presence but often also suffer from weak capacity among personnel available in the country for recruitment as LRS or national consultants. This partly explains why countries such as the Central African Republic and Liberia have had a relatively small office compared with other FCS countries with comparable portfolio size, leading to hiring of third-country nationals (TCNs) to complement IRS and LRS staff in country offices.

» MDTFs play a vital role in enhancing the World Bank's footprint and effectiveness in FCS countries by expanding its programs far more than International Development Association allocations for countries such as Afghanistan, Liberia, and Somalia. They also provide resources to increase the World Bank's footprint. The Multi-Partner Fund enabled the World Bank to finance projects in Somalia and build a credible relationship with the government, helping Somalia reach the Heavily Indebted Poor Countries

Completion Point in 2019 and clear its arrears, thereby qualifying for International Development Association financing. Managing MDTFs involves careful nurturing of partnerships in the field, coordination of strategic priorities in the country, effective stewardship of resources, and reporting to the donor consortium. All these require co-location with the donor, hence a strong country presence of the World Bank. The task team leader (TTL) survey for this evaluation confirmed that the impact of country presence on the ability to interact and collaborate with development partners is greater in FCS than in non-FCS countries.

Links between Decentralization and Project Performance

The evidence on project performance indicates that field presence of IRS TTLs may be more beneficial in FCS locations than in non-FCS locations. The multivariate statistical analysis (see chapter 3 and appendix B) found some evidence that IRS TTL's field presence has a positive association with Bank performance at the project level in FCS countries, measured by quality at entry and quality of supervision, and project outcome ratings. By contrast, field presence of LRS TTLs appears to be more beneficial in non-FCS than in FCS countries. In FCS countries, the analysis found no clear association between LRS TTL field presence and the previously mentioned project ratings. This, however, might be due to less availability of skilled LRS in FCS countries, most of which reported considerable difficulties in finding skilled candidates for recruitment as LRS.

Other Benefits of an Enhanced World Bank's Footprint in FCS Countries

The benefits of the World Bank's global footprint on the World Bank's performance are more profound in FCS than in other countries. Five distinct benefits justify a strong World Bank footprint in FCS countries:

» World Bank presence in FCS sends a signal that the country is open for business (Afghanistan, Liberia), which encourages other donors to reengage.

Client opinion surveys reveal that clients value most the World Bank's role as a long-term partner (see the section Field Staffing Needs in FCS Countries). In Burundi, the World Bank's decision to stay engaged after the 2015 crisis helped restore donor confidence in the country.

- World Bank presence helps to support postconflict reconstruction and rehabilitation of essential services. It facilitates rapid needs assessments, the preparation of emergency projects, and the direct support to weak counterparts in the field. It is crucial to donor coordination and mobilization of multidonor trust funds (Afghanistan, Liberia, and Somalia, and previously Timor-Leste and West Bank and Gaza).
- World Bank presence enables investment in core government institutions through on-budget support to finance the civil service and payroll of essential workers (for example, teachers), which often requires the reestablishment of core government functions. This builds trust and confidence in the government and enhances state legitimacy (Afghanistan, Liberia).
- World Bank presence is essential to build the knowledge base for evidence-based policy making. This includes sector advisory services and analytics and fragility assessments (Afghanistan) or risk and resilience assessments (the Central African Republic, Mali, Myanmar) to understand the political economy, which is crucial for FCS.
- World Bank presence is vital for capacity building in FCS. All the case studies provided examples of capacity development for project management and implementation taking place through project implementation units, including development of fiduciary and safeguards capacity and support for national experts who can be recruited as LRS or consultants to augment World Bank and government capacity in FCS.

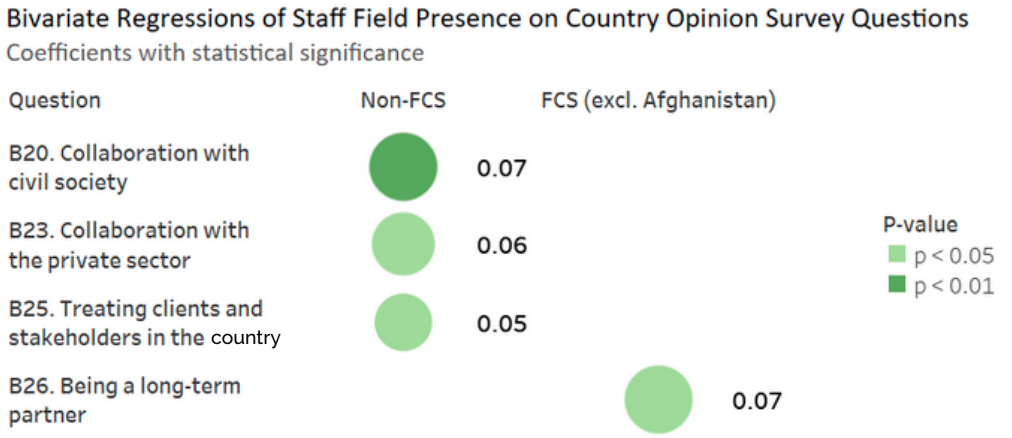
Field Staffing Needs in FCS Countries

Interviews conducted for this evaluation indicate that FCS country clients value the World Bank's role as a strategic partner and a trusted adviser on program development and its role in providing hands-on assistance for project implementation. However, clients in non-FCS countries value staff presence in the field more than clients in FCS countries. For FCS countries,

the regression analysis between the World Bank Country Opinion Survey and staff country presence intensity, as measured by the number of staff per lending operation, showed a statistically relevant correlation between client satisfaction and the World Bank's role as long-term partners. For non-FCS countries, the analysis also found statistically significant relationships for collaboration with civil society and the private sector, and for treating clients and stakeholders with respect (figure C.1).

In interviews, clients stressed the importance of strong country management presence in-country. Even short-term relocation of country directors or managers because of the coronavirus pandemic was unwelcome because it was perceived as sending the wrong signal about the Bank Group's commitment to the country.

Figure C.1. Regression Analysis of Staff Field Presence and World Bank Country Opinion Survey



Source: Independent Evaluation Group analysis.

Note: FCS = fragile and conflict-affected situation.

All stakeholders agreed on the need for greater country presence in FCS countries for handholding, capacity building, and implementation support, without which programs are at risk. According to interviews, even in countries with significant staff in the field, such as Afghanistan, projects take longer to prepare and to implement.[4] These findings are not fully corroborated by the project preparation time analysis for FY13–19.

According to the latter, the average preparation time for lending projects with a TTL in the project recipient country was 531 days but was only 454 days for projects with a TTL in headquarters or a nearby country. For FCS country projects with TTLs based in headquarters or a nearby country, the preparation time was 461 days, only marginally more than for all lending projects with headquarters-based or nearby country-based TTLs. For FCS country projects with TTLs in FCS recipient countries, project preparation took 522 days, meaning slightly less than for all projects with TTLs in the recipient country. In addition, according to the case studies, FCS countries with a smaller footprint rely more on investment project financing because these country offices lack IRS sector specialists who could lead the dialogue and monitor the higher risks associated with policy-based lending or results-based programs.

For complex or large lending programs, FCS country clients had a strong preference for TTLs to be based in the country to provide ongoing advice and implementation support, particularly for core governance functions such as budget planning and managing public finances, infrastructure, human development, and other high-priority programs. According to interviews, clients expected decision-making in the field, if not through TTL presence then by delegation of project management decisions to staff based in the country. This is where LRS (or TCNs) play a crucial role, particularly in countries such as Burundi and the Central African Republic with a small IRS footprint. Even in a small country such as Liberia, because of the large number of operations, the World Bank needed to have an operations officer, an economist, fiduciary staff, and coverage of the key sectors. Client expectations from World Bank country presence in FCS countries ranged from support for program design, day-to-day problem solving, and hand-holding in weaker-capacity countries such as Afghanistan, the Central African Republic, and Somalia, to fiduciary and safeguard support for project implementation in countries with somewhat higher capacity such as Niger and Nigeria.

In contrast to project support, clients were more willing to accept that TTLs for analytical studies could be based elsewhere, although they stressed the importance of ensuring the timeliness and accuracy of data for analytical work. Not all TTLs agreed that advisory services and analytics can be done from afar. Many felt that being country based was essential for acquiring up-

to-date local knowledge to enhance the relevance of advisory services and analytics in FCS.

Field Staffing Considerations for FCS Countries

The case studies showed that country presence in FCS countries has been an important factor in World Bank effectiveness. However, clients and staff interviewed agreed that effectiveness depends more on the quality of staff in the field than sheer numbers. Especially in FCS countries, sector and operational experience needs to be complemented by experience and sensitivity to fragility and conflict and the political economy. Ten years ago, FCS expertise was provided to country teams by staff in the Nairobi hub (see box C.1). Recently, the World Bank's footprint has been further enhanced by the deployment of fragility, conflict, and violence specialists as advisers to the country directors and country teams in FCS countries such as the Democratic Republic of Congo and Myanmar, which lacked this expertise.

Because of high-intensity conflict, Afghanistan and Somalia maintain an office for IRS country team members in Dubai and Nairobi, respectively. Although in-country presence is preferred by the governments, when high risks prevent this, the nearby office has served as a fallback option for IRS location, with increased access to those countries versus if they had been relocated to Washington, DC. There remains a risk, however, that rather than being a stopgap measure, these satellite arrangements are perpetuated because they provide an attractive alternative for IRS who want to avoid a non-family posting. That would undermine the main value of country presence in FCS countries: to build long-term relationships of trust with clients.

Although the World Bank has been upgrading its human resources policies to encourage IRS deployment in FCS countries, it has not focused sufficiently on the role and potential of LRS, on which many FCS countries depend. Mentoring LRS is easier when TTLs are based in the country.

Clients and World Bank managers agree that when IRS are located outside the country, even if they are in the CMU, their ability to mentor LRS is extremely limited during missions because they tend to give priority to government meetings. Under such circumstances, effective LRS mentoring

would require that LRS mentoring be an explicit part of IRS accountability and that mission schedules be adjusted to deliberately structure mentoring within them. In FCS countries with higher security risks, even LRS may be prevented from visiting the field and benefiting from practical fieldwork. For such FCS countries, it is essential that LRS staff be attached to TTLs in other countries to provide them with opportunities for exposure to fieldwork and cross-country learning. The World Bank's decentralization strategy in FCS countries needs to give high priority to LRS to enable career growth for staff with high potential.

The Africa Region appears to have made more use of TCNs to augment skills available within FCS countries. In some instances, such as Somalia, these have been nationals of Somalia who, for personal reasons, lived outside that country. Elsewhere, such as Burundi, the Central African Republic, and Liberia, TCNs have enabled the World Bank to hire regional expertise at lower cost than IRS. In addition to using TCNs for program development and implementation, in countries such as the Central African Republic, the World Bank also mobilized international consultants to work within government implementing agencies, providing hands-on technical assistance to help with program implementation.

In several FCS countries, the World Bank expanded its footprint by relying on an outsourcing model. When security conditions deteriorate because of conflict or political instability, the outsourcing model helps to overcome the limitations of direct World Bank engagement. During the 2013 rebel invasion of Bangui in the Central African Republic, the United Nations peacekeeping force, the United Nations Development Programme, and other quasi-government entities such as the Executing Agency for Public Interest Works Against Underemployment were hired by the World Bank to deliver basic goods and services to the affected communities. Outsourcing has also been used in countries such as Afghanistan and Liberia by contracting nongovernmental organizations and private firms to implement the national programs (health, community-driven development, and so on). It has also been used for third-party monitoring, which serves to augment World Bank supervision capability, particularly in countries where security issues limit field travel by World Bank staff.

FCS Locations from a Personal, Career, and Hiring Perspective

An FCS country posting often comes at considerable personal cost to staff and their families either because it is a nonfamily posting or because they tend to have weaker facilities and services. For IRS and TCNs, the World Bank's human resources policies seek to compensate this by special allowances and, for nonfamily postings, enhanced rest and recuperation benefits. Enhanced security protocols do apply to all three staff categories in countries with higher security risks.

Interviews showed that long-term career prospects are an important concern for staff located in FCS countries. This concern is partly real, based on the personal experience of some staff, and partly perception. Interviewees widely perceived FCS country postings to be a disadvantage in career terms. Analysis of human resources data for FY13–21, however, indicates that at the aggregate level for FCS countries, this perception is not true. On aggregate, IRS in FCS countries had a slightly higher likelihood of being promoted (31 percent) than staff in non-FCS (27 percent). Country case studies also revealed that there seems to be increasing recognition that having been in an FCS looks good on one's World Bank curriculum vitae. Nevertheless, the perception of lack of visibility remains high among staff, particularly for those who work in small countries without a CMU.

Given the personal costs of an FCS posting and this misperception in terms of career progression, it is not surprising that country management interviews indicate difficulties in recruiting high-quality staff in several FCS countries. Work in Afghanistan gets high visibility because of the country's high geopolitical importance, but the CMU still finds it difficult to recruit experienced program leaders and TTLs for country postings, which has led to the perpetuation of the Dubai office far longer than the Afghan government would have liked. Other countries that have better living conditions, such as Myanmar, do not face the same difficulty in recruitment, and countries where security risks have abated, such as Liberia, have been able to attract IRS more easily in recent years.

Concluding Remarks

Country presence helps increase the effectiveness of World Bank support to core government institutions and essential services, sustain partnerships, build the knowledge base, and support capacity building in FCS countries. The World Bank's global footprint is needed more in these countries than in non-FCS countries. The World Bank has increased its footprint in FCS countries and is valued as a long-term partner by clients. But many challenges remain, especially in FCS countries with smaller portfolios or weaker capacity.

The World Bank's intention to ramp up its footprint in FCS countries cannot be addressed by country management alone, nor does it depend solely on the presence of international staff. A strong global footprint in FCS countries can only be met by a mix of IRS, LRS, TCNs, and consultants. In the past, the World Bank's human resources policies have focused largely on incentives for IRS recruitment in FCS countries. More recently, the human resources strategy improved the approach to TCNs. To overcome staffing constraints, the World Bank may consider adopting (i) a rotational system for short-term deployment of IRS in FCS countries where full-time postings are not feasible, to enhance the effectiveness of dialogue with clients and mentoring of LRS, and (ii) a deliberate plan for providing broader experience and career growth opportunities to LRS, including greater investment in learning programs, assignments on task teams in other countries of the Region to provide hands-on field experience, and more use of short-term developmental assignments in Washington, DC.

By now, the World Bank has gained a reputation for being an effective steward of MDTF resources, which has enabled the World Bank to expand its footprint and country programs in FCS countries. However, MDTFs depend on the strategic interest of donors in individual countries and are therefore not a universal solution.

Box C.1. Evolution from the Nairobi Hub to Decentralized Fragility, Conflict, and Violence Support

The Center on Conflict, Security, and Development (CCSD) was established in fiscal year (FY)11 to strengthen corporate support to fragile and conflict-affected situation (FCS) countries (World Bank 2014). Subsequently, the CCSD established an FCS hub in Nairobi because more than half of the FCS countries were in the Africa Region. For the first two years, the hub was cofinanced by the Africa Vice Presidential Unit and Operations Policy and Country Services, and the director of CCSD reported jointly to both. At its peak, the hub housed the director and a team of about 20 staff with conflict and FCS country operational experience. A sector manager and a small team served as the anchor for FCS work in Operations Policy and Country Services. The CCSD focused on policy advocacy, strategy and analytics, and operational support to FCS country teams.

Policy formulation and donor relations improved with more targeted attention to FCS issues and coordination with senior management, International Development Association deputies, and United Nations partners.

The quality of conflict analysis and strategic advice improved with support from the team in Nairobi. Conflict specialists conducted fragility assessments to identify drivers of fragility; technical staff advised country directors on how to address fragility and conflict issues in country assistance strategies.

The effectiveness of the Operational Solutions Team (OST) was constrained. An OST with experienced high-level technical specialists was formally established in FY13 to provide rapid operational help to task teams in FCS countries, especially those that had staff capacity constraints. The OST provided advice on project design and implementation in FCS on legal issues, procurement, financial management, safeguards, operations, and monitoring and evaluation. However, hands-on operational support requires country presence or frequent travel. Nairobi was a convenient location for FCS countries in East Africa. Operational support to the East Asia and Pacific Region and West Africa, where new hotspots emerged in countries such as Mali, was constrained by travel difficulties. The OST's support also depended on country demand, and countries such as Afghanistan with large programs opted for self-sufficiency in their own country teams. The CCSD played a useful role in designing an FCS strategy for the Pacific subregion. The OST experience showed that although advice can be provided from a centralized location,

(continued)

Box C.1. Evolution from the Nairobi Hub to Decentralized Fragility, Conflict, and Violence Support (cont.)

hands-on operational support needs to be complemented by FCS staff in the country or at least in each Region.

The FY14 World Bank reorganization diminished the value of the Nairobi hub. In FY14, with the World Bank's reorganization, the CCSD was transformed into a Cross-Cutting Solutions Area (CCSA) on fragility, conflict, and violence (FCV) to provide analytical support and advice on strategy. This FCV CCSA was put under a senior director based in Washington, DC. The team in Nairobi was initially managed by the sector manager at headquarters and later by a sector manager recruited for Nairobi from an FCS country. Although the Nairobi hub continued, the World Bank's Global Practice model had a spillover effect on the hub, and its resources diminished over time. Responsibility for operational support shifted from the global hub to the Global Practices. The Nairobi hub was allowed to attenuate over time when OST staff moved to the Global Practices and country teams.

FCV support to country departments has been enhanced by further decentralization. The FCV CCSA has evolved into the FCV Group, which reports directly to the World Bank's managing director. The FCV Group has decentralized FCV staff positions from Nairobi to FCS countries with priority business needs, including the Democratic Republic of Congo, Ethiopia, Lebanon, Mali, Myanmar, and Zimbabwe. FCV support by a broad range of technical specialists has been replaced by a specialized conflict expert,[a] who supports country teams in analytical work and strategic dialogue with the government to ensure responsiveness to the FCV strategy and commitments of the 19th Replenishment of the International Development Association and provides advice to task teams to enhance FCV sensitivity. These FCV staff report to the practice manager in the FCV Group, with a dotted line to the country director. The strength of this approach is that FCV expertise is continuously available to country teams, enabling real-time updates of conflict risks. The trade-off has been disbanding the operational expertise of the OST on the assumption that country teams in FCS countries can handle operational challenges on their own. This may be unrealistic. In addition to decentralization of FCV specialists, the FCV Group could consider reestablishing a virtual support team to help country teams deal with the myriad practical challenges facing FCV operations.

Source: Information for this box has been distilled from Independent Evaluation Group interviews and feedback received from the former and current staff, managers, and directors who worked in this hub.

Note: a. The Democratic Republic of Congo is the exception and currently has two FCV staff.

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[1] Because of security risks, the Somalia country office, headed by a country manager, is located in Nairobi.

[2] Staffing in the Afghanistan country office excludes 16 internationally recruited staff country team members located in the satellite office in Dubai since the International Monetary Fund resident representative was killed in a bomb blast at a Kabul restaurant in January 2014.

[3] The Solomon Islands Completion and Learning Review found that "increasing the portfolio without a staff increase is a risk" (World Bank 2018).

[4] This finding mirrors that of a parallel evaluation, *International Finance Corporation and Multilateral Investment Guarantee Agency Support to Private Investments in FCS*, which found that projects in fragile and conflict-affected situations take 30 percent longer to prepare than those in non–fragile and conflict-affected situation countries (World Bank, forthcoming).

Appendix D. Findings and Lessons from the International Finance Corporation's Decentralization Experience

Introduction

Study Objective and Approach

The objective of this appendix is to synthesize the findings and lessons from the International Finance Corporation's (IFC's) past decentralization experience, based on existing self- and independent evaluations and key informant interviews. The purpose is to inform and supplement the Independent Evaluation Group (IEG) evaluation on *Enhancing the Effectiveness of the World Bank's Global Footprint*.

In line with the Approach Paper of the subject evaluation, this appendix is focused on the following lines of inquiry:

- What is the evidence about the links between IFC's decentralization and the performance of its projects and programs?
- How did IFC's decentralization of staffing and decision-making authority to the field help improve client responsiveness and enhance performance?
- What factors explain variations in decentralization benefits and downsides? How can potential benefits and downsides of decentralization be measured?
- What are the lessons on how to balance the potential benefits and downsides or different decentralization configurations?

This study is based on the following:

- A review of relevant IFC self-assessments and IEG evaluations to extract the findings and lessons that may be useful for the World Bank's decentralization efforts.[1]

» A review of interview notes and other background materials in IEG files to extract additional evidence and findings that may not have been included in the past IEG evaluations.

» Semistructured interviews with key IFC managers and staff.

Context and Rationale for IFC's Decentralization

IFC has been transforming from a headquarters-centric organization to a decentralized model, with significant increases in staffing and decision-making in the field. IFC's decentralization efforts began in 2002 and accelerated in 2007 with the launch of IFC Vision 2010: Global/Local, which delegated investment decision-making authority to field-based Regional directors and further shifted the balance of staffing to the field (IFC 2009). A third wave of decentralization, from 2010, involved the establishment of Regional hubs and moved senior staff involved in decision-making and additional staff involved in processing and supervision of investments to the field. Box D.1 on the Istanbul Operational Center (IOC), the first Regional hub launched in fiscal year (FY)11, outlines its original objectives, elements, and plans. More recently, in 2018, in connection with the IFC 3.0 initiative, a new accountability and decision-making (ADM) framework shifted decisions from Regional directors and managers (mostly in the field) to global directors and managers (all in Washington, DC).

Box D.1. Istanbul Operational Center

Objectives elements of IFC 2013

- Decision-making and execution capacity closer to clients
- Ongoing streamlining of processes
- Enhancing the productivity of staff
- Targeted development of knowledge and skills of staff

Key elements of operational centers (OC)

(continued)

Box D.1. Istanbul Operational Center (cont.)

- Responsibility for transaction execution and portfolio will rest with the Regional Industry (that is, sector) Directors in the OC (reporting to Regional Vice President, and dotted line reporting to Global Industry Director)
- Regional Operating Committees with all decision makers in OC (including Regional Head of Risk, Operations Support, and Financial Controller, all reporting to global function heads)
- Gradual increase of critical mass of execution capacity in these OCs
- Generating end-to-end processing efficiency improvements
- Creation of a middle office to increase processing efficiencies
- Improving transfer of skills and knowledge

Source: International Finance Corporation 2010. *IFC 2013 Change Initiative, Briefing to the Board of Directors*.

At present, field-based staff make up about 54 percent of IFC's total staff, up from 36 percent in FY02. IFC staff are spread across 109 offices in 102 countries. A significant shift has been the increase in investment officers in the field, from 27 percent (of total investment staff) in FY02 to 66 percent at present. The organizational structure of IFC's decentralization is based on a hub-and-spoke model, where a critical mass of staff (29 percent of total staff) are located in 10 Regional hubs that provide the full spectrum of IFC services, and smaller country offices (spokes) that establish and maintain local business contacts, government relations, and client management.

The main motivation for IFC's decentralization initiatives was to bring staff closer to clients. In the early 2000s, IFC's client base had become increasingly developing country based, demanding IFC's presence in the field. A key driver was that clients were expressing growing dissatisfaction with IFC's responsiveness and timeliness. As IFC's competitors increased their local presence and began to offer alternative sources of financing to clients, the development and business case for decentralization became solidified (IFC 2009).

Decentralization was also intended to reduce program concentration in the larger countries that were the predominant focus of headquarters-based staff and to generate more investments in locally owned businesses, as opposed to internationally promoted project financings. Initially, the focus was simply to place client-facing staff in country offices to support business development efforts. Additional elements of IFC's decentralization were added in successive steps, including the streamlining of procedures to improve decision-making, supporting upstream work through project development and market creation activities, and investing in technologies and knowledge management to, among other things, upgrade risk management and systems (World Bank 2017a).

IFC's 2009 review documents the benefits that had resulted from decentralization up to that time:

- Increased investment throughput. The dramatic increase in IFC's local presence in Africa enabled a quantum leap in investment activity and advisory services. IFC's annual investment commitments grew tenfold, from US$140 million in FY03 to US$1.4 billion in FY08. Similarly, between FY06 and FY08, advisory services more than doubled its client countries in Africa (from 15 to 36) and quintupled the number of advisory projects launched (from 17 to 85).
- Improved client relationships. Decentralization helped IFC to improve cycle time and speed of delivery to clients. IFC's average processing time per project (early review to commitment) declined from 294 days in FY02 to 203 days in FY08. Through decentralization, more clients had come to depend on IFC field office staff—from about one-third in 2003 to nearly half in 2008, based on client surveys.[2]
- Expanded ability to deliver development impact. In-the-field presence had allowed IFC to deepen relationships with local and Regional partners and to help increase local capacity, thereby helping to reduce barriers to private sector development.
- Improved portfolio quality. Having investment and corporate support (risk management) staff in the field helped deepen local knowledge and led to a better appreciation of local market risks.

Key Findings on IFC's Decentralization Experience

Findings on Links between Decentralization and Performance

Recent IEG evaluations and interviews have confirmed the continuing validity of IFC's rationale for decentralization. Thus, a field office focus group highlighted competitive issues faced by IFC. Relative to local banks, IFC is not price competitive, so to win business, local staff are essential to help understand the clients' business model and market context and justify IFC's higher value-added in terms of stricter environmental and social standards, integrity, and monitoring (World Bank and IFC 2016). It was also indicated that although IFC has good access to market intelligence and emerging markets information, which are key enablers, this knowledge is concentrated at headquarters but needs to be marketed at the local level by Regional staff that may be less expert but have access to dedicated sector experts at headquarters.

Several of IEG's case studies have also identified tangible benefits associated with IFC's decentralization: a deeper understanding of client needs, improved access to key decision makers, and involvement in upstream planning of future investments. They also pointed to the language advantage. Although many local businesses have English-speaking leaders and staff, they are much more comfortable in their own language, and local staff provide an important bridge between them and IFC's international staff. Overall, putting senior staff in the field was seen as having been extremely positive, since they could meet clients face-to-face and were familiar with their environment and the market in which they operate, which made clients more comfortable (versus staff flying in from headquarters). It has also saved on travel time and made local travel more feasible.

The recent and ongoing coronavirus (COVID-19) crisis has further highlighted the advantages of IFC's decentralization. As stated in recent interviews, the COVID-19 situation, with attendant urgency of intervention and travel restrictions, shows that it is essential to have people in the field. The response to IFC's COVID-19 facility has been huge, and IFC was able to

respond quickly since it knew the clients well, which was very different from the situation before decentralization.

IEG's interviews elicited a consensus that, overall, decentralization has helped improve the performance of IFC's projects and programs. It was felt that having staff in the field, especially the investment officers, enabled them to get to know the clients well and gave IFC much better capacity to generate business, improve the quality and depth of analysis, and handle the complexity of the local environment, especially in fragile and conflict-affected situation (FCS) countries, where government and private sector capacity are significantly weak.

Measuring the links between decentralization and performance (the benefits and downsides), however, remains a challenge. Following IFC's 2009 review of decentralization—with data on, for example, average processing times—reporting on key indicators has been limited. Thus, a 2014 IFC townhall presentation reported that decentralization and delegation had not changed processing speeds. In fact, processing times (number of days from mandate to disbursement) had barely moved from 342 days in 2006 to 314 days in 2014 (IFC 2014). IFC was still deemed to be lagging compared with its peers and commercial lenders. Recent IEG focus groups and interviews point to some limitations in the design and use of the corporate monitoring system as it relates to the impacts of decentralization. Thus, although specialists have been working on improving measurements, the corporate reporting systems appear to be focused on strategic oversight—indicators and targets reflecting corporate-level commitments on investment volume, climate change, International Development Association and FCS shares, gender, and so on—at the vice presidential unit or Region level, rather than individual projects. Finally, it needed to be recognized that IFC has been moving toward more local, less sophisticated clients who require greater attention and more time to meet IFC corporate requirements while needing smaller loans.

Factors in Balancing the Cost of Decentralization with Human Resource Sensitivities

IFC's 2009 review states that decentralization has had its costs, particularly in the frontier. But it concluded that, notwithstanding, between FY02 and FY08, commitment volumes and net income grew significantly more than the administrative budget. Thus, increased costs have been offset by greater staff productivity and better performance of IFC's portfolio.

More than a decade later, responses from IEG's interviews point to a continuing need to control the costs of decentralization. They highlight the challenges of balancing the trade-offs between the high cost of putting senior international staff in the field with greater reliance on lower-cost, more junior local staff. Basically, decentralization required more staff to be expatriated at quite a high cost. To compensate, the number of headquarters staff had to be reduced and compensated with lower-cost local hires, with attendant challenges in terms of the need to bring them up to speed in their understanding of IFC's culture, processes, requirements, and connections with headquarters-based knowledge resources and support services. A recognition of these challenges led to the establishment of the hub-and-spoke approach and its continuing refinement.

IFC continues to struggle with hiring and incentivizing staff for field-based careers and work in FCS countries. For international staff, the mix of incentives and packages makes it reasonably attractive to move to the field and have a global career, but these have to be traded off against the challenges of life in the field. To address senior staff reluctance to move to the field, IFC had to place the hubs in stable countries with low security risk, with easy access to more difficult countries where the clients and bankable projects needed to be developed. In tough markets like FCS, it is not always possible to close a deal during the three years investment officers are normally in the field. Furthermore, field-based investment officers feel that they are the ones who are ultimately held responsible for a project's potential failure—even if something goes wrong with legal issues, insurance, compliance, and so on, where controls tend to be based at headquarters. In recent years, IFC has adopted key performance indicators specific to FCS and

the International Development Association in its Corporate Scorecard, which are cascaded down to the department level.

For locally hired staff, their motivation is closely tied to perceptions about long-term career prospects. As is evident from interviews undertaken by IEG, there is a widespread perception that there is very limited scope for an analyst—a locally hired junior staff—to grow upward. One factor is that to move up as an analyst, a master of business administration degree is required, but there is no guarantee that there will be a position for them after graduate school—they still need to interview and reapply for a position.

Among work-life balance issues, the absence of a culture of "sharing the pain" emerged as the most important, especially in Asia. IEG's interviews with IFC personnel in Asia elicited that because of time zone differences, almost every meeting is outside of normal office hours. Although efforts are being made to alternate the scheduling of off-hour meetings with headquarters and to put more of the corporate support functions in the field (credit, legal, budget, environmental and social compliance, portfolio management, insurance and business risk, and so on), recent staff surveys reflect that only about 20 percent rate the work-life balance as acceptable.

There are also issues associated with the field offices' staffing structure and office ecology. In several hubs, there was a sense that the staffing structure was too top-heavy—an "inverted pyramid"—with too many upper-level investment officers and too few analysts and lower-level investment officers. In some offices, the supply of analysts is so constrained that lower-level work inevitably got pushed up to higher-level staff. Additionally, the recruitment of analysts was made difficult by a requirement that analysts have some job experience. So the offices were unable to hire fresh graduates and were missing many good candidates. Another issue derived from the priority given to the decentralization of operational staff (investment officers, industry specialists), rather than those in corporate support functions. This had resulted from the need to control costs by balancing the trade-offs between (i) the need to grow the business and enhance the quality of projects by prioritizing the decentralization of senior (high-cost) operational staff, and (ii) the time-consuming back-and-forth required to communicate with the senior corporate support function staff at headquarters to save on expatriation costs.

Findings on the Delegation of Decision-Making

IFC's 2009 review highlighted the three-signature principle (industry, regional, and credit) as the cornerstone of delegated decision-making under decentralization. In addition to the accountable director, the credit officer and one other director also clear each project at a key stage of the investment process. For projects that are not delegated to directors, the Corporate Operations Committee also clears for processing at the early review stage and is consulted thereafter if there are significant project modifications or heightened risk factors. This approach was pioneered and most fully developed at the IOC, built as the first operational hub, with about 240 staff at its peak, serving the Europe and Central Asia and the Middle East and North Africa Regions, with smaller hubs in Moscow (Europe and Central Asia) and Cairo (Middle East and North Africa). In addition to the regional vice president, IOC had directors and senior staff for industries, a regional credit officer, and senior staff for other corporate support functions. Between 2010 and 2018, all first-stage (concept review) investment decisions (the key one for each deal) were made by the Regional Operations Committee chaired by the regional vice president, except for a small number of high-risk cases, which required prior approval from the Corporate Operations Committee.

The delegation of decision-making to the field has been perceived as highly positive. In the early stages of decentralization, all decisions were made at headquarters, and field staff were mainly focused on business development. From 2009, authority was delegated to senior managers in the field—they chaired all decision meetings, with only industry (that is, sector) specialists at headquarters. These steps had made it easier to interact with clients, improved responsiveness, and were also very motivational for staff (who didn't have to wait for someone at headquarters to respond). But it also led to a sense that decentralization has led to IFC being too close to some of the countries and clients, in some cases affecting perceptions of risks, and of some Regions becoming too independent and taking larger risks than headquarters would have taken. These perceptions led to a need to ensure quality and consistency across Regions, or there could be a risk that IFC was becoming four separate (Regional) institutions.

Partly to address such perceptions, a reform of the ADM framework re-aligned authority toward the center. Nominally, the 2018 ADM reform was independent of decentralization. It simply meant that the chairing of Investment Committee decision meetings shifted from regional heads of industry (mostly in the field) to global industry directors (who are all at headquarters) or their designate. Under the new structure, regional directors and managers focus on business development and integrity due diligence, and industry (that is, sector) departments make the deals. So each industry department has staff in the hubs (and some country offices) that prepare the deals for decisions made at headquarters in meetings chaired by the global industry directors. An important consequence is that, from then on, regional directors and managers can make only recommendations, not final decisions, about individual deals.

It may still be too early to assess the impacts of the 2018 ADM reform, but some of the challenges have been identified. The difference is felt in three areas: (i) the dilution of accountability (because of more people getting involved), (ii) more extended processing, and (iii) greater difficulty in motivating staff, who feel less empowered and able to give quick and straight answers to clients. The underlying cause seems to be that distance (of the global directors from the field) by itself creates a perception of risk, which leads to much more duplication of tasks, since everything done in the field has to be checked at headquarters. It should also be recognized, however, that the 2018 ADM reform coincided with IFC's push to go for more local sponsors (second-tier companies) that require more time and a few countries' facing serious macroeconomic challenges.

Challenges for Knowledge Management in Decentralization

Increased decentralization raised concerns over the deterioration in the transmission and accessing of IFC's global knowledge resources. Although there are obvious benefits to having IFC's senior technical staff close to the client, since they carry the global knowledge for which clients are willing to put up with IFC's high prices and extensive requirements, putting these senior staff in the field can lead to them losing their edge, since they miss out on headquarters' role as a global convening center for the latest cutting-edge

knowledge. Also, although local hires may know a lot about the local and regional environments, they tend to lack the global knowledge or exposure that headquarters-based staff possess and which sophisticated clients appreciate.

A particular challenge relates the onboarding and coaching of locally recruited staff. As explained by several interviewees, IFC had to recruit many people locally. They had good qualifications and cost less, but they were not properly onboarded, so they struggled to understand IFC's culture, processes, and requirements and establish connections with headquarters, and could not be as productive. So the hubs were structured as a larger environment to enable senior staff—the "culture carriers"—to coach and mentor the local staff. Good career management would therefore involve periodically rotating senior staff between the field and headquarters to avoid losing their edge, and rotating junior local recruits between country offices and the hubs to have knowledge transfer. This system's effectiveness, however, is constrained by the inverted pyramid structure of the hubs, with attendant overburdening of higher-level staff, and the difficulty of switching local staff between their home country salary scale and third-country national packages in the hubs. Additionally, a lukewarm attitude to mentorship programs appears to exist because there is no way to monitor their effectiveness.

Lessons from IFC's Decentralization Experience

Lessons Learned from IFC's Experience with the Istanbul Hub

In 2019, IFC carried out a review of its experience with the IOC, which yielded some broadly applicable lessons:

- Improving operational efficiency. Concentrating resources in an operating center will not, in and of itself, maximize productivity. This has to be the focus of a concerted effort by regional management and staff with measurable metrics, easily accessible reporting systems, and aligned incentives.
- Promoting dissemination and global knowledge. Decentralization has increased the risk of fragmentation of knowledge, challenging the objective of bringing the best of IFC to every client. IFC management is striving to

promote greater dissemination of global expertise by, among other things, ensuring Global Industry (that is, sector) Department input into regional transactions and encouraging staff to work on transactions across their own and other Regions.

- Better managing and communicating in a decentralized environment. Many managers are responsible for staff that are located in another office, creating challenges in terms of mentoring and career guidance. IFC is experimenting with different models to address this issue, that is, placing some senior staff in smaller offices to act as mentor or co-manager for junior staff.
- Improving work-life balance. Work-life balance is one area in which field staff satisfaction falls below IFC average. Discussions with staff highlight issues such as more frequent travel, challenges when working with teams in multiple Regions, and greater client expectations regarding accessibility.
- Proactively managing natural rotation of staff. Many staff who relocated from headquarters and other regional offices are nearing the end of their assignments and are seeking new assignments. IFC is working to develop a corporate strategy to support staff in their career paths as they migrate to different offices.

Lessons Emerging from IEG's Interviews with IFC Managers and Staff

Based on IEG's interviews with IFC managers and staff in the course of the current study and for past evaluations, the emerging lessons can be clustered into four main areas: the rationale for decentralization, the management of human resources, the delegation of decision-making, and the development and dissemination of global knowledge.

Lesson 1: The Rationale for Decentralization Is Strong

The mission-driven shift in the focus of the World Bank Group to smaller and poorer countries will necessitate continuing decentralization. IFC's experience suggests that putting senior staff in the field has strong payoffs in terms of understanding the reality of the markets and political economy in the field, building trust and networking with clients and partners, and tailor-

ing projects. The Bank Group's Washington, DC, location is inconvenient for servicing Africa, Asia, the Middle East, and even Europe. So decentralization is essential but needs to be done with care to avoid siloing by Regions and countries and to ensure generation of and access to global knowledge.

Lesson 2: Decentralization Requires the Sensitive Management of Human Resources Issues

A big challenge with decentralization is the motivation for global career development in face of difficulties associated with family, schools, health, and security that are needing more attention, especially now. There is a need to make sure that field deployments are voluntary and packages are attractive and planned with adequate time to enable families to prepare and adjust. Also, return guarantees and ensured rotation need consistent support to avoid loss of talent.

Lesson 3: Delegation of Authority to the Field Needs to Be Carefully Balanced with the Management of Quality and Risks

To achieve the full benefits of decentralization, decision-making needs to be close to the client and done jointly by the team that knows the client and a central entity at headquarters that is familiar with similar situations across the board to ensure quality and avoid balkanization. The key decision is how to empower. So if the institution just wants eyes and ears, it is acceptable to just send midlevel people, but if it wants top people in the field, a lot of decision-making needs to go along with them. Otherwise, people will get demotivated from having to wait for decisions at headquarters and participate in lots of off-hour meetings.

Lesson 4: The Nurturing and Transfer of Global Knowledge Deserves Special Attention

The Bank Group needs to pay special attention to nurturing and maintaining access to its global knowledge resources, which are a major reason why clients come to the Bank Group. This knowledge base needs to be efficiently managed from where it is generated in the field and made widely accessible

through a central management entity. The Bank Group's staff are the main carriers of this knowledge, and as they move around—from headquarters to field and back and across different Regions—the learning is huge. There is a need to codify and document the knowledge base so that it is more accessible and not just in the heads of senior staff. There are also often difficulties with finding specific in-house expertise. Mapping employees by industry or sector expertise could be very helpful in this regard. The ongoing COVID-19 situation has particularly highlighted the need for greater attention on how to keep sharing and expanding the Bank Group's knowledge base.

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[1] The main documents reviewed were two International Finance Corporation (IFC) self-assessments and three Independent Evaluation Group evaluations: IFC 2009 and 2019, and World Bank 2017a, 2017b, 2021.

[2] More recently, both the expansion of IFC investments and the reduction in processing time have been more moderate. This probably reflects both the slower expansion of IFC staff in the field after the structural shift of the late 2000s and the fact that these variables do not depend only on decentralization but also reflect broader institutional policies and practices.

Appendix E. World Bank Country Opinion Survey and Staff Field Presence Correlation Analysis

The purpose of this analysis is to detect to what extent there is a correlation between the World Bank staff presence (field presence intensity) and degree of client satisfaction.

The results of the analysis are presented by the following tables:

- Table E.2: bivariate regressions of field presence on Country Opinion Survey (COS) questions—by fragile and conflict-affected situation status
- Table E.3: bivariate regressions of field presence on COS questions—by income group
- Table E.4: bivariate regressions of field presence on COS questions—by Region.

Method

Data Sources

- The World Bank Group Country Opinion Survey Program (COS); https://microdata.worldbank.org/index.php/catalog/COS
- World Bank lending operations data
- Human resources placement data: human resources historical placement data with staff information on their duty country and grade level for each fiscal year (FY)

Analysis Scope

The time period is FY 12–19 determined by the data availability of the COS survey.

The analysis of field presence is focused on the World Bank staff at grade GE and above, excluding short-term or extended-term consultants, and institutional, governance, and administrative staff.

The analysis included only the COS questions that are relevant to the World Bank's performance (table E.1).

Field presence intensity is measured as the number of staff based in the country in the survey year divided by the lending portfolio size for the overall COS-surveyed period. The size of the lending portfolio in the country is measured by the number of projects.

The COS score scale is as follows: questions B10–B11: 1 = strongly disagree to 10 = strongly agree; questions B12–B26: 1 = to no degree at all to 10 = to a very significant degree.

Limitation

Although the scope of the COS survey is the Bank Group, including the Multilateral Investment Guarantee Agency and the International Finance Corporation (IFC), the field presence is focused only on the World Bank staff measured in the context of World Bank lending projects. The lending portfolio of IFC and the Multilateral Investment Guarantee Agency, IFC advisory activities, and the World Bank nonlending portfolio are not included in this analysis.

The survey respondent rate and response representative of stakeholder group vary for each country,[1] and the composition of stakeholder groups varies in terms of size and composition across countries, based on country context, Bank Group program, and engagement.

Because of the data limitations, the study cannot draw conclusions about causality but can infer some correlation implications. From FY12 to FY19, approximately 10 percent of the client countries were not covered by the COS survey because of political crises.[2] The analysis focused on the correlation between field presence and COS survey answers. The time trend could not be controlled in this study because of the lack of time-series data. The relationship between the field staff and the stakeholder and field staff's

previous experience in the client country influence the COS results but could not be captured in this study.

Table E.1. COS Questions Selected

Question	Question Description
B10	Overall, the Bank Group currently plays a relevant role in development in [country]
B11	The Bank Group's work is aligned with what I consider the development priorities for [country]
B12	Responsiveness to needs
B13	Flexibility (in terms of the institution's products and services)
B14	Flexibility (in terms of changing country circumstances)
B15	Being inclusive
B16	Openness (sharing data and other information)
B17	Collaboration with the government
B18	The speed in which it gets things accomplished in the field
B19	Helping to bring discipline/effective supervision to implementation of investment projects
B20	Collaboration with civil society
B21	Staff accessibility
B22	Collaboration with other donors and development partners
B23	Collaboration with the private sector
B24	Straightforwardness and honesty
B25	Treating clients and stakeholders in [country] with respect
B26	Being a long-term partner

Source: Independent Evaluation Group.

Correlation Analysis Results

Table E.2. Bivariate Regressions of Field Presence on COS Questions by FCS Status

Question	All	Non-FCS	FCS	FCS (excluding Afghanistan)
	(1)	(2)	(3)	(4)
B10	0.03	0.04	−0.00	0.02
B11	0.02	0.03	−0.01	−0.00
B12	0.03	0.03	−0.01	−0.01
B13	0.01	0.01	−0.03	−0.03
B14	0.02	0.03	−0.03	−0.03
B15	0.02	0.03	−0.03	−0.02
B16	0.03	0.04	−0.02	0.01
B17	0.01	−0.00	0.02	0.03
B18	0.03	0.04	−0.00	−0.00
B19	0.06	0.08	0.01	0.01
B20	0.06**	0.07**	0.01	0.02
B21	0.02	0.03	−0.00	0.00
B22	0.02	0.01	0.01	0.03
B23	0.05*	0.06*	0.02	0.02
B24	0.03*	0.03	0.01	0.02
B25	0.04*	0.05*	0.01	0.03
B26	0.05*	0.05	0.05	0.07*
Observations	235	186	49	47
Average R^2	0.01	0.01	0.01	0.01

Source: Independent Evaluation Group.

Note: COS = Country Opinion Survey; FCS = fragile and conflict-affected situation.

*$p < 0.05$ **$p < 0.01$.

Table E.3. Bivariate Regressions of Field Presence on COS Questions by Income Group

Question	All	LIC	LMIC	UMIC	HIC
	(1)	(2)	(3)	(4)	(5)
B10	0.03	0.06**	0.06*	0.01	−0.12
B11	0.02	0.07*	0.05	0.02	−0.15
B12	0.03	0.06*	0.03	0.01	0.16
B13	0.01	0.03	0.03	−0.01	0
B14	0.02	0.04	0.06*	−0.01	0.05
B15	0.02	0.03	0.04	0	0.02
B16	0.03	0.06	0.06*	0.02	0.01
B17	0.01	0.05	0.05	−0.02	−0.18
B18	0.03	0.06	0.06*	0.04	−0.17
B19	0.06	0.04	0.07	0.1	−0.03
B20	0.06**	0.08**	0.08***	0.05	0.01
B21	0.02	0.04*	0.02	0.03	0.08
B22	0.02	0.05	0.07**	−0.05	−0.09
B23	0.05*	0.05	0.09***	0.04	−0.03
B24	0.03*	0.05**	0.05**	0.02	−0.06
B25	0.04*	0.04	0.07**	0.05	−0.04
B26	0.05*	0.07*	0.07*	0.07	−0.15
Observations	235	57	82	77	19
Average R^2	0.01	0.05	0.05	0.01	0.03

Source: Independent Evaluation Group.

Note: COS = Country Opinion Survey; HIC = high-income country; LIC = low-income country; LMIC = lower-middle-income country; UMIC = upper-middle-income country.

*$p < 0.05$ **$p < 0.01$ ***$p < 0.001$.

Table E.4. Bivariate Regressions of Field Presence on COS Questions by Region

Question	All	AFR	EAP	ECA	LAC	MENA	SAR
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
B10	0.03	0.07**	0.1	−0.04	−0.14**	−0.01	−0.07
B11	0.02	0.06*	0.02	−0.05	−0.06	−0.06	−0.12
B12	0.03	0.04	0	−0.05*	0.03	0.16	−0.15*
B13	0.01	0.04	−0.09	−0.05*	−0.02	0.07	−0.19*
B14	0.02	0.05	0	−0.05*	−0.01	0.15	−0.14
B15	0.02	0.05	0.02	−0.05	0	0.07	−0.1
B16	0.03	0.07*	0.18	−0.04	−0.01	0.16	−0.12
B17	0.01	0.05	0.15	−0.04	−0.09	−0.08	−0.13*
B18	0.03	0.06	0.06	−0.06*	0.04	−0.25	−0.11
B19	0.06	0.05	0.09	−0.01	0.12	0.08	0.1
B20	0.06**	0.09***	0.1	−0.04	0.01	0.03	0.05
B21	0.02	0.03	0.06	−0.02	0	0.12	−0.07
B22	0.02	0.04	0.01	−0.05*	−0.02	−0.04	−0.08
B23	0.05*	0.10**	0.12	−0.05*	0.02	0.09	0.16
B24	0.03*	0.04*	0.14	−0.01	−0.06	0.01	−0.07
B25	0.04*	0.04	0.02	0.04	0	−0.02	−0.09
B26	0.05*	0.09**	0.21	0.04	0	−0.08	−0.07
Observations	235	84	26	42	47	20	16
Average R^2	0.01	0.04	0.02	0.05	0.02	0.03	0.09

Source: Independent Evaluation Group.

Note: AFR = Africa; COS = Country Opinion Survey; EAP = East Asia and Pacific; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; SAR = South Asia.

*$p < 0.05$ **$p < 0.01$ ***$p < 0.001$.

[1] In the countries covered by the Country Opinion Survey, for some groups of stakeholders and agencies in certain years or fiscal years, there are insufficient respondents to represent themselves statistically. For example, in the China 2018 Country Opinion Survey, there are not enough respondents from bilateral or multilateral agencies, central banks, or regulatory agencies.

[2] The client countries are defined in the study as countries with lending World Bank projects approved during fiscal years 2012–19.

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