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Management & Innovation

A digest of interesting and possible best managerial practices in the World Bank *Issue 3, October 1994*

Quality Management — One Operations Division's Approach

Krishna Challa[1]

There is much that individual operations divisions can do to improve quality, and many have taken successful initiatives in that direction. One key is development of an agreed coherent vision of what constitutes quality.

Over the last three years, the emphasis on quality management (QM) by senior management in the LAC Region has had a substantial influence on divisional and task managers. In our division, we took it as a cue to expand our ongoing QM initiatives and experiments. The emphasis on QM in the report of the Portfolio Management Task Force and the subsequent signals from the Bank's senior management on the need to improve "quality at entry" and effective project implementation provided additional encouragement, as did information on QM experiments in other parts of the Bank—most importantly in the erstwhile AF6 and in the East Asia region.

As one means of paying back this debt, I would like to share the experiences with QM of my own division—previously the LA3 Trade, Finance, Industry and Energy Division and, after a recent restructuring, the sector operations division responsible for "Public Sector Modernization and Private Sector Development" (LA3PS).

Original Principles

LA3TF's drive for QM was launched nearly three years ago with a decision to organize a special division retreat with QM as its guiding theme. One result of the retreat was a division-level consensus to adopt the *quality* of our division's overall contributions as our over-arching goal.

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Since then, considerations of quality have been paramount in determining our overall divisional strategies and in making day-to-day decisions on priorities and approaches. And the quality goal has also provided much of the foundation for our business planning over the last three years.

The principle of quality as a goal is, of course, unimpeachable. Giving it operational meaning is more difficult. At the outset of the retreat, we readily agreed that the best measure of quality would be our contribution to sustainable development in member countries. However, we recognized that this definition was too broad and general to guide decision making. A more operational definition with specific measurement standards was needed. After much debate, we agreed that we should assess the quality of our division's output along four dimensions:

The division's contribution to the formulation of country development strategies and its success in implementing the agreed strategies;

The extent to which information on best practice from international experience is acquired by task teams and made available to country counterparts in the context of sector and project work and implementation support;

Success in obtaining the participation and "ownership" of our clients in the process of formulating and implementing policies, programs and projects; and

The efficiency and timeliness of services delivered by the division, and its success in helping achieve expected on-the-ground results as well as agreed Bank output goals.

We then agreed on a "self evaluation" methodology to assess our contributions along each of these dimensions and agreed to develop some specific performance indicators against which these assessments could be made.

Application of the Principles

The group recognized that our proposals would have to be compatible with the Bank's, the region's and the department's formal operational policies and organizational requirements. However, to avoid constraining the agenda too early in the process, we decided to first define what we as a division would like to do in the absence of any organizational constraints other than the Bank's administrative budget and personnel policies, and only then to adjust our "ideal" approach, priorities or procedures as necessary. In retrospect, I am pleased to report that we found a surprisingly small number of conflicts between the "ideal" and the permissible. In the bulk of the cases where such conflicts were detected, we were able to present our case and obtain the accommodation we needed from the department or region.

Beyond that, specific initiatives taken by the region to help improve quality and efficiency, as well as specific departmental initiatives in LA3 aimed at simplifying loan processing procedures and encouraging teamwork, provided a supportive environment for our division's quality program. These initiatives included a single up-front review procedure at the RVP level for certain kinds of operations, measures to encourage more effective use of technology and development of staff skills, and, at the departmental level, a "department without walls" concept.

Each of the quality dimensions we identified has had a significant influence on our division's management style and operational approach since the retreat. For example, to enhance divisional contributions to formulation and implementation of country assistance strategies, we adopted a more deliberate approach to hammering out appropriate sectoral strategies—including strategies for helping in the formulation and implementation of policy and institutional reforms. We held frequent brainstorming meetings among all divisional task managers working on the same country. This, in turn, enabled more effective contributions and participation by divisional staff in country teams and CAS strategy meetings. We also adopted suitable sector and project-level monitoring indicators.

Each of the quality dimensions we identified has had a significant influence on our division's management style and operational approach since the retreat.

To enhance client participation and ownership, we initiated a variety of approaches for including clients in the early stages of project formulation and the formulation of policy and institutional reform proposals. And to enable task

managers to acquire knowledge of best practices in their respective areas of interest, we developed a more activist training strategy for division staff. It featured state-of-the-art seminars, field visits to other countries which had attempted similar reforms, cross-regional seminars to share experiences, and formal external or in-Bank training whenever needed. In some instances, joint field visits to other countries implementing new sector strategies were organized for client country representatives together with task managers.

The efficiency and timeliness of our output were addressed mainly through the use of an agreed system of explicit dollar task budgets within which task managers would have substantial autonomy, subject, however, to periodic division-level reviews of resource use and accomplishments in relation to specific monitoring indicators.

To illustrate how the QM program affected our operational work and its results, what happened with respect to one of the four dimensions—enhancing client participation and ownership—is worth a closer look. Reflecting our consensus, virtually every operation prepared by the division over the last 2–3 years has incorporated explicit steps to increase client participation in sector dialogue, project identification, and project preparation/appraisal. The steps have reflected numerous divisional meetings in which task managers have shared experiences and useful tips. Cross-fertilization has also been achieved by inviting speakers knowledgeable about similar experimentation in other parts of the Bank—for example, the central vice-presidencies.

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Some Specific Examples

The first example I would like to cite is our ongoing work related to the reform of the Bolivian telecommunications sector. This is being pursued as part of a broader "capitalization program" announced by the government to reduce the role of the state and increase the private sector's role in key production activities and the provision of public services. In exploring the options for overall reform, as well as the specific alternatives available for restructuring and privatization in the telecommunications sector, two workshops were conducted at the outset of project identification and preparation. In the workshops, all parties concerned—government policy makers, representatives of the local and regional telephone cooperatives, the state-owned long distance telephone company, and independent domestic and international experts—participated. From the "no holds barred," at times very animated, discussions emerged policy options and restructuring modalities which were fine-tuned later through further debate stemming from wider public dissemination. These formed the basis for the legislative and regulatory reforms that are now being proposed.

Another example was the design of a demand-side energy management program focusing on energy efficiency, conservation and improved technologies in Jamaica. In this case, local and international NGOs directly participated in the formulation and appraisal of the demand-side management (DSM) program. To facilitate a discussion of the priorities and adduce a decision on which of the measures should be tried out as part of the experimental program, the Bank presented to the group a comparative analysis of alternative measures available for energy conservation in residential and commercial areas. The same agencies also participated in the final negotiation of the GEF grant to be executed by the Bank in support of the program. To further broaden public interest and understanding, the main implementing agency (the Jamaica Public Service Company) sponsored an essay competition for school children, inviting their views and ideas on energy conservation. The competition attracted public interest and attention exceeding all expectations.

While the specific modalities and degrees of client and stakeholder participation in design have varied considerably across projects and programs, in each case the participation has had a substantial impact on the final design.

An even more striking example was the preparation and appraisal of the Bolivia Judicial Reform

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project. Project appraisal in this case was conducted essentially through three major workshops organized in Bolivia to identify and address issues affecting the effective and efficient operation of the judicial process in Bolivia. Representatives of the Supreme Court of Bolivia, other appellate courts, the Ministry of Justice, the private lawyers' association and international legal experts (including judges from supreme courts of other countries) all "brainstormed" together in the effort to develop options and hammer out recommendations. Among other things, the workshops covered the nature of judicial reviews, the role and qualifications of judges, court and case administration, problems in information systems and other infrastructure, alternative dispute resolution mechanisms, and required training and skills development. Outputs from the workshops included a proposed overall judicial reform strategy, broad options for addressing the main problem areas, and a concrete program of activities to address the specific problems and needs that had been identified. The workshops fed directly into the drafting of the appraisal report. We expect to use the same workshop approach in fine-tuning these proposals and implementing the agreed actions.

Similar multi-party consultative processes—including representation of central government, local government, concerned public enterprises, and the private sector—were used by the division with significant success in the design of several other programs and projects. Notable among these are the private sector and export development programs in Colombia and Jamaica, for which specific Bank projects have now been processed and approved by the Board, and the power sector reform projects being prepared in Colombia, Bolivia and the Dominican Republic.

While the specific modalities and degrees of client and stakeholder participation in design have varied considerably across projects and programs, in each case the participation has had a substantial impact on the final design. Not surprisingly, in the division's private sector oriented projects it has become standard operating procedure to canvass private sector representatives and industry associations—first in formulating project ideas and then in implementing the projects. Focus groups, as well as workshops, have often been used to help flesh out ideas, and, in an increasing number of cases, private sector representatives have participated as members of steering groups directing the projects or programs.

In short, the experiences with enhanced client and stakeholder participation have yielded encouraging results. More broadly, our experience to date indicates that once a working unit or team reaches a common and coherent vision of what "quality" means to the unit and can agree on the main elements of a quality management program, significant improvements in group output, efficiency, motivation and morale, and—most importantly—in sustainable on-the-ground results can follow.

Enhancing the Strategic Dialogue: An Approach to Joint Stocktaking and Enriching Bank/Government Partnerships

Katherine Marshall[1]

Articles in previous issues of M & I have described participative approaches to sector work and project preparation.This article describes large participative meetings with a strategic focus which have involved substantially the whole top layer of government and have greatly enriched Bank/ Government partnerships.

The complexity of the World Bank's role in the development process is nowhere more evident than in Africa. Essentially, this is because the human needs, and the resulting calls for support and financing, are so varied and great. Even within a single meeting, Bank teams find themselves cast in many different, subtly shifting roles: financier, obviously, but also advisor and counselor, advocate, goader to action, consultant, bearer of ill tidings, and partner in joint endeavors. Complicating this multi-faceted role is the power that the World Bank wields, for better or worse, because of Africa's heavy dependence on external resources. Sometimes the Bank is seen as an effective and needed partner and friend, but too often as an arrogant outsider, even adversary, intervening in many domains, too seldom willing and able to listen and understand.

The inherent imbalance of power can impede collaboration and foster tensions, which are heightened by vulnerability and attendant resentment. Commonly, inordinate attention is given to financial flows and studied positional bargaining—attention which can impede the give and take of the rich partnership that is the hallmark of successful Bank country relationships.

Spurred by contradictory and often counterproductive images of the Bank and sometimes uneasy country relationships, the Sahel Department has engaged in a series of efforts to redress some of the underlying sources of tensions. The aim has been to reestablish the foundation of our partnership with our Borrowers, call into play the full range of the Bank's potential to support country development efforts, and lay to rest some of the demons of arrogance and misunderstanding that impair country relationships. These partnership efforts have taken many forms, and involved staff at all levels, with the resident missions plainly in the front ranks. They have included training in negotiations, listening, and communications, a pervasive focus on joint and collaborative modes of work, institutional diagnosis, sector forums, and special social analyses of troubling issues.

Central to these efforts have been special meetings in Senegal, Mali and The Gambia, involving the whole senior Government hierarchy, as well as the Bank's departmental and country managers. All three special meetings were ambitious and rather risky affairs. Each was deliberately (and quite unnaturally in the first instance) placed outside the normal work and negotiating relationship between the Bank and the Government, and each was framed as a mechanism to strengthen and enhance the partnership between the two.

The Senegal, Mali, and Gambia meetings had different contexts and differed markedly in tone, focus and outcome. The Senegal meeting aimed to recenter the dialogue and country strategy on longer-term issues and address frustrations in our relationship. The Mali meeting was a joint exploration— with a new government—of issues and prospects for Mali's future. And the Gambia meeting

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set out deliberately to bridge the gap between vision and implementation, and to build a sounder, richer partnership. In all three, the investments of time by the Government and the Bank were substantial, but the outcome surpassed our expectations.

...the meeting produced a breakthrough in dialogue...

Senegal

The Senegal "Journées de Réflexion"—"Days of Reflection" —took place in Saly, outside Dakar, in January 1992. The core purpose was to refocus the country dialogue on long-term development issues and renew what had been a poorly functioning partnership. The Senegalese Government, including the President and numerous other officials, had chafed under the discipline of complex negotiated conditions, especially for quick-disbursing operations, which, they maintained, impeded their freedom to act. Lengthy "discussions" on program performance and the consequent unpredictable flow of funds had been a constant frustration for Senegal's economic managers. The Government was often openly vehement in attributing to its Bank counterparts arrogance, lack of understanding of country conditions, and failure to listen.

From the Bank perspective, the partnership was equally frustrating—as the Senegalese development programs seemed fundamentally stalled, a decade of generous support for policy reforms had yielded disappointing results, and the combination of a desperate Senegalese need for funds and unease over past disappointments had produced an environment in which discussions rapidly deteriorated into bargaining over highly contentious and detailed issues such as the precise number of civil servants on board and the level of the Government salary bill. A similar uneasy climate existed within the donor community but was camouflaged by Senegal's brilliant diplomatic initiatives and consummate presentational skills.

Initially planned as a small, private "brainstorming" meeting between Government and Bank teams, far from telephones and daily interruptions, the Saly meeting grew into a large and quite public affair. Three features shaped the meeting. First, we agreed early on that this should be a Government-led meeting; the Bank team would offer advice and support when asked but was prepared to accept virtually any meeting format. Second, the Government organizers took a rather formal route towards presenters, commentators, and moderators and enlarged the attendance, opening the meeting effectively to academics, the private sector, press, and donor community (as observers). Finally, President Diouf gave strong personal support to the meeting, with the result that the entire Cabinet and sub-Cabinet, except for the Defense portfolio, was present throughout.

The broad attendance made it possible to highlight linkages between practical implementation issues at the project, community and sector levels, budget and macro-economic management, and the national development vision.

At the meeting, a rather public setting, the Bank team was almost immediately confronted with unanticipated and open hostility. This prompted the Bank team to shift gears from a general willingness to listen (hardly rare as such) to a more "active" listening mode. For two full days (and nights—one session went to 3:00 AM) while the Senegalese debated among themselves, we did not intervene except to provide summary comments at the close of each session to demonstrate how much we had indeed taken in and to add some provocative observations and comparative experience. During the third and final day, the meeting was between the Government and Bank teams—en famille—and then and only then did the Bank team intervene.

There were essentially two outcomes. First, the Bank team heard and learned much about Senegalese visions of development and perceptions about the Bank, much that was heartening and constructive, and much that was not. We have since been able to build on the "Spirit of Saly" to probe understandings of issues, question assumptions we had held as givens, and move well ahead in many areas like agricultural and education policy. Second, the meeting produced a breakthrough in dialogue, allowing franker discussion and bringing home, at least to some degree, the breadth of the Bank's experience and capacity to assist a country, given a conducive environment. The rallying cry at

the finale of the meeting, not unrelated to the World Cup football match in Dakar at that moment, was a can-do "Gagnons!"—"Let's win!" Both Government and Bank, have since echoed that frequently.

Mali

The special Mali meeting, in February 1993, had a very different context: there was a new Government, elected a year after a bloody revolution had brought down a regime of 22 years. The purpose of the meeting was stocktaking, a fresh start, and looking ahead. While this meeting too was larger than we had hoped and less explicitly planned, the President's personal interest ensured attendance by the entire Government hierarchy. Even with a highly collaborative environment and a new team, we found that underlying tensions around relationships with the Bank remained and needed to be dealt with. We found that a key agenda item for the Government's core economic team was to try to broaden appreciation of the imperatives of macro-economic management and the adjustment program. An exciting aspect of the Mali meeting (also present in the Gambia meeting) was the strong commitment to open, public discussion of issues that had, before then, been closely held by a few individuals. Transparency and popular participation were strong recurring themes.

This meeting took place at a hotel in Bamako (the Amitié—Friendship—another lasting theme). It was much more participatory than its Senegalese predecessor, with Bank staff intervening freely from the outset in a wide-ranging debate. The focus that emerged was the critical state of the Malian economy, and above all the education crisis (which, we argued, was the central barrier to future progress, as Mali is among the countries with the lowest primary school enrollment). The broad attendance made it possible to highlight linkages between practical implementation issues at the project, community and sector levels, budget and macro-economic management, and the national development vision. In the meeting, some of the shibboleths about Bank relationships were addressed with enough clarity and conviction to ensure that all emerged with a strong and durable sense of real partnership in the joint venture of advancing Mali's development agenda.

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The Gambia

The third special country meeting was the Kairaba Partnership Forum with the Gambian Government in May 1994. This meeting also had a long gestation, growing from an initial agreement two years earlier to engage in joint reflection on medium-term development directions and the complexities of the Bank-Government relationship. This time, nagging issues in the relationship were clearly defined. They reflected several problems: the dichotomy between progress in macro-economic management and poor experience on many projects; concerns about governance issues and their potential impact on projects and macro-economic management; and unease around some of the roles that the Bank had played, specifically in seeking action on agreed conditions such as increasing levels of social spending.

The meeting was enriched greatly, despite some initial skepticism, by a highly skilled team of facilitators from Conflict Management Inc. which had worked with the Sahel Department in the preceding months on special training in partnership and borrower commitment issues. The highly participatory meeting explicitly probed relationship issues that would probably not have been addressed without outside facilitators. A highlight of the meeting was a session where Government and Bank participants were each asked to describe how they thought the other group perceived itself. The perceptions were disarmingly frank and disturbing. The Bank was seen as arrogant, impatient, applying too simplistic remedies, while The Gambia was seen as uncommitted to development, inefficient and corrupt. At bottom, however, all participants recognized their common desire for a future relationship of trust, respect and partnership.

While the three country meetings had many themes in common, the Gambia meeting produced the most exciting statement of a development vision, as well as many explicit agreements on how to improve the partnership with the Bank. A military coup d'état in The Gambia in July (unexpected by all observers of this long-democratic country) derailed plans temporarily, but already it is apparent that the investment of time and effort on both sides will have long-term and high pay-offs, and that the spirit of Kairaba is enhancing our

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capacity to probe post-coup events in an open manner, well understood by our main interlocutors.

Lessons

Space is inadequate to list all the lessons we have drawn from these three extraordinary experiences, but a few highlights broadly relevant to country dialogue and partnership building are worth noting:

- ***Communication.*** Flawed communication—between Bank and country, within the Bank, and within the Government—emerged again and again as a powerful central problem. The opportunity in each meeting for Government ministers and officials to communicate openly with each other, outside daily work contexts, proved highly rewarding for them and opened innumerable avenues of discussion. In each instance, the Bank team was sobered and impressed by the needs to ensure greater clarity in communications, to ensure understanding of messages, and to make much clearer to a broader audience what and who the Bank is and what it can do.
- ***Listening.*** Listening is easier said than done, and, even if they may seem stilted, conscious efforts to listen, and to be seen to listen, are well worthwhile. They are needed to offset the persistent image of the Bank as unwilling to listen, the complexities and imbalances in the partnership, and the cumulative impact of work pressures and urgent calls for action.
- ***Confrontation.*** Explicit discussion of the relationship between the Bank and the partner country was at first uneasy but in all instances brought out issues (expected and unexpected) that could only be dealt with when directly confronted. A primary result of engaging in the discussion and hearing complaints was to open avenues for problem solving and make clear the human factors in both teams. That process convinced the participants of the good intentions and real common interests of all the parties.
- ***Process focus.*** Substantive issues abounded and the development lessons were legion in all three cases, despite an open agenda and focus on process rather than outcome in structuring the meetings. The facilitator-led Gambia session allowed that meeting to result in more tangible process *and* substantive outcomes, bearing out the hypothesis that a focus on process produces broader and probably more durable results than a purely "substantive" agenda.
- ***Cohesive vision.*** The complexities of the Bank's role were a starting point for all three meetings, and both Government and Bank teams were conscious of them, but the discussions brought home especially vividly the awesome scope of issues confronting these countries, the complex interlink-ages among them, the extraordinarily intricate relationships with donor finance, capacity and social considerations, and the importance of bringing it all together in a cohesive long-term vision.

Perhaps the most important outcome of all was the deep conviction that the Bank and Governments are indeed partners who must work closely and frankly together, identifying common and diverging interests, to achieve progress in improving the well-being of some of the world's poorest people.

Effective partnerships do not just happen. Where feasible, meetings similar to the three described can contribute importantly to building them.

Food for Thought
From Project Cycle to Learning Cycle — a Needed Evolution

Robert Picciotto

Application of the traditional project cycle to nontraditional projects fosters practices which reduce development impact. An alternative work cycle is needed — to facilitate better project design, consensus building, risk management, and institutional development.

In order to remain relevant, development assistance practices must evolve. The Bank's lending processes are no exception. A reconsideration is needed because:

- New kinds of projects call for more flexibility;
- Bank-financed projects need to be made more sustainable; and
- Discontent about the effectiveness and efficiency of the Bank has grown.

The Project Cycle

The "project cycle" paradigm described in Warren Baum's December 1978 article in *Finance and Development* has served the Bank and borrowers extraordinarily well. It remains appropriate for traditional projects. But new development concepts, a changed product mix, and hard-won lessons of experience all indicate that a better approach is needed. The standard sequence of identification/preparation/appraisal/implementation/evaluation was derived from construction and engineering practice—where technical expertise and physical surveys are used to minimize risks.

Successful financing of construction, however, is no longer the principal challenge facing the Bank. Today, sustainable project success is likely to be determined by institutional capabilities, social impacts, environmental aspects, government commitment and beneficiary response. The risk factors accompanying these aspects are harder to assess or offset than those accompanying traditional projects. A new cycle is needed to identify and manage these risks.

With traditional project processing practices, today's project risks tend to be misunderstood, underestimated, or poorly communicated.

While engineering standards are universal, institutional factors vary with each situation, as do social aspects and beneficiary concerns. Addressing them in order to reduce risks entails more than a priori analysis. With traditional project processing practices, today's project risks tend to be misunderstood, underestimated, or poorly communicated.

Cancellations and restructurings are increasingly common. They are administratively expensive and disrupt Bank/borrower relations. About a third of the Bank's lending operations yield unsatisfactory outcomes at completion (compared to 15% in the seventies), and half (or fewer) of the projects completed are rated at completion as likely to sustain their benefits over time. In response, other development agencies and nongovernmental organizations, as well as innovative Bank staff, have been resorting to "evolutionary" projects which embody learning and on-line adjustment of designs in light of accruing experience. The proposed learning cycle is based on these pioneering contributions.

Shortcomings

Disappointing project outcomes can be traced to one or more of the following factors:

- Inadequate participation by beneficiaries and borrowers;
- Stakeholder resistance and/or weak borrower commitment;
- Deficiencies in governments' institutional capabilities to implement Bank projects;
- Excessive complexity;
- Inadequate assessment and management of risks; and
- Untimely adjustment of project design as conditions change and insights accrue.

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When applied to nontraditional projects, the current standard work cycle fosters:

- A rigid blueprinting approach to project design—even in situations of high uncertainty and volatility;
- A primitive approach to participation which—in conjunction with relatively rigid timetables—entails explaining the project to key stakeholders instead of actively collaborating with them in conceiving and designing it;
- The mistaken assumption that borrowers' responsibility for preparation and for implementation creates borrower ownership—even in the absence of participative approaches to project design and consensus building;
- Supervision keyed more to compliance than to adaptation;
- Inadequate handling of institutional development through technical assistance "add-ons;"
- Learning through *a priori* analysis, rather than through experience and observation;[1]
- High processing and supervision costs and long approval cycles, which make small loans administratively impractical; and
- Tail-end self-evaluation—in preference to "just-in-time" feedback of experience;

To be sure, flexibility is possible today even within the strictures of existing processes. Emergency projects are processed quickly. Enterprising task managers demonstrate that corners can be cut and that pilot and small projects can be approved. Yet, the traditional project cycle makes these practices exceptional. A new "learning cycle" paradigm would make the preferred mode of operation for nontraditional projects normal and routine, rather than exceptional.

The Learning Cycle

A cycle suited to "nontraditional" lending would emphasize innovation, adaptability, borrower commitment, institutional capacity building, and risk management. It would eliminate the present bias for large projects and for advance blueprinting —with its attendant high administrative costs, premature narrowing of options, and presumption of rigidity during implementation.

[1] Repeater projects handle this problem, but at substantial cost.

The new cycle would be keyed to learning, adaptation, and risk management instead of specification, enforcement, and risk avoidance. *A learning cycle* would have four stages: listening, piloting, demonstrating, and mainstreaming.

Listening. Listening—by the Bank, borrowers and beneficiaries to each other—is a collaborative/participative effort which explores needs, possibilities, issues, constraints and the relevance of best practice. It is the first stage of problem analysis and consensus building about project objectives and possible approaches. Well done, it helps to weed out supply-driven initiatives under which Bank momentum is a potent force and efforts to achieve consensus come mainly after Bank analysis rather than in parallel with it. Tools such as GTZ's participatory use of the Logical Framework (Zopp), Larry Salmen's pioneering approaches to beneficiary involvement, Robert Chambers' quick rural appraisal techniques, and Katherine Marshall's "Journées de Réflexion" are available to lend structure to the listening stage.

A new "learning cycle" paradigm would make the preferred mode of operation for nontraditional projects normal and routine, rather than exceptional.

Piloting. Small-scale pilot projects enable the testing of alternative and innovative approaches, while facilitating the management of risk and reducing the consequences of failure. As appropriate, several approaches are piloted simultaneously and compared. Through piloting, complex and sensitive issues and means of resolving them are explored on-the-ground and the results assessed jointly by borrowers, beneficiaries and the Bank prior to the large-scale commitment of funds. Learning based on *evidence* about alternatives—concerning, for example, administrative arrangements, social and technical approaches, means of accommodating cultural realities, and sequencing of activities—replaces speculative *a priori* analysis. At the same time, piloting fosters local project-specific training, leadership, conviction and ownership. A key requirement of piloting is clarity at the outset as to what is being tested, as well as how and by whom the results are to be assessed.

Demonstration. A demonstration stage is put in place when more learning is needed in advance of large-scale commitment of funds—for example, when

new hypotheses require testing, substantial "bugs" remain, scale itself is likely to create problems, or there is a need to strengthen local conviction that the intended results are desirable and can be obtained. Such a stage may also be needed to train local officials on the scale required to launch the final phase, to demonstrate that aspects such as cost recovery are workable or to test and refine information and management systems. The demonstration stage ends when consensus is strong, a critical mass of skilled administrators has been created, and the major causes of uncertainty have been removed, permitting the remaining risks to be realistically and confidently assessed and managed.

Mainstreaming. The accretion of knowledge, capabilities, consensus, and country commitment produced in the pilot and demonstration stages, and the concurrent reduction of uncertainties and risks, helps accelerate the design and approval of full-scale "mainstream" loans and credits. By then, the need for—and implications of—project-related conditions has become clearer, as a result of which negotiations are less problematic and agreements are more likely to be complied with. Development of local institutional capacities for project management is well underway and, as a result, implementation encounters fewer problems than otherwise.

The new cycle would be keyed to learning, adaptation, and risk management instead of specification, enforcement, and risk avoidance.

Implications

The learning cycle provides on-the-ground testing and evaluation *in advance of* full-scale lending. It is conducive to active early collaboration and resulting commitment. By incorporating institutional development and action learning from the outset, it enhances the opportunities for risk reduction, risk management and commitment building — thereby improving the "quality at entry" of the mainstreamed projects. Most important, it makes the realization of *sustainable* "on-the-ground" benefits from such projects more likely.

The cycle would not be applied uniformly to all projects. "One size" does not fit all. Some relatively straightforward nontraditional projects would continue to be handled through the traditional cycle. Conversely, certain aspects of traditional projects (e.g. maintenance, resettlement, etc.) might involve a pilot or demonstration stage, while in some nontraditional projects, the demonstration stage of the learning cycle might be omitted. And in other projects, there might be two pilot stages, or none at all. Pragmatism would rule.

Typically, $50,000 of administrative budget would be required for "listening;" perhaps $500,000 to $1,000,000—possibly from the Project Preparation Facility, other donors, or a revolving fund—would be required for each pilot; and $5–10 million might be required for the demonstration stage. Mainstream loans could probably, when warranted, be larger than now (they average about $100 million) because of enhanced local capabilities, higher confidence levels, and increased borrower commitment.

Related procedures would need some modification to accommodate the requirements of the learning cycle. Rules affecting procurement and disbursement approval during the pilot stage and possibly the demonstration stage would need simplification. And the role of field offices in the first three stages would need to be enhanced. Lastly, country programming, timetabling and budgeting practices would require redesign, as might the modalities for Board involvement prior to mainstreaming.

Building Partnerships

A "learning cycle" would greatly facilitate Bank interaction with non-governmental organizations and other development assistance agencies. Through construction of strategic alliances, the Bank would be able to benefit systematically from the piloting and demonstration experience of its development partners. Of course, consistent with its own principles, the learning cycle would have to be discussed widely, then piloted, then demonstrated, then—after re-evaluation and adjustment—mainstreamed, in full consultation with borrowers and other development partners.

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The Bank *is* committed to institutional learning and to more active borrower and stakeholder involvement. There *is* dissatisfaction with current processes and the results they yield. And even without clear articulation and generalized sanction, approaches similar to the suggested learning cycle are increasingly being employed in operational work. The time has come to give explicit support to these innovations so as to accelerate change and help increase the development impact of Bank operations.

Reflecting Social Realities in Bank Work

Gloria Davis[1]

World Bank social scientists have developed a best practice note on "social assessment"—a framework for taking account of social factors and social processes in the Bank's operational work.

Early in 1994, ESD created a "social policy thematic team" consisting mainly of non-economic social scientists from the central vice-presidencies and the regions. We were encouraged by the growing attention to human and social factors (gender, poverty, indigenous groups), social impacts (resettlement), and social assessment methodologies (systematic client consultation, beneficiary assessment). We were concerned, however, that Bank analysis of social factors was highly fragmented and often reflected advocacy of special (albeit important) issues and confusion about which assessment methods were most appropriate in given circumstances.

As our first task, we decided to try—based upon the considerable work already going on in the Bank and other institutions—to delineate a generalized methodology for taking social factors into account. We agreed that it should support both social analysis and participation. To the extent the methodology proved useful, we expected that it would further increase staff awareness of the importance of social issues and ways to identify and address them and, by so doing, help mobilize additional resources for such work.

In May 1994, after about a year of intense but intermittent debate, our team released a best practice note on social assessment. The note, intended both for use and comment, is part of a longer-term structured learning process which will lead, ultimately, to its revision. By the time the note had been issued, all technical departments had agreed to strengthen their capacity to support social assessment and participation by engaging appropriate technical specialists. And some TDs and CDs had identified projects in which the approach would be piloted. In June, Bank management provided $2 million to a new "Fund for Innovative Approaches in Human and Social Development" (FIAHS) of which $1 million is to be used to support projects involving social assessment or participation, and $1 million is to be used for Bank capacity building in these areas.

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What is Social Assessment?

Social assessments (SAs) can have a variety of objectives, but improving project quality is the most common one. This is done by:

- Identifying key stakeholders and establishing an appropriate framework for their participation in project selection, design and implementation;
- Ensuring that project objectives and incentives for change are acceptable to the range of people intended to benefit;
- Ensuring that gender and other social differences are taken into account when assessing project benefits and risks; and
- Evaluating the social impact of investment projects, and where adverse impacts are identified, determining how they can best be overcome, or at least substantially mitigated.

Social assessment can also be used in country economic and sector work (CESW) to establish the framework for participation and identify priority areas for future social analysis.

How are Social Assessments Done?

Depending upon the objectives and the complexity of the project, social assessments can be done by a single technical specialist working quickly, a team working in the field over a longer period of time, or something in between. In general, however, the following considerations should determine how SAs are carried out.

- Given the great range of factors which might be considered, SAs should, for practical reasons, be selective and strategic—keyed to

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information needed for decision making.

- The methodology used should reflect the complexity of the issues, the seriousness of social impacts or risks, and the degree of stakeholder involvement (e.g. by officials, NGOs, beneficiaries and affected groups) which is needed to gain ownership, commitment and capacity to act.
- Those social assessments which need to be participatory or are intended to support participatory processes or enhanced local capacity for action must involve stakeholders in defining the issues as well as in determining how to resolve them.

There are many methodologies available for information gathering, consensus making and capacity building. For example, surveys (quantitative or qualitative) are useful for systematic data gathering, but not local-level consensus building. Stakeholder workshops improve information flows and promote agreement and ownership, but may be less useful with relatively unsophisticated stakeholder groups. Participatory approaches suitable for on-the-ground consensus building can engage the poor and build their capacity, but may provide only limited information relevant to policy reform. Deciding which to use—and then using it effectively—requires good judgement as well as training.

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Social assessments are not only for planning. They can be part of implementation and can also support piloting and learning in a project context. For example, in a recent biodiversity project in Asia, a SA showed that there was little or no local knowledge of what the project was about and virtually no commitment to it. As a result, the project was transformed from a product-oriented project, to a process project intended initially to build commitment and identify stakeholder-approved incentives for change and then, in subsequent stages, to support additional assessment and adjustment.

In Nepal, a social assessment during preparation revealed a larger number of NGOs than had been expected—as a consequence of which the final project selected NGOs rather than public sector agencies as the primary intermediary to work with community groups. And in Zambia, a social assessment of the Social Recovery Project revealed that if women were sick for as few as four days during the critical planting season it reduced household income as much as 27% in the subsequent year. The next project will more directly target women.

Regional Reactions

Reactions from task managers and their division chiefs to the best practice note have varied. Some task managers, struggling with ways to improve social analysis or incorporate participatory approaches into their projects, have moved quickly to incorporate formal social assessments into their work. We expect 20 to 30 projects with social assessments to be funded from FIAHS alone, and a number of other ongoing assessments in projects and CESW have been brought to our attention and will become part of the structured learning process.

Many task managers, however, are worried that social assessment will become yet another requirement, adding a new and time-consuming step to an already overburdened processing schedule. We believe, however, that systematic social assessment can often save time —by covering a broad range of issues lightly, while identifying the issues most in need of close attention and creating a climate of understanding and support for the project. We hope that as projects currently underway demonstrate the utility of the social assessment, task managers will come to recognize that the benefits usually outweigh the costs.

To our surprise, some task managers have found the best practice note too timid. Some believe that distributional and equity issues, among others, should be tackled directly in the social assessment process. Others feel that the issues we cover are so fundamental they should be an integral part of all project processing and sector work.

We are counting on the Bank's internal structured learning process to monitor the selection of issues that SAs are called upon to address, the selection of methodologies, and how well they serve their purpose. As experience accumulates and is digested, the best practice note will be modified taking this experience and Bankwide comments into account. We continue to seek staff reactions.

The social assessment best practice note and information on financial support for social assessment under FIAHS can be obtained from Sue Jacobs (ext. 84590), ENVSP.

New Frontiers in EDI

Amnon Golan[1]

After two years of intensive internal interaction and wide stakeholder consultation, EDI has developed—and the Board has approved—an ambitious strategic plan. It reflects the innovative spirit illustrated by numerous "new style" EDI activities in the past two years.

EDI's recently approved mission statement—its first—reads as follows:

> "The Economic Development Institute of the World Bank invests in people and ideas as the most powerful means of development. It helps the World Bank and its member countries achieve the goals of sustainable and equitable development through strengthening national capacities to design and implement development policies and programs. To this end, EDI facilitates a learning dialogue on development through structured exchanges of ideas and experience among people."

While the mission statement is new, several recent examples of "frontier" activities by EDI indicate some of the innovative directions that EDI work can be expected to take in future years.

Training Local Trainers—Enterprise Restructuring in the Former Soviet Union

To assist the process of private sector development, EDI set out to train a cadre of eight trainers in enterprise restructuring in the FSU. The program had seven modules. The first two and the last brought together just trainers. The others brought trainers together with enterprise managers and government officials. While the first two modules provided the required theoretical framework, the next four exposed the trainers to the realities of enterprise reform, helped them develop case studies illustrating those realities, and gave them experience in teaching about them.

From the beginning, as teams alternated between classrooms and enterprises, the trainees and enterprise managers worked as teams—to analyze enterprise problems; design, test, and adapt solutions; and write up the experience as case studies. The trainees (that is, the future local trainers) presented their case studies to the group, and later to other managers together with a description of how they were being applied to the participating enterprises. This provided the trainees with the self-confidence and authority that come from first-hand experience.

At the end of the training program, the trainees became trainers. During FYs 93 and 94, the program reached, directly and indirectly, nearly 1,100 people. It is now being introduced in Ukraine and neighboring countries and in the five Central Asian republics.

Collaborating with NGOs—Supporting Poor Women in India's Informal Sector

Illiterate and semiliterate women are the primary clients of the Women's Enterprise Management Training Outreach Program (WEMTOP), a pilot program in the Indian states of Bihar, Orissa, and Rajasthan. The program helps women improve their socioeconomic status. It is funded by grants from Japan, Norway, and Australia.

Key to the program is the partnership formed among EDI, an Indian service NGO (Udyogini), and 30 local NGOs engaged in assisting women's micro-enterprise development. Start-up of the program required a series of initial workshops among the members of the partnership to develop a common understanding of issues, a program of action to address those issues, and—perhaps most important of all—a sense of mutual trust and purpose.

The workshops led to the formation and training of enterprise support teams. The teams—drawn from each of the participating NGOs—are developing and testing modules to train poor women who earn their livelihood in the informal sector in business management, leadership development, and group formation. The management training services now being developed and tested will complement technical skill training and credit services already being provided by many of these NGOs. Approximately 1,000 poor women are

[1]Amnon Golan was, until his recent retirement, Director of EDI. This article reflects the Board Paper, "Investing in People and Ideas: EDI's Strategy for the Future" R94-130, and the work of Alexander ter Weele, who spearheaded EDI's strategic planning effort.

expected to be reached during the FY93–95 pilot phase.

Through this program, EDI itself is learning how to work with local NGOs and how to design effective strategies to increase the productivity of micro-enterprises run by women in the informal sector—lessons which are being shared with Bank operational staff. That EDI has had difficulties in developing similar pilot projects with NGOs in two other Asian countries indicates, however, that replicability cannot always be assumed.

EDI/Regional/Borrower Cooperation to Increase Impact—A Learning Seminar on Education Reform

Education reforms often have not accomplished their main goals. Especially in many African countries, enrollments have stagnated and quality declined. Bank-commissioned research and a Bank overview paper of reform experience has indicated some promising directions. The problem, however, is how to effectively translate them into specific reforms for individual countries.

Operational divisions in the Bank's Africa Region and EDI tried a new approach. With support from the Irish government, EDI brought 23 education experts from The Gambia, Malawi, Nigeria, Tanzania, and Zambia together with nine Bank staff responsible for education projects in those countries. Using a mixture of small-group discussions and plenary sessions, the seminar, over a period of a week, analyzed the ingredients of effective schools, key means to evaluate and then improve school effectiveness, the principal barriers to reform, and approaches to lowering them in each country. Near the end of the week, each country team, including the Bank task manager, spelled out the priority needs and recommendations for improving the school system. Throughout the seminar, Bank staff were encouraged to do more listening than talking.

The participants agree that the seminar was successful in affecting both the governments' thinking and the design of the Bank's education lending operations in the countries. With EDI's help, Bank education staff have now repeated the process in Asia and Latin America. Similar seminars are planned for other regions.

Supporting Regional Initiatives—Environmental Improvements in Eastern Europe

The main environmental threat to the economic development of central and eastern European countries stems from industrial pollution. EDI has supported the Environmental Action Plan for Central and Eastern Europe. To help governments begin to deal with the problem, EDI, funded by Japan and in collaboration with the Foundation for Advanced Studies in International Development (FASID), designed a program of training on the linkages between economic policies and the environment. The program encompasses techniques for assessing, prioritizing, and managing environmental problems as well as discussions of relevant experience in industrial countries.

The first seminar, involving participants from Japan and central European countries, was held in Bulgaria in 1993. It addressed past centrally-planned approaches in the region, the unitary approach followed in Japan, and the decentralized approach, involving the interplay of market forces, in many Western countries. Agreement was reached at the seminar that successful programs would have to include elements of four approaches: institutional changes to meet new management needs, the decentralization of some aspects of decision making, establishment of a framework within which market forces would induce socially desirable changes, and intercountry collaboration on transboundary issues. These conclusions are now being reflected in Bank work in the region.

Helping Mobilize Support—Dialogue with the Tanzanian Parliament

To help countries in Eastern Africa recognize and confront the main constraints to private sector development, EDI launched a three-year program with a regional workshop in 1993. After the Tanzanian team in the workshop identified a lack of consensus among the principal stakeholders as one of the most serious obstacles, EDI arranged a visit of eighteen senior Tanzanian officials and private sector representatives to Malaysia to observe and discuss Malaysia's successful approaches to the problem.

After the team returned from Malaysia, Prime Minister Malecela invited EDI into the parliamentary chambers of Tanzania to carry on a dialogue with the entire parliament, the cabinet, top civil servants and academicians. The two-day workshop, chaired by the PM and using as "resource people" those who had gone to Malaysia, enabled the

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government to explain its rationale for moving forward with reforms, fostered consensus about the need for an overall reform vision requiring transformation of the economic system rather than just macroeconomic adjustment and privatization, and established the utility of the Malaysia group as a network to help explain and spur the government's efforts in the future.

Using Electronic Media—Bringing Journalists and Senior Bank Managers Together

EDI is committed to exploiting opportunities being opened up by new developments in electronic media. A seminar held in Cameroon in early 1994 was the second in a series for journalists from French-speaking Africa. The objectives were to reinforce journalists' comprehension of concepts and issues underlying economic reforms, familiarize them with available economic information, provide a forum for sharing of national experiences, and discuss the role of journalists in helping build a dialogue on national development issues. A key session was a teleconference that provided the journalists in Yaounde the opportunity to discuss development topics of importance and interest to Africa with three senior Bank managers in Washington. The teleconference, which used the U.S. Information Agency's Worldnet satellites, was broadcast throughout Africa.

Cumulative Reinforcement —The EDI Program Cycle

Rather than consider each training event independently, EDI now seeks maximum impact through an eight-step program cycle (with steps omitted when appropriate). The steps are:

- *Identify* a fundamental, significant development issue;
- *Elucidate* the characteristics/elements/attributes of the issue;
- *Raise awareness* regarding the importance of the issue;
- *Teach* analytical skills and theory necessary to understand the issue;
- *Explore* alternative solutions to the issue;
- *Select* a solution to the issue within a specific social, political, and economic context;
- *Follow up* with support to participants as they apply the selected solution;
- *Evaluate* the impact of EDI's involvement.

In programming its work and designing its interventions, EDI, of course, takes into account Bank policy and research work and OED findings, as well as needs perceived by—and current practices in—operations.

Together, these examples indicate EDI's versatility in employing a wide range of approaches to achieve the broad goals now summarized in its mission statement and reflected in its new strategic plan.

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