Moving toward a full-service World Bank

What can Bank economists do to ensure that their work responds to our clients' needs?

Many people view the World Bank as a development organization that lends money. But it does much more than that. Our nonlending services are an equally important business product. Of these, the most important is economic and sector work—the bread and butter work of Bank economists.

Responding to clients' needs

The Bank had been doing economic and sector work for a long time. Naturally, the question arises: Are our current efforts directed at the same things that we have been doing all along? Clearly, we have done a lot of things right, and there has been a lot of client demand for economic and sector work. But much has also been done without a clear demand for it—as something at the margin, if time permits, or as something to keep us occupied. Too often, such work is seen as a soft option for maintaining country contact.

If nonlending services are to become a mainstream part of the Bank's business, they must fit client needs. There is no need for 800-page basic economic reports, no need for textbooks. Clients want answers to here-and-now concerns. They want answers that are intelligent. They want to hear about cross-country experiences—what was tried elsewhere, what worked, and why? And if it did not work, why not? And they want answers quickly.

A central message from clients is that we take too long—always. This complaint applies not just to economic and sector work but to all of our nonlending services. Some Bank staff have found a way around that, for example, by writing such a detailed memorandum that a full report becomes moot. I think that is a great approach. Moreover, clients appreciate it.

We also need to stay the course. It is not enough to travel to a country, have a discussion with some ministry, and then say that our work is done. Too often, reports are seen as our final output. That mindset must change. Instead we must tailor products to a client's needs—producing informal notes for ministers at their request, for example, or technical pieces for their staffs. And we need to consider paperless initiatives as well, such as gathering decisionmakers to exchange thoughts.

Consider an example. We brought the Vietnamese into a session with the Malaysians, the Indonesians, and a few others. We all sat in a room and talked about issues of fiscal policy and debt management. Within a few weeks this meeting did more to help the Vietnamese than any report could have. We need to draw lessons from this experience. Flexibility and responsiveness should be taken a bit more seriously, instead of being viewed as exceptions to the rule.
Transferring cross-country experience

That brings me to a central point—the Bank does not have any formal way of transferring cross-country experience. Our global knowledge, which is our main comparative advantage, is not being harnessed. We talk about the Bank providing a global perspective, but in country after country I have heard the same lament: we do not bring enough cross-country experience to our work.

I am always struck by the World Development Report, the Bank's flagship publication and one that involves a lot of underlying work and cross-country comparisons. Each year after it is published, if Bank staff are working on a topic that is related to the report's theme, they are able to use a lot of that cross-country data. But in most cases where that happens, it happens by chance rather than by design—and in most cases it does not happen.

The same thing applies to quick notes for ministers or short pieces of analytical work. Bringing the latest analytical knowledge to bear or relating cross-country experiences again, often happens by accident. Sometimes a Bank economist has a good personal network or knows three other people working in the same area. But we cannot depend on such accidents to deliver quality service.

The Bank must work to institutionalize its knowledge, to create the infrastructure for tapping into that knowledge base. Indeed, it is a terrible omission for an institution like the World Bank not to have a mechanism for transferring experience.

The value of evaluation

The Bank also needs to evaluate the quality of its advice and analysis. Whether we self-evaluate or it is done by the Operations Evaluation Department, we must know if our services are cost-effective.

This issue has a direct bearing on how Bank economists are viewed. I have been told that there are 1,000 economists in the Bank, some 700 of them in operations. As a group these economists produce a lot of economic and sector work. But because we do not evaluate ourselves, there is no way of knowing what effect these efforts have. When I ran a department, and budgetary issues came up, economic and sector work was always the first candidate for cuts. Why? Because it is not transparent. Its impact is not evident in terms of its contribution to lending activities or nonlending services—in terms of results on the ground its impact is not clear.

Quality without utility does very little good. The quality of a report is obviously important—but it must be usable if it is to make a difference. Judging both is essential. Quality can be gauged by the Bank's self-evaluation processes. But those must be complemented by efforts to measure usefulness to end users—if nobody takes heed, there is no impact. The Bank must not shirk either measure.

Unless we learn to take the client's perspective, efforts to develop a new line of Bank services simply will not hold water. There is no way we can convince our owners and their representatives (the Board of Directors) that this is an appropriate expenditure of institutional resources. A number of questions must be asked from the client's perspective. Was our analytical approach understandable and transparent? Did we bring enough cross-country experience to bear? Did we make recommendations that decisionmakers could put into action? Were tradeoffs laid out transparently, so that options could be evaluated? Finally, did we support the dissemination of findings to a broader community, particularly the groups that the country's leadership must have on its side before it can make decisions? For economists (who proxy just about everything, even the immeasurable) to say that they cannot perform such evaluations is unacceptable.

Our analytical or economic and sector work is not free to the countries that receive it. Countries are, to varying degrees, spending resources, collecting data, providing it to the Bank, and performing some of the primary manipulation of that data. Not to mention the contacts that the Bank requires throughout the process. So, unless we are prepared to self-evaluate and have countries evaluate our products, we cannot expand our services. Inputs and deliberations from Bank staff will be critical in defining which way we go on this point.
Lending—the issue is quality

Some people have suggested that lending is a dirty word. Not so. It is an important part of development services. I agree that the Bank used to talk about lending in isolation, and as our ultimate and only objective. That is not a meaningful or useful approach, as the experiences of some of our clients have taught us.

Lending is not the only instrument we have to influence country outcomes. Lending without an adequate understanding of a project's broad macroeconomic and sectoral setting and without establishing priorities and enabling circumstances cannot be useful. Lending without understanding institutional constraints is also not meaningful (and this applies as much to the policy dialogue as to lending). Finally, if the Bank does not worry about the quality of economic analysis on individual transactions—the quality of entry, as we call it—lending will not mean much.

Bank economists are well aware of these constraints and limitations—so why do we go on lending when we lack a full understanding of a project's broad macroeconomic and sectoral setting? A broader question follows: Why are we not paying enough attention to issues that we know are critical determinants of success—policy advice at one end and project implementation at the other? Why is it that Bank economists, as social scientists, have not come to grips with the issues surrounding the incentives that dictate the behavior of individuals and institutions? The gaps I see between sociologists, anthropologists, and economists in the Bank are too wide. We must stop dividing our responsibilities—in our work things clearly do and should overlap.

Finally, what influence do economists have on the economic analysis of projects? We have a number of well-defined professional categories in the Bank—project economists, sector economists, lead economists—with well-developed specialties and hierarchies. But despite all that knowledge, we are somehow unable to influence the quality of our economic analysis of projects.

I am sure that some Bank economists would say that lending pressures often guide our economic analysis. I find that answer rather hard to accept. For the past three years the Bank's lending numbers have been all over the place—from $13–$17 billion. Nobody talks about lending pressures. Nobody has said that we have to deliver $15 billion in lending. I must confess, that is one issue I do not lose sleep over. I toss and turn worrying about quality. But not numbers. Lending pressures are pretty limited.

Results on the ground

The Bank must take the issue of results more seriously. We are the world's leading development institution, with a tremendous mandate based on our financial strength, global experience, and intellectual reservoir of skills. But if those inputs are the only things we use to measure our achievements, we cannot say we are doing all right.

Our clients are not only our client countries but also our shareholders and the broader community that supports those shareholders. All are giving us a clear message: as an institution we are achieving less than we could be. Our individual parts are more promising than the sum that those parts are delivering, which is again something that we must address. We must be driven by excellence and a concern for results.

Bank economists must be a part of this drive. I cannot think of a group that could bring—and that should bring—greater analytical rigor and discipline into our thinking. But some rethinking is in order—in what economists see as their input into the main businesses of the Bank. I challenge Bank economists to play a bigger role in operational work—to make sure that our strategies, dialogue, and lending build on sound analysis and promote sustainable results on the ground.

—Gautam Kaji