

An evaluation of World Bank Research 1998-2005

Comments by Nicholas Stern, 19/12/2006

This is a very thoughtful, careful and valuable piece of work. It brings the highest academic standards to bear in its evaluations, is balanced, and comes to many sensible recommendations. Amongst the recommendations I would strongly endorse are:

- that the Bank's research role is fundamental to the purposes of the Bank that it has a very strong role to play worldwide in development research and on balance the research department has performed very well.
- that the Bank's expenditure on research is far too low in relation to the Bank's key leverage in development, i.e. the bringing of ideas, evidence and understanding to the making of good policy and promotion of effective action. This is far more important than its role in the transfer of funds this is potentially far more important.
- that its role in assembling, managing, disseminating and using data for research and for guiding policy should be enhanced still further.
- that the structures and processes of the Bank tend to an avoidance of emphasis on trade-offs and conflict.
- that, whilst the 'flagship reports' have a vital role to play in the Bank's effectiveness the way resources are used and managed in relation to these flagships reports requires closer examination.
- that some endowment for Bank research to protect continuity and long-term perspectives and to provide some independence in relation to short-run pressures would be very valuable.

There are four areas which I think that the 'Evaluation' should have emphasised still more strongly. The first, and most important is that of combining the highest quality on research with the Bank's role of promoting better policy and effective action. In this respect the report pays insufficient attention to the context in which policy is made and how actions are decided and implemented. If the Bank's research work is to be different from that of a university department this context as a development agency is crucial. This contextual point is very clearly recognised in the third paragraph of the "Evaluation", on why the Bank should be doing research, but is not

carried through sufficiently strongly into the main body of its analysis. In particular, I would have placed the challenge of generating development results on a major scale (“scaling-up”) at centre stage. This places ideas on policy and understanding of effective action at the heart of the story, since the Bank (except in some parts of Africa) is small in relation to resource flows. Thus choice of research issue should be strongly focussed on the key criterion of where the results can be most valuable to policy and effective action. Subject area examples, in my view, concern the investment climate, how services work for poor people, trade, and climate change, and straddle the spectrum from the very micro to the global. Thus there could have been a stronger challenge in the review to the Bank’s research and general management on whether this criterion was being effectively applied and a stronger application of the criterion in its own evaluation.

Thus, the review is, in my view, a little quick to suggest that the range of research issues is appropriate. A constant set of questions for the Bank research management should be (1) whether it is focusing on the bigger issues in terms of potential for change, (2) whether its analysis is influential in positive directions, and (3) whether its influence has a sound evidential and analytical basis. The evaluation focuses almost exclusively on the third of these questions: it is indeed an absolutely central issue for a research review, but given the Bank’s role as a development agency it should be strongly combined with the first two. The review might still conclude the range of issues is appropriate but would have given somewhat different arguments.

Second, at the micro level I would have placed still stronger emphasis than the evaluation does on the economic, social and institutional environment in which individual decisions are taken. Examples concern the investment climate and empowerment, including in relation to gender, ethnicity, class and so on. The Bank could have done more on these issues and it should be an area of potential comparative advantage for the Bank. These are issues which are vital for development and can be influenced directly by policy.

Some of this work would involve disciplines beyond economics. Few institutions in the world do cross-disciplinary work well but the Bank, given its remit and resources, should be one of them. The emphasis in DEC should remain in economics but too

often it is of a rather narrow kind, based on the standard courses in a US graduate school, with its standard models oriented largely towards rich countries, perfect markets, and embodying economic agents and institutions which show little complexity or subtlety in how they function. To overcome this, still stronger emphasis on collaboration with developing country institutions, is necessary. Such emphasis is indeed there in DEC, but it is possible that some of the hiring and management structures do not give it sufficient prominence. For example, I share the evaluation report's concern that the "two papers a year in established journals' may be encouraging conformity and lack of imagination and further discourage long-term programmes.

Third, I would have preferred stronger emphasis on how to interact well with the operational side of the Bank, particularly in connection with 'scaling-up'. The Evaluation Department is a key part of the Bank and relations with the Research Department are very important. But the learning process for scaling-up requires the close involvement of the operational departments in building learning into the design of projects and programmes. It is not a minor add-on but absolutely central to the productivity of a Bank that is small in relation to overall resource transfer but has a big role as a development institution. This involves changing priorities within the Bank as a whole but also the close involvement of the Research Department in a timely way. This should be a major priority going forward. The evaluation report does indeed cover this issue but I would have given it still stronger emphasis. And key results of the learning in operations should be produced quickly, rather than waiting for full evaluation. This is an interesting research problem in itself "What are reliable 'early' statistics indicating effectiveness?"

Fourth, some of the remarks on management pose as many problems as they raise. Constant evaluation, frequent reviews, rigorous quality control of people and output are important for accountability and results but can also place heavy burdens and stultify creativity. I do not think the review comes to grips with these management issues or recognises sufficiently strongly the complex interactions of the senior management with the operational side of the Bank as well as in managing DEC. Positive and productive interactions with Bank management and operations as a

whole are crucial to the success of DEC. At some point a careful but small review of research management issues, in this wider context, would be valuable.

In conclusion let me re-emphasise what I said at the outset. This is a very valuable review. It is full of good ideas and sound judgement, conducted with impeccable care, and embodies the highest analytical standards. The Bank should be extremely grateful to its authors.