

Five years ago the World Bank changed its operating model. What difference did it make?

Emerging lessons of the early implementation of the World Bank's new operating model.

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(Part 1 of a 2-part series about the findings of IEG's evaluation *Knowledge Flow and Collaboration Under the World Bank's New Operating Model*). Read part 2.

Last year, IEG set out to identify the emerging lessons of the early implementation of the World Bank's new operating model (that is, the model associated with the Global Practices and Cross-cutting Solutions Areas).

In the process of gathering input for this evaluation, we were often asked by staff, “Was all that change worth it?”. Many remember the stresses of reform implementation a few years ago, and naturally, want to know if we have come out stronger on the other end.

As nice as it would be to have a straight answer to this question, our new evaluation does not directly answer the question of whether reforms were worth it. We do, however, have some answers as to how Bank operations currently function against the two key reform goals – **improving knowledge flows and improving the capacity to deliver integrated solutions**.

Before I explain our findings, however, it may help to re-visit the rationale for the reforms and how the reforms were implemented.

Why and how the World Bank reformed its operating model

While there are lingering competing theories as to the rationale of the World Bank’s reorganization in 2014, IEG has found that the reform rationale was sound.

Our client countries’ demands are evolving. Clients increasingly demand multisectoral, knowledge-intensive support. In practice, this means complex interventions based on experiences from elsewhere. Clients ask how wealthier countries in other regions have tackled similar challenges. Their thirst for capital requires solutions that involve both the public and private sector.

Increasingly, we also serve global clients. We work more on global and regional issues and global public goods. The global work leverages our reputation and relevance as a major international organization with a broad development mandate.

The pre-2014 operating model did not enable the World Bank to serve these evolving demands as effectively as desired; this was the conclusion of IEG’s matrix evaluation and World Bank

Two important goals of the World Bank reforms

Knowledge Flow is the process of bringing the right global knowledge to the right clients at the right time. Less advanced client countries want to know how more advanced countries, such as Chile, Korea, Malaysia, or Singapore, handle technical reforms. This requires the free flow of people and knowledge across Regions and the Bank Group’s organizational boundaries. It also requires customizing knowledge to country contexts. And it requires strong knowledge production, curation, and management. Integrated Solutions address complex issues with broad, cross-sectoral, and multiservice programs involving diverse tools and knowledge. Clients’ development challenges often cut across sectors and require diverse technical expertise from different sectors, disciplines, and both public and private sectors. To provide integrated solutions staff must collaborate across sectoral boundaries on multisector approaches, programs, or projects. Integrated solutions are meant to complement, not replace, traditional single-sector projects and programs.

management had reached this view as well. Under the former matrix, the World Bank was operating as six regional banks, creating fragmentation by sector and region. It was difficult to move staff and knowledge across Regions. It was also hard for the World Bank and IFC to collaborate. We lacked the ability to coherently manage the global work.

The change process started in 2012. It was comprehensive. It identified comparative advantages, diagnosed problems with the operating model, and proposed internal reforms. This process led to the 2013 WBG Strategy and the 2014 reorganization.

The reform diagnostics argued that we, as the World Bank, have a comparative advantage in delivering knowledge and finance rooted in close client relationships and in our technical and how-to implementation knowledge—that we are well-placed to offer solutions to complex and multidimensional problems.

In response to these diagnostics, the 2014 reforms aimed to deepen our development impacts by improving knowledge flow and collaboration for integrated solutions.

This shift would require strong collaboration among our many business units and instruments. It would also require thought leadership, internal coherence, and knowledge mainstreaming.

The reform processes started out with an initial design phase in 2012 and 2013. The entire Bank Group was brought into the design process, which was overseen by a change management team. We had five “change teams” that each looked at different aspects of the reorganization. Linked to these teams, twelve staff working groups developed reform proposals in areas such as risk, results, leadership, career development, incentives for collaboration and knowledge, and closer alignment of IFC, MIGA, and World Bank. Task forces and forums gave other staff opportunities to engage. Board and staff were kept informed.

External consultancy companies provided inputs. But the process was home grown, not imposed.

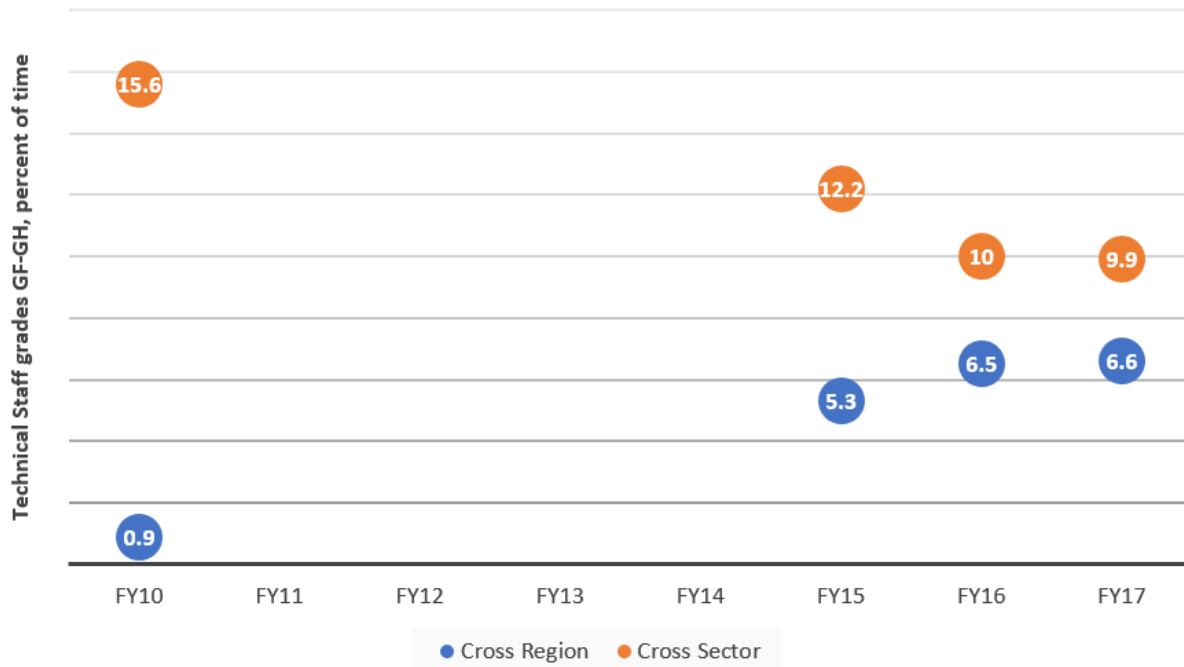
The (initial) results—what worked well

After a year spent pouring over the corporate indicators and conducting interviews with Country Management Units (CMUs) and with staff and managers from Global Practice (GPs) and Global Themes Groups (GTs), IEG has concluded that the new operating model adds value, but also induces competition and inefficiencies.

The operating model has shown value.

We found that the Global Practice (GPs) are thinking and operating more globally than before. Regional silos have been reduced. GPs move staff and knowledge across Regions (see chart). Some of them have deepened our expertise in specific areas.

Staff Cross-Support Trends



In addition, the Global Themes Groups (GTs) provide direction and coherence to cross-cutting priorities. They have proven to be a useful addition to the operating model.

Many GPs, GTs, and CMUs work hard to integrate issues and collaborate across boundaries. Some Country Directors set up platforms for cross-sector collaboration, as we saw for example in Egypt and Pakistan.

So, all in all, we have found that certain aspects of the operating model are valuable, especially its enabling of global knowledge flow; these are the effect of setting up Global Practices that operate more globally than before and Global Theme Groups that provide useful strategic directions and coherence to cross-cutting priorities. Establishing Global Practices, as we have seen, improved knowledge flow and staff mobility across Regions, mobilized expertise for clients, and, sometimes, deepened expertise in operationally relevant areas.

For the next post in this series I will explain how some of the challenges of implementing the reforms have resulted in barriers to knowledge flow and collaboration and will suggest some ways these barriers can be overcome.