

An Evaluation of World Bank Research, 1998 - 2005

Abhijit Banerjee (MIT)
Angus Deaton (Princeton), Chair
Nora Lustig (UNDP)
Ken Rogoff (Harvard)

with Edward Hsu (IFC)

and assisted by

Daron Acemoglu (MIT), Joshua Angrist (MIT), Marianne Bertrand (U. Chicago), Timothy Besley (LSE), Nancy Birdsall (Center for Global Development), Francesco Caselli (LSE), Peter Diamond (MIT), Esther Duflo (MIT), Sebastian Edwards (UCLA), Marcel Fafchamps (Oxford), Andrew Foster (Brown), Sebastian Galiani (Washington U), Geoffrey Heal (Columbia), Edward Glaeser (Harvard), Michael Kremer (Harvard), Murray Leibbrandt (U Cape Town), Justin Lin (China Center for Economic Research), Jonathan Morduch (NYU), Nina Pavcnik (Dartmouth), Gordon Hanson (UCSD), Antoinette Schoar (MIT), Jan Svejnar (Michigan), Christopher Udry (Yale), and Martin Wittenberg (U. Cape Town)

September 24, 2006

From Nico Cloete:

Some of the Lessons the Bank learnt about their research may be useful for us to consider, and take cognizance of when we deliberate on our own proposed efforts.

Executive Summary

This evaluation of World Bank research between 1998 and 2005 was carried out by a panel consisting of Abhijit Banerjee (MIT), Angus Deaton (Princeton, chair), Nora Lustig (UNDP), and Kenneth Rogoff (Harvard.) The panel selected a large random sample of research projects, which were read and assessed by a team of 25 evaluators. Panel members also solicited views from current and past Bank staff, as well as from policy makers and academics in developing countries.

Based on the evidence we assembled, the interviews we conducted, and our own consideration, the panel concluded that the World Bank needs a research department, and that its research needs cannot be fully met by hiring in from the outside. Research is a central part of quality control in the Bank, and is crucial to its claim to be a “Knowledge Bank.” Without a research-based ability to learn from its projects and policies, the Bank could not maintain its role as the world’s leading development agency. The 2.5 percent of its administrative budget that the Bank spends on research is surely too low given the multiplicity of tasks that research is expected to fulfill, including the generation of new knowledge about development, the collection and dissemination of data, the generation of knowledge to support guide Bank strategy, operational support, and capacity building in client countries. As the world becomes richer, and already today among middle income countries, the need for high-quality, research-based advice will only become stronger as the need for Bank lending diminishes.

The multiple tasks of Bank research are not always consistent with one another, and we believe that the Bank’s Chief Economists and their research staffs deserve considerable credit for the way that they have fulfilled their obligations over the past seven years. They have done so in a period when new hiring has been severely limited, and where the salaries of Bank economists have fallen rapidly relative to those in academia. Bank researchers have produced innovative and important new research that has maintained the Bank’s position as the intellectual leader among development agencies. At the same time they have provided extensive support to their colleague in operations; indeed researchers in the Bank’s research department devote 30 percent of their time to such operational “cross-support.”

Bank researchers and their consultants produced nearly 4,000 papers, books, and reports between 1998 and 2005. Bank researchers regularly publish in the leading academic journals in economics, and more extensively in the leading field journals in development. The Development Economics group (DEC) is also responsible for the annual *World Development Report*, which is widely read by the development community, and which has sometimes had a major effect on development thinking. The Bank also publishes a large numbers of policy documents and reports that summarize the state of the art in various policy areas and that are designed to communicate and disseminate research to policymakers and their advisors. Research is done throughout the Bank, by economists working in the regions and in the Bank’s networks, as well as, most importantly, in the research group of DEC.

Our evaluators and the panel found some outstanding work in the Bank's portfolio. Bank economists have led the world in the measurement of poverty and inequality, including inequality in health. Pioneering research on the organization of and delivery of educational and health services is changing the way we think about these issues and the way that the Bank lends money for such projects. There is important work on monitoring the environment. The Bank has been a world leader in the collection of new data, including the long-established Living Standards Measurement Surveys, the joint household survey project with the Inter American Development Bank called MECOVI, as well as the more recent Business Environment and Economic Performance surveys in the transition countries, and the Investment Climate and Doing Business surveys. The Bank's data group collates the World Development Indicators, which is the most important single database for development research, and it has recently taken on board the International Comparison Project, which is central for the measurement of economic growth, for poverty, and comparative measures of development around the world.

Bank researchers have also done extremely visible work on globalization, on aid effectiveness, and on growth and poverty. In many ways they have been the leaders on these issues. *But the panel had substantial criticisms of the way that this research was used to proselytize on behalf of Bank policy, often without taking a balanced view of the evidence, and without expressing appropriate skepticism. Internal research that was favorable to Bank positions was given great prominence, and unfavorable research ignored. There were similar criticisms of the Bank's work on pensions, which produced a great deal that was useful, but where balance was lost in favor of advocacy. In these cases, we believe that there was a serious failure of the checks and balances that should separate advocacy and research. The panel endorses the right of the Bank to strongly defend and advocate its own policies. But when the Bank leadership selectively appeals to relatively new and untested research as hard evidence that its preferred policies work, it lends unwarranted confidence to the Banks' prescriptions. Placing fragile selected new research results on a pedestal invites later recrimination that undermines the credibility and usefulness of all Bank research.*

Data collection and dissemination is another area where the Bank has many great achievements but there are also many problems. The panel sees the Bank's data work as central to its mission of learning from development. It is not only the basis of most Bank research, but it automatically scales up Bank work by permitting research by others, an increasingly large number of whom are in developing countries. Yet data activities are organized haphazardly, whether in collection, archiving, or dissemination. The Development Economics data group is not as centrally involved with researchers in the collection and dissemination of Bank data as is desirable. The Bank website is often of poor quality and difficult to use, not only for accessing data, but even for the relevant publications and reports. The Bank has no coherent policy for data release, for its own researchers, nor for client countries to which it provides support in data collection. Too little has been done to build on the early success of the Living Standards Measurement Surveys to help build internationally comparable data on such central topics as poverty or

mortality. Without improvements here, there is a long term threat to the Bank's (and the world's) ability to monitor the income and health dimensions of world poverty.

Bank research has become predominantly empirical, with routine use of econometric and statistical methods. This is as it should be; learning from experience requires statistical analysis. Yet the panel, while recognizing that there has already been substantial movement in the right direction, believes that Bank could still make more use of randomized experiments in those cases where they are possible, for example, for many projects in the social sector. With or without randomized trials, Bank researchers are not often enough involved in the early stages of project planning, where they can be instrumental in laying the foundations for successful learning after completion. Without such efforts, the Bank cannot routinely learn from its own experience. We welcome the initiatives in these areas that are underway in the Bank, but press the need for more. The problem of keeping abreast of new approaches applies to a broad range of applications, not just new uses of randomized experiments. We suspect that management has not always kept ahead of researchers in their understanding and familiarity with statistical and econometric methods, and that this has sometimes contributed to the failure to appropriately interpret and manage research results. The Bank's misplaced confidence in cross country regressions on growth, poverty and aid, is a case in point. Another is its lack of a full understanding of the limitations of the innovative methods developed by Bank researchers to estimate poverty for small areas; once again, results were sold without appropriate caution and qualification. Although the quality of statistical work is a Bank wide issue, DEC (and within it, perhaps the DEC data group) is the obvious home for statistical and econometric leadership. The Bank needs a "central statistical office" and should consider whether it needs a chief statistician to head it.

Our evaluators generally found that Bank research was well-targeted towards important topics, but was often weak on execution and technique. While it is desirable for Bank technique to be behind the frontier, there has often been too large a gap. Some technically-flawed projects have run for years, and have been incorporated into country work without appropriate certification and review. The evaluators repeatedly found that too large a fraction of Bank research was undistinguished, in the sense that it had neither great relevance to policy nor claim to academic distinction. These are subjective judgments, but our evaluators are distinguished development economists, and their views were very similar to one another. Their judgments did not refer to the lack of good papers in good journals, many of which were innovative and important by any standard. Nor were any of them counting citations. The concern was with the large fraction of papers that, on reading, did not seem to be very useful from the perspective of either an academic or a policymaker.

Bank researchers in the Development Economics Group (DEC) are expected to publish two academic papers a year, and this mechanism helps guarantee quality and protect the Bank's intellectual standing. But the cost, at least within DECRG, is a large number of less than outstanding papers driven too much by the concerns of journals and their referees and too little by the policy needs of the Bank. Nor do these papers make use of the Bank's comparative advantages of local knowledge and a constant stream of

important new problems. At the same time, there is great pressure for researchers to demonstrate policy relevance, which frequently leads to drawing conclusions that are not supported by the evidence. There is too much self-citation. Some of the very best and very worst work was done jointly with outside consultants whose quality was clear in advance. The evaluators generally gave higher scores to research in DEC than to research done elsewhere in the Bank, although they scored the non-DEC flagships as highly as they did regular DEC research.

The *World Development Reports* have sometimes been instrumental in changing the way that the world thinks about some aspect of development, such as poverty, health, or population. In recent years, they have, to an extent, become the victims of their own success. Because they are seen as so important, they must incorporate the views of large numbers of people, inside and outside the Bank. In consequence, they often seek to minimize conflict and to emphasize “win-win” situations instead of trade-offs. They often lack sharpness and focus, and are sometimes incoherent, especially when it proves impossible to reconcile the views of the various commentators and authors. They are also extraordinarily expensive, absorbing about ten percent of the resources of the research department. Even so, the panel thinks they should probably continue. They provide the Chief Economist with a highly visible vehicle for summarizing and disseminating research on issues that he or she considers to be important, and their regular appearance contributes to the Bank’s standing in the development community even if, to some extent, they are trading on their past reputation.

The panel gave considerable thought to what should be expected of Bank researchers in terms of academic publication. Satisfying the requirements of academic editors and their reviewers is not the main business of the Bank. But without an expectation of publication, the Bank could not maintain its reputation as the leading thinker in economic development. Nor would it be able to attract the high quality researchers that it needs to think about and to help address the many problems of development. Yet too much pressure to publish leads researchers to ignore important policy issues in favor of an academic style that is sometimes of limited value. We believe that the tension here is a fundamental one that will always be faced by the research managers in the Bank. The “two publications a year” norm seems to us to be a reasonable mechanism, as is the requirement that researchers in DEC spend 30 percent of their time in operational support. We also recognize that the publication rule will lead to a substantial body of work of the kind noted above, that is successful neither academically, nor in policy relevance. This is perhaps the inevitable cost of an imperfect quality-control mechanism.

Even so, we believe that there has been too much of this sort of work over the review period. Bank research has not been monitored and evaluated as often as is desirable. The fact that our evaluation is the first in seven years is not unrelated to some of the problems that we have found. More regular evaluations would permit early termination of bad projects, and would help limit the long tail of undistinguished work. The Bank needs better tracking systems to link research expenditures to research outputs; currently it is not even tracking outputs so that it is impossible to know exactly what has been produced. The Bank needs to encourage better links with academics, both in the selection

of outside researchers as consultants, which is currently too haphazard and decentralized, and in fostering regular interchanges through visitors and conferences around key topics. Researchers should not be hiring consultants whose track records gives clear advance indication that they are unlikely to produce good work; that they do so suggests a failure of monitoring and management.

While we do not think it makes sense for the Bank to contract out all or even most of its research, for example by issuing requests for proposals, we think that it should consider using this mechanism on occasion where Bank expertise is not available. We noted how little of the research that we saw involves joint work with researchers from developing countries. While we are acutely aware of the difficulties of doing better, we emphasize the importance of attempting to do so, perhaps through greater institutional support, or by supporting highly trained immigrant economists in the US and Europe to spend time in their native countries.

We are also concerned with quality control over the Bank's large number of "flagship" publications, here taken to be the *World Development Reports* and the DEC and non-DEC major topic studies to which the term is applied. These reports are sometimes enormously influential (though we suspect that many just gather dust) and they are the vehicles where the line between the Banks' advocacy role and its role in producing new research ideas becomes particularly blurred. The large number of flagship reports makes it virtually impossible for management to exert sufficient quality control precisely where it is most needed. The Chief Economist's office, even if it were vested with sign-off authority on all flagships, lacks the time and resources to adequately vet them. We believe that the Bank produces too many of these reports. It should find a mechanism for better quality control of a smaller number, either by extending the Chief Economist's authority, and giving him or her resources to undertake the quality control, or by requiring some sort of outside review, or both.

In spite of the centrality of the research to the Bank's mission, it is continually necessary to lobby for research, and to protect basic research on development issues, especially where the payoffs are not immediate. The panel believes that there would be great benefits to endowing the Bank's development policy research, which could be done using a small fraction of the Bank's cumulated retained earnings. Without such insulation, there is a risk that it will degenerate into pure advocacy of the type that has become all too prevalent in the global poverty debate. The Bank must maintain its distinction in research.

Addressing the problem areas

We now turn to a brief discussion of how some of the issues raised in our evaluation might be addressed. We give more detail in areas that relate closely to the material covered in Chapter 3, whereas in other areas we simply sketch the general issue.

An overarching recommendation: Learning what works and telling the world

Perhaps the most important role of Bank research is to learn about what works, and to widely disseminate the results. Research is the key to quality control, and research will only be as strong as the Bank's commitment to quality control in *all* of its activities. Researchers must be involved in operational work from the beginning until (after) its end, and every project and policy should contain the tools for learning from it. We believe that the Bank should make still greater use of randomized controlled trials than it currently does, and we welcome the initiatives that are currently under way, including the Development Impact Evaluation (DIME) initiative. But much of the Bank's current portfolio cannot be evaluated in this way, and it is important that other methods of learning be strengthened. Theoretical analysis is important, to guide experiments when they are possible, and to interpret and understand outcomes when they are not. Data collection and empirical analysis are also vital tools for learning. Most of our recommendations speak to how Bank research might deal with these areas.

Financing Research and protecting its independence and objectivity

Many of the other problems we identify ultimately trace to the need to continually lobby for research, and to protect basic research on development issues, especially when the payoffs are not immediate. The panel is particularly concerned with finding a way to fund Bank research that protects its independence, and guarantees that Bank research does not degenerate into pure advocacy of the type that has become all too prevalent in the global poverty debate. To address these two problems, our favored solution would be to create an endowment to fund the Bank's development policy research, which could be done using a small fraction of the Bank's massive cumulated retained earnings. (There is a case to be made for funding the Bank much more broadly in this way, but the case of research the need is especially compelling.) Of course, institutional mechanisms would need to be created to ensure proper oversight and control, as well as to deal with a host of technical issues such as how to share overhead, but these problems are routinely solved by universities and other organizations and could also be solved within the Bank. However, in designing such a scheme, it is important to maintain a system where researchers are pushed, not only to justify current management and board initiatives, but also to provide critical feedback.

The panel recognizes that Bank research attracts a certain amount of funding from outside donors and this could continue, provided these funds do not excessively distort the Bank's mission.

Regardless of how the budget squeeze problem is resolved, the Bank also faces an important competitive challenge in attracting and maintaining top researchers. Salaries and status for research managers and researchers at the World Bank have suffered due to internal reforms at the Bank while, at the same time, salaries at competing academic institutions have exploded. Management should review the pay-scale as well as the terms of reference of staff in the research department to ensure that incentives (pecuniary and nonpecuniary) are well-aligned with the institution's objective of doing top quality research in development issues.

Control mechanisms for more consistent pruning of weak research

Certainly the Bank could benefit from resuming periodic overviews such as the present one. The panel notes that there has not been a serious outside review of research since 1998; research *proposals* considered by the research committee are reviewed by outside academics (though none of the panel can recall ever being consulted), but there is no external review of research output. We believe that if a review of the current kind had been conducted earlier, it might have been possible to cut off or repair at an early stage some of the weaker research projects we identify in Chapter 3. But more systematic improvements in Bank research require having a larger fraction of output be subject to a better review system. An obvious idea would be to bring more research back under the general guidance of the Chief Economist, whose office still provides the best quality control at the Bank.

The current quality control mechanisms simply have too many holes. In particular, a large proportion of Bank research is not subject to the quality control of the Research Committee or any other form of quality control that involves the Chief Economist. This is basically true for all non-DEC research. Peer reviewing mechanisms by external renowned academics or policy researchers (from the "North" and the "South") not only at the proposal but also at the output stages might substantially reduce the "tail" of weaker research. (We note that the extent to which the Bank uses outside consultants makes it difficult always to avoid potential conflicts of interest; however, we would tend to favor competence over lack of conflict of interest when there is a clash.) Such reviews would also inject valuable feedback and discipline even into the best projects. The panel recommends that a peer reviewing process should be applied to all research whether carried out by DEC or non-DEC and whether its purpose is to produce research working papers or flagships and reports. We note that the reviewing process must necessarily be somewhat backward looking, as much as a mechanism for ensuring the continued flow of resources to parts of the Bank that have been successful as to judging the merits of prospective research. Another idea that merits further consideration is to have all policy research reports reviewed by two outside reviewers and have the reviews published at the end of the policy research reports under the reviewer's name. Compensation should be commensurate with the work required to produce a review that measures up to high standards.

Our evaluators noted that some of the Banks' best research, as well as some of its worst research, involved outside researchers. It appears that in many cases, the Bank could have

anticipated what it would get by looking more closely at the research records of the researchers it hired, particularly in the case of more senior ones. Of course, at the same time, we have argued that it is important to devote research funds to institution building in developing countries. Again we would strongly favor having a system with better checks and balances on hiring outside researchers, and under which hires of consultants were subject to some minimal audit standards – again, ideally under the general guidance of the Chief Economist.

Improving Flagship Reports

The Bank should aim to produce more consistently excellent flagship reports, even if that means producing significantly fewer of them. The panel believes that it would be enormously helpful to have all flagships and reports, whether in DEC or not, be subject to the scrutiny of academic experts even if (or indeed, especially if) they are aimed at educating ministers and country specialists. Internal reviewers should also be used, with the Chief Economist's office having a particularly large influence in the process. (The Research Committee, as presently construed, seems ill-equipped to perform this role, because it is too reluctant to take on controversial issues.) Reviewers should pay special attention to the question of whether research cited to uphold policy recommendations is properly represented.

Our panel discussed the possibility of recommending that WDRs be published every other year instead of every year, in order to make them better focused and more meaningful. In the end, however, we accepted the need for the Bank to have a major annual quasi-research document, and would prefer to see the problem addressed by pruning back other flagships. Arguably, however, there is no need for a separate report giving macro forecasts, especially as the IMF and OECD produce similar reports that seem to command more international respect. (We understand that that the Global Economic Prospects flagships contain a good deal more than forecasts, but that material was not included in our assessment.)

Strengthening interactions with academics and bringing in new ideas

Managing research is a complex task and we will confine ourselves to two recommendations, the most important of which is to improve the Bank's visiting scholar program. Visiting researchers help bring in new ideas, they provide methodological assistance, and they are a conduit for students who might later come to work at the Bank.

It is very important for the Bank to have a significant program for visiting researchers. This will help continue to bring in new ideas as well as stimulate these researchers to work on topics of interest to the Bank thus multiplying up the Bank's own research efforts. Not least, a visiting scholar program should help in terms of recruiting. To this end, the panel also sees it as important to develop better and more stable mechanisms for choosing and funding visiting researchers, as well as outside research collaborators. The present system seems woefully chaotic and inadequate. The chaotic nature of the visiting scholars program is possibly due to the general budget squeeze on research. Several

internal interviewees mentioned that the current budget programming strictures make it difficult to set up the visitors program in a rational way.

Remuneration for top external researchers who may wish to spend a sabbatical in DC or a country office should be determined on a competitive basis. Joint work with external academics should be encouraged but with academics who are leaders in their fields.

We also recommend that the Bank consider instituting one or more annual research conferences with a more academic orientation than the World Bank's ABCDE conference. The conferences we envision would essentially be working meetings centered loosely around a set of topics. The IMF's annual conference is an excellent role model. There is an annual call for paper submissions and many of the papers are ultimately published in a special issue of the IMF Staff Papers. Importantly, Staff Papers may elect not to publish individual papers, and authors may publish their papers elsewhere if they choose. These meetings help bring in new ideas, and provide a useful forum for discussions. Also importantly, they are structured in a way to facilitate serious discussion and debate. By contrast, the Bank's oversized ABCDE conferences appear to have become steadily weaker in recent years, at least as a vehicle for research, and are in need of a major overhaul. They command considerable resources, are of very mixed quality, and do not seem to engender the discussion and interactions that ought to be a central purpose of such meetings.

Dealing with the Bank's overly diffuse structure for allocating and planning research

The Bank's current approach to integrating research and policy is producing inconsistent results across networks and regions. Within the Bank, some Vice Presidencies, Regional Chief Economists and Country Directors were very satisfied with the current arrangements while others were bitterly critical. However, given that the World Bank has only six regions, the fact that reactions were so disparate means that the current system is not robust.

There clearly is a problem with the "market" mechanisms in place because the "market" is not clearing: the funds available for research managed by the Research Committee are not fully utilized while some Chief Economists felt that there are very important issues that the research group(s) at the Bank is (are) not addressing (for example, issues relevant for transition economies).

Although it is clearly beyond its mandate to make a recommendation on the issue, the panel does not understand the rationale for the current departmental structure, and in particular, why the research department and at least some of the networks should be in different Vice Presidencies. Nor why it is the Chief Economist of the Bank, who is widely perceived as being responsible for the quality of the Bank's economic research, should not in fact be so. Even with multiple research groups in the Bank, some outside of DEC, there is a good argument for giving the Chief Economist, as Chief Economist rather than head of DEC, the tools to exert more extensive quality control.

Some of the former managers of DEC mentioned that it would make sense to move to a more programmatic funding of the budget allocated to research in DEC. Without compromising either academic freedom or creativity, the Research Committee (or an analogous body) could identify the areas and questions of priority to the Bank and request proposals. The selection of the proposals would not be the task of the Research Committee alone but would be done in closer conjunction than is currently the case with external evaluators (see above), thus guaranteeing both policy relevance and academic soundness. The panel was struck by the comment made by former high level official in a donor country who also had a high level management position at the World Bank. According to this person, his government had succeeded in influencing the research agenda through its use of trust funds. The money was to be allocated only to the themes identified as priorities. Something similar could be done at the Bank through an appropriately augmented Research Committee (or an analogous mechanism).

Another factor that seems to be limiting the amount of country-relevant research is that in some Vice Presidencies regional staff do not have time for research. In order to be involved in a research activity, the staff's time would have to be "purchased" for that purpose by the Country Director. Some regions (e.g. LAC) do quite a bit of research because the CDs are aware that otherwise the often highly sophisticated government officials will not listen to the Bank (and this may affect its lending program and the quality of the policy dialogue down the road).

Several interviewers from within the Bank mentioned that there is also lack of incentives (in fact, some said there are disincentives) for "return migration." If someone from Research leaves DEC to work in the operational side of the Bank he/she may have some difficulty moving back, although there have been some examples of people who have done so.

Overall, despite many of the evaluators' critiques, we view the Bank's researchers, and particularly its Chief Economists, as having done an extremely responsible job of rising to this challenge. Nevertheless, over the review period, we are concerned that the independence of Bank research may have frayed at the edges. To address this problem, we see it as important both to restore the supervisory and quality control scope of the chief economists' office – which was notably clipped at the end of the 1990s with the breakup of the precursor of DEC into DEC, the World Bank Institute, and PREM. More fundamentally, however, we view it as important to give the research arm of the Bank a far greater degree of fiscal independence from the money-producing lending arms of the Bank which sometimes dominates it. This would ideally be accomplished by endowing the Bank's research activities, which could easily be done out of the Bank's \$35 billion plus in retained earnings. Before returning to this issue, however, we will try to summarize the issues and suggestions made both by external evaluators and the broad range of policymakers, outside researchers and Bank Staff with which the panel spoke.

Making data truly a public good

Everybody recognizes the Bank's fundamental role in generating and/or disseminating data. From standard run-of-the-mill indicators to the results of randomized controlled trials, the Bank is in a unique position to make policymaking increasingly more evidence based. Bank data are vital in its own research, and are widely used by researchers, policy analysts, and governments. In recent years, the capacity to use and analyze data has improved greatly, particularly in some of Bank's client countries, so that the value of data production becomes greater every year. Bank data are (more than) twice blessed, because they support policy-making and research in the Bank, while doing the same thing in the member countries.

Despite the Bank's enormous contribution in the data sphere, it is not doing enough to ensure that there is completeness, accessibility and transparency in the information that is required for high quality analysis and sound policymaking. The panel recommends that management analyzes the role, size, budget and skill mix of the Data Group so that the Bank can be a leading institution in data generation as well as dissemination. In this process it is very important to avoid building a "data silo" and to ensure that research is integrated with data production and dissemination. The Bank may also explore collaborating with other institutions in this endeavor. A good role model is MECOVI, a joint initiative of the Inter American Development Bank, the World Bank, and the UN's economic commission for Latin American and the Caribbean (ECLAC) to improve the quality of household surveys and the capacity of the statistical institutes in Latin America and the Caribbean. One important feature of MECOVI that the Bank should replicate is its focus in strengthening local capacity to generate high quality surveys (something which only occasionally happened with the LSMS).

The Bank's DECDG is already working with the International Household Survey Network, which was set up by the Bank and is managed by DECDG, to generate software that will help national (and private) survey organizations disseminate data and supporting documents (metadata) in standardized, anonymized, form. Such initiatives reduce the cost to countries of making data available, and should do much to make countries more willing to share their data. We strongly support this initiative, and recommend that the Bank do everything possible to help make surveys more internationally comparable. The Bank should also ensure ex ante that governments do not restrict access to survey data (issues of confidentiality can be dealt with in other ways, for example by helping countries prepare anonymized and well-documented versions of their data, and this is a prime candidate for technical assistance). Whether this is a decision to be taken by the Board as part of the commitments that governments undertake for being members of the Bank, or through conditionality in Bank's operations, or by using moral suasion, is for the Bank to determine. The panel feels strongly that if this is not accomplished, learning what policies and interventions work well and in which settings will be much slower than it need be.

The Bank's data group, which used to be mostly concerned with assembling and collating data, is now producing a good deal of original data on its own account, most importantly

the purchasing power parity price indexes from the International Comparison Project. We have already recommended that a strengthened version of DECDG be the central agency responsible for advising researchers throughout the Bank on data collection, and for storing, documenting, and disseminating the results. Researchers and other groups in the Bank should not be collecting new data without vetting and approval by qualified statisticians on a centralized basis. As this statistical function expands, management will need to develop protocols to govern its activities, for example on the timing of the release of data, and on guaranteeing that there is a single uniform and defensible source for important data, such as the PPP price indexes, the poverty numbers, and so forth. The Bank's statistical and data activities have become sufficiently important to its activities to justify the existence of something approaching a central statistical office.

Recognizing that the Bank needs feedback on where to spend its limited (but hopefully expanding) data collection program, it is important to consider approaches such as having a periodic (once every three to four years) external review panel (for example of statisticians and researchers) examine how the Bank is managing data for external research use, and helping to suggest priorities. The panel notes that DECDG already has external advisory boards for other aspects of its work, most notably the International Comparison Project.

Improved cost accounting for research

While it is true that it is hard to manage academic research, and while it is hard to attribute research budgets to research outputs, the Bank's current record keeping is below any minimal level of acceptability. Academics face the same problems of reporting on and accounting for research, and yet are able to report regularly to their funders in a way that the Bank seems unable to do. Worse still, it was only after an enormous amount of work, and as the final draft of this report was being prepared, that it was possible for the Bank to produce a complete bibliography of publications over the last five years. A list of publications would appear to be the minimal prerequisite for any attempt to monitor and control the quality of research. The panel recommends a major overhaul of the way that Bank research is managed and reported on. This is in addition to our recommendation that the work be subject to an outside review, preferably of *all* work, every few years. The sampling that we used in this evaluation, while necessary, is far from ideal because it can easily miss projects of importance, and because it makes it hard to follow threads in Bank research.

Creating a More Formal Mechanism for Research Replication

Following up our discussion in Chapter 1 on the role of the World Bank in research, the panel would argue that the current incentive structure does not place enough value on having researchers replicate important new empirical research ideas, then applying them to other countries. The Bank should consider setting up a unit that specializes in this activity. The unit would both help assess the robustness of important results the Bank hopes to rely on, as well as expand knowledge by seeing how results obtained on, say, United States data, apply to other countries. The Bank already produces work of this

type, but we feel that the creation of a unit would systematize and incentive this valuable activity. This work is clearly linked to our argument for more randomized trials and better evaluations. Although this work is unlikely to find its way into top journals, we do not regard that as an objection. It should aim to replace some of the long tail of undistinguished Bank work to which we have repeatedly referred. The objection to this work is not only that it is of little academic interest, but that it also of little relevance to policy, something that replication studies should help address.

Summary of recommendations

General

- The research staff of the Bank needs to be seen as the main channel through which the Bank learns from its work. They need to be involved in the planning stages of policies and projects, for example by helping to set up randomized trials when possible, or in other cases by putting in place the platforms that will allow subsequent evaluation and learning. There should be a unit specifically charged with attempting to replicate promising new findings, whether from randomized trials, other evaluations, or outside research.
- Research at the World Bank should be endowed, to better insulate it from the need to constantly defend itself, and to ensure some independence from the Bank Board and management's preconceptions and prejudices about best practice policies.
- Managers of research at the Bank need to maintain checks and balances that preserve the credibility of its research. In particular, it needs to resist the temptation to make strong claims about preliminary and controversial research that appears to support policies that the Bank has historically supported.

Managing and evaluating research

- Quality control of the research program needs major improvement, with a system of regular reviews (in particular, from external peer reviewers), as well as better (i.e. some) monitoring of value for money, and reporting of outputs.
- We are puzzled by the current organizational structure and raise the question of whether the research department and at least some of the other groups and networks might be part of the same Vice Presidency, possibly supervised directly or indirectly by the Chief Economist.
- Management should review the pay-scale as well as the terms of reference of staff in the research department to ensure that incentives (pecuniary and non-pecuniary) are well-aligned with the institution's objective of doing top quality research in development issues.

- We recommend that research managers exert more careful and more central control over the quality of consultants.
- The Research Committee should consider issuing occasional requests for proposals in areas or on specific topics where Bank research is weak.
- The approval process for all research needs a better balance of academic quality and policy relevance than is currently the case. While external reviews are currently obtained by the Research Committee, the large fraction of research that does not go through the Research Committee also needs to be subject to this kind of review.
- The Bank needs to ensure that more of the senior managers of its central research arm, the Development Economics group, are as well-qualified in statistical and econometric methods as they are in economics. Ideally, this recommendation should apply throughout the Bank, but DEC is the obvious home for this expertise and for quality control, through the Chief Economist, or perhaps through a “Chief Statistician” in DECDG.

Data

- The Bank needs to review its data collection, archival, and dissemination procedures. The Development Economics Data Group needs to be brought into closer contact with researchers, and should become a center of statistical advice on survey collection, as well as taking the lead on archiving and dissemination of all Bank data. This would involve the strengthening of its statistical and econometric expertise.
- The Bank should take a stronger lead in promoting the international harmonization and dissemination of household surveys.
- As the Bank’s original data collection function expands, it needs to put into place standard protocols for the release and revision of data. We also recommend a regular (internal and external) review of data collection priorities.

Quality control and flagships

- The Bank should consider ways of enhancing the role of the Chief Economist (as Chief Economist, rather than through DEC) in quality control over all Bank publications, particularly flagships. The effectiveness of flagships in disseminating best practices needs a thorough review with an emphasis on maintaining consistent high quality rather than quantity. We suspect that the plethora of flagships strains the Bank research leadership’s capacity to monitor quality and reliability. Flagships are also an area where the Bank must be especially careful to present a balanced picture of research results and debate among serious policy researchers.

Relationships with academia

- The Bank should foster closer relationships with academic researchers, including better visiting programs, and through conferences.
- The research function of the ABCDE conference should be reviewed.

Capacity building

- The Bank should make greater efforts to foster collaborative work between Bank and developing country researchers, possibly through greater institutional support in the countries. In any case, it should aim to increase the representation of developing country researchers in its research output.