

# Knowledge and Development – Study of the World Bank as a knowledge agent

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# Motivation

- Knowledge is a key ingredient to development
- Debate on Global vs. local approach to development and to knowledge
  - Global vs. local knowledge agents
- Goals for this seminar is to review
  - the discourse on “global” knowledge - Can knowledge be “global”? What are its characteristics and limitations?
  - The debate on the World Bank’s role as a knowledge agent

# Outline

- Knowledge and development
  - definition and attributes
  - “Global” knowledge
  - Politics of knowledge
- The World Bank as a knowledge agent
  - Evaluation of World Bank research
  - Should the World Bank be a knowledge bank?
- World Bank in India
- Conclusions

# Knowledge definitions

- Data, information, knowledge
- **Model for reality**; context-dependent, must extend to users' successful receipt and acceptance
- Range of definitions— *From technical and scientific know-how, processes, templates, best-practices, knowledge about attributes...to language, culture, social beliefs, paradigms and viewpoints.*

# Knowledge Attributes

- **Public vs. private good** (Stiglitz 98)
  - non-rivalrous and non-excludability
  - may be protected through IP rights
- **Global vs. local**
  - “global” goods easily surmount institutional and cultural boundaries
  - Local : rooted in culture, history, local experiences
- **Knowledge as practice**
  - Development of protocols that yield desired outcomes and enable practitioners to deliver value

# Can knowledge be global?

- WB and Stiglitz's view
  - Poor countries are poor because of lack of knowledge
  - *Knowledge gap* and *information problems*
  - Must import knowledge + create local knowledge
  - Prescription: *Open trade, increase FDI, licensing agreements, universal education*

# Can knowledge be global?

- Counter views

- Powell (2006) asks *which knowledge?*

- Knowledge as part of society, culture, beliefs, language
    - *Multiple knowledges*, Issues with “global” knowledge – inherent condescension towards local; what makes Euro-North American knowledge “global”?
    - *Superior* knowledge
    - Importance of language –dominated by English language. Local researchers limited in contributing to global knowledge

- Stehr and Ufer 2009

- *Can knowledge developed in a lab be universally applicable?*
    - *Introduction of highly specialized knowledge may lead to capture and emergence of local elites*
    - Do not believe in convergence of culture and worlds of knowledge

# Whose knowledge matters?

The politics of knowledge (Weiler 2009)

- Knowledge Hierarchies
  - Institutional hierarchies
  - International vs. regional publications
  - Work confirming to analytical standards of Western economics regardless of relevance
- Reciprocal legitimacy between knowledge and power
- Transnational division of labour: *global disparities in access to and production of knowledge*
- Commercialization of knowledge – financial sponsorship and its agenda

# Importance of international knowledge agents

- Creation of global knowledge – areas that all countries benefit from but no one country alone has incentive to invest in *global statistics, cross country comparisons, policy impact analyses* etc.
- Fostering collective action – *environment, climate change, international waters* etc.
- Intermediaries for knowledge transfer: *South-to-south transfer; impact analysis, RCTs*
- Knowledge management – data across countries and time periods
- Building local capacity – *closing the *knowledge gap**

# The World Bank - Introduction

- Goal – “Reduction of poverty through inclusive and sustainable globalization”
- Created in 1944 at the Brettonwoods conference along with IMF for post war reconstruction, aid political stability and peace
- Owned by member countries **188 countries**
- World Bank Group made of 5 institutions
  - *The World Bank*: **IBRD and IDA**
  - Private sector: **IFC, MIGA, ICSID**

# Voting mechanism

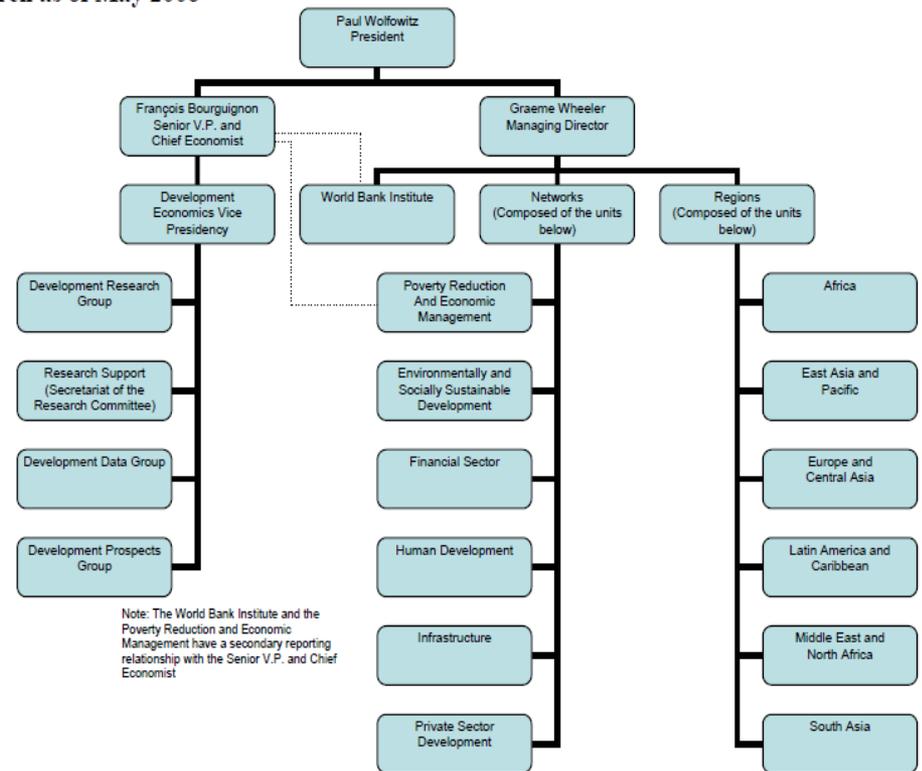
- Voting rights proportional to shareholding
- In contrast to “one country – one vote” followed by UN
- G8 account for 46% of the votes **India 8<sup>th</sup> largest shareholder**
- Policies clearly driven by the richest countries

S. No	Member Country	% of total votes in IBRD
1	USA	15.93%
2	Japan	8.88%
3	China	5.72%
4	Germany	4.69%
5	UK	4.18%
6	France	4.18%
7	Canada	3.13%
8	India	3.04%
9	Italy	2.72%
10	Saudi Arabia	2.46%

# Research at the World Bank

- From a *lending* bank to a *knowledge* bank – shift in late 90s
- DEC is the primary research group
- Regions – primary lending operations
- Networks – domain expertise cutting across geography

Chart 1: Organization Chart of Groups within the World Bank which produce research as of May 2006



Source: Deaton (2006)

# World Bank research products

**Box 5** An overview of core knowledge

Source: WB 2011, Knowledge for Development

The Bank's nine core knowledge activities or product lines are organized into three categories, by audience.

Category	Product line	Purpose
Knowledge for external clients	ESW Economic and sector work	Inform policy
	TA Technical assistance	Assist reform implementation and strengthening institutions
	IE Impact evaluation	Analysis of development interventions
	TE External training	Training
Knowledge as a public good	RF Research	Use of rigorous tools to advance knowledge and debate
	WD <i>World Development Report</i>	New directions for development policy
	GL Global monitoring	Data and tools for policy makers, academics, and CSOs
Knowledge for internal use	KP Knowledge products	Activities supporting the knowledge flow across the Bank
	NP New product development	Development of new products for the Bank

- Some noted Research products
  - World Development report, policy research reports, working paper series
  - Publishes two peer-reviewed journals: *WB research observer* and *WB Economic Review*
  - Annually publishes 10-20 books, 100-150 journal articles, 150-200 working papers
  - Global data: World development indicators, Living standard measurements survey, poverty mapping etc.

# Deaton (2006) evaluation of Bank research

## The Good

- Endorsed the need for Bank research
- Striking the right balance between being academically sound and being relevant to real development issues
- Praised for some outstanding research
- Role of monitoring environment and collecting global data
- Flagship reports like WDR are enormously influential

# Deaton (2006) evaluation of Bank research

## The bad

- Bank research used to justify Bank's position on globalization without a balanced view of the evidence
- Greater visibility to research supporting Bank philosophy
- New and untested research presented as hard evidence without sufficient skepticism
- Lack of independence of research from advocacy role; failure of checks and balances
- Repeated analytical errors and changing stance of the Bank on issues such as pensions impact Bank credibility; need for peer review/evaluation of findings

# Deaton (2006) evaluation of Bank research

## The bad

- Research quality –
  - Large fraction of the research not useful either for policy or academics
  - Technically flawed projects have run for years without review
  - Too much pressure to make policy recommendations even when without sufficient evidence; too much self citation
- Data collection and dissemination – haphazard, lacking completeness, accessibility, transparency

# Deaton (2006) evaluation of Bank research

## The bad

- Flagship reports like WDR – sharpness has been lost due to political correctness
- Insufficient collaboration with developing country researchers
- Need for more Bank evaluations and tighter quality control

# Response to Deaton (2006)

- Chief Economist – Brief response glossing over most issues
- Stiglitz's response –
  - Agrees with use of Bank's research to justify Bank position but contends that this has now changed.
  - Little research to answer key questions linking capital market liberalization to growth, instability and economic downturns
  - Learnings that certain policies worked *on average* is useless
  - Serious problems with standard economic models assuming perfect markets, no unemployment. Need for fundamental research in economic modeling of developing countries
  - Data gathering and managing should be done by UN

# External critique – Van Waeyenberge (2008)

- Two key criticisms of Deaton (2006)
  - Looks at the Bank research only from technical/economics point of view. Has failed to recognize the political-economy of the Bank knowledge
    - *Bank's shareholder realities, relation with Financial markets, etc. are important considerations*
  - Focuses on a very narrow range of Bank's knowledge activities and hence underestimates its influence as a knowledge agent

# Political Economy of Bank Knowledge

- Deaton (2006) most critical of Bank's research on aid effectiveness. Yet it misses the political underpinnings of this work
  - *Aid impacts positively if certain good policies are in place*
- Three high profile resignations from Bank researchers during the review period find no mention
  - William Easterly and his *Elusive Quest for Growth*
  - Joseph Stiglitz – Chief Economist
  - Ravi Kanbur – lead author of WDR 2000/1 on *Attacking poverty*
- Policy context of discussion on aid effectiveness
  - Washington consensus to post-Washington Consensus
  - Wolfensohn's plea for a *Knowledge Bank*

# Bank's extended knowledge activities

- The **ESW (Economic and Sector Work)** attempts to influence client country's policies and programs and underpins the lending operation
  - Prolific in core reports for client countries with wide dissemination and reach
    - E.g. poverty assessment, public expenditure review, financial accountability review and host of sector assessments and policy notes
  - Strong advocacy role and sharp increase in expenditure on ESW in the last decade
  - **Bank as the term-setter/ arbiter of all policy debates with the potential to crowd-out all other views**

# Bank's extended knowledge activities

- The World Bank Institute (WBI) – training and educational arm
  - Designs and delivers seminars (including long-distance), courses, policy advise
  - Dramatic rise (110,000 trainees in 2005) spanning govt cadres, academics, private sector, NGO, media
- Global Development Network
  - Knowledge sharing between developing countries
  - Network of > 1000 research and policy institutes
  - HQ in New Delhi but 60% funding from the Bank
  - Potentially high influence on development agenda and the ability to amplify one discourse over another

# Bank's extended knowledge activities

- Bank's Researchers Alliance for Development –fosters relations between the Bank and academia/ research institutions
  - Compact seminars to universities free of charge
  - In-house semester long seminar series by Bank staff through video-conferencing
  - Encourages student participation
- Declining role as a public finance institution and rise in private sector disbursements
  - *IBRD disbursements down by 30%, IDA flows flat; IFC up by 75% and MIGA up by 45% since 1995*
  - *Knowledge mission as a way to draw attention away from its financial role*

# Bank's extended knowledge activities –

## *Why is this a concern?*

- Bank knowledge effect compounded due to multi-pronged approach – prolific writings, access to government, large reach through training programs, GDN and course offerings to university students
- Persistent decline in knowledge creation by national universities in developing countries

# Should the Bank be a knowledge bank?

*(The Bank should only be a Bank - Standing 2000)*

- Should a large financial institution that selectively funds projects be in the business of defining knowledge gaps? *Moral hazard*
- Who should define the knowledge gap? And who selects this jury? *Issue of governance*
- Bank should be informed by external knowledge in a transparent and accountable way
- **No single institution can monopolize knowledge**
- Concerned about Stiglitz's view of closing gap by "adding" more knowledge – how do you account for qualitative aspects such as *quality of living, sense of community, beauty of environment?*

# World Bank and India

- India – highest cumulative borrower from the WB from 1945 – 2013 followed by Brazil, Mexico and China
- Other significant donors: ADB, IFAD and bilateral assistance from Japan, UK, Germany, USA etc.
- India is a “blend” country but transitioning to middle-income level
- WB – large influence in sectors including education, livelihoods, water supply and sanitation, health, infrastructure
- Tamil Nadu – state with highest IBRD and IDA assistance currently followed by Andhra, Karnataka and Maharashtra
- New Country partnership strategy – focus on the low income faster growing states

# WB's turbulent history in India

- 1949 – first loan to Indian railways
- Green revolution facilitated by the Bank
- Pressure to open up the economy since the 80s
- Large structural adjustment program loan in 1991 resulted in steady implementation of economic reforms *standard LPG package*
- Strong anti-bank sentiments due to serious human right violations and environmental impact of Bank's mega development projects

# Independent People's Tribunal on the World Bank in India (2007)

- 28 charges filed by jury against the Bank – *failure of poverty reduction, impact on basic rights to food, water, health, education and on vulnerable communities*
- World Bank as a face of neo-liberal policies
  - Govt as an equal partner
  - Policies also adopted by political parties, most in academia, media and the Indian elite
- WB as knowledge agent in India [Dharmadhikary \(2010\)](#)
  - Introduction of tradable water rights and preferential evidence from Chile
  - Justification of large dams based on *unpublished study* by Bhatia – Malik on the Bhakra Nangal dam
  - Bank's large influence due to enormous network that it has created “*revolving door*” phenomenon

# Example: Bank's changing views on Decentralization and Participation

- Decentralization and public participation – cornerstones of Bank initiated sector reforms in the 90s
- Rural drinking water – *participatory planning, role of VWSSCs, public contribution, “withdrawal” of the state, etc.*
- 2012 World Bank policy report questions the impact of participation on development outcomes
  - *organic participation vs. induced participation*
  - Induced participation rarely works due to civil society failure
  - Goes on to reject all guiding principles of the reforms (*demand-driven approach, co-financing, full cost recovery, village committees etc.*)

# Conclusions

- Strong arguments for and against *global* knowledge and *global* knowledge institutes like the World Bank
- Certainly a space for global knowledge agencies exists. But many issues with positioning the Bank as *the* knowledge bank
- There must be alternatives and a level playing field
- Calls for investment in our own knowledge systems and legitimizing them

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