What Are Some of the Structural Inefficiencies of the World Bank?

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One well-known aphorism that has circulated the halls of the World Bank over the years is it is generally less than the sum of its parts. Part of this tongue-in-cheek observation is based on a cynicism that can grow within any bureaucracy. However, with regards to the Bank, it is also based in part on the cold reality of its unique environment. From personal experience and research conducted for The World Bank Unveiled, I have identified a number of structural inefficiencies that keep the Bank from reaching its full potential in achieving its poverty reduction mission. Here are four key ones:

Senior management sculpts visionary reforms to tack with the geo-political pressures of the Bank's member countries, external watchdogs, media and the evolving global financial and economic environment. This has led senior officials to engage in regular reorganizations, but to implement reforms they must rely on the institution's mid-level management. As these external pressures have grown, the information revolution and a heightened interconnectivity of the global economy have reduced the amount of time senior officials have to react. As a result, their reliance on mid-level management to implement these reforms has increased. Concurrently, mid-level management is in reality a culture of fiefdoms. The internal culture of the Bank, hardened over six decades, rewards managers for conservatism and adherence to the status quo. So, these fiefs are wedded to maintaining the status quo as a strategy for advancement and accruing power.

The institution is layered with a rigid hierarchy. The separation between senior officials and staff is stark and ingrained. Such an environment creates warped perceptions and information vacuums. Senior officials, focused on the big picture, are often given a skewed view of how things actually operate at the staff level. Problems and potential problems become hidden as accurate information often fails to move up the chain of command. Additionally, senior management's intense desire to not receive unpleasant information results in an institution-wide fear of candor. Finally, these behaviors are exacerbated by one of the native instincts of the institution's fiefs – an aversion to information sharing and transparency.

The Bank's culture is one that disdains selectivity and embraces the notion it must do many things well. As a result, staff is continually addressing new challenges, engineering temporary fixes, and moving on to the next problem. Since it tries to do everything, preventable failures are inevitable and activities it pledges to support are not always funded.

Institutional hypocrisy, a theory espoused by Robert Wade of the London School of

Economics, occurs when the Bank tries to "control its external environment and manage the contradictory demands being made by states, NGOs and firms." The Bank provides actions/services and talk. Clients and customers value its services. Spectators and watchdogs values what it says. The disconnection between the two is common and real. Wade provides examples. One includes: "increase the density of declarations and policies designed to satisfy and pacify spectators and watchdogs, and increase its promises to bring its actions into line with its policies, while not making the corresponding resource allocations."

These observations are not to say the World Bank does not do some things well or to impugn the motives and actions of the dedicated professionals who work there. However, my experiences suggest these structural inefficiencies are systemic and have led to both unsound decisions and a failure to learn lessons from failure.

This is the third of a series of blogs on the World Bank and transparency, accountability and reform issues. I invite you to share your own opinions with a wide community of international development practitioners and interested readers.

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