

Knowledge and Aid

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My personal views (the only kind of views I have) are that there are essentially two models for a knowledge-based development agency such as the World Bank. It can try to function as a central source of knowledge that is "disseminated" or "transferred" to the clients seeking knowledge—or it can function more as a broker/facilitator. As a broker, the center can help connect those who are trying to solve some problem with those who seem to have developed best practices in addressing similar problems. In that case, the center does not necessarily have the knowledge of the solution to the problem but only the second-order knowledge of who has done well on similar problems.

To tell the difference between the two "knowledge transfer" strategies, one can ask the question: "What if the center has 'The Answer' to the problem?" (never mind for the moment the problems with this assumption). If the center sees itself as the source of knowledge, then it will try to teach the Answer to the inquirer. If the center sees itself as a learning facilitator, then it will *not* try to teach the Answer but will try to in effect arrange a learning experience for the inquirer. It will suggest concrete sources of best practice experience and it will suggest local experiments that might be undertaken to see what actually works.

Moreover there are a number of major problems in the assumption that the center has "The Answer" to the problems of the inquirer or client:

- Codified versus tacit knowledge: The knowledge that can be disseminated by or downloaded from the center is codified knowledge. Yet the key aspects of a best practice case might well be more tacit practical knowledge or "know how" that has to be learned in other horizontal ways such as site visits, apprenticeships, secondments, and the like.
- General versus local knowledge: It is difficult to tell which aspects of a best practice story are general and which are local. As a general rule, one should expect that "transfer" of a best practice often amounts to partially or wholly reinventing the best practice in the new local circumstances.
- Rashomon Effect: When the center tries to extract the "key lessons" from a best practice, there might be a *Rashomon* effect; different "key lessons" are extracted by different observers according to their own "pre-analytical frameworks" (vulgarly called "ideology").
- Official Views: Some organizations think that "views" (e.g., about how to best solve a problem) are supported not just by evidence and reasoning but by being made "Official Views." This is advisable only for Infallible church-like organizations; otherwise pragmatism and subsequent learning can be greatly impaired by the need to overturn Official Views. Organizations fortunate enough to have what John Milton called the "grace of infallibility and incorruptibleness" will naturally find the same key lessons congruent with the Official Views revealed in all best practices. Otherwise, it obviously wouldn't be a "best practice."

* The findings, interpretations, and conclusions expressed in this paper are entirely those of the author and should not be attributed in any manner to the World Bank, to its affiliated organizations, or to the members of its Board of Directors or the countries they represent.

Finally those who would sponsor knowledge transfer should be aware of the "rich heiress" problem. The rich heiress has many suitors who avowedly pursue her for her wit, charm, and personality. Yet she must ask herself: do they really seek me or my money? Similarly, a development agency that "bundles" knowledge along with concessional aid must ask itself: do our many "demand-driven" suitors want our knowledge or really just our aid? Is their knowledge transfer really "demand-driven", or is the demand really for the complementary aid? Consulting companies have a nifty way of answering this question. Instead of in effect paying their clients to take the knowledge, consulting companies require their clients to pay them. Other agencies offer knowledge unbundled with aid. But organizations that in effect require clients to "get religion" in order to get aid should not be surprised to later find out that the "knowledge transfer" was rather superficial.

The alternative theory is that it is best to bundle knowledge and money together because then the client knows the agency is willing to "put its money where its mouth is." Talk is cheap, so the client is more impressed with the agency's Answer if the agency is willing to bet its aid resources on that Answer. The knowledge-based agency is then not just a glorified chat room giving out free advice.

This is a nice theory but it assumes that the agency personnel are really held accountable if the resources were wasted because the Answer was not the answer after all. If the aid was a loan, then the client country has to pay back the loan anyway (although usually beyond the political horizon of the incumbents who postponed facing the problems by taking the aid). Moreover, this theory assumes that the agency has the Answer in the first place to bundle together with the aid (see above).

Clearly my personal views are that a knowledge-based development agency should function as a broker/facilitator, not as a disseminator of the Answers, and that any knowledge function should be unbundled from the provision of aid.

Albert Hirschman has been quite eloquent on the separation and unbundling of aid from policy advice.

"Paradoxically, therefore, program aid is fully effective only when it does not achieve anything—when, that is, no quid pro quo (in the sense of a policy that would not have been undertaken in the absence of aid) is exacted as the price of aid." [Hirschman, Albert O. 1971. *A Bias for Hope: Essays on Development and Latin America*. New Haven: Yale University Press, 204]

"Naturally, doubts and reservations are not voiced at the moment of the aid compact; hence the delusion on the part of the donor that there has been a full meeting of minds. But soon after virtue has been 'bought' through aid under these conditions, the reservations and resistances will find some expression—for example, through half-hearted implementation or sabotage of the agreed-to policies—and relations between donor and recipient will promptly deteriorate as a result." [Hirschman 1971, 205]

"[I]t is our conviction that this picture of program aid as a catalyst for virtuous policies belongs to the realm of rhapsodic phantasy." [Ibid. 205]

"[E]laborate arrangements should be made to divorce the exchange of opinions about suitable economic policies from the actual aid-giving process." [Hirschman 1971, 211]

For an example of a Bank initiative along these guidelines where the Bank functions more as an enabling helper than a controlling task master, see the GDNet site at:

<http://www.ids.ac.uk/gdn/>