

Using Knowledge to Improve Development Effectiveness

An Evaluation of World Bank Economic and Sector Work and Technical Assistance, 2000–2006



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In Bangladesh, this woman block prints fabric for sale in local markets and for export. World Bank trade reports informed the government's trade policies. Photo by Shehzad Noorani, courtesy of the World Bank Photo Library.

Abbreviations

AAA	Analytical and advisory activities
AML/CFT	Anti-money laundering and combating the financing of terrorism
CAS	Country Assistance Strategy
CEM	Country Economic Memorandum
CFAA	Country Financial Accountability Assessment
CPAR	Country Procurement Assessment Review
CSO	Civil society organization
DPL	Development policy lending/loan
ESW	Economic and sector work
EU	European Union
FSAP	Financial Sector Assessment Program
IBRD	International Bank for Reconstruction and Development
ICA	Investment Climate Assessment
ICT	Information, communications, and technology
IDA	International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IMF	International Monetary Fund
MIC	Middle-income country
PER	Public Expenditure Review
PESW	Programmatic ESW
PSD	Private sector development
QAE	Quality at entry
QAG	Quality Assurance Group
ROSC	Report on the Observance of Standards and Codes
TA	Technical assistance
TTL	Task team leader



In Vietnam, researchers, undergraduates, and postgraduate students often use the World Bank's Public Expenditure Reviews.
Photo by Simone D. McCourtie, courtesy of the World Bank Photo Library.

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Working group discussions in Mali. Knowledge exchange is one of the objectives of World Bank TA. Photo by Curt Carnemark, courtesy of the World Bank Photo Library.

Foreword

Over the past year, the Bank has reinforced its focus on knowledge and learning, naming it among its six strategic directions. In October 2007, the president of the World Bank stated, “The World Bank Group is a unique and special institution of knowledge and learning. Delivering, expanding, and testing this learning—in tandem with financing or separately—is the most important part of our work.”

The Bank provides knowledge support to countries through analytical and advisory activities. This evaluation focuses on two of these activities: economic and sector work (ESW) and nonlending technical assistance (TA). ESW is aimed at informing Bank lending and government policy, building client capacity, stimulating public debate, and influencing the development community. TA is aimed at assisting in policy implementation, strengthening institutions, and facilitating knowledge exchange. ESW and TA are an essential part of the Bank’s engagement with its clients—the Bank spent \$910 million (26 percent of its spending on country services) on these products during fiscal 2000–06.

This evaluation found that the majority of ESW and TA met their objectives at least to an average extent during fiscal 2000–06, although there were substantial differences across countries and tasks. ESW and TA of higher technical quality were clearly more effective in meeting their objectives. Close collaboration with clients during the process mat-

tered for effectiveness, whether clients actually produced part of the task or not. Sustained follow-up after the completion of the tasks was important for effectiveness. Whether clients requested the tasks did not matter for effectiveness, although all tasks needed to be tailored to client needs and interests to be effective. ESW and TA were less effective in countries where government capacity was lower. Clients in middle-income countries prefer nonlending to lending services, and clients in all countries prefer TA over ESW.

The Independent Evaluation Group has five recommendations for Bank action to obtain stronger results from ESW and TA. First, reinvigorate the mandate for country teams to maintain a strong knowledge base for countries and sectors where the Bank is providing or planning to provide funds. Second, ensure that ESW tasks in International Development Association countries are adequately resourced (even if it means fewer ESW), because cost matters for quality, and quality matters for effectiveness. Third, enhance institutional arrangements for ESW and TA by ensuring substantive task team presence in country offices—particularly in countries with low institutional capacity—to facilitate closer client collaboration. Fourth, recognize, receive, and build on client feedback to counterbalance current Bank incentives for lending over nonlending and ESW over TA. Fifth, take the results tracking framework for ESW and TA more seriously, including systematizing client feedback.



Vinod Thomas
Director-General, Evaluation



Parliamentary discussions in the Republic of Yemen. Informing public debate is one of the objectives of World Bank ESW.
Photo by Bill Lyons, courtesy of the World Bank Photo Library.

Executive Summary

In 1996 the World Bank committed itself to becoming a “global knowledge bank,” using knowledge to improve the development effectiveness of its work. In fiscal 2008, the Bank reiterated its focus on knowledge and learning, naming it as one of its six strategic directions. This evaluation focuses on two of the analytical and advisory activities through which the Bank provides knowledge to its client countries: economic and sector work (ESW) and non-lending technical assistance (TA).

The objectives of ESW are to inform lending, inform government policy, build client capacity, stimulate public debate, and influence the development community. The objectives of TA are to assist in policy implementation, strengthen institutions, and facilitate knowledge exchange. ESW and TA are an essential part of the Bank’s engagement with its clients—it spent \$910 million (26 percent of its spending on country services) on these products during fiscal 2000–06.

The majority of ESW and TA met their objectives at least to an average extent during fiscal 2000–06. Between 65 and 80 percent of users of ESW and TA in client countries and between 74 and 87 percent of users within the Bank gave ratings of average and above when asked to what extent these products met their stated objectives. But there were substantial differences in ratings across countries and tasks, some of the reasons for which are as follows.

First, the technical quality of ESW and TA influenced their effectiveness. Second, close collaboration with clients, from task initiation through the formulation of recommendations, was important for ESW and TA to be effective, whether clients actually produced part of the task or not. Third, sustained follow-up after the completion of the tasks, rather than just dissemination, was important for

effectiveness. Fourth, whether clients requested the tasks or not did not matter for their effectiveness, although tasks not requested by clients needed to be tailored to client needs and interests to be effective. Fifth, there is some evidence that ESW and TA were less effective in countries where government capacity was lower. Finally, an additional finding of the evaluation is that clients in middle-income countries (MICs) prefer nonlending to lending services, and clients in all countries prefer TA to ESW.

In light of these findings and the Bank’s renewed focus on knowledge and learning, the Independent Evaluation Group has five recommendations for Bank action to obtain even better results from ESW and TA. First, reinvigorate the mandate (which underpinned the ESW reforms in fiscal 1999) for country teams to maintain a strong knowledge base on countries and sectors where the Bank is providing or planning to provide funds. Second, ensure ESW tasks in International Development Association (IDA) countries are adequately resourced (even if it means fewer ESW). ESW tasks are less well resourced in the IDA than in International Bank for Reconstruction and Development (IBRD) countries. That can be a problem, given the finding that cost matters for quality and quality matters for effectiveness. Greater selectivity will also reduce the burden

on limited government capacity in some IDA countries. Third, enhance institutional arrangements for ESW and TA by ensuring substantive task team presence in country offices—particularly in countries with low institutional capacity—to facilitate closer client collaboration, and including a clear strategy for ESW and TA dissemination and follow-up at the concept paper stage. Fourth, recognize, receive, and build on client preferences and feedback to counterbalance current Bank incentives for lending over nonlending and ESW over TA. Fifth, take the results tracking framework for ESW and TA more seriously, including by incorporating systematic client feedback.

The Extent to Which ESW and TA Met Their Stated Objectives

Most ESW and TA met their stated objectives to at least an average extent, although their effectiveness was greater in shaping Bank lending and strategy than in providing support directly to client countries. The indirect effects of ESW and TA on client countries—through Bank lending—were greater than the direct effects. Between 65 and 80 percent of users of Bank ESW and TA in client countries gave ratings of average and above on the extent to which ESW and TA met their stated objectives; between 74 and 87 percent of such users in the Bank (task team leaders for loans and strategies) gave such ratings. ESW had the largest effects on informing Bank strategy, which is not a stated objective.

The presence of relevant ESW was statistically associated with better loan design. These results corroborate the relatively high ratings, on average, from loan task team leaders on the extent to which ESW informed lending. The evaluation period was not long enough for ascertaining the effect of ESW on loan outcomes.

ESW in a range of sectors and report types, including tasks initiated by the Bank, had positive effects both within the Bank and in client countries. Country Economic Memoranda and Public Expenditure Reviews (PERs) were especially useful for informing Bank strategies and development policy loans. Within client

countries, PERs, Financial Sector Assessment Programs, and Investment Climate Assessments were among the more prominently cited ESW products that had, variously, informed government policy, built capacity, stimulated public debate, and influenced the development community. Box ES.1 provides examples of particularly influential ESW and TA. Examples of less effective ESW and TA are provided in box ES.2.

ESW and TA had effects beyond the stated objectives in some cases. The more prominent ones included effects on countries other than those for which they were intended, private investment decisions by domestic and international investors, support for local research, and the creation of informal networks between Bank staff and policy makers.

Stakeholders in most but not all the countries reviewed indicated that ESW and TA had made a difference to the reforms in their countries. This view was expressed in countries with a wide range of income, government capacity, and policy orientation. In some countries, stakeholders indicated that the reforms in their countries would not have happened at all without Bank ESW and TA. Others indicated that without Bank ESW and TA, the reforms would have, variously, been of lower quality, taken longer, and been more piecemeal and less focused. Some indicated that Bank ESW and TA had helped them avoid or reduce the cost of policy mistakes.

Bank ESW and TA also provided a level of comfort or confidence for some countries to move forward. A few pointed to the credibility that Bank ESW and TA provided. The characteristics of Bank ESW and TA that clients valued were high technical quality, objectivity and neutrality, and provision of international perspectives. In 2 of the 12 countries reviewed, however, a majority of the in-country stakeholders indicated that Bank ESW and TA made no difference to the reforms in their countries.

The effectiveness of ESW and TA ranged from substantially above average to sub-

Box ES.1: Influential ESW: Examples from Vietnam and Mauritius

The PER is one of the core diagnostic ESW products that was influential both within the Bank (in informing development policy loans and Country Assistance Strategies) and in client countries (in informing government policy and building capacity). The Vietnam PERs (2000, 2005) are among those that had important direct effects. The two reports helped shape legislation to increase transparency in the state budget law (2002) and led to the adoption of a medium-term expenditure framework and unification of the public accounts system.

In addition to informing government policy in these ways, the PERs also built government capacity through the collaborative way they had been done. This is reflected in the increasing involvement of the government in the production of the PER, from providing data (1996) to writing some sections of the report and providing data (2002) to writing the report on an equal footing with the Bank (2005).

Source: IEG country reviews.

The Mauritius Aid for Trade TA (2006) exemplifies influential TA. The government requested the TA to help define its reform program and to mobilize funds as part of the multidonor Aid for Trade Initiative. Within two months of the request, a Bank mission provided analysis of possible reforms, including estimates of adjustment costs of opening up, tax reforms, and strategies to lower the cost of key services. At the end of the two-week mission, the Bank team presented the government with a summary of the main elements of the reform options. Among the important factors underlying the effectiveness of the TA were the timely nature of the support and the leveraging of existing ESW. After extensive internal debate, many of the mission's recommendations were incorporated into the government's reform program, which was supported by a follow-up Bank loan.

stantially below average across countries and tasks. The wide range of effectiveness is in part caused by country-specific factors, such as government capacity and government receptivity, and in part by factors that are more amenable to being addressed by the Bank.

Factors in ESW and TA Effectiveness

When government capacity was lower, ESW and TA were less effective. ESW and TA were less effective in postconflict and otherwise low-capacity countries. Policy makers in such countries had limited capacity to absorb all the ESW produced. High turnover of government officials also negatively affected capacity and, in turn, the effectiveness of ESW and TA in some countries.

Government receptivity also influenced the effectiveness of ESW. There were instances where political constraints influenced government receptivity to certain ESW products, either rendering such ESW less effective or delaying its effectiveness until the political situation changed.

ESW and TA products of lower technical quality were less effective. In some instances the Bank did not have staff and consultants with

the requisite skills for particular ESW and TA tasks, which undermined the Bank's credibility.

ESW products of higher quality cost more.

Furthermore, the average cost of ESW tasks was lower in IDA than in IBRD countries. The Bank budget but not the trust fund component of cost was associated with the quality of ESW.

Close collaboration with clients, from the initiation of the task through the formulation of recommendations, was important for ESW and TA to be influential. This may or may not have entailed a client actually producing part of the task, such as writing sections of a report.

Where partnership with clients made a difference, a variety of approaches was equally effective, depending on country conditions.

In countries with more limited government capacity, partnering in the production of narrowly focused tasks was more effective than partnering in broadly scoped tasks.

Whether the client specifically requested the ESW and TA did not matter for effectiveness, although client buy-in was still important. In-country stakeholders in both

Box ES.2: When ESW and TA Were Not Effective

Limited government capacity and insufficient collaboration/partnership to garner government buy-in were the main reasons behind the lack of success for several ESW in the Democratic Republic of Congo. In contrast, a few ESW there had very positive effects because of substantial partnering and collaboration.

Even in countries with high levels of capacity, purely supply-driven tasks without government buy-in were not effective. An example is economic monitoring ESW in MICs that had access to such analysis from the private sector or international investors. The Bank's economic monitoring ESW had very little value added in such circumstances.

Lack of government receptivity because of political constraints could also affect or delay the usefulness of ESW. In Peru, the Sierra Rural Development Strategy became influential only four years after its completion, after a change in government.

Poor quality and slow translation were other reasons behind the poor effects of some ESW in some francophone West African and some Latin American countries. In one of the countries, the translation took so long that when the documents finally became available in the local language, they had lost much of their importance for policy making.

Source: IEG country reviews.

low- and middle-income countries indicated that the Bank has a useful role in proposing topics for ESW and TA, drawing on Bank knowledge and international experience. Nevertheless, the Bank needs to ensure that there is genuine client interest or needs to engender such interest. Tailoring tasks such as core diagnostics to clients' needs and making efforts to collaborate from the conception stage were both effective in engendering client interest.

Sustained follow-up beyond one-off dissemination was important for ESW and TA effectiveness. The ESW and TA with the greatest effects were those for which there was sustained follow-up on completion. The follow-up could be in the form of lending or nonlending activities, with the latter encompassing formal or informal TA.

The scope of dissemination for effective ESW and TA varied. In some cases targeted dis-

semination to the relevant counterparts resulted in important changes; in other cases wide dissemination stimulated the public debate that spurred changes. How wide dissemination needed to be for ESW and TA to be effective also varied within the same country for different topics.

Translation is important to client countries. Stakeholders in a majority of the countries reviewed for this evaluation indicated that better and more rapid translation is needed. Having Bank staff or consultants that speak the local language clearly enhanced the effectiveness of these tasks.

ESW and TA were not effective when some of these factors were not in place (see box ES.2).

What Clients Want from the Bank

Stakeholders in IBRD countries indicate a strong preference for the Bank's nonlending services over its lending services. The preference is less strong in IDA countries. TA is preferred to ESW in both groups of countries. MICs value the Bank's advice, and some of them borrow from the Bank to obtain that advice. Stakeholders in some MICs expressed a strong view that Bank ESW should be delinked from its lending operations. IDA countries need the Bank's funds but also value the Bank's advice. TA is preferred to ESW in countries with high government capacity as well as in those with lower capacity.

Stakeholders found the Bank's reports and TA more useful than those provided by other institutions. This finding was stronger for TA than for ESW.

The Bank's clients have a strong desire for greater Bank presence in the country. Having ESW and TA undertaken from country offices facilitates the close collaboration on these tasks that is important for them to be effective. Follow-up is also best sustained from country offices, given the long-term close interactions typically entailed. Related to this is the need to further devolve decision-making powers to the country offices, as

they are front-line recipients of government requests, especially for rapid-response TA.

The Bank's Results Tracking Framework for ESW and TA

The Bank needs to take the results tracking framework for ESW and TA much more seriously. Although such a framework exists, its implementation is not enforced. This can be seen in the poor quality of information on ESW and TA in the Bank's administrative database, as well as in the incomplete information in the results tracking framework itself. This in turn reflects the lack of serious monitoring or reporting of these tasks. Finally, there is no systematic follow-up with clients to evaluate the effects of these products.

Recommendations

During fiscal 2000–06, the Bank spent nearly \$1 billion on ESW and TA, slightly more than one-quarter of its spending on country services. Although it is not possible to quantify the impact of this spending, this evaluation found that in the aggregate, Bank ESW and TA met their objectives to at least an average extent. Furthermore, Bank clients find these products useful, with clients in MICs finding them more useful than lending.

In light of these findings, the Independent Evaluation Group has several recommendations to help the Bank obtain better results for ESW and TA. These recommendations will also help support the Bank's six strategic directions, as knowledge is important for all of them.

First, reinvigorate the mandate—which underpinned the fiscal 1999 ESW reforms—for country teams to maintain a strong knowledge base on countries and sectors where the Bank is providing or planning to provide funds. Bank country strategies and lending activities need to continue to be supported by requisite analysis, although a return to strictly defined “core diagnostic” ESW is unnecessary.

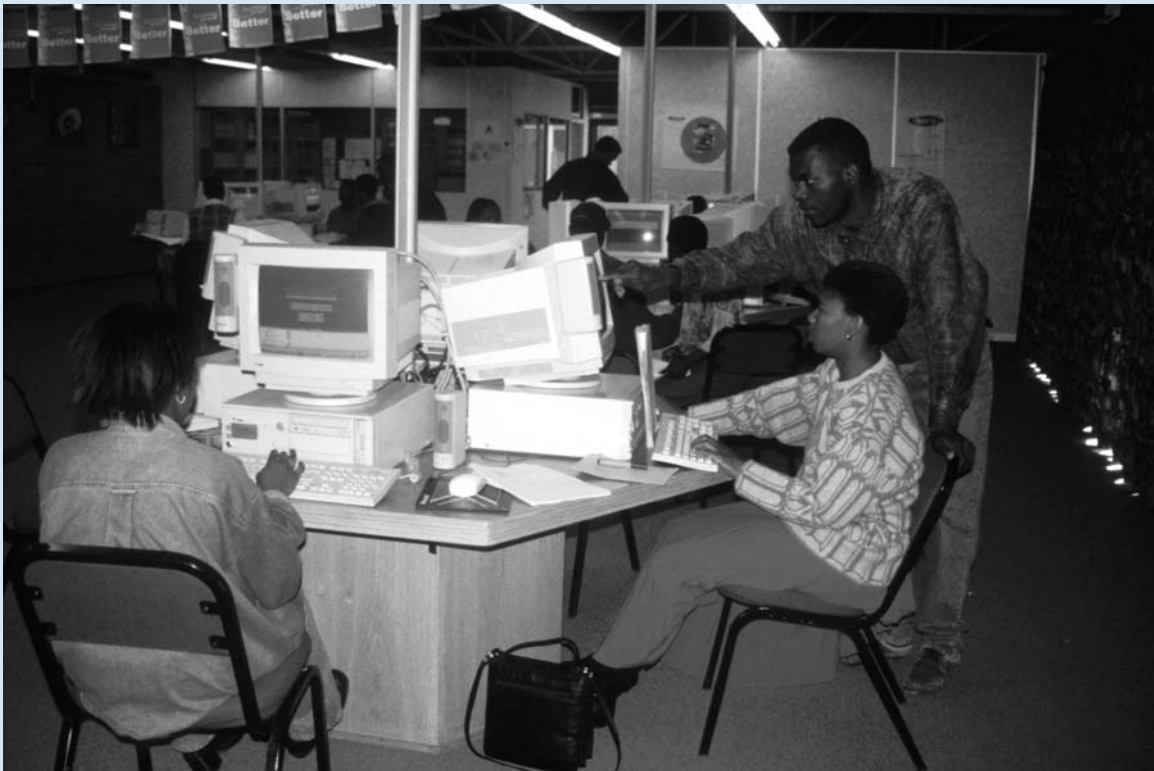
Second, ensure that ESW tasks in IDA countries are adequately resourced, even if it means fewer ESW in some countries. This will help to address the lower level of resources for

individual ESW tasks in IDA countries than in IBRD countries and is supported by the findings that cost matters for quality and quality matters for effectiveness. Greater selectivity will also help reduce the burden on limited government capacity in some IDA countries and will free resources for more collaboration and follow-up needed to enhance the effectiveness of ESW. Selectivity could be enhanced by giving priority to ESW that informs Bank lending and strategy or that is clearly desired and needed by the client.

Third, enhance the institutional arrangements for undertaking ESW and TA. To the extent allowed by budget, ensure substantive task team presence in country offices, particularly in countries with low institutional capacity. This will facilitate closer collaboration with clients from task initiation through follow-up. In addition, formulate a dissemination and implementation strategy for ESW and TA at the concept paper stage. Such a strategy should identify the target audience, the mode of dissemination, and the follow-up arrangements after dissemination. All of these should be explicitly budgeted for as integral to the task.

Fourth, recognize and build on client preferences, whether for nonlending versus lending services or for TA versus ESW. Institute a mechanism to obtain client feedback on a periodic basis on delivered ESW and TA products. Such feedback should include clients' views on collaboration, follow-up, and usefulness of the tasks (including specifics of how the tasks were used). The client feedback should be requested at a set period (for instance, around one year) after the delivery of the task to the client to allow time for follow-up, and it should be the last milestone for ESW and TA. Obtaining client feedback would encourage a stronger results focus for ESW and TA and would help counterbalance current Bank incentives for lending over nonlending and for ESW over TA.

Fifth, take the results tracking framework seriously, including by incorporating systematic client feedback, as noted in the above recommendation.



At work on computers in South Africa. Building capacity is an objective of World Bank TA.
Photo by Francis Dobbs, courtesy of the World Bank Photo Library.

Management Response

Management welcomes this Independent Evaluation Group (IEG) report on the World Bank's economic and sector work (ESW) and technical assistance (TA). In the findings of the review, management sees much on which it can build, and it regards the review as providing useful inputs to the ongoing work on analytic and advisory activities (AAA). Management broadly concurs with the recommendations emerging from the evaluation.

Introduction

Quality

The IEG evaluation underscores the importance of ESW and TA and provides a broad endorsement of the quality and relevance of these Bank products. Overall, the evaluation notes, the ESW reforms of fiscal 1999 were accompanied by an increase in the quality of ESW. It also notes that in-country stakeholders validated the Quality Assurance Group's high ratings on internal quality, although stakeholders rated dissemination activities lower than technical quality.

Effectiveness

The evaluation concludes that most ESW and TA tasks met their stated objectives and were effective in shaping lending. It also corroborates the link between the existence of relevant ESW and the quality of loan design.

From a client perspective, stakeholders in most countries indicated that ESW and TA tasks had made a difference to the reforms in their countries, although the effectiveness of these activities differed across countries. Management finds that IEG's discussion of the several factors that influence ESW and TA effectiveness and the summary of the preferences expressed by clients regarding

different Bank instruments and their delivery modes provide useful and welcome insights.

Recommendations

The recommendations include a call to reinvigorate the Bank's mandate for a strong knowledge base; to focus ESW resources on fewer but better-funded studies; to enhance the institutional arrangements for undertaking ESW and TA by ensuring substantive task team presence in the field, particularly in countries with low institutional capacity, and by formulating at the concept stage a dissemination and follow-up approach; and to build on client preferences, including feedback after completing the task. Last, the report underscores the need to strengthen the results tracking framework for ESW and TA, specifically the reporting mechanisms, and to improve its implementation. Management broadly agrees with these recommendations.

General Comments

The IEG evaluation underscores the need to make ESW more responsive to clients (during planning, preparation, and feedback stages). Management considers this approach to be good practice. But there is an implicit assumption that the client is a specific entity that can express its

needs and preferences at the time these activities are planned. This is not always necessarily the case: sometimes the intended client is a broader and more diffuse set of stakeholders. In some cases, too, ESW is used upstream to help inform the country's overall process of developing a poverty strategy (poverty assessments, for example), a role the importance of which is recognized in the IEG evaluation.

Feedback and instrument choice

Management agrees with the importance of obtaining client feedback, but it must be done in a way that does not overburden the Bank's counterparts. In preparing its review, management will analyze options for incorporating client feedback. Organizing such feedback needs to take into account the Country Assistance Strategy (CAS) context, particularly the CAS pillar(s) or themes to which they contribute. The report also mentions incentive issues regarding instrument choice. The choice between different knowledge and learning instruments and lending is a fundamental part of the CAS process and of the CAS country consultations that help address incentive biases.

Regional and global studies

The IEG evaluation, by design, focused on ESW aimed at specific countries and reviewed the rel-

ative usefulness of regional and global studies in this regard. Management notes that these latter studies do have a wider reach that fell outside the scope of the IEG evaluation. Country users can be expected to rate country ESW higher than regional or global work, because country ESW is customized to their needs. But global and regional products often deepen methodological tools and make them more accessible to teams, while providing a cross-country analytical context that can serve as a very valuable background to country-specific ESW.

Caveats

Although agreeing with the broad thrust of the findings, management would like to point out that the evaluation contains a few examples of strong statements related to a single individual or a limited sample. These statements sometimes appear to be going beyond the main points being made.

Overall, management agrees with most of IEG's findings and accepts its recommendations. Management's specific responses to IEG recommendations are given in the Management Action Record.

Management Action Record

Recommendation	Management response
<p>Reinvigorate the mandate—which underpinned the fiscal 1999 ESW reforms—for country teams to maintain a strong knowledge base on countries and sectors where the Bank is providing or planning to provide funds. Bank country strategies and lending activities need to continue to be supported by requisite analysis, although a return to strictly defined “core diagnostic” ESW is unnecessary.</p>	<p>Agreed/Ongoing. Management agrees with the recommendation of maintaining a strong knowledge base in countries where the Bank is providing or planning to provide funds. This recommendation, which is supported by the empirical association between the existence of upstream ESW and the quality of loan design, is particularly relevant as the Bank moves into thematic lending areas such as governance and climate change mitigation. In the context of the review of AAA starting this fiscal year, and particularly for International Development Association (IDA) countries, management will take stock of the existing body of ESW and outline steps to address identified issues.</p>
<p>Ensure ESW tasks in IDA countries are adequately resourced, even if it means fewer ESW in some countries. This will help to address the lower level of resources for individual ESW tasks in IDA countries than those in International Bank for Reconstruction and Development countries and is supported by the finding that cost matters for quality and quality matters for effectiveness. Greater selectivity will also help to reduce the burden on limited government capacity in some IDA countries and will free resources for more collaboration and follow-up needed to enhance the effectiveness of ESW. Selectivity could be enhanced by giving priority to ESW that informs Bank lending and strategy or that is clearly desired and needed by the client.</p>	<p>Agreed/Ongoing. Management agrees with the importance of selectivity in allocating ESW resources. In the context of ESW and TA, greater selectivity may lead to reducing the number of tasks and to increasing the budget assigned to each of the tasks. But the issue should not be seen just in terms of numbers of tasks, but also in terms of consolidating tasks within a programmatic, multiyear, results-based approach so as to enhance their overall impact. The planning of the AAA program, including ESW and TA activities, takes place in the context of preparation of the CAS, and selectivity is a major consideration in preparing a CAS program that is tailored to country needs. As part of the consultation process, as well as ongoing country policy dialogue, specific knowledge gaps are identified. How and when to address them is planned, taking into account country needs, the work programs of other partners, and country circumstances. For IDA countries, issues with data quality and availability of analytic work prepared by the government or other sources may entail a larger effort to fill gaps over time. In countries where what is needed is knowledge on implementation (the engineering of reform) rather than traditional ESW, it is possible that, given weaker country capacity, smaller and more narrowly focused ESW or TA is more effective than larger efforts. In its AAA review, management will analyze resource allocation issues surrounding ESW and TA tasks and will propose steps to strengthen collaboration with in-country institutions and other stakeholders to ensure an effective ESW/TA program.</p>
<p>Enhance the institutional arrangements for undertaking ESW and TA. To the extent allowed by budget, ensure substantive task team presence in country offices, particularly in countries with low institutional capacity. This will facilitate closer collaboration with clients from task initiation through follow-up. In addition, formulate a dissemination and implementation strategy for ESW and TA at the concept paper stage. Such a strategy should identify the target audience, the mode of dissemination, and the follow-up arrangements after dissemination, all of which should be explicitly budgeted for as integral to the task.</p>	<p>Agreed/Ongoing. Management agrees that task team presence in field offices, particularly in countries with low institutional capacity, will facilitate close collaboration with clients. The delegation of task management responsibilities to the field has been an ongoing process—for example, in the Sub-Saharan Africa Region and fragile states—and further steps are being considered. There are associated trade-offs that transcend budget constraints. Ensuring that ESW/TA is of top quality often requires that task management be carried out by thematic experts who cannot be decentralized, given their global role. In many countries, the size of the ESW program and budgetary constraints limit decentralization of specialized staff. In any country, the balance depends on the country context and the specific issues. Management is reviewing these considerations in the context of the ongoing review of decentralization. Management fully agrees with the recommendation to clearly formulate and adequately fund the dissemination and follow-up strategy for ESW and TA at the concept stage of the task. The AAA review will provide further guidance in this area.</p>

(continues on next page)

Management Action Record *(continued)*

Recommendation	Management response
<p>Recognize and build on client preferences, whether for nonlending versus lending services or for TA versus ESW. Institute a mechanism to obtain client feedback on a periodic basis on delivered ESW and TA products. Such feedback should include clients’ views on collaboration, follow-up, and usefulness of the tasks (including specifics of how the tasks were used). The client feedback should be requested at a set period (for instance, around 1 year) after the delivery of the task to the client to allow time for follow-up, and it should be the last milestone for ESW and TA. Obtaining client feedback would encourage a stronger results focus for ESW and TA and would help counterbalance current Bank incentives for lending over nonlending and for ESW over TA.</p>	<p>Agreed. Management agrees that client feedback is a key input to assess how clients view the different dimensions of ESW/TA in particular and the design of the Bank’s program in general. Feedback is already sought and used in the context of client surveys, CAS preparation, policy dialogue, lending preparation, and project implementation. Feedback focused on ESW and TA should provide further insights on client views as well as lessons for the design and implementation of the ESW and TA program. Overall, the focus should be more on the development results that might follow from changes in client approach and policies, rather than short-term client satisfaction with the production process. In the context of the AAA review, management will review options regarding the periodicity of requests for feedback to minimize the burden on country counterparts. Management will also analyze whether the feedback should focus on independent pieces of work rather than on a body of work with a common thematic focus.</p>
<p>Take the results tracking framework seriously, including by incorporating systematic client feedback, as noted in the above recommendation.</p>	<p>Agreed. Management agrees with the recommendation to ensure greater attention to results, for example, by incorporating client feedback. Although use of feedback is an important component of a results framework, other elements could also be quite relevant. Attribution is certainly an issue: it is difficult to ascribe results to a single piece of ESW. In some cases a credible results framework can be established around a thematic program of activities that will help monitor results within an adequate time frame. In the context of the AAA review that is now starting, management will examine the results framework for ESW and TA and outline steps to strengthen it.</p> <p>Management will consider all these agreed actions completed with the conclusion of the AAA review and management decision based on the results of the review. Management will report to the Board on the outcome of that process in fiscal 2010.</p>

Advisory Panel Statement

Bimal Jalan

***Member of Parliament and former Governor of Reserve Bank of India;
former Executive Director of the World Bank (1992–96)***

The evaluation report on the Bank’s economic and sector work (ESW) and technical assistance (TA) is well documented and covers all relevant issues including cost, utility, rating, scope, and client reactions. The overall findings are, on balance, favorable and make a case for the Bank to “reinvigorate” its work in these areas—both to inform lending as well as to help clients meet their development goals.

I found the independent evaluation highly informative, candid, and objective. In addition to the views of Bank staff, country experts, and economists, it also reflects the views of government officials of member countries and other beneficiaries. Recommendations for further action by the Bank are reasonable and deserve support.

I have just one further suggestion for consideration by the Independent Evaluation Group and Bank management. This relates to the need for a global ESW on delivery of public services to the poorest of the poor. As far as TA is concerned, present arrangements and orientation do not require much change.

On ESW, an important recommendation made in the evaluation is to focus primarily on International Development Association (IDA) countries and to make them more cost-effective through greater selectivity. This is a welcome suggestion, but I would go a step further. By now the Bank has been involved in efforts to alleviate the worst forms of poverty for more than 60 years and to “make services work for poor people” (please see the ex-

cellent *World Development Report*, World Bank 2004d). Although most developing countries, including my own, have made progress in this area, there is a still long way to go. In fact, it can be argued that although growth rates in many poor regions have increased with the opening and liberalization of economies, the position with respect to public sector governance and delivery of public services to the poorest has actually worsened in terms of quality and effectiveness. This is particularly true in the rural sector (which is one of the five dominant sectors covered by Bank ESW).

My suggestion is that in the next five to six years (say, 2009–15), the Bank’s ESW in IDA countries should concentrate on identifying and implementing global “best practices” in public delivery of specified public services (such as shelter, literacy, nutrition, infant mortality, drinking water, sanitation, and electricity) to the poorest, that is, the bottom 20 percent of the population. Studies show that delivery outcomes in providing basic life services are worst for the poorest fifth in most countries and across countries (see World Bank 2004d). Yet we now have sufficient information available on what kind of institutional arrangements and practices work best for delivering services to the poorest of the poor.

An urgent task is to design a practical and workable program of ESW in IDA countries that can be replicated across countries with minimum regional and country-specific variations. I should clarify that such an exercise is not meant to be a

“universal rule book” that is mandatory and rigid, but only a guide to “best practices” that have achieved the best results in countries with large percentages of poor people.

To prepare such a global ESW for the poorest quintile in IDA countries, it may be desirable for the Bank to constitute a steering group of senior staff with relevant expertise from different parts of the Bank. The group could have (1) country specialists from 12 countries in the sample used for the present study, (2) one or two Independent Evalu-

ation Group researchers involved in this study, and (3) the editor or a staff member involved in the preparation of the 2004 *World Development Report* (World Bank 2004d) on public services.

Based on the group’s recommendations, regional and/or country-specific ESW could be prepared by the Bank’s offices in IDA countries for implementation during 2009–15. Reports on actual results in improving public services for the poor should then be presented for consideration by the Board every year.

Roberto Junguito

Former Finance Minister and Agriculture Minister, Colombia

The report on the ESW and TA prepared by the Independent Evaluation Group is excellent. On reading the report, I would fully share the view that “the Bank needs to take the results tracking frameworks for ESW and TA more seriously.”

On the methodological aspects of the paper I only have a couple of comments. The first is that the report is based only on a sample of 12 countries. One would have wished to see a larger sample. For example, in the case of the Latin America and the Caribbean Region, it only includes two countries—Peru and Guyana.

My second comment regards the time frame. The report includes experiences from 2000 to 2006. This was a period when emerging countries transitioned from crisis in 2000–02, when lending programs from multilaterals were badly needed, to a period of large market access. Nevertheless, no differences of opinions among clients or task team leaders are made regarding ESW and TA undertaken in the first and second periods.

The fact that most opinions would have been made recently would also explain the clients’ interests in the Bank’s nonlending services more than lending services.

Regarding the user ratings, I agree that they are mostly very positive both for ESW and TA. However, I note that ratings especially for ESW are better in the higher-income countries in the sample. No comments are made regarding ratings according to the per capita income levels of the client countries.

I would also have liked to see some measures of dispersion of ratings among countries. It is simply highlighted that there were opinions that went from significant impacts on countries’ policies to no differences in reforms to the countries.

The relative preference of clients for TA over ESW depends on World Bank requirements (the Financial Sector Assessment Program, Public Expenditure Reviews, and Policy Notes) over country preferences revealed in TA service demands. This does not mean that ESW are not important, but that ESW are simply seen as part of potential conditionality for future loans.

Regarding the recommendations made as a result of the independent evaluation, I would agree on reinvigorating the mandate but not on devolving management to country offices. Nowadays, they are usually of very poor technical quality and

mainly serve social purposes of the World Bank. Rather, I would stress the importance of using local economists and research centers as partners in ESW and TA efforts.

Neither do I share the view that World Bank services on ESW should focus on IDA countries. I know this is the “fashion” at the World Bank, given pressures made by the Development Committee. Nevertheless, I do not see that this conclusion follows from the evaluation. In World

Bank client countries, it is especially important to issue regional and global ESW.

Finally, I would like to support the future quality issues stressed in the report. Technical quality, partnerships, policy options, working with different ministries and levels of government, and timeliness are all very important. Dissemination issues are extremely important, because in my experience, policy-maker technical papers are restricted to the authorities.

Chapter 1

Evaluation Highlights

- This evaluation focuses on two of the Bank's analytic and advisory activities, economic and sector work (ESW) and technical assistance (TA), over the period fiscal 2000–06.
- ESW seeks to influence client policies and programs, TA to enable clients to implement reforms and strengthen institutions.
- Reforms have introduced frameworks for tracking results on specified objectives for ESW and TA.
- The evaluation assesses the extent to which the stated objectives of ESW and TA have been met.
- The evaluation also assesses how certain factors influence the extent to which the stated objectives are met—the way ESW and TA are originated, partnership with clients in production, technical quality, and dissemination of these products.



In Mali, a World Bank transport sector report informed donor funding in the sector.
Photo by Curt Carnemark, courtesy of the World Bank Photo Library.

Introduction and Methodology

Over the past year the Bank has reiterated its focus on knowledge and learning, naming it among its six strategic directions. In October 2007 the president of the World Bank stated, “The World Bank Group is a unique and special institution of knowledge and learning. Delivering, expanding, and testing this learning—in tandem with financing or separately—is the most important part of our work” (World Bank 2007a).

The Bank provides knowledge to its client countries through analytical and advisory activities (AAA). This AAA consists of economic and sector work (ESW), nonlending technical assistance (TA), donor and aid coordination, research services, impact evaluation, and the *World Development Report*.

This evaluation focuses on two of these products, ESW and TA, which are intended to support client countries’ efforts in strengthening their policies and institutions. The evaluation does not cover research or the other AAA.

How much importance does the Bank afford ESW and TA? In 1996 the Bank committed itself to becoming a “global knowledge bank,” using knowledge to improve the quality of its operations and to obtain development results, making such knowledge products a high priority (IEG 2003, p. ix). At the end of fiscal 1999, the Bank launched a comprehensive program of ESW reforms to improve the effectiveness with which resources are used. In 2004, it launched reforms to improve the focus and quality of TA and to eliminate the overlap between TA and ESW product lines.

The Bank defines ESW as an activity that (1) involves analytic effort, (2) is undertaken with the

intent of influencing an external client’s policies and/or programs, and (3) represents the views of the Bank (that is, is not attributed to individual authors). ESW underpins the Bank’s policy dialogue with clients, its development of country strategies, and its formulation and implementation of effective lending programs. ESW is also used to build institutional capacity, especially when it is undertaken in partnership with local institutions.

The Bank defines TA as an activity that (1) has the primary intent of enabling an external client to implement reforms and strengthen institutions, (2) is freestanding (that is, is not an essential part of another activity, such as lending or ESW), and (3) is linked to a Bank unit with clear accountability for the service provided.

The Bank’s ESW activities have been evolving over time. Since July 2004, ESW has been classified into two output types: reports (studies outlining policy recommendations) or policy notes (“just-in-time” advice to a client). Since September 2004, TA has been classified into five categories: (1) institutional development plans, (2) “how to” guidance, (3) models/surveys, (4) client document reviews, and (5) knowledge-sharing forums.

ESW specifically aims to influence client policies and programs.

TA primarily aims to enable clients to implement reforms and strengthen institutions.

Box 1.1: ESW and TA: What Are They?

An ESW is what is typically referred to as a Bank report. It could be broad based, such as a Country Economic Memorandum (CEM) covering several sectors of the economy, or narrow, such as a sector report covering a specific sector, for example, transport.

The Bank produces more than 50 types of such reports. An example is the Public Expenditure Review (PER), which aims to assist the client country reform public expenditures. A PER can include analysis of the appropriate public-private mix of goods and services provision, evaluation of public expenditure priorities, analysis of the sustainability of the fiscal deficit, review of revenue generation, and an examination of public sector institutional arrangements.

TA provides technical advice to clients. It can be advice on formulating and implementing policies and programs, such as on public-private partnerships in infrastructure, or on drafting legislation. It can also be the provision of training on data analysis (such as on household survey data) or on model simulation (such as simulation of the effects of tariff changes on revenues and on production).

Chapter 4 provides specific examples of the effects of PERs and other ESW, as well as effects of various TA undertaken in the countries reviewed.

Source: World Bank.

Reforms of ESW and TA introduced frameworks for tracking their results. Appendix A lists ESW report types and TA output types. Box 1.1 provides examples of ESW and TA.

Nearly all the objectives of ESW and TA focus directly on client countries. As part of the reforms of ESW and TA, in 2004 the Bank introduced results tracking frameworks for enhancing the reporting and monitoring of these activities. The tracking frameworks specify the objectives—and success indicators for achieving these objectives—for ESW and TA (table 1.1). In so doing, the Bank made explicit the implicit objectives for these tasks.

The evaluation assesses the extent to which the two product lines have met their stated objectives. Of the five ESW objectives, one is aimed at informing Bank activities (inform lending), and the other four are aimed directly at client countries. Of course, informing lending is a channel through which the Bank provides support to client countries. All three TA objectives are aimed directly at client countries.

Since fiscal 2005, it has been mandatory for ESW to have objectives specified at task initiation, although some tasks already had objectives specified even prior to fiscal 2005.¹ Of the 1,817 ESW delivered during fiscal 2002–06 that had objectives specified, the majority (69 percent) had informing government policy as one of the objectives, followed by stimulating public debate (42 percent), informing lending (41 percent), building capacity (32 percent), and informing the development community (32 percent). More than half of the tasks had multiple objectives.

As with ESW, since fiscal 2005, all TA have been required to have objectives specified at task initiation, although some tasks already had objectives specified prior to fiscal 2005. Of the 908 TA delivered during fiscal 2000–06 that had objectives specified, a large majority (three-quarters) had strengthening institutions as one of the objectives, followed by policy/program implementation (52 percent) and knowledge exchange (46 percent). As in the case of ESW, more than half of the tasks had multiple objectives.

Objective, Framework, and Scope of the Evaluation

This evaluation assesses the extent to which ESW and TA have met their stated objectives² as listed in table 1.1 and derives recommendations on how to improve the effectiveness with which these products meet their objectives. The conceptual framework underpinning the evaluation is presented in table 1.2. The focus is on evaluating ESW and TA aimed at specific countries (called country-specific ESW and TA in this evaluation).

The evaluation also reviews the relative usefulness of regional and global—compared with country-specific—ESW and TA in addressing specific country concerns. But the evaluation does not—nor is it intended to—provide a thorough evaluation of the effectiveness of these other types of ESW and TA, which may have objectives other than those directed at country-specific concerns.

Specifically, the evaluation derives findings regarding inputs (such as Bank rules and processes,

Table 1.1: The Bank’s ESW and TA Objectives and Success Indicators

ESW Objectives and success indicators	TA Objectives and success indicators
<p>Inform lending</p> <ul style="list-style-type: none"> • Agreed lending program for sector/country • New loan under preparation/implementation • Other <p>Inform government policy</p> <ul style="list-style-type: none"> • Government decree issued • New legislation adopted • New government strategy adopted • Other <p>Build client analytical capacity</p> <ul style="list-style-type: none"> • Client makes major analytical contribution • Client learns to produce output independently • Other <p>Inform/stimulate public debate</p> <ul style="list-style-type: none"> • Media widely report Bank analysis • Major stakeholders reflect on Bank views • Other <p>Influence the development community</p> <ul style="list-style-type: none"> • Additional resources mobilized • Shift in donor policies/priorities • Other 	<p>Assist in client’s policy/program implementation</p> <ul style="list-style-type: none"> • Policy/program implemented • Compliance with law/regulation achieved • Other <p>Develop/strengthen institutions</p> <ul style="list-style-type: none"> • Increased capacity to design strategies/policies • Increased effectiveness in managing operations • Increased ability to monitor/evaluate operations • Other <p>Facilitate knowledge exchange</p> <ul style="list-style-type: none"> • New conceptual frameworks learned • Learned knowledge applied to local circumstances • Other

Source: World Bank.

Note: ESW = economic and sector work; TA = technical assistance.

budgets, corporate incentives, and so on) and outputs (for example, the number and types of product, technical quality, dissemination strategy, and so on) that can enhance the effect of ESW and TA on outcomes (such as the quality of Bank lending or country policy or institutional changes). The Bank’s work—with ESW and TA being a component of this work—focuses ultimately on growth, poverty reduction, and other development objectives, but given the enormous difficulty in attribution, this study does not evaluate the effect of ESW and TA on these development outcomes. In other words, it does not evaluate the “impact” part of the evaluation framework laid out in table 1.2.

The evaluation examines the effects of ESW and TA completed since the ESW reform initiative, that is, those products delivered during fiscal 2000–06. During this period, the Bank delivered 3,930 ESW and 1,856 TA tasks to clients (see appendix C).

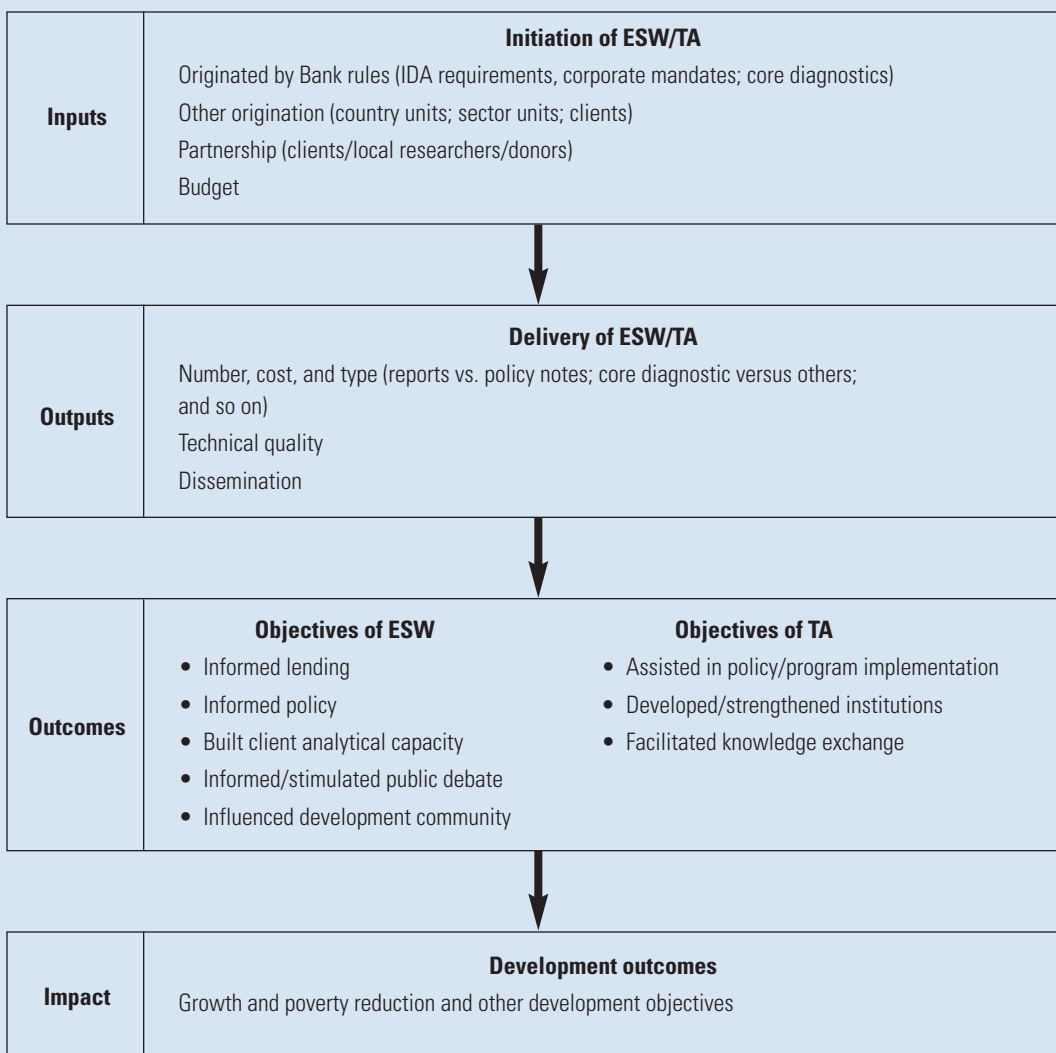
In addition to evaluating the extent to which ESW and TA met their objectives, for each objective the evaluation also addresses the following four evaluative questions:

- To what extent does the way ESW and TA *originate* affect achievement of objectives?

The findings regarding inputs and outputs are intended to enhance the effects of ESW and TA.

The evaluation covers the period since reforms began (that is, fiscal 2000 through 2006).

Table 1.2: Evaluation Framework



Source: IEG.

Note: ESW = economic and sector work; IDA = International Development Association; TA = technical assistance.

- How does *partnership with local institutions* in the production of ESW and TA affect the achievement of objectives?
- How has the *technical quality* of ESW and TA affected achievement of objectives?
- How does *dissemination* affect the achievement of ESW and TA objectives?

The evaluation also reports the other effects of ESW and TA that emerged from the findings.

Evaluation Tools

The findings of this evaluation rest on the following *five sets of evidence*. Details on each are in appendix B.

- 1. Reviews of the effects of ESW and TA and the factors affecting these effects in 12 countries.** The reviews entailed desk reviews and structured interviews (including in the field) with in-country stakeholders, Bank staff,

and management working on those countries. The 12 countries are Bangladesh, the Democratic Republic of Congo, Guyana, Jordan, Lesotho, Malaysia, Mali, Mauritius, Peru, Romania, Serbia, and Vietnam. The countries were selected to be broadly representative of Bank clients with respect to Region, income, population, Country Policy and Institutional Assessment, size of lending (per capita), and share of ESW cost in the cost of country services.

The country reviews sought the views (with quantitative ratings) of the stakeholders on various dimensions of specific ESW and TA tasks (quality, partnership, origination, dissemination, timeliness, and so on) and the extent to which these tasks met the various ESW and TA objectives listed in table 1.1.

A total of 353 in-country stakeholders were interviewed for the country reviews, of which 191 were public officials, 9 were members of legislatures, 63 were donor representatives, 39 were civil society representatives, 33 were from the private sector, and 18 were from academia or research institutions. A total of 129 ESW, 64 TA, and 88 loans were reviewed. The sectoral distributions of the ESW and TA reviewed were in line with the sectoral distributions of all such tasks delivered Bank-wide during fiscal 2000–06.

2. Electronic surveys of all Bank task team leaders (TTLs) on specific ESW and TA they had led during fiscal 2000–06. The surveys sought the views of TTLs on various dimensions of ESW and TA and their perceptions (with quantitative ratings) on the extent to which the various ESW and TA objectives were met.

The net addressable sample (see appendix B for definition) of TTLs was 1,143 for ESW and 419 for TA; of these, 696 ESW TTLs and 220 TA TTLs responded, representing response rates of 61 and 53 percent, respectively. Bias checks revealed no significant biases with respect to the respondents: specifically, those TTLs who responded did not generally have higher Quality Assurance Group (QAG) ratings for their

tasks than those who did not respond. *The findings derive from five sets of evidence.*

3. An electronic survey of Bank loan TTLs on their views on (and quantitative ratings for) specific ESW delivered during fiscal 2000–06 that may have informed their loans. Those ESW TTLs who were also loan TTLs were excluded from the survey.

There were 91 responses out of a net addressable sample of 186 loan TTLs, a 49 percent response rate. Bias checks indicated no Regional or sectoral biases in the responses.

4. Electronic surveys of in-country stakeholders for the purpose of validating findings from the country reviews. These are a survey **on specific ESW tasks**, a survey **on specific TA tasks**, and a survey **on general views on ESW and TA tasks**.

For the survey on specific ESW tasks, out of a net addressable sample of 297 stakeholders, 70 responded on ESW for 41 countries. The response rate was 24 percent. For the survey on specific TA tasks, of a net addressable sample of 144, 33 responded on TA for 17 countries, a 23 percent response rate. For the general ESW/TA survey, of a net addressable sample of 2,418 stakeholders, 550 responded from 114 countries. The response rate was again 23 percent. Bias checks did not reveal significant biases in the sectoral or Regional distribution of respondents with respect to those who were sent the survey or with respect to the sectoral or Regional distribution of all Bank ESW and TA.

5. Statistical analysis of associations between different aspects of ESW and TA (numbers, average costs, quality, types, partnerships, origination, and so on) and indicators of achievement of objectives (loan quality, government policies, institutions, and so on). This component of the work was based on Bank administrative data, data collected from

In most cases, only findings supported by all five sources of information are reported. surveys, and other pertinent data on country conditions. Only those findings that are supported by all five sources of information are reported, unless otherwise noted. All the quantitative ratings provided in the country reviews and

all the surveys are on a scale of 1 to 6, with 1 being low and 6 being high, 4 being slightly above average, and 3 being slightly below average.

Finally, the evaluation also considered the findings of other Independent Evaluation Group (IEG) evaluations where applicable.

Chapter 2

Evaluation Highlights

- The number and cost of ESW and TA rose over the evaluation period.
- About one-third of ESW and 60 percent of TA were requested by clients.
- Larger shares of both ESW and TA were requested by International Bank for Reconstruction and Development countries than by International Development Association countries.
- Core diagnostic reports are more costly than other types of reports.
- In-country stakeholders rated technical quality of ESW and TA significantly higher than either dissemination or overall impact.
- It can be inferred that the ESW reforms resulted in increased ESW quality.



Newsroom in Maputo, Mozambique, that provides copy for its own and other publications. Stimulating public debate is one of the objectives of ESW.
Photo by Eric Miller, courtesy of the World Bank Photo Library.

Trends and Patterns of Bank ESW and TA, Fiscal 2000–06

Number and Cost of ESW and TA

During fiscal 2000–06, the Bank delivered 3,930 ESW and 1,856 TA to clients, at a total cost of around \$910 million (\$630 million for ESW and \$280 million for TA).¹ The annual outlays on ESW more than doubled—from \$62 million in fiscal 2000 to \$133 million in fiscal 2005—concurrent with the ESW reforms described in chapter 1.

The increase in annual outlays on TA was even greater, more than tripling, from \$16 million to \$52 million over the same period (figure 2.1).² The increase in outlays was due to both an increase in the number of ESW and TA products delivered to clients (figure 2.1) and an increase (albeit more modest) in the average cost of these products (see appendix C).

In parallel with the increase in outlays on ESW and TA, Bank spending on these products as a share of its spending on country services rose from 22 percent in fiscal 2001 to 27 percent in fiscal 2006. Over the same period, Bank spending on lending operations (lending preparation and development and project supervision) fell from 59 to 56 percent.

During fiscal 2000–06, around 78 percent of the ESW delivered was country specific, 16 percent regional, and 6 percent global. Over the same period, around 80 percent of the TA delivered was country specific, 18 percent regional, and 2 percent global (see appendix C).

The average cost of ESW was somewhat higher than that of TA (table 2.1). Overall, the average

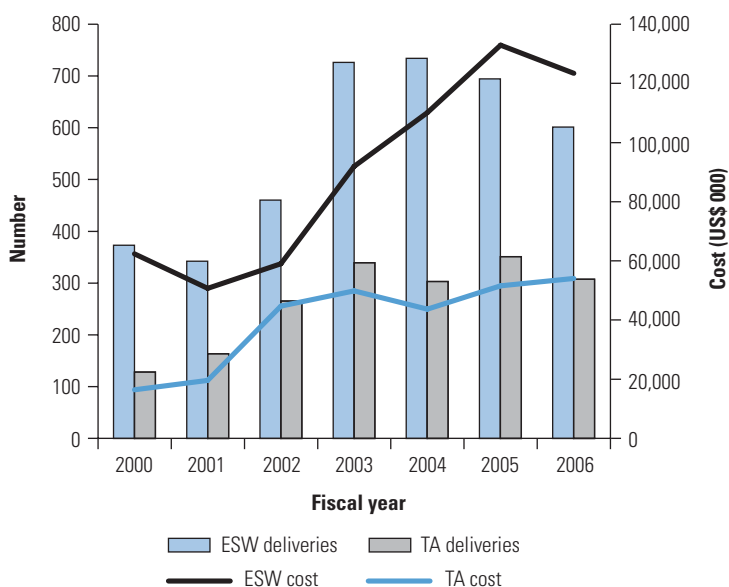
cost of ESW was 13 percent higher for International Bank for Reconstruction and Development (IBRD) countries than International Development Association (IDA) countries, while the average cost of TA was 7 percent higher. The average cost of ESW was higher for 15 of the 20 sectors for IBRD compared with IDA countries, and the average cost of TA was higher for IBRD countries for only half of the sectors (see appendix C). The average costs of ESW and TA tasks were higher in IBRD than in IDA countries in all the Regions (table 2.2).³

Sectoral Distribution of ESW and TA

During fiscal 2000–06, the largest number of ESW delivered by the Bank (including country-specific, regional, and global ESW) was in economic policy, followed by the financial sector, public sector governance, private sector development (PSD), and the rural sector. ESW in these five sectors made up more than half of the number of ESW delivered during that period.⁴ The same five sectors are also at the top with respect to the cost of ESW.

The Bank increased spending on ESW and TA during fiscal 2000–06 in dollar terms and as a share of spending on country services.

The average cost of ESW was slightly higher than for TA, and the average costs of both ESW and TA were higher in IBRD than IDA countries.

Figure 2.1: Number and Cost of ESW and TA Delivered to Clients


Source: World Bank administrative data.

Note: ESW = economic and sector work; TA = technical assistance.

These five sectors overlap with many of the sectors of core diagnostic ESW (see box 2.1). ESW in these sectors dominated in most of the Regions (see appendix C) and in IBRD and IDA countries. In fragile states, social development replaced the financial sector as one of the top sectors.

During the same period, the largest numbers⁵ of TA (including country-specific, regional, and global

Table 2.1: Average Costs of Country, Regional, and Global ESW and TA, Fiscal 2000–06

	Average cost of ESW (\$US)	Average cost of TA (\$US)
Country	159,846	129,723
Regional	175,609	239,807
Global	127,597	194,471
All	160,384	150,608

Source: IEG staff calculations based on World Bank administrative data.

Note: ESW = economic and sector work; TA = technical assistance.

TA) delivered by the Bank were in the financial sector, followed by PSD, public sector governance, and almost equal numbers in environment, social development, energy and mining, and economic policy. TA in these seven sectors made up 62 percent of all Bank TA delivered during that period. TA in these sectors dominated in most of the Regions (see appendix C) and in IBRD and IDA countries. For fragile states, water supply and sanitation and the rural sector replaced financial sector and PSD among the top sectors.

Regional Distribution of ESW and TA

During fiscal 2000–06, the Sub-Saharan Africa Region delivered the largest number of ESW (country-specific and Regional), accounting for 23 percent of ESW delivered by the Bank. However, per country, the Region delivered the fewest ESW, and the South Asia Region delivered the most. Per task, country-specific ESW costs the least, but Regional ESW costs the most in Sub-Saharan Africa, compared with other Regions. Hence, Sub-Saharan Africa had the highest ratio of average cost of Regional versus country-specific ESW (see appendix C).

With respect to TA, East Asia and Pacific delivered the largest absolute number (accounting for 24 percent of TA delivered Bank-wide), as well as the largest number per country. Per country, the Middle East and North Africa Region accompanied East Asia and Pacific in delivering the most; Latin America and the Caribbean delivered the fewest. As in the case of ESW, Sub-Saharan Africa also had the most expensive Regional TA, as well as the highest ratio of the average cost of Regional to country-specific TA (see appendix C).

Trust Fund Contribution to ESW and TA Costs

Trust fund contributions rose in parallel with the increase in Bank budget for ESW and TA during fiscal 2000–06, in line with the Bank's focus on these activities during the period.⁶ During that period, roughly equal amounts of trust funds went to ESW and TA (\$115 million and \$118 million, respectively), contributing to around 18 percent of expenditures on ESW and a much higher 42 per-

Table 2.2: Average Costs of ESW and TA by Region, IBRD versus IDA, Fiscal 2000–06 (\$US 000)

	Africa	East Asia and Pacific	Europe and Central Asia	Latin America and the Caribbean	Middle East and North Africa	South Asia	Total
Average cost of ESW tasks							
IBRD	153.5	192.9	167.7	174.4	160.0	n.a.	172.1
IDA	139.9	161.9	158.0	116.5	110.3	170.7	152.1
Average cost of TA tasks							
IBRD	154.4	168.0	123.7	151.5	90.4	n.a.	136.4
IDA	116.1	154.1	94.1	124.6	84.5	133.6	127.7

Source: IEG staff calculations based on World Bank administrative data.

Note: n.a. = not applicable; ESW = economic and sector work; IBRD = International Bank for Reconstruction and Development; IDA = International Development Bank; TA = technical assistance.

cent of expenditures on TA. The share of trust funds in TA expenditures rose from 35 to 43 percent during the period but remained more or less the same for ESW, at around 20 percent (with lower shares in fiscal 2002 and fiscal 2003 of 12 and 7 percent, respectively). Certain sectors were favored by trust funds for ESW and TA, not all of which overlapped with the top sectors of focus by the Bank for these products (see appendix C).

Origination of ESW and TA

According to ESW TTLs, client governments requested about one-third of the ESW delivered during fiscal 2000–06. This came from two sources of information, both provided by ESW TTLs: the Bank's administrative database and the responses to the ESW TTL survey.⁷ Although the aggregate shares from the two sources are similar, there are significant differences for individual tasks. Specifically, of the 218 ESW tasks classified in the Bank's administrative database as requested by the client, only about half were reported that way in the survey responses. In other words, *in only half the cases did TTLs give the same information in the survey as they did in the Bank's administrative database.*

Fifty-four percent of ESW tasks were originated by the Bank, either by sector or country units or a combination thereof, by Regional management, or as IDA mandates (box 2.1); 12 percent by senior management; 2 percent by a combination of client

governments and the Bank; 1 percent requested by the Board; and 1 percent by donors (table 2.3).

Compared with ESW, client governments requested a much larger share (around 60 percent) of TA tasks delivered during fiscal 2000–06 (table 2.4). This information came from TA TTLs in two sources of information: the Bank's administrative database and responses to the TA TTL survey. Unlike for ESW, there is a higher degree of congruence between the two sources of information: of the 134 TA tasks classified as client requested in the Bank's administrative database, 95 were reported as requested by the government in the survey responses.

Twenty-seven percent of TA tasks were originated by the Bank either by sector or country units or a combination thereof, or by Regional management, by the World Bank Institute, or by team leaders themselves. Eight percent were requested by senior management,⁸ 1 percent by donors, and 1 percent by a combination of client governments and the Bank.

According to the survey responses of Bank TTLs, larger shares of both ESW and TA were requested by clients in IBRD

The Sub-Saharan Africa Region delivered the most ESW but the fewest per country, and East Asia and Pacific delivered the most TA and the most per country.

Trust fund contributions increased, along with the Bank budget for ESW and TA.

Client governments requested about one-third of the ESW tasks and about 60 percent of the TA tasks.

IBRD countries requested more ESW and TA than IDA countries.

Box 2.1: IDA-Mandated ESW and Core Diagnostics

Some ESW products have been required for IDA countries in the context of IDA replenishment exercises. The first ESW products mandated by IDA were Poverty Assessments; specifically, IDA 11 (fiscal 1997–99) provided that Poverty Assessments should be completed for all IDA borrowers. IDA 12 (fiscal 2000–02) provided that Poverty Assessments and PERs should be undertaken in each IDA country. IDA 13 (fiscal 2003–05) set out targets for the completion of Country Financial Accountability Assessments (CFAAs), Country Procurement Assessment Reviews (CPARs), PERs, and Investment Climate Assessments (ICAs). These targets were met in the spring of 2004, as scheduled. The IDA 14 replenishment (fiscal 2006–08) did not specify targets for ESW.

In fiscal 2002, Bank management made a commitment to the Board that all active countries have in place by the end of fiscal 2004 current (that is, delivered in the past five years) core diagnostics. The core diagnostics are Poverty Assessments, CEMs or a Development Policy Review, PERs, CFAAs, and CPARs, or their functional equivalents.

In August 2005, the Bank stated that the experience since 2003 of required coverage and mix of diagnostic work sometimes resulted in inefficient use of Bank resources and uneven benefits to clients. Management decided that diagnostic work from then on would be programmed country by country, depending on the type and level of Bank engagement, client priorities and circumstances, and the availability of relevant knowledge from partners. Management would continue to monitor the status of diagnostic work.

Source: World Bank.

than in IDA countries (figures 2.2 and 2.3). According to both TTL survey responses and Bank administrative data, during fiscal 2000–06 the sectors with the highest shares of client-requested ESW were PSD; global information, communications, and technology (ICT); energy and mining; and urban development.⁹ Also according to both

sources, more than half of the TA tasks were client requested for all sectors except social development.¹⁰

ESW Report Types

According to the Bank’s administrative database, during fiscal 2000–06, 16 percent of the ESW delivered to clients were core diagnostic reports, 14 percent were other diagnostic reports, 37 percent were advisory reports, and 32 percent were not assigned any report types provided by the Bank’s ESW report type classification system (see table 2.5; also see appendix A for the report type classification system and appendix C for the numbers of ESW by report type).

Given the already large number of report types (53) provided by the Bank’s classification system, *the fact that nearly one-third of the ESW delivered to clients (1,240 tasks) was not assigned any of these types raises questions about the current system in the Bank for reporting and monitoring ESW.* It is possible that the 53 types of reports provided in the system are not exhaustive, although an “other types” category is provided and 1.4 percent of the ESW was assigned that classification. The other possibility is that Bank staff do not take reporting on ESW seriously, which in

Table 2.3: Origination of ESW, Fiscal 2000–06 (percent)

Requestor/Originator	According to survey of Bank TTLs	According to Bank administrative data
Client	31	32
Board	1	1
Senior management	12	9
Strategic task	—	57
Government and Bank	2	—
Donor	1	—
Sector unit	23	—
Country unit	19	—
IDA mandate	2	—
Other Bank ^a	10	—

Source: IEG ESW TTL survey and World Bank administrative data.

Note: ESW = economic and sector work; TTLs = task team leaders. Numbers do not total 100 because of rounding.

a. See text description.

turn reflects the lack of attention of the Bank to such data in the system. This point will be addressed in more detail in chapter 6.

Of the tasks assigned report types in the Bank's administrative data, among the most numerous were the core diagnostic reports. This reflects the Bank's emphasis on such report types during the first part of the decade (box 2.1). Additionally, the Financial Sector Assessment Program (FSAP), introduced by the governors of the Bank and the International Monetary Fund (IMF) in 1999 in the wake of the financial crises of the late 1990s, and the ICA, which was required for IDA countries (box 2.1), were also numerous. Finally, the types of Other Financial Sector Studies, Other Infrastructure Studies, and Other Public Sector Studies were also numerous, although none of these was mandated.

During fiscal 2000–06, the average cost of a report was \$160,384. On average, core diagnostic reports were the most costly (see table 2.5), exceeding the cost of an average report by more than

Table 2.4: Origination of TA, Fiscal 2000–06 (percent)

Requestor/Originator	According to survey of Bank TTLs	According to Bank administrative data
Client	61	62
Senior management	8	2
Strategic task	—	30
Government and Bank	1	—
Donor	1	—
Sector unit	14	—
Country unit	10	—
Other Bank ^a	3	—

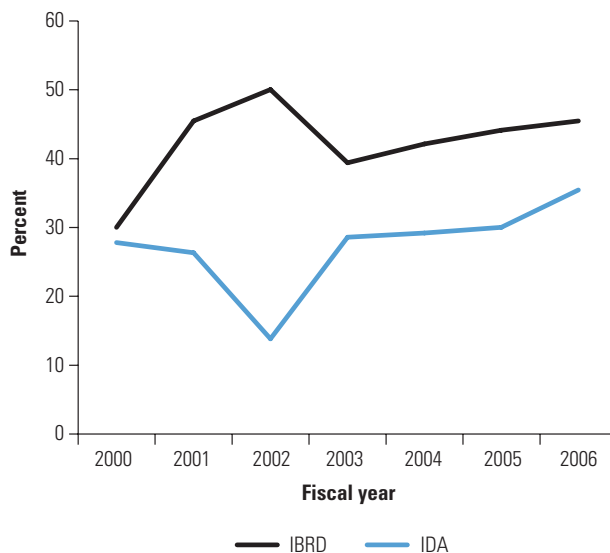
Source: IEG TA TTL survey and administrative data.

Note: TA = technical assistance; TTL = task team leader. Numbers do not total 100 because of rounding or "not assigned" category in the Bank database.

a. See text description.

one-third. Of the core diagnostic reports, the Integrative Fiduciary Assessments were the most expensive, while the CFAAs and CPARs were the least costly, on average around half the cost of an average report. With respect to other mandated

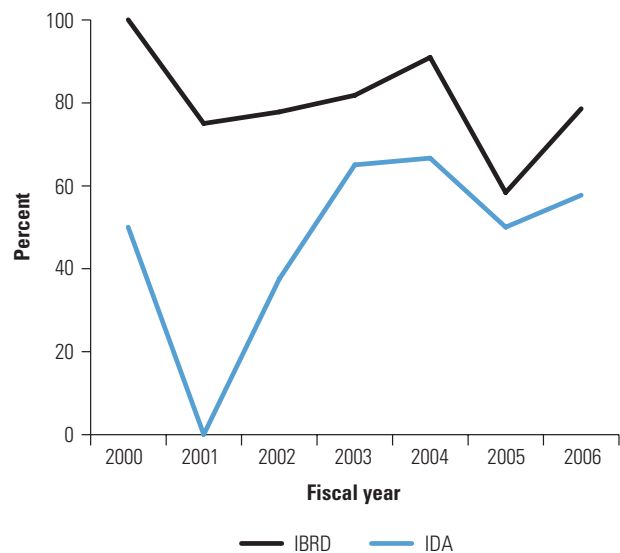
Figure 2.2: Share of Client-Requested ESW in IBRD and IDA Countries, Fiscal 2000–06



Source: IEG ESW TTL survey.

Note: ESW = economic and sector work; IBRD = International Bank for Reconstruction and Development; IDA = International Development Association.

Figure 2.3: Share of Client-Requested TA in IBRD and IDA Countries, Fiscal 2000–06



Source: IEG TA TTL survey.

Note: IBRD = International Bank for Reconstruction and Development; IDA = International Development Association; TA = technical assistance.

Table 2.5: Numbers and Average Costs of ESW, by Report Type, Fiscal 2000–06

Report types	Numbers	Average cost (\$US)
Core diagnostic	622	214,151
Public Expenditure Review	148	242,792
Country Procurement Assessment Review	109	76,360
Poverty Assessment	107	308,489
Country Economic Memorandum	105	332,955
Country Financial Accountability Assessment	104	89,367
Development Policy Review	35	191,388
Integrative Fiduciary Assessment	14	356,030
Other diagnostic^a	550	165,593
Financial Sector Assessment Program	100	240,946
Investment Climate Assessment	80	184,549
Advisory reports^a	1,455	175,134
Other financial sector study	141	154,804
Other infrastructure study	131	140,332
Other public sector study	109	162,269
Not assigned reports	1,240	115,429
Total number of reports	3,930	160,384

Source: World Bank administrative data.

Note: ESW = economic and sector work.

a. For a complete list of other diagnostic reports, see appendix A and appendix table C.7.

Although there are already 53 report types in the Bank classification system, nearly a third of the ESW was not assigned to any of those categories.

Core diagnostic reports were among the most costly products.

Technical quality received high ratings from in-country stakeholders, validating the high QAG ratings on internal quality.

reports, FSAPs cost more than the average core diagnostic (hence much more than the average report), and ICAs cost somewhat more (about 15 percent) than the average report.

Quality of ESW and TA

This evaluation sought the ratings from in-country stakeholders on various dimensions of ESW and TA through country reviews and three electronic surveys (one on specific ESW, one on specific TA, and one on general views on Bank ESW and TA; see appendix B for details). The dimensions are technical quality, relevance, timeliness, dissemination, and overall impact. The ratings are on a six-point scale (where 1 is low and 6 is high, 4 is slightly above average, and 3 slightly below average).¹¹

Similar dimensions of Bank ESW and TA are rated by the Bank's internal QAG. QAG assesses the quality of these tasks on relevance, quality of the analysis, dialogue and dissemination, and likely impact. In addition, there is an overall quality rating that synthesizes these ratings. The QAG ratings are on a six-point scale:¹² highly satisfactory, satisfactory, moderately satisfactory, moderately unsatisfactory, unsatisfactory, and highly unsatisfactory.

Tables 2.6 and 2.7 present the ratings provided by the in-country stakeholders from the different sources and by QAG on the various dimensions. Several observations emerge.

First, *for each IEG source of information, the ratings of most of the dimensions are positively and significantly¹³ correlated with each other*. The exception is timeliness and relevance, which were not correlated consistently across the different sources of information. The absence of a significant correlation between these two dimensions from the responses to the specific ESW and specific TA surveys is noteworthy in light of the combination of these two dimensions in the QAG ratings (that is, QAG considers them to be similar).

Second, *technical quality received high ratings from all sources*. More than 95 percent of the in-country stakeholders interviewed in the country reviews gave ratings of 4 and above for the technical quality of Bank ESW and TA. Slightly smaller shares of in-country stakeholders from the other three sources gave ratings of 4 and above for technical quality (table 2.6), although the average ratings from these other sources are not significantly different from those obtained in the country reviews. Ratings of 4 and above provided by in-country stakeholders are comparable to QAG ratings of moderately satisfactory and above (table 2.7), which are given to 91 percent of Bank ESW and TA for internal quality. Hence, *this evaluation validates the internal quality ratings by QAG*.

Third, *dissemination received significantly lower ratings than technical quality from the in-country stakeholders from almost all sources* (the exception is the respondents to the specific TA survey, who provided the same ratings on

Table 2.6: Shares of In-Country Stakeholders Giving Ratings of 4 and Above on Different Dimensions of Bank ESW and TA, by Source (percent)

	Country reviews	Specific ESW survey	Specific TA survey	User ESW/TA survey
Relevance	83	99	94	85
Timeliness	60	81	88	75
Technical quality	95	90	88	88
Dissemination	42	79	85	69
Overall impact	66	81	85	78

Source: IEG surveys and country reviews.

Note: ESW = economic and sector work; TA = technical assistance.

Table 2.7: Shares of Tasks with QAG Ratings of Moderately Satisfactory and Above (percent)

	ESW and TA	ESW	TA
Strategic relevance and timeliness	98	97	99
Internal quality	91	90	95
Dialogue and dissemination	90	87	98
Likely impact	88	87	93

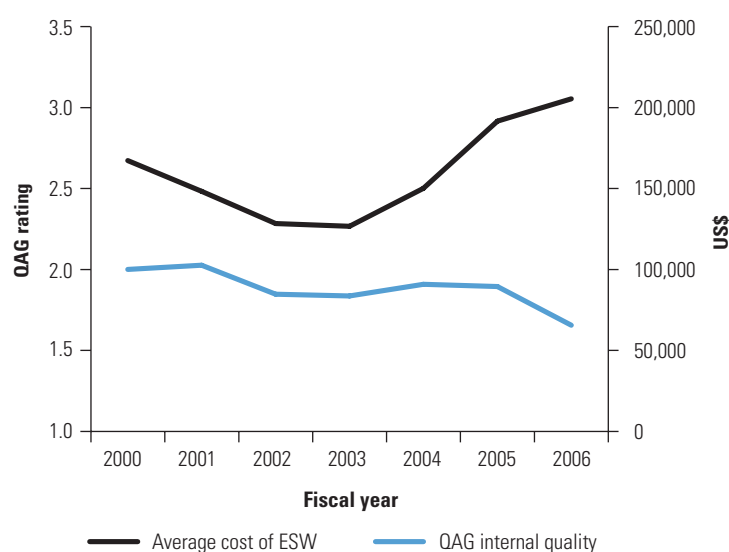
Source: QAG.

Note: ESW = economic and sector work; QAG = Quality Assurance Group; TA = technical assistance.

average for the two dimensions). In contrast, similar shares of ESW and TA received QAG ratings of moderately satisfactory and above for internal quality (91 percent) as for dialogue and dissemination (90 percent). In other words, *QAG gave much higher ratings than in-country stakeholders for dissemination relative to technical quality.*

Fourth, *overall impact received significantly lower ratings than technical quality from the in-country stakeholders from almost all sources* (the exception again is the respondents to the specific TA survey). In contrast, only a slightly lower share of ESW and TA received QAG ratings of moderately satisfactory and above for likely impact (88 percent) than for internal quality (91 percent). This could in part be because QAG provides ratings on “likely impact,” compared with the ratings provided by in-country stakeholders on “impact.”

Further, *QAG internal quality ratings for ESW are significantly and positively correlated with the*

Figure 2.4: Quality and Average Cost of ESW

Source: Quality Assurance Group and Bank administrative data.

Note: The QAG internal quality rating scale is from 1 to 4, with 1 being high. ESW = economic and sector work.

Dissemination and overall impact received significantly lower ratings than technical quality from in-country stakeholders. cost of the ESW, but the same is not true for TA.¹⁴ Also, the positive and significant association only holds for the Bank budget component of cost; no association was found for the trust fund component of cost (see appendix D).

An increase in ESW quality accompanied the ESW reforms of fiscal 1999. As mentioned on page 11, the increase in annual outlays on ESW during fiscal 2000–06 was accompanied by a moderate increase in the average cost of ESW

(the average cost of ESW rose for 16 of 20 sectors).¹⁵ At the same time, there was also an increase in the quality of ESW (as seen in figure 2.4), consistent with the finding of a positive correlation between cost and quality. In other words, the ESW reforms of fiscal 1999 were accompanied by an increase in the quality of ESW.

Chapter 3

Evaluation Highlights

- For a sample of loans examined, two-thirds were preceded by ESW that could have informed the loans, with development policy loans more likely to have been informed by ESW than investment loans.
- The Sub-Saharan Africa Region had the lowest share of investment loans preceded by relevant ESW, and the East Asia and Pacific Region had the highest.
- Loans preceded by relevant ESW had better loan design.
- The effects of ESW on informing Bank strategy—not a stated objective—were larger than its effects on meeting stated Bank objectives.
- Core diagnostics, in particular CEMs and PERs, informed development policy loans and country assistance strategies.



In Jordan, a World Bank report on urban management led to changes in the intergovernmental transfer formula between the central government and municipalities. Photo by Francis Dobbs, courtesy of the World Bank Photo Library.

Effects of ESW and TA on World Bank Activities

This chapter presents findings on the extent to which Bank ESW informed lending—the only objective aimed directly at Bank activities. It also presents findings of TA informing Bank lending, although this was not a stated objective of TA. Finally, the chapter presents findings on another effect of ESW and TA on Bank activities that emerged from the evaluation, informing Bank strategy, although this was not a stated objective of Bank ESW or TA.

The findings in this chapter draw on the following sources of information:

- Structured interviews with TTLs of ESW, loans, and strategies from the **12 country reviews** on their perceptions of the effects (with quantitative ratings) of ESW on loans and strategies
- An **electronic survey of loan TTLs** about their perceptions of the effects (with quantitative ratings) of specific ESW on their loans
- An **electronic survey of ESW TTLs** regarding their perceptions of the effects (with quantitative ratings) of specific ESW on lending
- **Econometric analysis** to determine the association between ESW and loan design with ratings on loan design coming from QAG.

Informing Bank Lending

ESW has long been an important part of the Bank's work and has underpinned the Bank's country dialogue and operations. Of the ESW delivered during fiscal 2002–06 that had objectives specified, 41 percent had *informing lending* as one objective.

Although informing lending is one of the main objectives of Bank ESW, not all Bank loans were informed by ESW. For a selected sample of loans approved during fiscal 2003–05,¹ IEG undertook

a detailed review of the portfolio of ESW delivered up to three years prior to the approval date of the loans to identify those ESW that could actually have informed the loans (see appendix B for the methodology on loan selection and ESW identification).²

For the selected sample of 119 loans, about two-thirds were preceded by ESW that could have informed the loans, and one-third was not. The selected sample of loans is representative of the Regional and sectoral distributions of all Bank loans, as well as the distribution between investment loans and development policy loans (DPLs) approved during fiscal 2003–05 (see appendix B).

DPLs were far more likely to have been informed by ESW than investment loans. Of the sample of 119 loans, 91 percent of DPLs (20 of 22 loans) were preceded by ESW that could have informed the loans, whereas only 61 percent of investment loans (59 of 97 loans) were preceded by such ESW.

On a Regional basis, Sub-Saharan Africa had the lowest share of investment loans that were preceded by relevant ESW (that is, those ESW that

Of ESW delivered during fiscal 2002–06, 41 percent of those that had objectives specified were aimed at informing Bank lending.

About two-thirds of the selected sample of 119 loans was preceded by relevant ESW, including nearly all the DPLs.

Sub-Saharan Africa had the lowest share of investment loans preceded by relevant ESW and East Asia and Pacific the highest. could have informed the loans), and East Asia and Pacific had the highest. (The shares, in ascending order, were 36 percent for Sub-Saharan Africa, 50 percent for Latin America and the Caribbean, 56 percent for the Middle East and North Africa, 59 percent for South Asia, 70 percent for Europe and Central Asia, and 83 percent for East Asia and Pacific).

Did ESW inform Bank lending? TTL views

ESW informed lending to an above average extent. From the 12 country reviews conducted for this evaluation, loan TTLs gave, on the whole, an above average rating of 4.3³ to ESW for informing their loans. This finding was validated by the overall rating of 4.6⁴ given by loan TTLs in a survey of their views on specific ESW informing their loans.⁵ Specifically, 74 percent of loan TTLs in the country reviews and 87 percent of loan TTLs in the survey gave ratings of 4 and higher for the extent to which ESW had informed their work (figure 3.1).

Between 74 and 87 percent of loan TTLs gave above average ratings to ESW for informing their loans.

ESW not intended to inform lending had effects similar to ESW that did. ESW that was not intended to inform lending had similar effects on lending as ESW that was intended to inform lending. The average rating given by loan TTLs for ESW that had informing lending as an objective was not significantly different from the average rating given to ESW that did not have that objective.

ESW TTLs had a realistic perception of the effects of their tasks on informing lending. The ratings given by ESW TTLs from the country reviews and from the surveys of specific tasks were not significantly different from the ratings given by the loan TTLs from the same two sources. In the country reviews, 77 percent of ESW TTLs and 74 percent of loan TTLs gave ratings of 4 and higher on the extent to which ESW informed lending. Loan TTLs were even more positive than ESW TTLs in the surveys: 87 percent of loan TTLs, compared with 74 percent of ESW TTLs, gave ratings of 4 and higher on the extent to which the same ESW they were being surveyed on informed lending (figure 3.1).

The importance of ESW in informing lending is evident in the responses of loan TTLs to the survey question of how their loans would have been affected if the Bank had not produced the specific ESW (box 3.1). Loan TTLs interviewed for the country reviews also provided evidence of the importance of ESW for their loans (box 3.1).

What kinds of ESW informed lending?

A range of ESW informed lending, with country-specific ESW having more effects than regional or global ESW and core diagnostics having more effects on DPLs than on investment loans. The former finding from the country reviews is not surprising because country-specific ESW is clearly geared more toward lending (which is done at the country level) than regional or global ESW. What is perhaps surprising is that regional and global ESW did inform lending in some instances.

Regional and global ESW received above average ratings for informing lending, although their effects were generally rated lower than country-specific ESW. When asked in the survey to provide a rating on the extent to which the different types of ESW informed their lending, loan TTLs on average gave a rating of 4.8 to country-specific ESW, 3.7 to regional ESW, and 3.8 to global ESW.⁶ The country reviews provided some specific examples of regional ESW informing lending. For instance, in Guyana, the HIV/AIDS in the Caribbean ESW (World Bank 2001) informed the Guyana HIV/AIDS Prevention and Control Project.

Among the core diagnostic ESW, PERs and CEMs were particularly useful for informing DPLs. Core diagnostic reports were cited as having informed DPLs in virtually all 12 countries reviewed. PERs, followed by CEMs, were the most commonly cited ESW to have informed DPLs. The DPLs informed by PERs included Poverty Reduction Structural Credits and Public Expenditure Reform Loans. Other core diagnostic reports that had also informed DPLs were the CFAA, the Development Policy Review, and the CPAR. Core diagnostics also informed investment loans, although not as commonly as they did DPLs.

Other mandated reports (either because of IDA or other mandates) also informed DPLs more than they did investment loans. These included the ICA and the Diagnostic Trade Integration Study.

Did ESW improve the quality of loans?

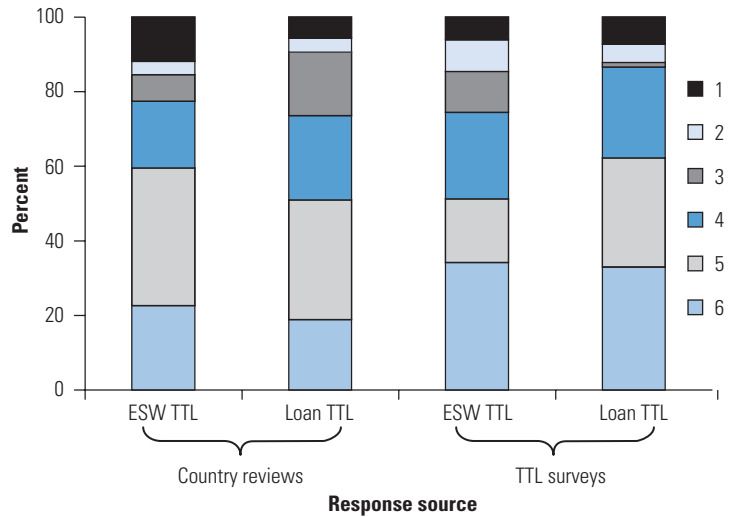
Loans that were preceded by relevant ESW had better design than those that were not. Specifically, for the same selected sample of 119 loans mentioned above, the evaluation finds that those preceded by relevant ESW had better ratings for loan design,⁷ on average, than those that were not (table 3.1).⁸ This was the case overall and for every Region except the Middle East and North Africa (where there was no difference) and East Asia and Pacific (where it was the reverse).

More detailed analysis found that loans preceded by relevant ESW were associated with better quality of certain aspects of loan design. These findings were based on econometric analysis (see appendix D for details) using QAG quality at entry (QAE) ratings for loan design.

This evaluation finds that loans preceded by relevant ESW were likely to have better QAE ratings for *strategic relevance and approach, policy and institutional aspects*, and the *financial management capacity* aspect of the risk assessment dimension. They were also likely to have better QAE overall assessment ratings but were not associated with better ratings for *technical, financial, and economic aspects*, or for *fiduciary aspects*.⁹ Specifically, the regression results are as follows.

- Loans preceded by *at least one* relevant ESW were more likely to have better *overall QAE* assessment ratings.¹⁰ The actual number and average cost of relevant ESW (that is, any number greater than one) did not matter for the QAE rating.
- Loans preceded by *at least one* relevant ESW were more likely to have better QAE ratings for the *strategic relevance and approach* dimension. The actual number and average cost of relevant ESW had no effect.

Figure 3.1: Ratings on the Extent to Which ESW Informed Lending, by Shares of Respondents



Source: IEG surveys and country reviews.

Note: Rating scale is from 1 to 6, with 1 denoting "no extent" and 6 denoting "great extent." ESW = economic and sector work; TTL = task team leader.

- There is an association (significant at the 10 percent level) between the number of ESW and one particular aspect of the strategic relevance and approach dimension, that is, the *adequacy of country and sector knowledge underpinning the project*. Specifically, loans preceded by a greater number of relevant ESW were more likely to have better QAE ratings for this aspect. The average cost of the relevant ESW did not matter.
- Loans preceded by *at least one* relevant ESW were more likely to have better QAE ratings for the *policy and institutional aspects* of the loan.
- Loans that had actually cited *CFAA* (or similar financial management ESW) in the project appraisal documents were more likely to have better QAE ratings for the *financial management capacity* aspect of the risk assessment dimension. However, the association was not present if CFAAs existed but were not mentioned in the

Core diagnostic reports, particularly PERs and CEMs, were especially useful in informing DPLs.

Loans preceded by relevant ESW were associated with better quality in some aspects of design.

Box 3.1: Loan TTLs' Views on the Effects of ESW on Their Loans

From the loan TTL survey, of the 65 respondents (of 91 loan TTLs surveyed, representing a 71 percent response rate), the majority (55 of 65) highlighted the usefulness of ESW to their loans; 9 percent (6 of 65) indicated that it would have made no difference. Among the 55 who indicated that the specific ESW was useful, 4 indicated that the loan would not have happened without the ESW. Others indicated, variously, that more analysis (or ESW) would have been needed; more time would have been needed to prepare the loan, the quality of the loan would have been compromised, and some of the reforms supported by the loan would not have taken place without the ESW.

From the country reviews, a loan TTL for Guyana said that if there had been no ESW, there would have been no loans in Guyana. In Peru, loan TTLs of two different loans indicated that without ESW, the respective loans either would not have happened at all or would have taken longer to prepare and would not have been delivered in a timely manner at the transition government's request. In postconflict Democratic Republic of Congo, ESW was conducted mainly to support Bank operations in the postengagement period. The country status reports on education and on health and the ESW on public sector governance were all carried out to facilitate loan preparation.

Source: IEG surveys and country reviews.

project appraisal document. This clearly implies that CFAAs need to be actually used to have an effect on project quality; it also means that not all CFAAs that had been produced had been used to inform lending.

The evaluation period was not long enough to ascertain the effect of ESW on *loan outcomes*.

Lending: A channel through which ESW have effects in client countries

Informing Bank lending is an important channel—though not the only one—through which Bank ESW informed country policies and strengthened institutions. In some of the countries reviewed, such as Bangladesh, ESW informed policy mainly through lending.¹¹ Similarly in Lesotho, ESW needed to be followed by lending to inform policy. For example, much of the effects of the Lesotho Private Sector Development Strategy ESW were through a follow-up loan (Private Sector Competitiveness and Economic Diversification Project), whereas the absence of follow-up to the Lesotho Public Expenditure Management and Financial Accountability Review (World Bank 2007b) limited its effects. In Guyana, ESW informed government policy mostly through lending, not only by the Bank but also by other institutions, such as the Inter-American Development Bank and the IMF (see chapter 4 for details).

Other findings

Lending informed ESW in some countries, rather than the reverse. In Lesotho and Mauritius, for example, the analytical work done for loan preparation was packaged afterwards as ESW. In Lesotho, a study on the education sector was informed by a loan (the Second Education Sector Development

Table 3.1: Average Quality at Entry (Overall Assessment) Ratings for a Selected Sample of Loans, by Region, Fiscal 2003–05

Region	Preceded by relevant ESW	Not preceded by relevant ESW
Sub-Saharan Africa	2.0	2.3
East Asia and Pacific	2.1	1.5
Europe and Central Asia	1.7	2.3
Latin America and the Caribbean	1.7	2.1
Middle East and North Africa	2.0	2.0
South Asia	1.9	2.0
Average	1.9	2.2

Source: IEG, based on quality at entry (overall assessment) ratings from QAG.

Note: The rating scale is from 1 to 4, with 1 being the highest. In fiscal 2004 the QAE rating scale was switched from a four-point scale to a six-point scale (with 1 being the highest on both scales). For the purposes of this analysis, the six-point scale was transformed into a four-point scale. ESW = economic and sector work; QAG = Quality Assurance Group; QAE = quality at entry.

Project). Three ESW products in Mauritius were the result of repackaging done through project preparation funded by grants (Institutional Development Fund and the Japan Policy and Human Resources Development Fund): pension modernization (World Bank 2004a), fiscal sustainability (World Bank 2004b), and a study on the transport sector.

ESW was found to inform lending not only in the intended country but also in other countries. For example, the Pakistan and the Indonesia CPARs, together with the Bangladesh CPAR, informed the Public Procurement Reform Credit in Bangladesh.

TA also informed lending, although that was not an intended objective. Among the countries reviewed, the Aid for Trade TA in Mauritius informed the 2007 Trade and Competitiveness DPL that followed, which was the first DPL for Mauritius in five years.

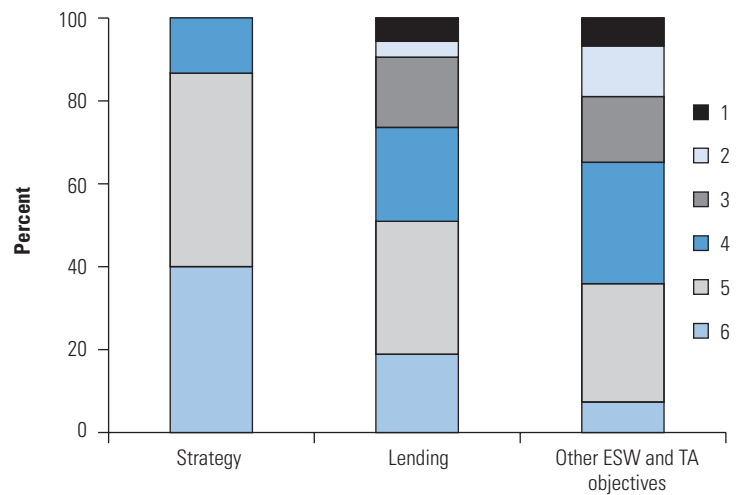
Informing Bank Strategy

The effect of ESW on informing Bank strategy—which is not a stated objective of ESW—was larger than ESW’s effects on meeting any of the Bank objectives that are stated. This finding is based on ratings provided by various ESW users (both inside and outside the Bank) in the context of country reviews.

Specifically, TTLs of Bank Country Assistance Strategies (CASs) gave an average rating of 5.4 to ESW for informing their work. This rating is higher than the average rating of 4.3 given by loan TTLs to ESW for informing lending. It is also higher than the average rating of 3.9 that in-country stakeholders gave to ESW and TA for the various objectives achieved in their countries (see chapter 4). Basically, 100 percent of the strategy TTLs gave ratings of 4 and higher to ESW for informing their work, compared with 74 percent of loan TTLs and 64 percent of in-country stakeholders for informing their work (figure 3.2).

ESW, and in some instances TA, was used to inform CASs. Of the 12 countries reviewed, only in the Democratic Republic of Congo, a postconflict country, and in Malaysia, which is not borrowing from the Bank and for which there was no CAS,

Figure 3.2: Ratings on the Extent to Which ESW Informed Strategy and Lending and Met Other ESW and TA Objectives, by Shares of Respondents



Source: IEG country reviews.

Note: Rating scale is from 1 to 6, with 1 denoting “no extent” and 6 denoting “great extent.” ESW = economic and sector work; TA = technical assistance.

was ESW *not* used to inform CASs. The CASs in the 10 remaining countries were informed by ESW, and in 5 of these 10 countries ESW had a particularly important role. Box 3.2 provides some details on the role of ESW in the Bank’s assistance strategies in all these countries.

A range of ESW informed CASs, with core diagnostics cited most frequently. For the 10 countries for which the CASs had been informed by ESW, the ESW most mentioned as having informed those strategies was the CEM (in six countries, seven if Development Policy Reviews are included), the PER (in six countries), education sector reports (four countries), and reports on the rural sector (four countries). In other words, these CASs had been informed by at least one core diagnostic, and in several instances by more than one core diagnostic.

Other ESW and even TA also informed CASs, if not as prominently as core diagnostics. Corporate ESW informed the CAS in two countries—the Diagnostic Trade Integration Study (Integrated

ESW had larger effects on informing Bank staff than on meeting the stated Bank objectives.

Box 3.2: The Role of ESW in Informing Bank Country Strategies

For the Democratic Republic of Congo, instead of a CAS there was a Transitional Support Strategy, which was informed by analytical work done in other parts of the Bank^a rather than by ESW. No ESW had been produced prior to the Transitional Support Strategy to have informed the latter.

In 5 of the 12 countries reviewed, CAS TTLs indicated that ESW played a particularly important role in informing their work. In Mauritius, the CEM provided the country knowledge base to underpin country dialogue in the earlier absence of a country office. In Lesotho, a

TA was particularly important for providing quantifiable results indicators for the strategy (the impact of HIV/AIDS on household poverty). In Peru, ESW was the basis of the Bank's country strategy, with Policy Notes being the main input for the 2006 CAS. In Bangladesh, the CAS team leaders cited many ESW products as inputs for their strategy documents. In Guyana, the CAS would have been very different if the assessment on financial accountability and the *HIV/AIDS in the Caribbean: Issues and Options* report (World Bank 2001) had not been done.

Source: IEG country reviews.

a. In particular, analytical work done in Development Economics and Chief Economist, "Breaking the Conflict Trap: Civil War and Development Policy" (World Bank 2003), and in the Sub-Saharan Africa Region, "Post-Conflict Recovery in Africa: An Agenda for the Africa Region" (World Bank 2002).

ESW (and sometimes TA) was generally used to inform country strategies.

Framework 2003) for Lesotho and the assessment of the financial sector for Peru. Regional ESW were mentioned in two countries as having informed CASs: the HIV/AIDS in the Caribbean ESW (World Bank 2001) in Guyana, and the Lessons from the North America Free Trade Agreement for Latin America and the Caribbean Regional ESW (World Bank 2005c) in Peru.

The most frequently cited influences on country strategies were core diagnostic reports.

TA also informed CASs in two countries, although informing Bank country strat-

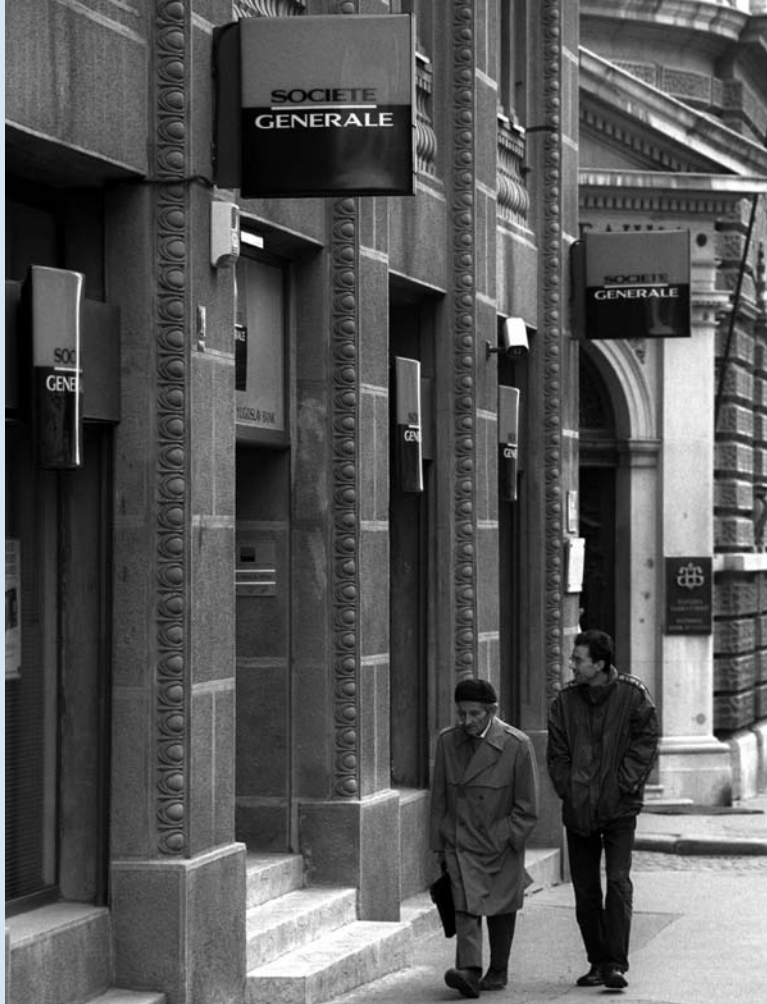
egy was not an objective (explicit or implicit) of TA. Specifically, the Aid for Trade TA had an important role in informing the CAS for Mauritius, and the Private Participation in Infrastructure TA informed the CAS for Jordan.

Finally, effects of ESW on strategy were facilitated by either having the ESW team leaders be on the team of the strategy or lead the strategy itself, but these factors were not always essential for ESW to play a pivotal role.

Chapter 4

Evaluation Highlights

- ESW and TA delivered to clients during fiscal 2000–06 generally met their stated objectives of influencing policy, building capacity, stimulating public debate, facilitating knowledge exchange, and influencing the development community.
- The effects of ESW and TA ranged from substantially above average in some countries to substantially below average in others.
- TTLs generally had realistic perceptions of the extent to which their tasks had effects.
- Differences in government capacity account for some of the differences in effects across countries.
- ESW and TA in a range of sectors and of various types had effects, including several corporate or IDA-mandated or core diagnostic tasks.



In Serbia, World Bank reports on the financial sector were associated with major reforms in the banking sector. Photo by Zoran Mrdja, courtesy of the World Bank Photo Library.

Effects of ESW and TA on Client Countries

Although ESW has its genesis in informing Bank country dialogue and operations, it also has direct effects on the Bank's client countries. Indeed, in addition to the objective of informing lending, the Bank has three objectives for ESW that are aimed directly toward its client countries: (1) informing government policy, (2) building client analytical ability, and (3) informing or stimulating public debate. Another objective of ESW is directed toward its client countries through the effect of ESW on the development community.

Unlike ESW, all the Bank objectives for TA are aimed directly toward its client countries. These are assisting in client's policy/program implementation, developing/strengthening institutions, and facilitating knowledge exchange.

This chapter presents findings on stakeholders' perceptions of the extent to which these four ESW and three TA objectives were met in the Bank's client countries. The evidence and ratings come from six sources of information (see appendix B for details):

- Structured interviews of stakeholders from the 12 country reviews
- An electronic survey of in-country stakeholders on specific ESW (the "specific ESW user survey")
- An electronic survey of in-country stakeholders on specific TA (the "specific TA user survey")
- An electronic survey of in-country stakeholders on their general views on Bank ESW and TA (the "ESW/TA user survey")
- An electronic survey of ESW TTLs on specific ESW tasks (the "ESW TTL survey")
- An electronic survey of TA TTLs on specific TA tasks ("TA TTL survey").

This chapter's findings present evidence (including ratings) gathered from the country reviews. Unless otherwise specified, only those findings validated by the different sources of information are reported.

The Extent to Which ESW and TA Met Their Objectives

The discussion in this section is based on the stakeholder ratings (table 4.1).¹ In general, the ratings provided by in-country stakeholders in the country reviews are lower than those provided in the electronic surveys, although not all the differences are statistically significant.² Specifically, the various sources of information indicated that between 65 percent (in the country reviews) and 79 percent (in the specific TA user survey) of stakeholders gave ratings of 4 and higher to the extent to which all ESW and TA objectives, combined, were met (figure 4.1). The findings are as follows.

On the whole, ESW and TA delivered to clients during fiscal 2000–06 generally met their stated objectives. All objectives, on average, received average (3.5)³ and above ratings from all the sources of

ESW and TA delivered during fiscal 2000–06 generally met their objectives.

Table 4.1: Average Ratings by In-Country Stakeholders on the Extent to Which ESW and TA Met Various Objectives

Objective		From country reviews	From specific ESW user survey	From specific TA user survey	ESW/TA user survey
Influencing policy	Informing policy (ESW)	3.9	4.3	—	4.0
	Implementing policy (TA)	4.6	—	4.4	
Building capacity/institutions	Building capacity (ESW)	3.5	3.8	—	4.0
	Strengthening institutions (TA)	4.5	—	4.1	
Informing/stimulating public debate (ESW)		3.4	4.5	—	4.0
Influencing development community (ESW)		3.7	4.3	—	4.3
Facilitating knowledge exchange (TA)		4.3	—	4.9	—

Source: IEG surveys and country reviews.

Note: The ratings are for all ESW and TA (that is, country, regional, and global). The ratings are on a six-point scale, where 1 denotes “no extent,” 6 denotes “great extent,” 4 is slightly above average, and 3 is slightly below average. The same rating scale is used for all the surveys and interviews undertaken for this evaluation. ESW = economic and sector work; TA = technical assistance.

information, with the exception of stimulating public debate from country reviews. The ratings for the other ESW and TA objectives ranged from just average (3.5) for capacity building (from the country reviews) to significantly above average

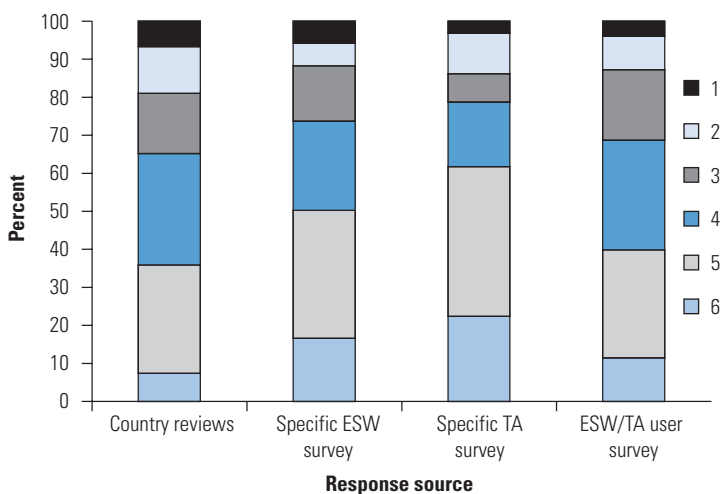
(4.9) for knowledge exchange (from the specific TA user survey).⁴

Although not all ESW and TA were aimed at meeting all the objectives, many of them met objectives not specified at the outset. For all but one objective, there was no difference between the ratings for tasks with a certain objective and those without that objective. The exception pertained to the ESW objective to inform policy: the ratings received by tasks with this objective were significantly higher than those without this objective.

TTLs generally had realistic perceptions of the extent to which their tasks had effects. Responses to the surveys on specific tasks indicate no difference between the ratings given by TTLs and those given by in-country stakeholders for the same tasks for each of the objectives (table 4.2). There are some differences in ratings between these two groups in the country reviews (where ratings being compared are for the entire portfolio of ESW and TA, rather than for specific tasks).

Specifically, for informing policy and stimulating public debate, TTLs gave significantly higher ratings than in-country stakeholders; for building capacity and informing the development com-

Figure 4.1: Ratings on the Extent to Which ESW and TA Met Various Objectives, by Shares of Respondents



Source: IEG surveys and country reviews.

Note: Rating scale is from 1 to 6, with 1 denoting “no extent” and 6 denoting “great extent.” ESW = economic and sector work; TA = technical assistance.

Table 4.2: Average Ratings by In-Country Stakeholders and TTLs on the Extent to Which ESW and TA Met Various Objectives

Objectives	From country reviews		From specific ESW and specific TA surveys	
	In-country stakeholders	TTLs	In-country stakeholders	TTLs
ESW				
Informing policy	3.9	4.4	4.4	4.4
Building capacity	3.5	3.3	3.8	3.9
Informing/stimulating public debate	3.4	3.8	4.5	4.4
Informing development community	3.7	3.7	—	—
TA				
Implementing policy/program	4.6	4.7	4.3	4.2
Strengthening institutions	4.5	3.9	4.2	3.8
Knowledge exchange	4.3	4.9	4.9	5.0

Source: IEG surveys and country reviews.

Note: Bold figures denote ratings that are statistically significantly different at the 5 percent level between the in-country stakeholders and the TTLs. The rating scale is from 1 to 6, with 1 denoting “no extent” and 6 denoting “great extent.” ESW = economic and sector work; TA = technical assistance; TTL = task team leader.

munity, there was no statistically significant difference in ratings between the two groups. For TA, TTLs gave, on average, a significantly higher rating to knowledge exchange, but they gave a significantly lower one to strengthening institutions than in-country stakeholders did. They gave virtually the same rating as in-country stakeholders to the implementing policy/program objective.

TA TTLs gave significantly higher ratings on the extent to which TA objectives were met than ESW TTLs gave on the extent to which ESW objectives were met. This was the case in the country reviews and was confirmed by survey responses of TTLs. This could reflect the nature of TA tasks, whereby TTLs work more closely with clients and see more immediate results of their tasks.

Some Factors Affecting the Extent to Which ESW and TA Met Their Objectives

The country reviews indicate that ESW and TA met their objectives to different extents in different countries. Some of the factors accounting for these differences could be addressed by the Bank, including those related to Bank processes and corporate incentives (technical quality of the products, the extent of collaboration or partnership, issues related to dissemination and follow-up, and

so on). These are addressed in chapter 5. Other factors are specific to the country, not all of which can be addressed by the Bank.

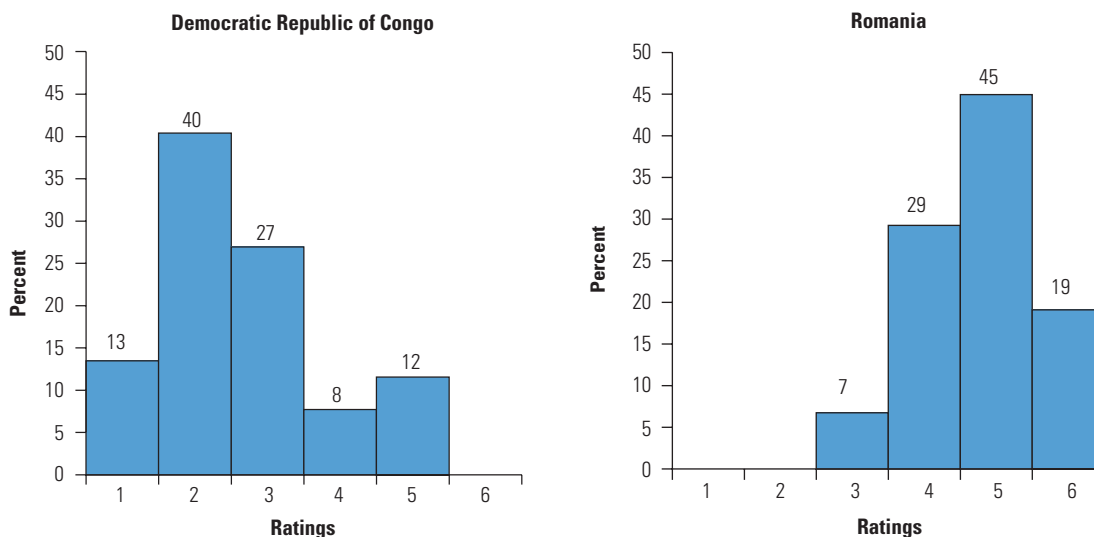
For the 12 countries reviewed, the average ratings provided by in-country stakeholders on all ESW and TA objectives ranged from 2.7 for the Democratic Republic of Congo to 4.7 in Romania. Most stakeholders in Romania gave ratings of 4 and higher, whereas most stakeholders in the Democratic Republic of Congo gave ratings of 3 and lower (with 40 percent of the stakeholders giving a rating of 2 and some giving a rating of 1, which denotes that the ESW and TA objectives were not met at all; see figure 4.2). However, even in the Democratic Republic of Congo, some ESW and TA had great effects, with high ratings of 5 given by some in-country stakeholders to some tasks. In these instances, specific efforts by Bank staff, in particular on the collaboration or partnership front, made the difference (see discussion in chapter 5 for details).

The difference in ratings between the two countries could be explained, at least in part, by the different country conditions. On one hand, the

TTLs generally had realistic perceptions of the extent to which their tasks had effects.

TA TTLs rated the achievement of the objectives of their tasks higher than ESW TTLs rated theirs.

Figure 4.2: Distribution of Ratings Given by In-Country Stakeholders in the Democratic Republic of Congo and Romania



Source: IEG country reviews.

Note: Rating scale is from 1 to 6, with 1 denoting “no extent” and 6 denoting “great extent.”

Differences in ratings between countries are in part explained by country conditions such as government capacity.

postconflict status and low government capacity in the Democratic Republic of Congo could have contributed to the low effects of ESW and TA in that country. Policy makers in the Democratic Republic of Congo did not have time to read and absorb much of the ESW produced by the Bank. On the other hand, higher government capacity in Romania, coupled with the appreciation of Bank involvement after its opening up—and in particular, Bank assistance with respect to the European Union (EU) accession process—could have all contributed to the higher ratings for Romania.

In-country stakeholders rated ESW and TA above average for informing and assisting in the implementation of policies.

Government capacity also affected the effects of ESW and TA in the other countries reviewed. In Jordan and Serbia, Bank staff pointed to the high turnover of ministers as having worked against the effectiveness of ESW and TA. In Serbia, the rapid turnover of ministers undermined the effects of ESW and TA (which were nevertheless quite significant, although they could have been greater). The high turnover of government officials also undermined the capacity-

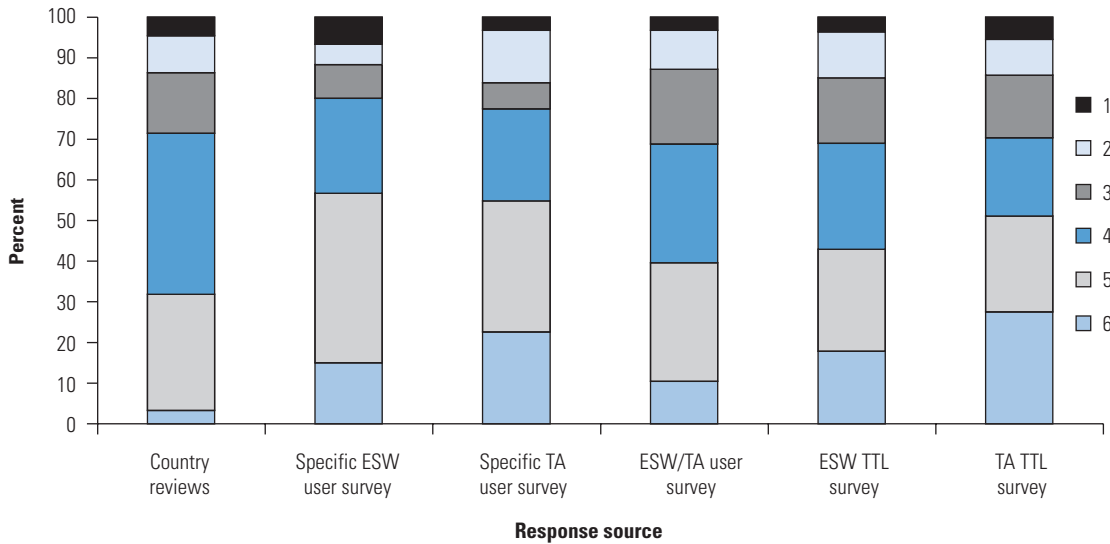
building effects of ESW and TA in these countries. Finally, factors such as government receptivity arising from political and other constraints affected the extent to which ESW and TA met their objectives.

Influencing Government Policy

The overall ratings given by in-country stakeholders on the extent to which ESW and TA informed and helped them implement policies from the different sources were all above average (table 4.1). At least 70 percent of in-country stakeholders and TTLs gave ratings of 4 and higher (around 80 percent in the case of respondents to the specific ESW and specific TA surveys) on the extent to which the objective of informing/ implementing policy was met (figure 4.3).⁵

For the 12 countries reviewed, the ratings for ESW and TA's influence on policy ranged from a low (and below average rating) of 3.1 for the Democratic Republic of Congo and Mali to highs of 4.9 and 4.7 for Romania and Serbia, respectively (figure 4.4). This dispersion of ratings is also reflected in the fact that around 30 percent of respondents from the different sources (20 percent in the case

Figure 4.3: Ratings on the Extent to Which ESW and TA Informed Policy, by Shares of Respondents from Different Sources



Source: IEG surveys and country reviews.

Note: Responses presented for country reviews are those of in-country stakeholders and exclude those of TTLs. Rating scale is from 1 to 6, with 1 denoting “no extent” and 6 denoting “great extent.” ESW = economic and sector work; TA = technical assistance; TTL = task team leader.

of the specific ESW and specific TA surveys) gave ratings of 3 and lower (figure 4.3).

More ESW specified informing policy as an objective than other objectives. Assisting in the implementation of policy/program is the second most important TA objective with respect to the number of TA specifying this as an objective (see chapter 1). Correspondingly, the country reviews provided many examples of ESW and TA affecting government policy.

ESW and TA affected government policy either directly or by informing government strategy and legislation. More than half of the respondents to the survey on specific ESW indicated that the ESW on which they were being surveyed was used in government strategy and government policy, and 18 percent indicated it was used in government legislation. For the survey on specific TA, nearly two-thirds of the respondents indicated that the TA on which they were being surveyed was used for government strategy, more than half

indicated that it was used for government policy, and nearly one-third indicated that it was used in government legislation.

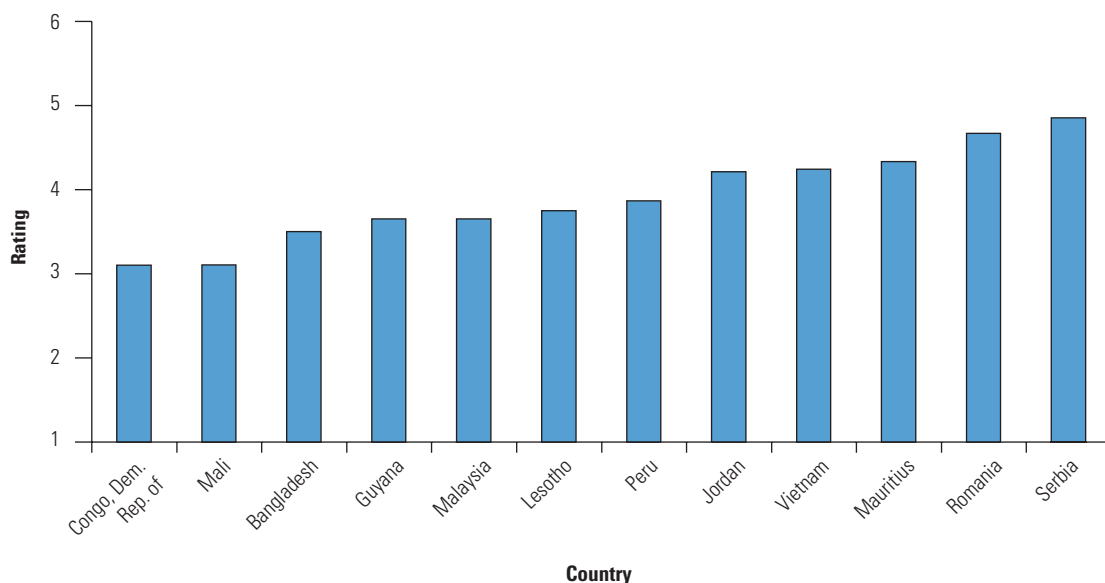
ESW and TA affected policy either directly or by informing government strategy and legislation.

ESW informing government policies: Evidence from country reviews

In-country stakeholders cited ESW in a wide range of sectors as having directly informed policies in the 12 country reviews. In line with the fact that ESW in economic policy, financial sector, public sector governance, and PSD were among the most numerous undertaken by the Bank, ESW in these sectors was among the most mentioned in the country reviews for informing government policy, including through informing government strategy or legislation.

Of the ESW undertaken in these sectors, the FSAP and the PER had the highest incidences of being cited as having informed policies and legislation. The FSAP was mentioned in six of the seven countries for which an FSAP had been undertaken.

Figure 4.4: Ratings on the Extent to Which ESW and TA Informed Policy, from In-Country Stakeholders in Country Reviews



Source: IEG country reviews.

Note: Rating scale is from 1 to 6, with 1 denoting “no extent” and 6 denoting “great extent.” ESW = economic and sector work; TA = technical assistance.

For the financial and public governance sectors, the FSAP and the PER were most often cited as having informed government policy.

The PER (and other ESW on public expenditure management) was cited in 6 of the 10 countries for which such ESW had been undertaken. Box 4.1 highlights some of the specific effects of the FSAP and the PER in the countries reviewed.

For ESW in the PSD sector, the ICA had the highest incidence of being mentioned, having been cited in four of the seven countries where it had been undertaken as having informed policy, strategy, and legislation. In Malaysia, changes in the labor law and in the registration of property were attributed to the ICA; it has also led the government to establish a committee to ensure that deregulation and improvements in public service delivery were carried out smoothly. In Serbia, the ICA was credited with the country’s regaining momentum in the privatization process and in attracting foreign investment, among other changes. In Guyana, the ICA was cited as having informed the country’s National Competitiveness Strategy.

In PSD, the ICA was most often named as having informed policies.

Aside from the FSAP, PER, and ICA, other core diagnostics—such as the CFAA and the CPAR—and corporate ESW, such as the various Reports on the Observance of Codes and Standards (ROSCs) (which include Anti-Money Laundering and Combating the Financing of Terrorism [AML/CFT], the Corporate Governance ROSC, and the Accounting and Auditing ROSC), were also cited in a number of countries as having informed legislation.

At the same time, many noncore diagnostic and noncorporate ESW also had effects, including those ESW that do not belong to the top ESW sectors Bank-wide. For instance, ESW in social protection had significant effects in Jordan and Peru, although this was not a sector that was selected for review for those countries.

TA assisting in policy/program implementation: Evidence from country reviews

TA in a wide range of sectors was rated highly in the country reviews for assisting in the implementation of government policies and programs, including the financial sector, public sector gov-

Box 4.1: FSAP and PER Informing Government Policy and Legislation: Some Examples

This box highlights examples from the country reviews of the FSAP and PER informing government policy, government strategy, and legislation. More examples of other ESW informing government policy, strategy, and legislation are presented in appendix E.

FSAP

The extent of the effects of the FSAP ranged widely across the six countries where it was cited as having effects. It had the largest effect in Serbia, where it was associated with changes to and implementation of the Banking Law, major improvements in banking supervisions, bank privatization, and bank closures.

The FSAP also had important effects in Peru, where all its recommendations were implemented, including improvements in the payments and exchange systems and issuance of legislation on the legal protection for supervisors. Among other changes, the FSAP helped strengthen supervision in Mauritius. It led to the adoption of a supervisory ladder in Jordan, strengthened the oversight of the insurance industry in Guyana, and defined the agenda for financial sector reforms in Bangladesh.

PER

The extent of the effects of the PER was similar across the six countries where it was cited as having effects. In Guyana, it informed

the Fiscal Management Accountability Act and led to more timely budgets and greater transparency through the removal of discretion. In Jordan, it resulted in the consolidation of expenditures by sectors rather than by ministries and the development of a Medium-Term Expenditure Framework to replace annual budgeting.

In Peru, the PER focused attention on the quality of expenditures, especially in the social sectors, and moved the government toward results budgeting. It also led to the Law of Fiscal Decentralization. In Romania, the Public Expenditure and Institutional Review and the Public Expenditure Management ESW became a basis for the macroeconomic stabilization policies of the Natase government and contributed to the modification of the financial structure of the public sector.

In Serbia, the PER update led to new/revised laws on wages in state administration and on civil servants and amendments to the social security law, as well as improvements in public sector governance. In Vietnam, the PER helped shape legislation to increase the transparency in the state budget law and led to the adoption of a Medium-Term Expenditure Framework and to the unification of the public accounts system.

Source: IEG country reviews.

ernance, PSD, rural sector, education, and infrastructure. The first three were among the top sectors for TA Bank-wide, although infrastructure (and transport) ranked next to the bottom in the number (and cost) of TA undertaken during the evaluation period (see appendix C). TA also helped inform government legislation, although not quite as much as ESW, with far fewer examples cited in the country reviews. Box 4.2 presents some examples of TA assisting in the implementation of government policies and programs.

Building Capacity and Strengthening Institutions

The objective of building capacity by ESW received among the lowest ratings from in-country stakeholders compared with the other ESW objectives, although the ratings from all the different sources

were still average or above (table 4.1). This is also reflected in figure 4.5, which shows that the shares of in-country stakeholders giving ratings of 4 and higher ranged between 60 and 70 percent (compared with between 70 and 80 percent for influencing policy).

TA received higher ratings for capacity building than ESW (although ratings for this TA objective were lower than for other TA objectives) from both in-country stakeholders and TTLs, as shown in figure 4.5. The figure shows that around 70 percent of TTLs and in-country stakeholders gave ratings of 4 and higher when surveyed on specific TA tasks, compared with between 50 and 60 percent of those surveyed on specific ESW tasks.

TA was rated highly for assisting in the implementation of government policies and programs.

ESW received among the lowest ratings for building capacity compared with other objectives.

Box 4.2: Selected Examples of TA Assisting in Policy/Program Implementation

This box highlights some examples of TA assisting in policy/program implementation. More examples of TA in these and other countries having such effects are in appendix E.

Romania provides several examples of influential TA. One of the most prominent was the Anticorruption Diagnostic TA, which was accompanied by the Anticorruption ESW. The TA formed the basis for the country’s anticorruption efforts through initiation of a public debate and educational efforts.

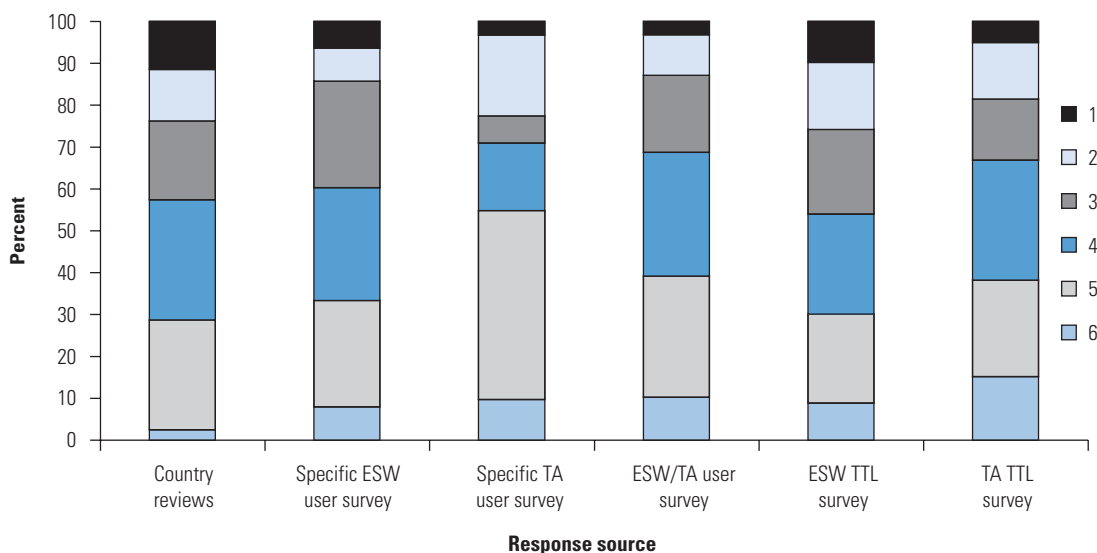
Another influential TA in Romania was the Capital Market Development Program TA, which was instrumental in establishing a regulatory regime for the pension, insurance, and mortgage mar-

kets (in conjunction with the European Commission and the IMF). The Challenges of EU Accession in Romanian Agriculture TA was very helpful for Romania in closing the chapter on agriculture in the pre-accession discussions with the EU.

In Peru, the Public-Private Infrastructure TA was influential—it helped jump start the concessions program, revised tariffs in the port system, and generally propelled reforms in transport. The Private Participation in Infrastructure TA in Jordan led to the launch of the public-private partnership in the country, and the Forest Sector Support TA in Vietnam helped establish a system of forest certification for plantations.

Source: IEG country reviews.

Figure 4.5: Ratings on the Extent to Which ESW and TA Built Capacity/ Strengthened Institutions, by Shares of Respondents from Different Sources



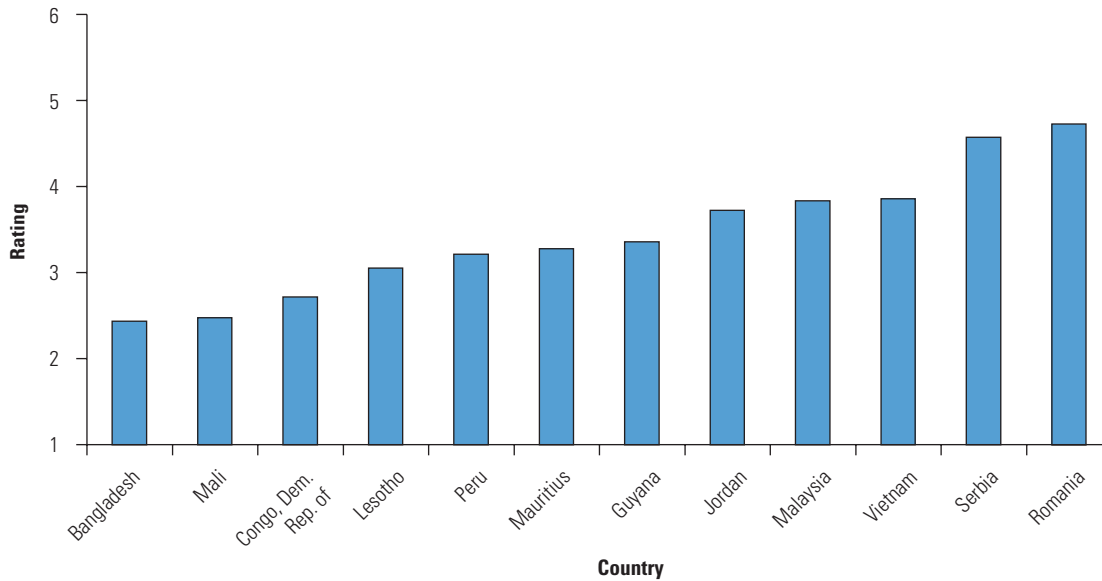
Source: IEG surveys and country reviews.

Note: Responses presented for country reviews are those of in-country stakeholders and exclude those of TTLs. Rating scale is from 1 to 6, with 1 denoting “no extent” and 6 denoting “great extent.” ESW = economic and sector work; TA = technical assistance; TTL = task team leader.

Not surprisingly, TA was more focused on this objective than ESW. More TA aimed at this objective than at other TA objectives, whereas this was the least important objective for ESW (see chapter 1).

As with informing policy, there is a range of effects across the countries reviewed (figure 4.6). Countries that had higher ratings for influencing policy generally also had higher ratings for capacity building.

Figure 4.6: Ratings on the Extent to Which ESW and TA Built Capacity/ Strengthened Institutions, from In-Country Stakeholders in Country Reviews



Source: IEG country reviews.

Note: Rating scale is from 1 to 6, with 1 denoting “no extent” and 6 denoting “great extent.” ESW = economic and sector work; TA = technical assistance.

The existing level of government capacity in the country itself appeared to matter for the extent to which ESW and TA built capacity in the country. In three of the countries reviewed (Bangladesh, Guyana, and Lesotho), in-country stakeholders indicated that government capacity was too low for the country to have benefited from the potential capacity-building effects of ESW and TA. High turnover of government officials in the sector ministries exacerbated the capacity problem in Peru, which received low ratings for capacity building.

Aside from the country-specific conditions discussed in the preceding paragraph, the Bank’s incentive system has also not been conducive to building capacity through ESW and TA. This was clearly the perception of the TTLs in their responses to the survey question of the incentives they faced in the Bank for partnership in the production of their tasks, the channel through which the Bank envisioned that these tasks would help build capacity. This view was corroborated by the views of some TTLs, representatives of the de-

velopment community, and the authorities in the context of the country reviews. In Mali, for example, ESW TTLs believed that capacity building was not considered an important objective of their tasks and that they were not given sufficient time or resources for it.

In Peru, a representative of the development community perceived that the Bank’s incentive system was not quite right for meeting this objective, as it could not be measured and was not central to the process of ESW. Local researchers were used as data and information gatherers but were not true partners in production. In the Democratic Republic of Congo, the authorities saw little emphasis on partnership on the Bank’s side, with the Bank team and its consultants often working in isolation, limiting their interactions with government to data collection and presentation of results.

TA, which was more focused on capacity building than ESW, was rated higher than ESW.

The existing level of government capacity affected the extent to which ESW and TA built capacity.

The Bank’s incentive system has also been a constraint on the extent to which ESW and TA built capacity.

Notwithstanding the generally low ratings given to this objective, capacity building has taken place through ESW and TA. The main channel through which this happened was the interaction between Bank staff and consultants and government officials during the preparation of the reports or production of TA.

ESW building capacity: Evidence from country reviews

Although ESW did not generally have strong effects on building capacity, some corporate or IDA-mandated ESW or core diagnostics were men-

The ICA, FSAP, PER, CEM, and Poverty Assessment contributed to building capacity.

In some cases, ESW and TA worked in combination to build capacity.

tioned by in-country stakeholders for building capacity. These were the ICA, the FSAP, the PER, the CEM, and the Poverty Assessment. The ICA was mentioned as having built capacity in 3 of 7 countries for which it was undertaken, the PER in 3 of 10 countries, and the FSAP in 2 of 7 countries. Even in countries where ratings for capacity building were low, such as Guyana, some of these products were cited as having built capacity, as can be seen in table 4.3.

Similarly in Bangladesh, which received very low ratings for capacity building, some in-country stakeholders acknowledged that over the longer term, there have been gains, notably in the Ministry of Finance on budgeting, accounting, auditing, public expenditure management, medium-term macroframework, and in the Central Bank and commercial banks. Such capacity building has resulted from a long period of interaction and collaboration with the Bank and IMF in the context of specific tasks (such as PER, CPAR, FSAP, and the Financial Accountability Assessment) among other interactions with the Bank.

Countries that had higher ratings for influencing policy and building capacity generally also had higher ratings for informing and stimulating public debate.

In some instances, a combination of ESW and TA helped build capacity. For instance, ESW and TA in the financial sector resulted in Romanian agencies adopting the “best practice” guidance provided by the Bank. Also in Romania, the combination of ESW and TA in anti-corruption built capacity, with in-country stakeholders repeatedly noting that these

Bank products showed the basic instruments through which the problem (which was widely accepted in the country to be very serious) could be approached, including for issues such as transparency, disclosure, the legal framework, and dedicated agencies.

TA building capacity: Evidence from country reviews

Malaysia and Vietnam stood out among the countries reviewed in terms of examples of TA building capacity. These countries also received among the highest ratings for this objective. Malaysia requested many of the TA tasks provided by the Bank, and for several of these the authorities shared the cost, either through financing or in-kind contribution. Specific examples of TA building capacity for these countries are presented in table 4.4.

Informing/Stimulating Public Debate

This is the second most frequently cited objective for ESW (see chapter 1). Unlike the objectives discussed so far, there was a much greater disparity in views between the different groups of stakeholders, with those interviewed in the country reviews giving generally lower ratings than those who were surveyed (figure 4.7). Only 50 percent of the former gave ratings of 4 and higher, compared with between 70 to 80 percent of the latter (the views of ESW TTLs were closer to those of in-country stakeholders who responded to surveys).

As with influencing policy and building capacity, there is a range of effects across the countries reviewed (figure 4.8). Countries that had higher ratings for influencing policy and building capacity generally also had higher ratings for this objective. Various country-specific factors were associated with the extent to which this objective was met in the countries reviewed (box 4.3). Specific examples of ESW and TA stimulating public debate are presented in table 4.5.

Facilitating Knowledge Exchange

The fewest TA had this as an objective compared with the other TA objectives. Yet, along with implementing policies/programs, this objective received the highest average rating among all the ESW and TA objectives from in-country stake-

Table 4.3: Selected Examples of ESW Building Capacity

ESW task	Country	Effects
ICA	Malaysia	Government officials gained knowledge on designing surveys and analyzing survey results, and they feel they can now assess the investment climate alone, without the Bank's help.
	Mauritius	Built capacity of a local research company that carried out the firm survey and collected data from 200–300 companies.
	Guyana	Those who were interviewed or surveyed for the ICA were later involved in development of the country's National Competitiveness Strategy.
PER	Jordan	Built capacity in the line ministries through their involvement in its production.
	Peru	Government officials indicated that capacity building occurred during the preparation of the PER.
	Vietnam	Government officials increased their participation in the production of the PER over time, from providing data (1996), to producing some sections (2002), to writing the report on equal footing as the Bank (2005). The work has helped the government design strategies and policies, such as the Comprehensive Poverty Reduction and Growth Strategy.
FSAP	Guyana	Bank of Guyana staff learned about stress testing, banking supervision, and insurance from foreign experts during the FSAP mission and through the process of reviewing and providing comments on the FSAP.
	Jordan	Undergoing the FSAP process was a learning experience for the insurance sector.
CEM	Romania	Showed government agencies how to do policy analysis (developing proper databases, identifying intermediate steps, and doing policy scenarios) and how to prioritize. This improved the internal policy-making process in Romania and was arguably the greatest effect of the CEM, even though it was not undertaken for this purpose.
Poverty Assessment	Vietnam	Enhanced the capacity of local researchers involved in the preparation of the report, as they are now doing the poverty analysis that the Bank used to do, and they have also applied the skills of doing poverty maps to agricultural mapping.
Assessing Fiscal Incentives	Malaysia	Helped government officials build a model and trained them in using it for simulations of impacts of big changes in tax policy. Now the Ministry of Finance runs the basic aspects of the model, although it still needs some TA when simulating big changes in the tax system.

Source: IEG country reviews.

Note: CEM = Country Economic Memorandum; ESW = economic and sector work; FSAP = Financial Sector Assessment Program; ICA = Investment Climate Assessment; PER = Public Expenditure Review.

holders. The high rating was validated by responses to the specific TA user survey and was congruent with those by TA TTLs. The high ratings for this objective can be seen in figure 4.9, which shows that more than 80 percent of in-country stakeholders interviewed in the country reviews and surveyed, as well as more than 80 percent of TTLs, gave ratings of 4 and higher to this objective.

As with the other objectives, this one received a range of ratings across the countries reviewed

(figure 4.10).⁶ Both ESW and TA facilitated knowledge exchange in the countries reviewed, although this is a stated objective only for TA.

One aspect of this objective highlighted by in-country stakeholders was the learning of new concepts through Bank ESW. Stakeholders in Mauritius and Vietnam indicated that the Corporate Governance ROSC mainstreamed and introduced the concept of corporate governance

In-country stakeholders gave facilitating knowledge exchange the highest average rating of any objective for both ESW and TA.

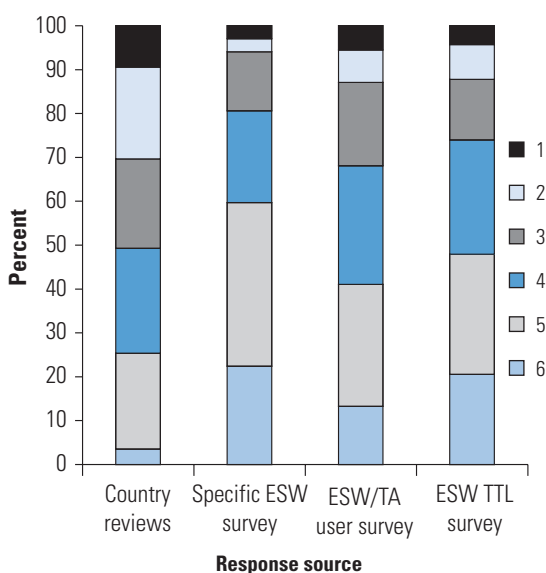
Table 4.4: Selected Examples of TA Building Capacity

Country	Tasks	Effects
Malaysia	Financial Sector Monitoring	Contributed to the Central Bank using better statistical techniques for projecting nonperforming loans and refining the techniques to do stress tests for the financial sector. Financial institutions now do their own stress tests under the supervision of the Central Bank, which is developing aggregate stress tests.
	Measuring Contribution of Services to GDP	Government officials learned to gather information on services in the economy and to better measure their contribution to GDP.
Mauritius	Real Time Gross Settlement Initiative	Helped modernize the payments system by making transactions more secure, facilitating financial sector deepening as a result.
Vietnam	Banking Sector Reforms (2002) and Banking Reform Program (2004)	Helped the State Bank of Vietnam (the Central Bank) to design and implement a program for bank restructuring; audit commercial banks following international standards and supervise commercial banks; and design projects to monitor information in the financial sector.

Source: IEG country reviews.

Note: GDP = gross domestic product; TA = technical assistance.

Figure 4.7: Ratings on the Extent to Which ESW Stimulated Public Debate, by Shares of Respondents from Different Sources



Source: IEG surveys and country reviews.

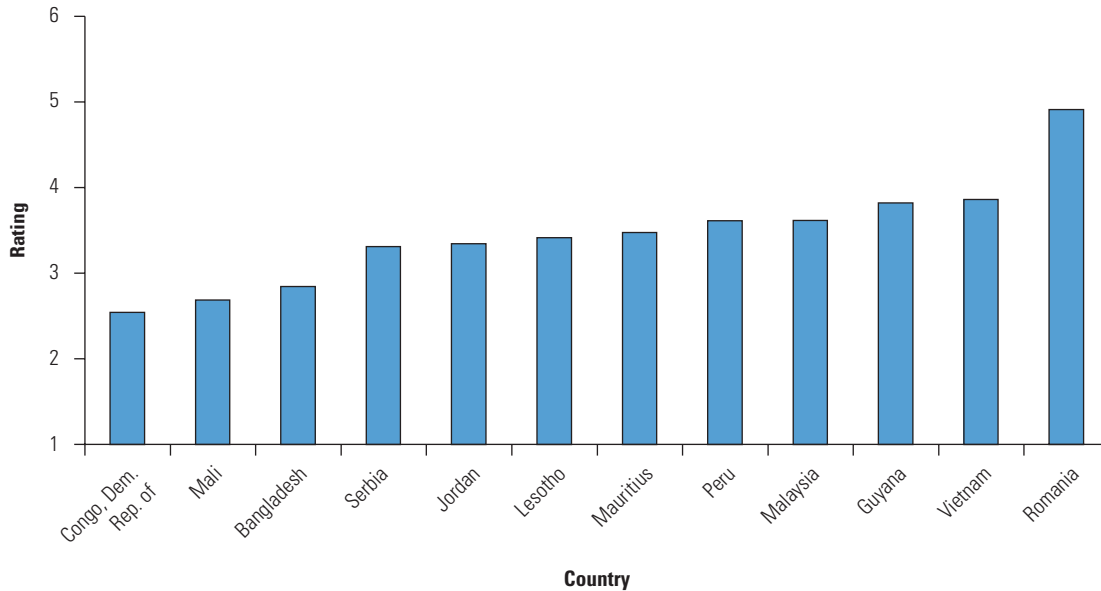
Note: Responses presented for country reviews are those of in-country stakeholders and exclude those of TTLs. Ratings scale is from 1 to 6, with 1 denoting “no extent” and 6 denoting “great extent.” ESW = economic and sector work; TA = technical assistance.

into the respective countries. A civil society representative indicated that people listen to the Bank regarding new conceptual frameworks (the example was education) in Jordan.

Bank ESW was also credited with introducing new thinking, ideas, and terminology into countries. In Peru, the Bank is seen as the premier institution for guiding development thinking and bringing new ideas to the country. In Romania, the translation of the Challenges of EU Accession in Romanian Agriculture TA into Romanian provided the Ministry of Agriculture with the Romanian equivalents of EU technical agricultural terminology. In Vietnam, a private sector representative claimed that a significant portion (70 percent) of the country’s knowledge of the key terms of market economy comes from the World Bank.

In some countries, although there were clear instances of knowledge transfer, sometimes the effects were not spread across sectors or did not go far enough. In the Democratic Republic of Congo, the Public Financial Management TA transferred a substantial amount of knowledge concerning budget processes, techniques, nomenclatures, and improved accounting procedures. However,

Figure 4.8: Ratings on the Extent to Which ESW Stimulated Public Debate, from In-Country Stakeholders in Country Reviews



Source: IEG country reviews.

Note: Rating scale is from 1 to 6, with 1 denoting “no extent” and 6 denoting “great extent.” ESW = economic and sector work.

Box 4.3: Some Country-Specific Factors Affecting the Extent to Which ESW and TA Stimulated Public Debate

In Vietnam, within-country differences in capacity affected the extent to which ESW and TA stimulated public debate. A private sector representative noted that although greater government capacity over the past few years has made it much easier for the private sector to argue with the government about its role in the economy, many in the media still do not understand microeconomic and macroeconomic issues.

For Romania, its transition from a formerly closed society was an important factor, as in-country stakeholders are particularly appreciative of the opportunity to debate issues publicly.

For Serbia, the transition factor did not apply. Government officials often agreed to recommendations of ESW, which obviated the need for public debate.

In Bangladesh and Jordan, the Bank has a relatively negative image. Most respondents in Bangladesh did

not believe that the media reporting on ESW—or the public debates that were sometimes stimulated—helped change the perceptions or influence the views of key stakeholders. Often the effect was not constructive, and civil society continues to carry a negative image of the Bank’s work. In fact, given the generally negative perception of the Bank in civil society and among think tanks (not always for reasons of merit but ideological), such debate may actually scare the government from pursuing reforms.^a

In Jordan, the Bank is generally not very popular with the media, Parliament, or the political parties, as it is perceived to have imposed conditions on the country. One example is with respect to privatization, which is perceived to have led to higher unemployment. However, even in Jordan, there were some positive examples of ESW stimulating public debate (see table 4.5).

Source: IEG country reviews.

a. From an interview with a former senior public official.

Table 4.5: Selected Examples of ESW and TA Stimulating Public Debate

Country	Tasks	Effects
Jordan	AML/CFT	Stimulated debate in the media on AML regulations.
	FSAP	Stimulated debate within the insurance sector.
	Corporate Governance ROSC	Led to the posting of the draft corporate governance code on the Internet, which stimulated debate.
	Doing Business	Stimulated discussion/argument/debate and resulted in the Ministry of Industry and Trade taking into account the recommendations and reducing the number of days for doing business.
Romania	Anticorruption ESW, Anticorruption Diagnostic TA	In-country stakeholders valued the approach that the Bank took, which was to present objective information and based on it, initiate a public debate. In turn, the opening of the issue of corruption to public debate led to the institutionalization of anticorruption efforts within the broadly defined government (for example, asset declaration for politicians).
	CEM, Public Expenditure Management (ESW), and PEIR	Through public outreach, helped spread awareness of policy and implementation gaps that were slowing down EU accession.
Vietnam	Doing Business	Widely reported in the media, which helped the private sector raise its voice.
	PER	Disagreements over its findings on the irrigation sector led to a lot of discussion inside the government and among researchers.

Source: IEG country reviews.

Note: AML/CFT = Anti-money laundering and combatting the financing of terrorism; CEM = Country Economic Memorandum; ESW = economic and sector work; EU = European Union; FSAP = Financial Sector Assessment Program; PEIR = Public Expenditure and Institutional Review; PER = Public Expenditure Review; ROSC = Report on the Observance of Standards and Codes; TA = technical assistance.

Stakeholders particularly appreciated learning new concepts, new thinking, and new terminology through ESW.

the TA focused on a small group of technical staff in the Ministry of Budget. There has been no political buy-in and little dissemination beyond the target group. As a result, although the budget processes have improved, an in-country stakeholder indicated that the Democratic Republic of Congo is “still a long way from achieving budgetary discipline.”

In Mali, a substantial amount of knowledge concerning the preparation of annual PERs, budget processes and techniques, improved accounting procedures, multiyear public expenditure frame-

works, and improved transparency in public financial management was transferred as a result of formal TA (PER TA)—but also especially informal TA provided by the Bank and other donors. Although

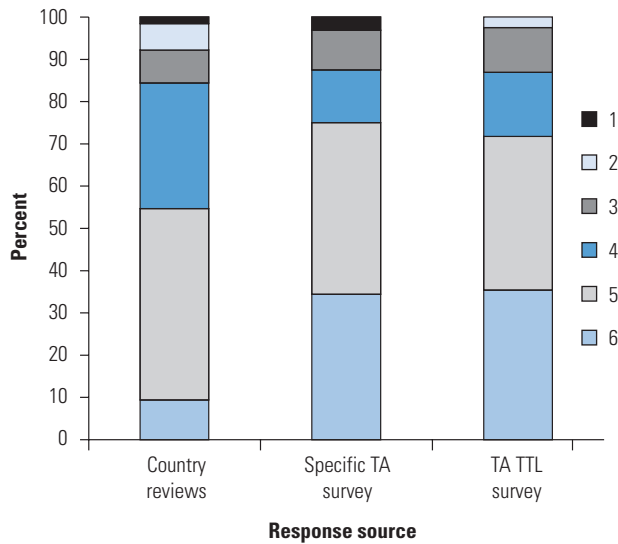
In some cases, knowledge transfer did not spread across sectors or go far enough.

the knowledge transfer has occurred widely within the Ministry of Finance, the perception of representatives from this ministry as well as of donors was that more needed to be done for the sectoral ministries.

Influencing the Development Community⁷

There was a disparity in views on this objective from the different sources, with donors that were interviewed giving lower ratings than donors that were surveyed (figure 4.11). Specifically, less than 60 percent of the donors that provided ratings from the country reviews gave ratings of 4 and higher, compared with between 70 and 90 percent of the donors from the two surveys (specific ESW survey and the ESW/TA user survey). ESW TTLs who were surveyed also gave higher ratings for this objective, with nearly 70 percent giving ratings of 4 and higher.

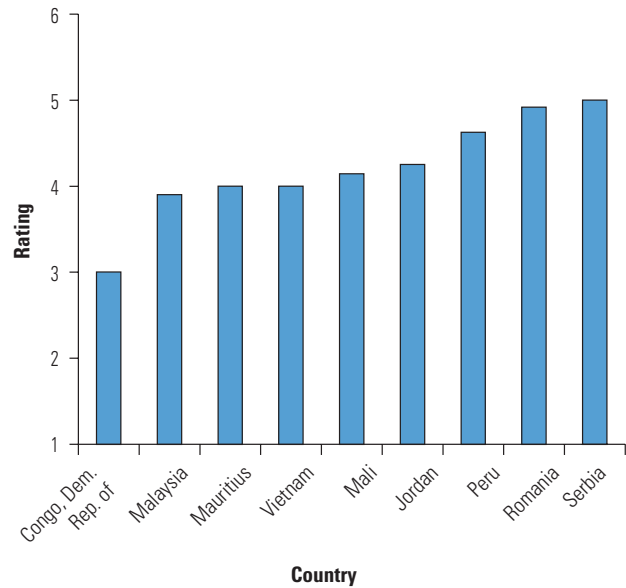
Figure 4.9: Ratings on the Extent to Which TA Facilitated Knowledge Exchange, by Shares of Respondents from Different Sources



Source: IEG surveys and country reviews.

Note: Responses presented for country reviews are those of in-country stakeholders and exclude those of TTLs. Rating scale is from 1 to 6, with 1 denoting “no extent” and 6 denoting “great extent.” ESW = economic and sector work; TA = technical assistance; TTL = task team leader.

Figure 4.10: Ratings on the Extent to Which TA Facilitated Knowledge Exchange, from In-Country Stakeholders in Country Reviews



Source: IEG country reviews.

Note: Rating scale is from 1 to 6, with 1 denoting “no extent” and 6 denoting “great extent.” TA = technical assistance.

Although the fewest ESW specified this as an objective (see chapter 1), this belies the effects of ESW on this objective. In particular, in response to the question on the specifics of how the ESW was used, more than half of all respondents (not just the donors) to the specific ESW survey indicated that the ESW on which they were being surveyed was used by donors. The same share was found from the specific TA survey, when influencing the development community was not even a stated objective of TA.

In 4 of the 10 countries for which donors provided ratings, donors gave ratings of below average (that is, below 3.5): the Democratic Republic of Congo, Mali, Mauritius, and Vietnam (figure 4.12). The low ratings stem from a variety of country-specific reasons, including donor fatigue (in the Democratic Republic of Congo), donors already having large programs aligned with government priorities (Mali and Vietnam), the lack of dis-

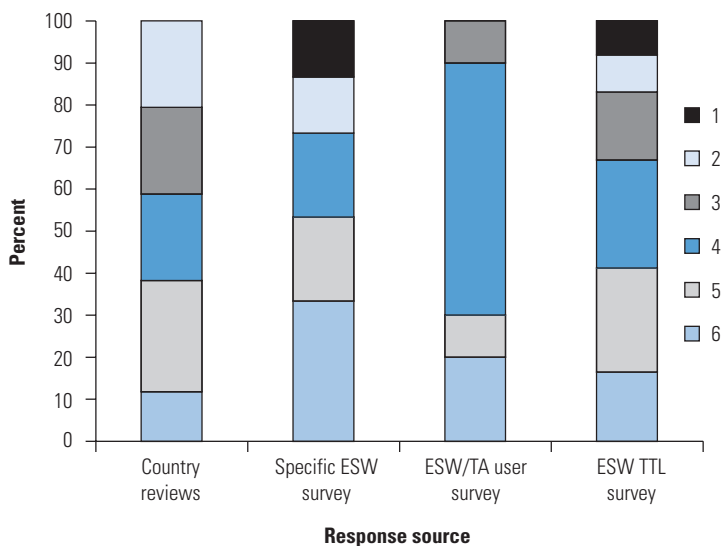
semination of certain Bank ESW (Vietnam), and Bank ESW not being done in areas of donor interest (Mauritius).

Even in countries where donors gave below average ratings on this objective, there were divergent views among donors, as well as specific examples of ESW having effects. In Mauritius, for example, where several donors gave below average ratings of 3, one gave a relatively high rating of 5 (the European Commission). Even the donor that gave below average ratings—the French Development Agency—provided specific examples of ESW informing its activities. The same applies to Mali, where, despite generally low ratings for this objective, one donor (European Commission) cited a specific example of Bank ESW having an effect. There were also examples of TA influencing the development community, although this is not a stated objective for

More than half of all survey respondents indicated that ESW was used by donors.

ESW had effects even in countries where donors gave below average ratings on this objective.

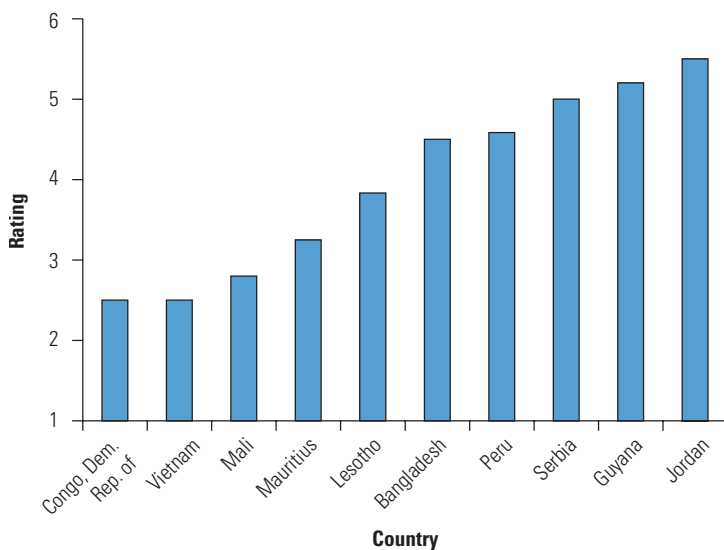
Figure 4.11: Ratings on the Extent to Which ESW Influenced the Development Community, by Shares of Donors from Different Sources



Source: IEG surveys and country reviews.

Note: The rating scale is from 1 to 6, with 1 denoting “no extent” and 6 denoting “great extent.” ESW = economic and sector work; TA = technical assistance; TTL = task team leader.

Figure 4.12: Ratings on the Extent to Which ESW Influenced the Development Community, from Donors in Country Reviews



Source: IEG country reviews.

Note: Rating scale is from 1 to 6, with 1 denoting “no extent” and 6 denoting “great extent.” ESW = economic and sector work. The rating for Jordan is from only one donor.

TA. Some of the specific effects of ESW influencing the development community are presented in box 4.4.

In addition to specific effects, donors also highlighted some general effects of ESW on their activities. First, Bank ESW has created significant awareness of issues that did not exist before, and donors have subsequently gotten involved in areas they had not previously considered. Second, Bank ESW provided intellectual leadership for reform priorities in countries. Third, Bank ESW sometimes provided the empirical and intellectual cover for activities that donors wished to engage in anyway.

Other Effects

In addition to examining the various stated objectives, the country reviews also found that ESW and TA had other effects. These included (1) effects that went beyond the specific country for which they were intended (regional effects); (2) effects that went beyond the client governments (toward which the ESW and TA were mainly directed) to the private sector, civil society, and local researchers and academia; (3) creation of informal networks between Bank staff and government officials; and (4) monitoring of country economic conditions.

Regional effects

The Real Time Gross Settlement System Initiative TA for Mauritius is now being replicated all over Africa, and the Mauritians are sharing their experience with respect to the Aid for Trade TA with others in the Region. The Jordan Mortgage Refinance Company, established with the assistance of the Mortgage Market TA, is providing a model for other countries in the region (the Arab Republic of Egypt and Pakistan). The Jordan AML/CFT Assessment, which was released in an Organisation for Economic Co-operation and Development working group hosted by Jordan, has affected other countries in the Region that attended the meeting.

The Regional Conference on Investment Climate and Competitiveness ESW in Malaysia seemed to have created a sense of urgency in other South-east Asian countries about the need for policy

Box 4.4: Selected Examples of Bank ESW Influencing the Donor Community

This box highlights some examples of Bank ESW influencing donor activities. More examples of Bank ESW and TA having such effects are in appendix E.

Guyana provides many examples of Bank ESW influence on donor activities, the CFAA prominent among them. The U.K.'s Department for International Development indicated that it started working on procurement issues because of the CFAA. The CFAA was one of the three conditions required for eligibility for the European Commission's poverty-reduction budget support. The IMF used the CFAA to track debt relief conditions for heavily indebted poor countries. The report also informed the Inter-American Development Bank's Technical Cooperation Project on Strengthening the Auditor General's Office.

In Jordan, following the PER, the German Agency for Technical Cooperation and the United States Agency for International De-

velopment provided funding for improving budget management. The latter agency used the FSAP as a blueprint for supporting the implementation of the Prompt Corrective Action Framework and the Corporate Governance of Banks.

In Mauritius, following the Transport Action Plan and the PER, the French Development Agency mobilized additional resources for and shifted its priorities toward the transport sector. The European Commission provided additional budget support through cofinancing the Trade and Competitiveness DPL because of the CEM. The recommendations in the CPAR provided conditions for European Commission financial support.

In Mali, the Transport Support to Sustainable Economic Growth ESW led to increased funding by the European Commission for the road subsector; the Commission agreed to directly finance routine road maintenance for the first time.

Source: IEG country reviews.

changes to maintain competitiveness. Thailand, in particular, has asked for a second round of competitiveness analysis following this work.

Influencing private sector investment

In Lesotho, the value chain studies that were part of the PSD Strategy have influenced private sector decisions. In Malaysia, the Corporate Governance ROSC gave foreign fund managers an independent assessment of the level of corporate governance in Malaysia and reiterated Malaysia's readiness to receive foreign funds. Had this same information come from the government, the investment community would have believed it less. The report has also helped validate the assessment of the Malaysia Stock Exchange. In addition, the California Public Employees' Retirement System (one of the largest pension funds in the world) uses it as a secondary source to confirm local information.

In Vietnam, the Corporate Governance ROSC has helped enhance the knowledge of the foreign investment community on the situation in Vietnam. The Vietnam Development Reports have had substantial effects on foreign investors. In

Peru, the country's ranking in *Doing Business* is seen as having an impact on investors' decisions. The Sierra Rural Development Strategy is viewed as having spurred private investment in Sierra.

Informing and influencing civil society

The Accountability in Social Sectors ESW in Peru appears to have generated interest in education issues among civil society organizations (CSOs), academia, and the private sector. In Mauritius, the Mauritius Employers Federation uses ESW to inform its own research and to advocate for policy changes in key areas such as pension reform.

Bank ESW has also helped improve relationships between in-country stakeholders. For instance, the Corporate Governance ROSC in Malaysia has helped improve relations among CSOs, shareholders, activist groups, and the government. In Peru, ESW has facilitated the bringing together of stakeholders from different groups with different positions by presenting a neutral piece of analysis that groups can react to.

Some effects went beyond the intended country to influence the wider Region.

Some effects went beyond the client government to influence private sector investment, civil society, and research.

Supporting local research and academia

In Mauritius, the Labor Market Review generated debate on minimum wages and provided ideas for future research among local researchers. The Mauritius CEM is used as a reference for analysis by academics. A professor at the University of

Guyana uses that country's PER for research purposes. The Regional ESW *A Time to Choose: Caribbean Development in the 21st Century* (World Bank 2005d) is almost a textbook at the same university.

Informal networks

The process of undertaking ESW and TA has also led to the creation of informal networks through interactions between Bank staff and government officials. In both Peru and Serbia, government officials indicated that when relationships are developed with Bank experts, they can call on them for advice and information or for help in supporting a position in a policy discussion.

Monitoring

Some countries and organizations appreciate the monitoring function that Bank ESW provides. For instance, it was mentioned in Mauritius that ESW provides an assessment of how well Mauritius is doing, which helps keep the country on track. The coffee sector review for Vietnam provided the International Coffee Organization with information it had been unable to obtain. In contrast, countries that have more capacity and resources, such as Malaysia, would not benefit as much from this function, because there are many sources (local and international) that provide this monitoring service.

Some ESW and TA helped create informal networks and contributed to better economic monitoring of the country.

In Lesotho, Bank ESW is generally important for research. In Vietnam, researchers and undergraduate and postgraduate students use the PERs, and universities have included many PER topics in their curricula. In Peru, Bank reports are used for degree programs at universities. Universities and local think tanks (in addition to the government) depend on Bank studies to develop their own analyses; studies that generate hard data such as the ICA and the Municipal Debt ESW were found to be particularly useful in this regard. Furthermore, in Peru, when local researchers participate in World Bank research, they are taken more seriously.

Chapter 5

Evaluation Highlights

- In-country stakeholders generally rated ESW and TA high for technical quality, the dimension on which task team leaders focused their efforts.
- Partnership with clients in the production of ESW and TA received some of the lowest ratings.
- Whether tasks are requested by clients or not did not matter for the achievement of objectives, although clients still needed to be genuinely interested in the tasks for them to be effective.
- Dissemination was rated lowest by stakeholders and task team leaders—sustained follow-up through lending or nonlending TA had greater effects than dissemination.
- Several additional dimensions were found to be important—provision of a menu of policy options, adequate resources, timeliness, and engaging ministries other than finance.



In Lesotho, a World Bank health sector report informed the planning and implementation of a health project.
Photo by Curt Carnemark, courtesy of the World Bank Photo Library.

Factors Influencing the Effectiveness of ESW and TA

This chapter assesses how the different dimensions of ESW and TA affected the extent to which objectives were met. These dimensions are technical quality, partnership with clients, origination (relevance), and dissemination (see chapter 1). The findings are based on the country reviews and the various surveys. The chapter also reports on the other dimensions that the country reviews and surveys found important for enhancing the effects of ESW and TA.

Technical Quality

Of the five dimensions of ESW and TA this evaluation asked in-country stakeholders to rate, technical quality was among the most highly rated (table 5.1). Those relatively high ratings validate QAG ratings on internal quality (see chapter 2).¹ Overall, in-country stakeholders' ratings on the technical quality of ESW and TA significantly and positively correlate with their ratings on the extent to which every ESW and TA objective has been met.²

The relatively high ratings for technical quality—as well as the positive and significant correlation between these ratings and ratings of the effects of ESW and TA—indicate that the perceived high quality of those tasks has been important for achieving effects in the Bank's client countries.³ This is confirmed by in-country stakeholders, who, when asked to rank the importance of the five dimensions of ESW and TA for enhancing their effects, on average gave rankings of 2 (second to the top) to technical quality (table 5.2). *There does not seem to be a large difference between in-country stakeholders in IBRD versus IDA countries with respect to the importance they give to technical quality.*

In-country stakeholders widely acknowledged the high technical quality of Bank ESW. Even those who were critical of the role and influence of the Bank admitted that the technical quality of the reports was good. Donors in Bangladesh were especially appreciative and believed the Bank's ESW was professional and trustworthy. Stakeholders in Romania noted that the Bank's comparative advantage is in accumulating practical knowledge and experience from many different countries.

Hence, the Bank's effectiveness in providing ESW and TA is heavily dependent on its reputation for technical expertise, based on its involvement in a variety of countries. Without this reputation, the Bank's effectiveness would be greatly reduced. In Serbia, demand for ESW and TA from in-country stakeholders was primarily based on the reputation of Bank staff for experience, technical competence, and willingness to work on local priorities.

There were a few dissenting comments, however. In particular, some stakeholders in Bangladesh criticized the Bank's work as dogmatic, ideological,

Stakeholders generally gave high ratings to ESW and TA technical quality, which is correlated with the extent to which the tasks met all their objectives.

Table 5.1: Average Ratings of In-Country Stakeholders on Various Dimensions of ESW and TA

Dimension	Country reviews	Specific ESW user survey	Specific TA user survey	ESW/TA user survey
Technical quality	4.8	4.8	4.9	4.8
Relevance	4.5	5.4	5.2	4.6
Timeliness	3.9	4.4	4.5	4.2
Partnership with clients	3.6	4.5	4.5	3.7
Dissemination	3.4	4.6	4.9	4.3

Source: IEG surveys and country reviews.

Note: Ratings are on a six-point scale, with 1 being low and 6 being high; 4 is slightly above average, and 3 is slightly below average. The same rating scale is used throughout this chapter. ESW = economic and sector work; TA = technical assistance.

Table 5.2: Average Rankings of In-Country Stakeholders on the Importance of Various Dimensions of ESW and TA for Achieving Objectives

Dimension	Country reviews			Specific ESW user survey			Specific TA user survey			ESW/TA user survey		
	All	IBRD	IDA	All	IBRD	IDA	All	IBRD	IDA	All	IBRD	IDA
Technical quality	2	1	2	2	3	2	2	2	2	2	2	2
Relevance	1	2	1	3	1	3	4	3	3	3	3	3
Partnership	3	3	3	1	2	1	1	1	1	1	1	1
Timeliness	4	4	4	4	4	4	3	3		5	5	4
Dissemination	5	5	5	5	5	5	5	5	4	4	4	5

Source: IEG surveys and country reviews.

Note: 1 is the top rank. ESW = economic and sector work; IBRD = International Bank for Reconstruction and Development; IDA = International Development Association; TA = technical assistance.

and predictable, consistent with its “neoliberal” paradigm. Others said that Bank reports were more useful in analyzing the state of a particular sector than in providing innovative solutions to known problems, that the reports were too long, and that sometimes analysis was too sophisticated and difficult for the government to absorb. Some in-country stakeholders in Peru criticized the one-size-fits-all approach, which they indicated the Bank could address by partnering with local counterparts. In-country stakeholders in Lesotho and Peru mentioned the need for higher quality

Some stakeholders criticized the Bank’s ESW and TA, and some Bank staff indicated that quality could be better.

consultants, as some Bank consultants did not have the requisite knowledge for particular tasks, which hurt the Bank’s credibility.

Some Bank staff interviewed during the country reviews indicated that the technical quality of Bank ESW and TA could be higher. Many TTLs working on the Democratic Republic of Congo commented on the acute budget constraints in the Sub-Saharan Africa Region, which contradict the institutional imperative to produce high-quality work. This evaluation also found that Sub-Saharan Africa had the lowest average cost for country-specific ESW of all Regions. It also found a positive correlation between the cost and quality of tasks in the Region. This Region also had the lowest QAG internal quality ratings for country-specific ESW of all Regions.⁴

TTLs working on Romania indicated that the Bank should require higher technical standards, which had sometimes taken a back seat to timeliness.

TTLs working on Serbia echoed this, indicating a need to improve the review process so it focused more on quality and less on deadlines and a need to improve the budgeting of time for the work. A TA TTL working on Peru suggested that TA is not subject to the same quality control as ESW.

The generally high ratings on technical quality from all sources (inside and outside the Bank) are consistent with efforts exerted by TTLs. In the context of the country reviews, when asked to rank the various dimensions on which they had exerted efforts, ESW TTLs gave the top rank to technical quality (table 5.3). This finding is validated by the findings of the survey of ESW TTLs, who also, on average, assigned the first rank to technical quality when asked the same question. Specifically, more ESW TTLs (44 percent) gave the first ranking to technical quality than to other dimensions.

The situation was slightly different with TA TTLs. When asked to rank the various dimensions on which they had exerted efforts in the context of the country reviews, they gave equal rankings to technical quality and relevance, on average. For the same question in the survey of TA TTLs, however, relevance was ranked over technical quality (which was ranked second).

The focus on technical quality by TTLs reflects their perceptions of the incentives they face in the Bank. ESW and TA TTLs interviewed for the country reviews—as well as those who responded to the surveys—gave, on average, the highest rating for incentives they face within the Bank to delivering a product with high technical quality (tables 5.4 and 5.5).

Partnership with Clients

The Bank encourages partnership with national counterparts in the production of ESW as a means of building national capacity. Among the various dimensions of ESW and TA that in-country stakeholders were asked to rate, partnership in production with clients received among the lowest ratings in all the different sources of information (country reviews and electronic surveys; see table 5.1).

The in-country stakeholders' ratings on partnership in production with clients are significantly and positively correlated with their ratings on the extent to which the various ESW and TA objectives were met.⁵ This implies that the perception of partnership in production is correlated with the perception of effects of ESW and TA.

The generally high ratings on technical quality are consistent with the efforts exerted by TTLs.

Partnership with clients in the production of ESW and TA received among the lowest ratings.

Table 5.3: Rankings of Efforts by TTLs

Dimension	Ranking of efforts by ESW TTLs		Ranking of efforts by TA TTLs	
	From country reviews	From ESW TTL survey	From country reviews	From TA TTL survey
Technical quality	1	1	1	2
Relevance	2	2	1	1
Partnership with clients	4	3	4	3
Politically supportable recommendations	3	5	3	5
Menu of options	5	4	6	4
Timeliness	6	7	5	7
Dissemination	7	8	7	6
Shorter and more narrowly focused	8	6	na	na
Translation	9	9	na	na

Source: IEG surveys and country reviews.

Note: 1 is the top ranking. ESW = economic and sector work; na = not applicable; TA = technical assistance; TTL = task team leader.

Table 5.4: Ratings and Implied Rankings of Incentives Perceived by ESW TTLs

Dimension	Ratings of incentives		Implied rankings of incentives ^a	
	From country reviews	From ESW TTL survey	From country reviews	From ESW TTL survey
Technical quality	4.6	4.6	1	1
Relevance to Bank operational teams	4.1	4.5	2	2
Relevance to clients	4.1	4.3	2	3
Menu of options	4.0	4.0	4	4
Timeliness	3.8	4.0	5	4
Politically supportable recommendations	3.6	3.7	6	6
Dissemination	3.2	3.3	7	7
Relevance to other donors	3.0	3.1	8	8
Relevance to other stakeholders	3.0	3.1	8	8
Partnership with clients	2.9	2.9	10	10

Source: IEG surveys and country reviews.

Note: The rating scale is from 1 to 6, with 1 denoting “no extent” and 6 denoting “great extent.” ESW = economic and sector work; TTL = task team leader. a. 1 is the top rank.

Table 5.5: Ratings and Implied Rankings of Incentives Perceived by TA TTLs

Dimension	Ratings of incentives		Implied rankings of incentives ^a	
	From country reviews	From TA TTL survey	From country reviews	From TA TTL survey
Technical quality	4.3	4.6	1	1
Politically supportable recommendations	3.8	3.7	2	3
Menu of options	3.7	3.7	3	3
Timeliness	3.4	3.9	4	2
Dissemination	3.3	3.5	5	5
Partnership with clients	3.2	3.1	6	6

Source: IEG surveys and country reviews.

Note: The rating scale is from 1 to 6, with 1 denoting “no extent” and 6 denoting “great extent.” TA = technical assistance; TTL = task team leader. a. 1 is the top rank.

However, findings from the specific ESW survey indicate that *actual* partnership in production with clients did not matter for the effects. Specifically, in-country stakeholders responding to the survey did not rate the effects of ESW that had a partner significantly higher than ESW that did

not. The information on whether the ESW had a partner came from the responses of TTLs to the ESW TTL survey and was applied, for the same specific task, to the responses to the specific ESW survey. In the TTL survey, partnership in production was specified to entail substantial comments on

the concept paper, data collection and analysis, writing background papers, writing sections of the ESW, and providing substantial comments on the draft report.

These seemingly contradictory findings indicate that what partnership means to the in-country stakeholders may not necessarily be actual production of (part of) the tasks in the ways specified in the previous paragraph. This is corroborated by findings from the country reviews. Those findings indicate that a variety of partnership approaches were equally effective and did not always entail actual production of parts of the task (see next section). What is important is working closely with clients to ensure that they are part of the process and that they assume ownership of the task, which entails close collaboration from task initiation to the formulation of conclusions and recommendations.

The country reviews found that the capacity level of the country did not affect the desire for partnership or for partnership to have positive effects. In countries that have the capacity, such as Malaysia and Serbia, partnership is a given. The Malaysian government was involved in the production of all four (of eight) ESW tasks that it had either requested or wanted.

In countries with lower levels of capacity, such as Vietnam, the government is interested in partnering with the Bank, as it wants to learn to do things itself. The Vietnam PERs are now done on a fully joint basis; Poverty Assessments are done completely by the Vietnamese themselves; and background papers and chapters for the Vietnam development reports are subcontracted to local researchers.

In the Democratic Republic of Congo, where many ESW tasks received low ratings for informing policy (ratings of 2 and 3), partnership appeared to have been essential for those ESW that had effects. The three ESW that were given high ratings (ratings of 5 and 6 for ESW in the forestry, education, and health sectors) all fully involved the government in various ways.

In Bangladesh, in-country respondents indicated that involvement of local partners would not only help build local research and analytical capacity, but would also help develop a sense of ownership that was important for implementing changes. Several respondents were prepared to trade some decline in technical quality for increased local partnership.

Lesotho was the only country of the 12 reviewed that is not seeking more partnership in production because of capacity constraints. One high-level government official indicated that the quality of the product could be compromised if they do not have the right people to partner with the Bank.

These findings from the country reviews are corroborated by the high ranking that in-country stakeholders gave to partnership (relative to other dimensions) for enhancing the effects of ESW and TA. Stakeholders in both IBRD and IDA countries across the different sources of information value partnership similarly (table 5.2).

The degree of partnership with clients that is important for enhancing the effects of ESW and TA differs. It could involve writing parts of the report or just close collaboration from task initiation through formulation of conclusions and recommendations. Box 5.1 presents examples from the country reviews of the different approaches to partnership with clients that have worked.

Although most of the examples of partnership in the country reviews were partnerships with the government, other partners also contributed to enhancing the effects of ESW and TA. In Romania, partnership with donor agencies improved the technical quality of ESW. Partnerships with other international institutions have also enhanced the effects of the ESW by giving the product stronger backing and hence commanding greater attention from the government. This was the case in Peru, where

Partnership with clients in the production of ESW and TA is correlated with the perceived effects of ESW and TA.

The findings suggest that stakeholders' understanding of partnership does not necessarily mean actual involvement in the production of the tasks.

Countries of a wide range of capacity desire partnership with the Bank in ESW and TA. Several approaches to partnership were equally effective, depending on country conditions.

Box 5.1: Nature of Partnerships with Clients: Examples from Country Reviews

In the Democratic Republic of Congo, in a review of the forest sector (perhaps the most successful ESW in the Democratic Republic of Congo in terms of informing policy during the evaluation period), the government collaborated with Bank staff from beginning to end, including participation in substantive drafting of the report. For the *Education in the Democratic Republic of Congo: Priorities and Options for Regeneration* (World Bank 2005b), which also received high ratings for informing policy, the counterpart in the Ministry of Education was kept informed of the progress of the study at all stages, with international consultants regularly discussing the substance of the report with the counterparts. For the country status report on health, nutrition, and population, another highly rated ESW for informing policy, the counterpart in the Ministry of Health indicated that he coordinated the study himself and directly supervised the work of the international consultants.

In Mauritius, partnership was generally understood to be part of the production team, from the conceptualization of the reports to the formulation of recommendations. Partnership does not necessarily entail writing a section of a report or producing the TA. For the Aid for Trade TA, partnership for a senior government official

meant having the Bank team sit with the government team to define the competitiveness strategy—that there was “engagement.” For the ICA, partnership meant close collaboration in defining the study and the derivation of recommendations through a wide consultative process.

For Malaysia, partnership entailed collecting and providing the data and making substantive comments on the concept papers (as well as on the draft report in two cases). Partnership also entailed the government contributing financially to the tasks: it paid for the firm-level survey for the ICA, paid the cost of consultants from foreign universities for the Assessing Fiscal Incentives ESW, and funded the Regional Conference on Investment Climate and Competitiveness (an ESW).

Even Lesotho, which was not eager to seek more partnership because of its capacity constraints, partnered with the Bank for the PSD strategy, for which the government took ownership and organized a three-day PSD forum. In addition, the government created working groups composed of government, civil society, and private sector representatives to work on follow-up implementation and project preparation.

Source: IEG country reviews.

In some cases, partnerships with institutions other than the government contributed to enhancing the effects of ESW and TA.

joining forces with the Inter-American Development Bank (on the PER and the CPAR) and the IMF (on the FSAP) helped. It was also the case in Guyana, where a government official indicated that the consistency of recommendations across donors enhances the effects of ESW.

Engendering partnership with clients: Examples from country reviews

Partnership with the government is obviously facilitated if there is a champion in the government for the task. This was the case for the FSAP and associated reports in Mauritius, the Gender Assessment and the ESW and TA in the education sector in Jordan, a review of the forest sector in the Democratic Republic of Congo, and the PSD Strategy in Lesotho. In all these cases, a high-level government official championed the reports.

Partnerships with the government are facilitated where there is a government champion for the task.

Where champions do not already exist, the Bank could try to cultivate them, as it did for the forest sector review in the Democratic Republic of Congo. In this case, the Bank deliberately took a very partnership-oriented approach from the beginning, not only with the government but also with other stakeholders (local and international CSOs, the logging companies, and donors). This was necessary, as the objective of the ESW was not just to fill in knowledge gaps and provide the analytical underpinning for future lending, but also to gain consensus on an extremely controversial topic. This was very costly in both time and money—the task was completed with a delay of nearly two years.

Efforts and incentives

The lower ratings on partnership in production by in-country stakeholders are commensurate with the efforts exerted by TTLs on this dimen-

sion, which in turn reflect the low incentives they perceive for partnership in production with clients in the Bank. In terms of exertion of efforts, TTLs ranked partnership after technical quality and relevance in the country reviews and the surveys (table 5.3). They also gave the lowest (and a below average) rating to the incentives they face within the Bank with respect to exerting efforts on partnership (tables 5.4 and 5.5). Given that TTLs did not rank partnership the lowest in terms of where they exerted efforts, it appears that *TTLs actually put more effort into partnership compared to the incentives for such efforts in the Bank.*

This suggests that TTLs consider partnership important and would invest more effort in this area if they were given the resources and recognition for it. In Lesotho, six of nine TTLs mentioned partnership as one of their three top concerns, even though the government is not seeking more partnership. One TTL working on Lesotho said that Bank staff in general pay more attention to comments by other Bank staff than to comments from the client government.

Origination

The main indicator of relevance for ESW and TA lies in the circumstances under which such work is initiated, that is, whether it originates with the client (demand driven) or with the Bank (supply driven). Whether the ESW and TA were requested by the client generally did not make a significant difference to the extent to which the various ESW and TA objectives had been met. This was the finding from the specific ESW and TA surveys,⁶ as well as from the country reviews.

The specific ESW survey revealed that whether the task was client requested or not was not significantly associated with in-country respondents' ratings on the extent to which the ESW informed policy, built capacity, or influenced donor activities. The only ESW objective for which the origination of the task seemed to matter was stimulating public debate. On this objective, in-country respondents gave, on average, a somewhat higher⁷ rating of 4.8 to tasks that were requested by the government than to tasks that were not (4.4 rating).

The specific TA survey also showed that whether the task was client requested or not was not significantly associated with in-country respondents' ratings on the extent to which TA strengthened institutions or facilitated knowledge exchange. The TA objective for which the origination of the task seemed to matter was implementing policies/programs. For this objective, in-country respondents gave, on average, a higher⁸ rating of 4.8 to tasks that were requested by the government than to tasks that were not (4.0 rating).

In 3 of the 12 countries reviewed, there were indications that the effects of ESW and TA were enhanced when the clients had requested the work. For the other nine countries, whether the tasks were client requested did not appear to have influenced the effects of the tasks. In fact, there are many examples of tasks not requested by clients that had significant effects (as highlighted in chapter 4), such as the IDA-mandated CPAR, ICA, and PER. The FSAP also had significant effects (as indicated in chapter 4), and although the FSAP needs to be officially requested by the authorities, the country reviews indicated several instances where FSAPs were undertaken at the urging of the Bank or the IMF.

In Romania, the extent to which ESW achieved its objectives had little relation to whether the ESW were demand or supply driven. Instead, the key determinants were the political conditions in the country and the country's receptivity to implementing reform, which was driven by the EU accession process.

Similarly in Serbia, the main determinant of the extent to which ESW and TA achieved their objectives was receptivity on the Serbian side, which very much depended on the political situation in the country.

These findings from the country reviews indicate that ESW and TA did not always have to be demand driven to have effects, but where they were not

Where champions did not already exist, they could be cultivated through substantial efforts in collaborating with clients.

The lower ratings on partnership in production with clients reflect the efforts exerted by TTLs and the incentives for such efforts in the Bank.

Whether the client requested the ESW and TA did not significantly affect the extent to which objectives were met.

Where ESW and TA were not demand driven, genuine client interest in the tasks was important for them to have effects.

there was still genuine client interest in the task. For example, although the Bank proposed the ICA for Mauritius, the government took interest in it and contributed funds to cover the costs of hiring a local research company to collect firm data. In Malaysia, where the Bank proposed the Corporate Governance ROSC, the government was genuinely interested because it wanted an independent assessment of what its Securities and Exchange Commission had done.

Bank efforts can also engender client interest.

Client interest can also be generated by Bank efforts. In Mauritius, for example, the Bank engendered client interest by tailoring core diagnostics to meet government needs. For example, the CEM focused on competitiveness and the PER on ways to control the fiscal deficit—both issues of interest to the Mauritian government. Another example of tailoring mandated products that helped with impact was the Guyana CFAA, which had important effects because it was done as a strategic product rather than the descriptive product called for by the guidelines. In the Dem-

The Bank has a useful role in proposing topics for ESW and TA, drawing on its own knowledge and international experience.

ocratic Republic of Congo, client interest in the forest sector review was engendered by substantial Bank efforts in collaborating with the clients.

In-country stakeholders in both low- and middle-income countries indicated that the Bank has a useful role in proposing topics for ESW and TA, as the Bank can draw on its own knowledge and international experience to analyze and propose a vision for what is needed for the country. These views are presented in box 5.2.

Although government receptivity is important for tasks proposed by the Bank, government commitment to implementing tasks would likewise be important before the Bank undertakes tasks the government requests. In Jordan, for instance, some respondents indicated that the Bank should verify the need for the task (TA), including whether TA previously provided on the same subject had worked and whether other donors are doing the same thing. In the same vein, a donor in Bangladesh suggested that the government should first demonstrate that it recognizes the need for capacity building—such as spending its own resources on capacity building—before the

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Box 5.2: Views of In-Country Stakeholders on the Role of the Bank in Proposing ESW and TA

- In Guyana, some government officials indicated that the Bank can identify the driving forces of the economy, including those stemming from international trends (such as the international trading regime for sugar). This is because the Bank is more detached and can identify areas that need to be studied that the country may not be able to.
- In Jordan, some respondents indicated that the Bank could come up with its own proposals of topics to study based on analysis of social and economic indicators in the country or developments in the region.
- In Lesotho, some respondents indicated that the Bank has a comparative advantage in identifying what needs to be done.
- In Mauritius, some respondents indicated that the Bank can provide a long-term perspective.
- In Peru, some respondents indicated that ESW and TA should not be too demand driven, as politicians have a short-term horizon, and the Bank with its international perspective can see problems that the Peruvians may fail to recognize. The Bank can put big issues on the agenda, then provide specific help to address the issue.
- In Romania and Serbia, respondents were interested in the Bank looking ahead and identifying what policies and issues would be important in the future (such as the prospective 2013 reform of the EU Common Agricultural Policy for Romania). Some respondents in Serbia were interested in more systematic identification of areas in which the Bank could have the strongest impact on growth, as well as areas related to EU accession.

Source: IEG country reviews.

Bank supplies it. This would provide some assurance that the government would use such capacities better.

Dissemination

Dissemination efforts for ESW and TA are among the dimensions rated lowest by in-country stakeholders (table 5.1). As with technical quality and partnership, ratings for dissemination efforts are significantly and positively correlated with ratings on the extent to which the various ESW and TA objectives were met.^{9,10}

Despite the relatively low rating for dissemination and the perception that dissemination efforts enhance the effects of ESW and TA, in-country stakeholders ranked dissemination near the bottom in terms of priorities for ESW and TA (table 5.2). This could be because dissemination (which conjures up a one-time event) by itself was not perceived to be important for enhancing the effects of ESW and TA. For example, a donor in Mali indicated that he found workshops that disseminated ESW a waste of time and money.

What has emerged from the country reviews as important for enhancing the effects of ESW and TA is sustained follow-up beyond dissemination. Sustained follow-up can take various forms. One of the most common forms is lending, which, as discussed in chapter 3, is one of the main channels through which ESW products have achieved their nonlending objectives.¹¹ Lending also helped with the effects of TA (not just of ESW). For instance, the Mauritius Aid for Trade TA was followed by the Trade and Competitiveness DPL to help implement the recommendations of the TA.

Follow-up funding has included not just lending from the Bank but also funding from other donors. In Jordan and Mauritius, the FSAP was followed by a multidonor grant from the Financial Sector Reform and Strengthening Initiative, which helped implement the recommendations. In Lesotho, many of the recommendations of the education sector study were implemented with the support of a grant from another multidonor initiative, the Education for All–Fast-Track Initiative Catalytic Fund.¹² Chapter 4 provides other ex-

amples of Bank ESW and TA informing donor activities.

Sustained follow-up can also take the form of nonlending TA, or just continuous dialogue (informal TA) for a period after the completion of the ESW. A very good example of nonlending follow-up leading to achievement of objectives was the AML/CFT for Jordan. The Bank TTL for the ESW followed up with continuous support, starting with a workshop, then with TA to assist in the drafting of new AML legislation. This led to new, improved draft AML/CFT legislation replacing older draft legislation in the Parliament.

Training workshops have also been important for achieving objectives in other instances, such as those that followed the poverty report in Jordan. A number of stakeholders in Serbia also proposed linking dissemination to training opportunities. In addition, respondents in Serbia indicated that to enhance impact, the Bank needs to commit to engage for the long haul. This sentiment was echoed in Bangladesh, where respondents indicated that short-term interventions (such as helping the government draft an Insurance Regulation Law) do not lead to sustained capacity improvement and that the Bank needs to provide constant support.

Another aspect of follow-up that has emerged from the country reviews as important is adequate capacity in the country office, in particular, relevant expertise that can provide TA to local counterparts. This issue was raised by several counterparts in Mali, who very much appreciated the support of the resident economist for the public financial management reform program, but indicated that they would like to see greater capacity in the country office to support other sectors also.

The issue is more acute in countries where the Bank has no country office. In Mauritius, for instance, the earlier absence of a country office¹³ limited Bank interactions mostly to the Ministry of Finance. This limited the knowledge of Bank

In-country stakeholders gave among the lowest ratings to dissemination of ESW and TA.

Sustained follow-up beyond dissemination is important for enhancing the effects of ESW and TA.

Follow-up can include lending as well as nonlending assistance or just continuing dialogue.

products in the sectoral ministries and among CSOs, a concern that was voiced not only by representatives of the sectoral ministries but also by those of the Ministry of Finance. A donor in Lesotho (where the Bank did not have a country office but has now stationed a senior country officer in the field) indicated that the influence of the Bank without having a physical presence is limited.

Finally, both in-country stakeholders and TTLs remarked on the need for more resources (staff time) for sustained follow-up. Stakeholders in Serbia also noted the lack of adequate resources for follow-up. A TTL working on Vietnam indicated that it is necessary to visit the country many times to create support for change, and this requires sufficient budget resources.

Adequate country office capacity is also important for follow-up.

Scope of dissemination

The Bank generally encourages broad dissemination of ESW and TA, which is often important for enhancing their effects. However, the country review findings indicate that the scope of dissemination associated with ESW and TA having effects ranged greatly. In some cases, dissemination narrowly targeted to the relevant counterparts resulted in important changes; in other cases, broad dissemination stimulated the public debate that spurred changes. In a few review countries, in-country stakeholders strongly believed that their government is too influenced by the Bank, such that broad dissemination could be counterproductive. It appears, therefore, that the scope of dissemination associated with effective ESW and TA depends on the country and the issue; it could even be different for different issues within the same country.

The scope of dissemination associated with effective ESW and TA varied.

Notable examples of ESW that had important effects despite limited dissemination are the FSAPs and the AML/CFT (see chapter 4 for examples of the effects of these products), although they are confidential and can only be released publicly with the consent of the authorities. There are also examples of ESW being similarly influential within the same country despite very different dis-

semination strategies. In Jordan, for instance, both the Corporate Governance ROSC and the PER were perceived to have great effects, although the PER was distributed only to the government and the ROSC was distributed much more widely. Also in Jordan, the Poverty Institutional Framework TA was perceived to have more significant effects than the Private Sector Participation and Regulatory Reform in the Jordanian Water and Sanitation Sector TA, although the latter was disseminated much more widely than the former.

In several instances, government interest had a much stronger effect than the Bank's dissemination efforts for ESW and TA. In Malaysia, for example, a typical sequence of events for influential ESW and TA was as follows: first, government interest led to the request for the ESW or TA, then intense internal debate within the government, then wide dissemination by the government itself. Government interest in the Regional Conference on Investment Climate and Competitiveness ESW was such that it actually provided funding for dissemination.

Similarly in Mauritius, the government was interested in the ICA, FSAP, and Aid for Trade TA and undertook their dissemination to help create broader support for reforms to which it was already committed. Another example is Lesotho, where the government requested the influential PSD Strategy, then took ownership of it after its completion and promoted it through a three-day private sector forum. In all these examples, government interest was key to the effects and dissemination, which the governments actually took charge of or funded.

The Malaysia example also indicates that there could be a difference between stimulating public debate and stimulating debate within the government, with the latter being more important for generating results. Another such example is the Impact of HIV/AIDS on Household Poverty TA in Lesotho. This TA was not publicized in the media, although it did influence the views of stakeholders.

In contrast, the country reviews also provided examples of wide dissemination enhancing the effects

of ESW and TA. In Peru, the TTL for the Evaluation and Design of Concessions ESW noted that wide dissemination in many different forums, including private sector ones, was a factor in its impact. In Guyana, the reports that had the greatest effects were those that came into the public domain, whether by design or not. For instance, the CFAA, which was meant to be confidential, was leaked to the press and resulted in important effects. In contrast, the ICA, which was not meant to be confidential but the release of which had been held up by the government, had less effect.

In the case of the forest sector review in the Democratic Republic of Congo, there was wide discussion and debate at various stages during its production. The efforts to reach a consensus among stakeholders (government, the logging industry, donors, and CSOs) on the conclusions and recommendations of the report delayed its completion by nearly two years. In the end, although it was impossible to satisfy all the parties (in particular, most of the logging industry and some CSOs), there was a strong influence on the views and actions of government, of nearly all donors, and of most CSOs.

Wide dissemination has also been useful for introducing new concepts. In Mauritius, for instance, the awareness campaign that accompanied the issuance of the corporate governance code (an outcome of the Corporate Governance ROSC) has filtered the concept into the minds of the population. In Jordan, the new corporate governance code (resulting from the Corporate Governance ROSC) was posted on the Internet for comments.

Wide dissemination has also helped with the effects of regional and global ESW. A prominent example of wide dissemination of a global ESW leading to significant effects was the *Doing Business* reports. In 6 of the 12 countries reviewed, without prompting, stakeholders cited *Doing Business* as an example of global ESW that has had important effects.

In Guyana, a donor indicated that the report informed the country's National Competitiveness

Strategy. In Jordan it led the Ministry of Industry and Trade to reduce the number of days it takes to start a business. In Mauritius, the Bureau of Investments set itself the goal of being ranked among the top 10 places where it is easiest to do business by 2010 (Mauritius is ranked 27 as of 2008). In Vietnam, the report was credited with helping the private sector raise its voice. In two countries, however, the report was criticized as misleading (Peru) or not entirely conforming to the country situation (Guyana; see IEG 2008b).

Examples from the country reviews of Regional ESW and TA that had significant effects because of wide dissemination include *A Time to Choose: Caribbean Development in the 21st Century* (World Bank 2005d) and the Regional Conference on Pensions TA in the Middle East and North Africa. The wide dissemination of the former was responsible for influencing donor activities and its use by academia in Guyana. The reporting of the latter in the media in Jordan made the task known to a government minister.

Some stakeholders criticized the Bank's dissemination efforts. For example, Bangladesh stakeholders considered the Bank unsuccessful in stimulating public debate or in influencing the opinion of key stakeholders, as it only disseminates its views to a preselected group of like-minded people. Civil society and private sector representatives in the Democratic Republic of Congo expressed frustration with the difficulty in obtaining copies of Bank analytical work and the limited notice that the Bank took of their comments. There was widespread belief there (where the effects of ESW and TA were generally rated very low) that nearly all ESW was produced by the Bank for the Bank, with little interest in wider dissemination and debate.

In Guyana, a donor indicated that when the Bank reports are not released, it creates suspicion and distrust among donors. In Jordan, a CSO representative indicated that when the Bank has a policy of not disseminating (such as with the Poverty Assessment), it creates a negative image for the

In some cases, government interest was more important for ESW and TA effects than Bank dissemination.

Wide dissemination has been useful for introducing new concepts and for the effects of regional and global ESW.

Bank. Some stakeholders in Bangladesh, Peru, Serbia, and Vietnam indicated that dissemination should also go outside of the capital.

Mode of dissemination

A majority of in-country stakeholders selected e-mail with links or attachments to reports as the most effective mode of dissemination. On average, around two-thirds of those interviewed and surveyed selected this mode (table 5.6). A good example of this is *Caribbean News* in the Latin America and the Caribbean Region, an electronic newsletter that includes links to and attached reports. There may be a bias in this finding, however, because three of the sources of information were from electronic surveys (that is, from stakeholders with access to e-mail). A much smaller share of in-country stakeholders who were interviewed in the country reviews gave first rank to this mode of dissemination.

The second largest number of stakeholders (around 51 percent) selected conferences/seminars/workshops as the most effective mode of dissemination. Stakeholders indicated that when they do not have time to read reports (especially some of the Bank's large ESW products), seminars or workshops are effective ways of dissemination. They also provide opportunities to ask questions and provide feedback.

The third most selected mode of dissemination was posting on the Bank's external Web site (selected by 48 percent of in-country stakeholders). This was followed by translation (selected by 22 percent).

The fifth most mentioned mode of dissemination in the country reviews was hard copies of reports. This was mentioned in all the countries reviewed, much more so in IDA than in IBRD countries (29 percent of the IDA stakeholders mentioned this, compared to 10 percent of the IBRD stakeholders). For the other four modes of dissemination, however, there was no difference in preferences for dissemination modes between stakeholders in IBRD and in IDA countries (table 5.7).

In addition, the country reviews also provided examples of other modes of dissemination that worked well. The Jordan Securities Commission and the Vietnam State Securities and Exchange Commissions, respectively, put the corporate governance code (the outcome of the Jordan Corporate Governance ROSC) and the Vietnam Corporate Governance ROSC on their Web sites, which generated attention. In Peru, the Bank officially presented the Policy Notes to the president on television, which entailed two and a half hours live on two channels and video links to other cities to allow for questions from the public. In Vietnam, the Food Safety and Agricultural Health Action Plan (ESW) was disseminated through a television program on food safety and the quality of life. In Bangladesh, some TTLs wrote op-ed pieces for newspapers.

In-country stakeholders also made suggestions for improving dissemination. In Bangladesh, some indicated that dissemination must go beyond a one-off launch or workshop, should be sustained over a longer period, and should involve focus

Table 5.6: Modes of Dissemination Selected as Most Useful, by Shares of Stakeholders (percent)

Mode	Country reviews	Specific ESW survey	Specific TA survey	ESW/TA user survey	Weighted average
E-mail with link/attachment to report	31	90	75	80	64
Conferences/seminars	56	49	75	45	51
World Bank external Web site	38	46	40	55	48
Translation	29	23	—	19	22

Source: IEG surveys and country reviews.

Note: ESW = economic and sector work; TA = technical assistance.

Table 5.7: Modes of Dissemination Selected as Most Useful, by Shares of IBRD and IDA Stakeholders (percent)

Mode	Country reviews		Specific ESW survey		Specific TA survey		ESW/TA user survey		Weighted average	
	IBRD	IDA	IBRD	IDA	IBRD	IDA	IBRD	IDA	IBRD	IDA
E-mail with link or attachment to report	32	31	87	95	88	60	87	77	68	59
Conferences/seminars	59	53	67	55	50	80	49	53	53	56
World Bank external Web site	39	38	53	40	38	33	55	48	49	42
Translation	18	38	40	24	13	20	25	19	22	26

Source: IEG surveys and country reviews.

Note: ESW = economic and sector work; IBRD = International Bank for Reconstruction and Development; IDA = International Development Association; TA = technical assistance.

group meetings and discussions in informal settings with various groups (grass roots, private sector, academia, ministries, CSOs, and so on). They also indicated that the Bank's Web site needed improvement to ease access to reports on Bangladesh.

In-country stakeholders in Serbia made the same suggestion, indicating that the Bank's Web site needs a mechanism to announce the arrival of new materials. The importance of being up to date was also mentioned with respect to distribution lists, in the context of the previously mentioned Caribbean newsletter, as well as in Peru, where stakeholders indicated that the Bank's distribution lists need to be inclusive and current.

In two countries without Bank offices some in-country stakeholders indicated that the existence of a World Bank publications office was not well advertised and that the location was not convenient. Some stakeholders in Peru indicated that it is important to have a local partner for effective dissemination (as the International Finance Corporation [IFC] has done with *Doing Business*).

Finally, the media in Lesotho indicated that the Bank should establish good relations with the media and have regular press conferences, even if not very much is happening. A similar comment was made by stakeholders in Mauritius, who indicated that press misinterpretation of the Bank's messages had resulted in negative effects. To avoid this, the Bank should try to establish a

continuous communication channel with the press and other stakeholders.

Translation and language ability

Although translation was rated the fourth most effective mode of dissemination, it was cited as important in a majority (8 of 12) of the countries reviewed (Bangladesh, Democratic Republic of Congo, Jordan, Mali, Peru, Romania, Serbia, and Vietnam). Stakeholders in these countries mentioned the need not only for translation but also for better quality and quicker translation. They even suggested directly writing ESW in the language of the country. In the Democratic Republic of Congo, translation was the most important improvement urged by in-country stakeholders, and in Vietnam it was ranked as the second most useful means of dissemination (after workshops/ conferences). In the Democratic Republic of Congo, in-country stakeholders indicated that translation took so long that when documents finally became available in French, many had lost their relevance to policy making.

Stakeholders in some countries identified a need for quicker and better translations of ESW.

The quality of translation also frequently left much to be desired. This sentiment was echoed by a government official in Mali, who indicated that the French version of the report was so bad that he went back to the English version to figure out what the report was trying to say. The ESW with the most impact in the Democratic Republic of Congo (forest sector review, the country status

report on education [World Bank 2005b], and the health country status report [World Bank 2005a]) were all written directly in French by francophone Bank staff or consultants.

the criticism of the “one-size-fits-all” approach (such as from stakeholders in Bangladesh and Peru).

The same criticism was voiced by some respondents in Mali, who indicated that the Bank has a tendency to impose “off-the-shelf” policies that Mali does not have the technical capacity to resist but that many Malians know are not going to work in practice (cotton sector privatization, railway concession, and energy sector privatization). Some Bank TTLs also emphasized the importance of providing policy options in their tasks, which is not always encouraged by the Bank.

Regarding the ranking of efforts, TTLs generally ranked efforts exerted on providing a menu of policy options in the middle—below efforts on technical quality and partnership, but above timeliness and dissemination (table 5.3). This is more or less consistent with their perception of incentives in the Bank (tables 5.4 and 5.5).

Adequate resources

Adequate resources are needed for both the tasks themselves and for sustained follow-up. In Malaysia, a government official gave a rating of 3.5 (just average) to the International Best Practice Note for Financing Tertiary Education TA because the interaction with Bank consultants working on the TA was not sustained enough. In Jordan, government officials indicated that sending someone in for a couple of days once in a while, as happened with the programmatic PER, is not enough.

Some of the ESW and TA TTLs who responded to the surveys also shared these views. Of the 320 TTLs who responded to the open-ended question of the most effective way for the Bank to change staff incentives (to deliver a product to maximize impact), 78 (around 25 percent) indicated that budget and funding are important, with 26 of those 78 specifying budget for dissemination as important. In the electronic survey of TA TTLs, of the 111 TTLs who responded to the same question for TA, 22 (around 20 percent) indicated that budget is important, with 4 of the 22 specifying budget for dissemination as important.

Underfunding of tasks more generally had forced TTLs to leverage funding of ESW and TA tasks

Some also expressed a preference for TTLs who are fluent in the native language. A counterpart in Peru commented that the fact that reports were done in English indicated that they were really not written for the country, but for the Bank. In Bangladesh, in-country stakeholders indicated that translations of summaries of key reports and their distribution through widely accessible outlets would be helpful. In Romania, a higher proportion of respondents in the government than in civil society thought that translation was important. In Serbia, translation was seen as very important.

Stakeholders also indicated the importance of having TTLs that speak the native language fluently. Some of the most highly rated tasks in Jordan, the Poverty Institutional Framework TA and the AML/CFT Assessment, were led by Arabic-speaking TTLs. In the Democratic Republic of Congo, donors noted that Bank communication skills were very poor, with many TTLs not speaking adequate French.

Stakeholders also indicated the importance of having TTLs that speak the native language fluently. Some of the most highly rated tasks in Jordan, the Poverty Institutional Framework TA and the AML/CFT Assessment, were led by Arabic-speaking TTLs. In the Democratic Republic of Congo, donors noted that Bank communication skills were very poor, with many TTLs not speaking adequate French.

Efforts and incentives

TTLs ranked efforts on dissemination close to the bottom and translation at the very bottom of the scale (table 5.3). Such low rankings are consistent with the incentives TTLs perceive that they face in the Bank (tables 5.4 and 5.5).

Other Relevant Dimensions

In addition to technical quality, partnership, origination, and dissemination, around which the evaluative questions of this evaluation were formulated, other dimensions of ESW and TA also emerged as being important.

Stakeholders and TTLs emphasized the importance of providing policy options, which could help overcome criticism of the Bank’s perceived “one-size-fits-all” approach. Stakeholders in a few of the countries indicated that presentation of policy options was important for enhancing the effects of ESW and TA. Providing policy options would allow for the consideration of political economy issues (as suggested by respondents in Serbia) and would address

with that of other activities (usually project preparation and supervision, or with activities in other countries) or to rely on trust funds. Both of these solutions are highly unsatisfactory. Leveraging often means that ESW was shunted into second place in claims on the TTLs' time and attention. Trust funds are very time consuming to manage, even after the consolidation of all bilateral trust funds to mitigate the variety of individual donor requirements. Further, trust funds could also bias the selection of sectors to study (see chapter 2). Also, they cannot fund Bank staff, thus possibly missing out on considerable expertise (including from the network anchor units and the research complex) and also potentially compromising the quality of the reports (there was some evidence of this; see chapter 2).

Adequate funding is also important for enhancing the Bank's agility in responding to clients' needs. For example, IFC-Latin America and the Caribbean has resources earmarked for free TA, with budget assured for five years, and allows significant discretion of their use in the field. As a result, IFC can be more agile than the Bank in providing TA. This was found to be the case in Peru (in the context of the country review), where the budget for Bank TA is controlled at Bank headquarters, the funds are limited, and the government finds it easier to go to other donors for TA than through the Bank.

Agility is important because when countries are confronted with specific problems and ask the Bank for assistance, a quick response shows that the Bank is relevant. That can generate demand for further business. Mauritius provides an example of just-in-time TA that had great effects: the Aid for Trade TA. According to Bank staff, this is an example of "exactly what to do in MICS, just-in-time-support, cutting edge, and done by top people." When budget constraints affect agility, it limits the extent to which the Bank can respond to requests, and business opportunities are lost.

Timeliness

In all the surveys, in-country stakeholders rated timeliness about the same as dissemination (the exception is in the country reviews, where stakeholders gave this significantly higher ratings than

they gave dissemination). In-country stakeholders also ranked timeliness next to the bottom with respect to the attributes they consider important for enhancing the effects of ESW and TA. This does not necessarily mean that they considered timeliness unimportant, just that it was not as important as the higher-ranked attributes of technical quality, partnership, and relevance. In some of the countries, poor timeliness in the delivery of certain products was cited as the reason for their poor impact.

TTLs have varying views on the importance of timeliness. A TA TTL working on Jordan indicated that the Bank places too much emphasis on quality, at the cost of timeliness. This TTL said that "the best is the enemy of the good" and that the Bank does not understand that there is a trade-off between timeliness and quality (that is, the last 4–5 percent of quality does not really matter, but it comes at the expense of timeliness).

However, some TTLs (in Jordan, Mali, Mauritius, Romania, and Serbia) think there is too much emphasis on timeliness. They feel the emphasis is about meeting internal Bank deadlines (fiscal year bean counting) rather than client priorities, sometimes even at the expense of quality.

Shorter pieces

Government officials in Bangladesh and the Democratic Republic of Congo indicated that they preferred shorter pieces. These are also the countries that gave some of the lowest ratings to Bank ESW and TA overall in terms of their achievement of objectives.

In Bangladesh, government officials indicated that shorter, focused policy notes with concrete recommendations for policy were more useful. In the Democratic Republic of Congo, there was a desire not only for shorter pieces but also for greater reliance on dialogue than on reports. A focus on dialogue in the case of the forest sector review was probably a key factor in its influence. A donor in Mali indicated that Bank reports should be shorter and more quickly available in French, which would

Sustained follow-up and the tasks themselves require adequate resources.

Timeliness was generally seen as less important than technical quality, partnership, and relevance, although in some instances the lack of timeliness undermined the effects of ESW.

In a few countries the Bank was criticized for not working enough with ministries other than the Ministry of Finance.

also reduce delays involved in translation and dissemination. TTLs in the Democratic Republic of Congo, Mauritius, and Serbia indicated preferences for shorter pieces. TTLs working on the Democratic Republic of Congo indicate that there is too much emphasis on producing lengthy documents that contain sophisticated analyses and too little on shorter policy notes geared to the practical needs of senior policy makers. Echoing this sentiment is a TTL working on Mauritius, who indicated that the product should be broken up into short policy notes, focusing on what the government wants instead of big polished reports. This TTL noted that Bank internal processes are not geared to this. In general, TTLs ranked this dimension very low with respect to effort (table 5.3).

Working more with sectoral ministries

In a few of the countries reviewed, in-country stakeholders indicated that the Bank needs to

work more with other ministries (not just the Ministry of Finance). In Mauritius, for instance, the Ministry of Finance was much more positive about the policy impact than sectoral ministries, which were not as familiar with the Bank's ESW. This was partly because there was no country office in Mauritius at the time, although a small one has now been established.

The neglect of other ministries relative to the Ministry of Finance was also found in Mali, where capacity building efforts (with respect to public financial management) need to be extended to sectoral ministries. In Romania, one stakeholder suggested that in preparing ESW, Bank staff, when requesting data, should work with the various government agencies directly rather than working through the Ministry of Finance, which at times was treated by the Bank staff as a secretariat of the Bank.

Chapter 6



In Peru, the World Bank report "Restoring the Multiple Pillars of Old Age Income Security" influenced reforms in the pension system. Photo by Scott Wallace, courtesy of the World Bank Photo Library.

Main Findings and Recommendations

Effectiveness of ESW and TA

Overall, World Bank ESW and TA delivered to clients during fiscal 2000–06 met their stated objectives of informing lending, informing/assisting in the implementation of policy, building capacity/institutions, stimulating public debate, and facilitating knowledge exchange. On the whole, users of ESW and TA rated achievement of these objectives average or higher.

The extent to which ESW and TA objectives were met

Among the stated objectives, those pertaining to Bank activities received higher ratings than those that directly affected client countries. Specifically, the objective of *informing lending* was met to a greater extent, on average, than the other objectives. Interestingly, users of ESW gave the highest rating to *informing Bank strategy*, although this was not even one of the stated objectives of Bank ESW. The evaluation also found that TA met the ESW objectives of informing Bank lending and influencing the development community, neither of which were stated objectives of TA.

ESW and TA also had other effects besides the stated objectives. The more prominent effects were on countries other than those for which they were intended, on private investment decisions by domestic and international investors, on support for local research, and on the creation of informal networks between Bank staff and policy makers.

Although the various ESW and TA objectives were met on average, they were met to different extents in different countries. For the 12 countries reviewed in depth, the extent to which ESW and TA

met their objectives in client countries ranged from substantially above average to substantially below average. The differences in the effects of ESW and TA between countries could be attributed partly to country-specific factors and partly to other factors that the Bank could address.

Factors in ESW and TA effectiveness

A country-specific factor that seemed to have had a bearing on the effects of ESW and TA in client countries was the level of government capacity. This was the case for the postconflict Democratic Republic of Congo, where limited government capacity seemed to have negatively affected the extent to which ESW and TA influenced policy and built capacity.

In Bangladesh, Guyana, and Lesotho, in-country stakeholders indicated that the capacity level in the countries was too low for them to benefit from ESW and TA. High turnover of government officials (including ministers) in Bangladesh, Jordan, and Peru (in the sector ministries in the last) negatively affected the extent to which ESW and TA influenced policy or built capacity. Additionally, political and other constraints were found to have affected the receptivity of governments to Bank advice stemming from ESW and TA.

At the same time, some country-specific factors had a positive influence on the effectiveness of ESW and TA. For instance, Romania's transition from a closed to an open society seemed to have been an important factor behind the high ratings for almost all the objectives. Romania appreciated Bank involvement after its opening up. In particular, it appreciated Bank assistance in the EU accession process, which provided Romania with more room to maneuver by making its dialogue with the EU less one-sided. Stakeholders also appreciated the opportunity to debate issues publicly after Romania's transition and gave high ratings on stimulating public debate.

In addition to country-specific factors, other factors pertaining to Bank processes and corporate incentives had a bearing on the effectiveness of Bank ESW and TA in client countries. Specifically, the *technical quality* of the product had a positive influence on the extent to which ESW and TA objectives were met. Close *collaboration* with clients from task initiation through the formulation of conclusions and recommendations was important, whether clients actually produced part of the task or not. Whether *clients requested* the task did not generally make a significant difference to ESW and TA achieving objectives, although the clients still needed to be genuinely interested in the tasks for them to be effective.

One of the most important factors for enhancing the effects of ESW was *sustained follow-up* that went beyond one-off dissemination events. That follow-up could be in the form of lending (by the Bank or other donors) or nonlending TA (formal or informal) and typically lasted for some period after the delivery of the ESW and TA to clients.

Dissemination to the right audience was sometimes more important than wide dissemination for ESW and TA to be effective. *Translation* is important to client countries, and having Bank staff and consultants that speak the local language enhanced the effectiveness of these tasks. Clients in two capacity-constrained countries indicated a preference for shorter pieces with concrete policy recommendations, or even the use of dialogue rather than reports, although such short

pieces still need to be underpinned by rigorous analysis.

How to enhance effectiveness

Technical quality. Maintaining and striving for *high technical quality* of Bank ESW and TA is important, given the correlation between quality and effectiveness of these products. Further, in light of the correlation between cost and quality and the fact that ESW is more poorly resourced in IDA than in IBRD countries (chapter 2), there is a need for better-resourced ESW for IDA countries. This may need to be accompanied by greater selectivity of ESW tasks for IDA countries to reduce the burden on the more limited government capacity in some of them and to free resources for the greater collaboration and follow-up needed to enhance the effects of ESW.

Partnership with clients. Closer collaboration with Bank clients, from task initiation through the formulation of conclusions and recommendations, is important. This may or may not entail actual client involvement in producing parts of the task. In countries with higher levels of capacity, partnership in production should be the norm, as there is capacity to draw on.¹ In countries with capacity constraints, joint production in narrowly targeted short pieces of work tailored to the practical needs of policy makers has been found to help build capacity.

Consideration should also be given to the complications arising from whether civil servants have the time to be involved in drafting reports and how they could be compensated for the tasks. In addition to time and budget, closer collaboration also requires that the Bank recognize such efforts, which can be accomplished through client feedback on the task.

Origination. In-country stakeholders in most of the countries reviewed indicated the benefits of wide consultation—both inside and outside the government—in determining the topics for ESW (and to a lesser extent for TA, because these are mostly client requested). Consultation with civil society could be useful where there are tough areas of reforms and where such reforms could only be

sustainable if there were demand for them from within the country. Greater interaction will also help improve the image of the Bank, such as in Bangladesh, where the Bank's image is negative.

Wide consultation could also help in the identification of local stakeholders who are knowledgeable about the needs and priorities of the country, as well as the reforms that could be implemented at any given point in time, such as in Romania. Consultation with donors at the outset of a task could enhance synergies and avoid duplication. In some countries, governments indicated that ESW could be more likely to make a difference if donors were involved from the start.²

At the same time, ESW and TA do not necessarily have to be requested by the client to have effects. In fact, in-country stakeholders in some of the countries indicated that the Bank has a useful role in proposing topics, as the Bank can draw on its own knowledge and international experience to analyze and propose a vision for actions that the country needs to take.

When the Bank proposes tasks, however, it still needs to ascertain first that there is genuine receptivity on the part of the government and second that the tasks are rooted in the country's priorities. This could be done by tailoring tasks to the needs and interests of the clients and to substantial collaborative efforts.

For countries with capacity constraints, where government officials do not have time to read much of the Bank ESW produced, greater selectivity could be useful. This could be done by giving priority to ESW that is needed to inform lending and strategy and that is requested and needed by clients. This is particularly important where there is a Bank budget constraint.

Dissemination and follow-up. It is not dissemination per se but sustained follow-up for some period (from six months to a year, for instance) after the delivery of the tasks to clients that is important for achieving ESW and TA objectives in client countries. In this light, a dissemination strategy could perhaps be more appropriately

thought of as an implementation strategy, although dissemination is certainly a part of implementation.

The implementation strategy should be clearly spelled out, with all the intended activities budgeted for and incorporated into the concept paper as an integral part of the task. The starting point of the strategy would be to determine the intended audience of the task by taking into account the stated task objective. For tasks that are mainly intended to inform Bank activities (lending and strategy), the target audience would clearly be internal. For tasks that are mainly directed toward the client countries, in some instances a stakeholder analysis may be useful for determining the target audience. For the latter tasks, the implementation strategy would also need to spell out the mode of dissemination, as well as the intended follow-up, whether lending or nonlending, formal or informal. The strategy should also include translation, where applicable.

Dissemination should include to those in the country who have opposite views. A case could be made for the dissemination to be managed by the country unit, which would ensure that dissemination is coordinated at the Regional and institutional levels to avoid saturating the public and to coordinate messages from different parts of the Bank. Given the different considerations discussed in chapter 5 with respect to how broad or narrow dissemination should be, it seems appropriate to leave such decisions to the country teams (led by the country director); they are best placed to determine the political economy aspects pertaining to the particular tasks.

Adequate resources. Many of the suggestions proposed in the preceding paragraphs require funding. Genuine collaboration with clients and sustained follow-up all require adequate staff time and hence resources. Adequate resources are also needed for the tasks themselves, especially in Sub-Saharan Africa, which has the poorest resourced country-specific ESW (as discussed in chapter 2), as well as the tasks of lowest rated quality.

Adequate funding is also important for enhancing the agility of the Bank's response to clients'

needs, especially for rapid-response TA. Related to this is the need to devolve greater decision-making responsibility and budget flexibility to the country offices, because they are the frontline recipients of such government requests.

Substantive presence of ESW and TA task teams in country offices. To the extent allowed by budget, the Bank should try to ensure substantive task team presence in country offices. This will facilitate closer collaboration with clients in the production of the task (especially TA) as well as follow-up.

What Do Clients Want from the Bank?

In-country stakeholders were asked to rank the importance of the various Bank activities for their country (figure 6.1). Three observations emerged from their responses.

First, there is a strong preference for nonlending over lending activities in IBRD countries. The preference is more pronounced if only new lending activities are taken into consideration (that is, if supervision of existing loans is excluded).

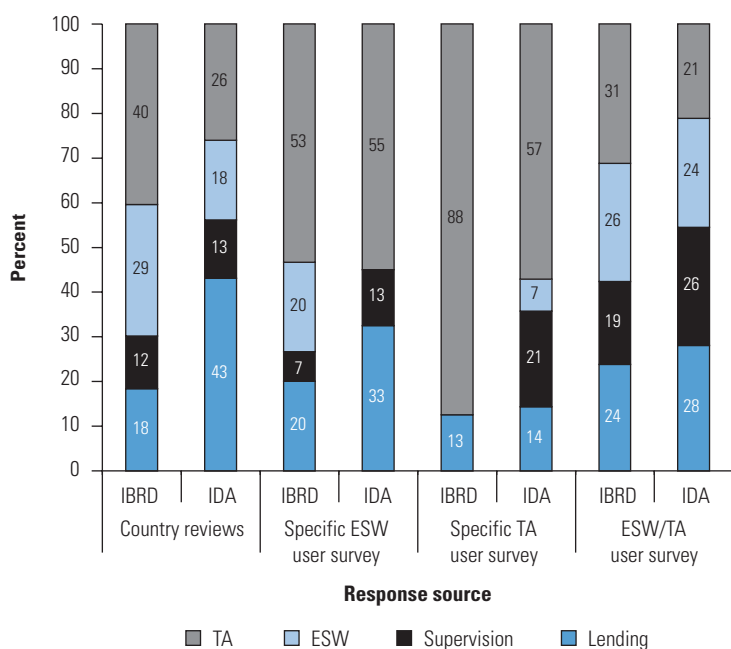
Second, the preference for nonlending over lending (or grant) activities is not as strong or as unambiguous in IDA countries. Third, TA is more important than ESW in both IBRD and IDA countries. It is particularly striking that among those who are familiar with specific ESW tasks of the Bank, a much larger share gave first ranking to TA than to ESW.

The stronger preference for nonlending over lending (and grant) activities in IBRD than in IDA countries came through clearly in the country reviews. MICs value advice from the Bank, and some of them borrow from the Bank to obtain this advice (through dialogue in the context of loan preparation). For instance, some government officials in Mauritius indicated that they are borrowing from the Bank only because they want access to Bank technical support to implement reforms but do not want to pay outright for the Bank's AAA. In Romania, where accession to the EU has obviated the need for external borrowing (including from the Bank), there is a clear view among in-country stakeholders that Bank ESW (and to a lesser extent TA) should be de-linked from the Bank's lending operations. The same view was expressed in Jordan and Serbia.

In contrast, some IDA countries need the Bank's funds. In the Democratic Republic of Congo, for example, where there are huge needs, especially in infrastructure, all stakeholder groups (inside and outside the Bank and the government) indicate that funding is most important for the country.

The preference for TA over ESW also came through clearly in the country reviews, from both higher- and lower-capacity countries. For the countries with higher capacity, such as Malaysia, TA is appreciated more than ESW because they can see the results quickly; they demand TA according to their needs, so the TA is tailored to their needs.³ In Jordan, government officials indicated

Figure 6.1: First-Ranked Bank Activity with Respect to Importance to Clients, by Shares of IBRD and IDA In-Country Stakeholders



Source: IEG surveys and country reviews.
 Note: Totals may not equal 100 percent because of rounding. ESW = economic and sector work; IBRD = International Bank for Reconstruction and Development; IDA = International Development Association; TA = technical assistance.

that they request Bank TA because Jordan needs help with the “nuts and bolts” of implementation—it is not *what* to do that they need advice on, but *how* to do it. The authorities in Malaysia and Mauritius found Bank TA so useful that they paid for it.

At the same time, for countries such as Guyana, TA is preferred because the country lacks capacity. The urgent need to build capacity was also the reason TA was ranked second, after funding, in the Democratic Republic of Congo.

Clients’ views of usefulness of reports and TA by the Bank versus other institutions

In the three user surveys conducted for this evaluation, in-country stakeholders were asked to rank the *usefulness* of Bank reports and TA compared with those provided by other institutions. Two observations emerged from the responses.

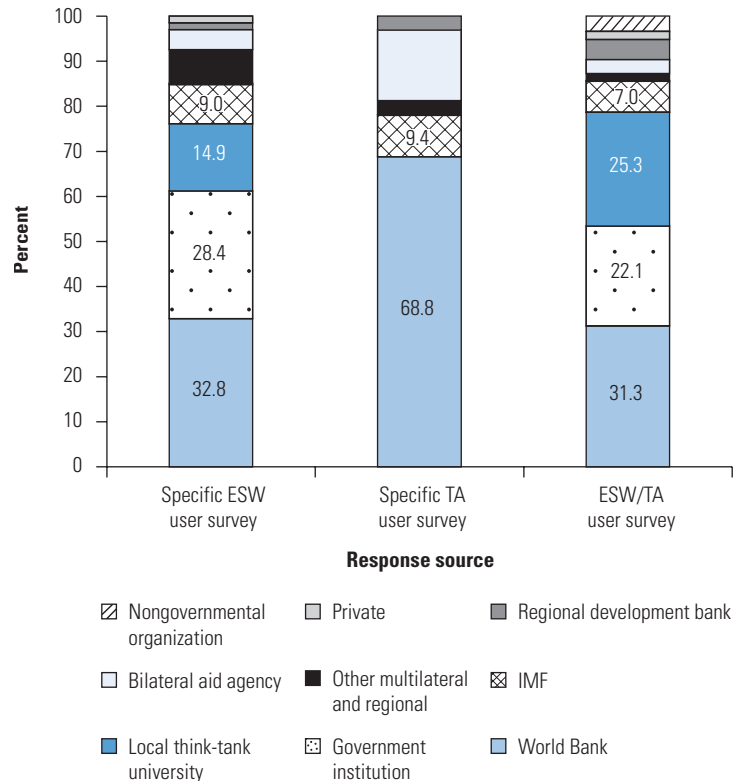
First, *more in-country stakeholders gave first rank to reports and TA produced by the Bank* than to those produced by other institutions. Second, *more in-country stakeholders gave first rank to TA than to ESW produced by the Bank* (see ranking from specific ESW survey and specific TA survey in figure 6.2).

Types of products

A range of ESW and TA was found to have effects. These include tasks that were not requested by clients yet have important effects, in particular some *corporate and IDA-mandated tasks and core diagnostics*. Among these, CEMs and PERs were cited most often as having informed the Bank’s CASs and DPLs. In-country stakeholders especially appreciated the FSAP and the associated ROSCs, the ICA, and *Doing Business* for their benchmarking functions.

A relatively new instrument, the *programmatic ESW* (PESW), was cited by some countries as useful. These are multiyear, multiactivity (a combination of analytical work and TA) tasks that allow objectives and activities to be reset during the course of the task. In Jordan, the PESW on pensions is providing inputs for the reform of the social security law. In Peru, a government official

Figure 6.2: First-Ranked Institutions with Respect to Usefulness of Reports and TA, by Shares of In-Country Stakeholders



Source: IEG surveys.

Note: ESW = economic and sector work; IMF = International Monetary Fund; NGO = nongovernmental organization; TA = technical assistance.

indicated that two kinds of assistance are needed from the Bank—just-in-time TA and long-term engagement in key areas of reform; he cited the PESW as a good instrument for the latter.

TTLs echoed this sentiment; they see the PESW as allowing for deeper analysis and partnerships with clients that can enhance effects in the country. They also see the PESW as allowing for the production of intermediate inputs and more flexibility with the delivery calendar. The Bank’s administrative database does not currently allow for the tracking of this type of task, so it is difficult to ascertain how important they are.

Finally, *policy notes* provide an alternative to reports for just-in-time advice to governments. These have increased as a share of all ESW (from

14 to 21 percent over the evaluation period) and are useful instruments for clients (such as Bangladesh and the Democratic Republic of Congo) that have indicated their preference for shorter pieces of analytical work. By and large, there were no significant differences between policy notes and other ESW with respect to their various dimensions (technical quality, relevance, timeliness, partnership, or dissemination) or the extent to which they met various objectives.⁴

In two countries, Peru and Serbia, policy notes—mainly syntheses of existing analytical work—were produced during the evaluation period with the specific intent of informing incoming governments on a wide range of economic and sectoral issues. In Peru, this was the Policy Notes, which most officials were aware of; some had read chapters that were of interest to them. Although no specific policy changes could be identified as having originated from the Policy Notes, the general view (with some exceptions) was that the document was useful as a general reference for orienting the new government’s economic and social policies. In Serbia, policy notes for the new government were cited as having kept the government on a reform path.

Country, regional, and global ESW and TA

In-country stakeholders in all but 1 of the 12 countries ranked country-specific over regional and global ESW and TA in terms of importance to their countries (the exception is Romania). This ranking is validated by responses to the various surveys of in-country stakeholders (see table 6.1). Although regional and global ESW and TA were ranked lower than their country-specific coun-

terparts, they still received above average ratings for usefulness.

Among the countries reviewed, in-country stakeholders in the Democratic Republic of Congo were particularly skeptical of the practical value of regional and global studies for their country. Contrary to all the other countries, stakeholders in Romania ranked regional over country-specific ESW in terms of usefulness. This is because they perceived that Romania, as a transition country, could learn from other transition countries. In-country stakeholders in Serbia, another transition country, also appreciated regional tasks that compared Serbia to best practices in other Balkan countries.

In addition to transition country issues, the country reviews found a variety of other issues that were particularly amenable to being addressed regionally: transport issues for landlocked countries (Lesotho and Mali), HIV/AIDS and climate change (Guyana), environment (Lesotho), forestry (Democratic Republic of Congo), regional trade (Lesotho, Mauritius, and Peru), electricity (Lesotho), water sharing (Bangladesh), and anti-money laundering (Guyana). For small countries (such as Guyana and Lesotho), regional studies also make sense for reasons of economies of scale.⁵

Global ESW on certain issues was cited as useful by in-country stakeholders in the country reviews, including issues with a global dimension (climate change in Bangladesh, water and forestry in Guyana). For countries pursuing a globalization strategy, global ESW, such as *Doing Business*, is important for understanding global trends (Mau-

Table 6.1: Average Ratings of In-Country Stakeholders on the Usefulness of Country, Regional, and Global ESW and TA

	From specific ESW user survey	From specific TA user survey	From ESW/TA user survey
Country	5.4	5.0	4.8
Regional	4.5	4.6	4.5
Global	4.3	4.0	4.6

Source: IEG survey.

Note: The rating scale is from 1 to 6, with 1 denoting “no extent” and 6 denoting “great extent.” ESW = economic and sector work; TA = technical assistance.

ritius) or for forcing changes in the country because of global comparisons (Guyana). In-country stakeholders also noted that global ESW pertaining to learning new mechanisms, such as micro-insurance and micropensions, are useful.

What Would Have Happened Without Bank ESW and TA: Clients' Views

For the country reviews, in-country stakeholders were asked the counterfactual question, What would have happened if the Bank had not undertaken ESW and TA for their countries?

In 10 of the 12 countries, a majority of the respondents indicated that Bank ESW and TA had made a difference to the country's reform program. This view was expressed by respondents in countries with a wide range of income, capacity, and policy orientation. In Malaysia (among the richest of the countries reviewed), 14 of 17 respondents indicated that Bank involvement had improved things over what they would otherwise have been. In Bangladesh (among the poorest of the countries reviewed), the typical response to the question—even from those who disagreed strongly with the Bank—was that there would have been an intellectual void.

In the Democratic Republic of Congo and Jordan, the responses were not quite as unequivocal. The majority of those who responded to this question (13 of 18 stakeholders) in the Democratic Republic of Congo indicated that it would have made little or no difference; the majority of those in Jordan (14 of 20) indicated that it “would not have been a big issue” or “would not have stopped reforms” or that the country “will survive” or “would have managed eventually.” However, 13 of those 14 in Jordan also indicated that Bank ESW and TA had helped; comments included that they “benefited from it” and that Bank ESW and TA helped accelerate reforms and improve the quality of reforms.

For the 10 countries that attributed Bank ESW and TA with making a difference to their reform programs, many credited the Bank products for having *accelerated* and improved the *quality* of reforms. A government official in Romania actu-

ally offered a prediction of the extent to which international integration would have been retarded without these Bank products (Romania would have joined the EU by 2014, together with Ukraine, and would have joined the North Atlantic Treaty Organization by 2020).

In some instances, in-country stakeholders indicated that Bank ESW and TA were *critical* for the reforms in their countries. Representatives from the civil society, private sector, and academia in Guyana said outright that if the Bank had not undertaken the ESW, no other institution would have done it, and the changes that resulted would not have happened. In Mali, respondents indicated that without the CFAA, the CPAR, and the PER TA, it would not have been possible to carry out the public financial management reforms. In Mauritius, one donor said that the country's reforms “would not have happened at all.” In Peru, a respondent indicated that reforms in the education sector would not have happened at all.

Respondents in some countries indicated that Bank ESW helped their reforms be more comprehensive and less piecemeal (Jordan, Lesotho, Malaysia, and Peru). Respondents in some countries also indicated that Bank ESW and TA helped *reduce the cost of policy mistakes*. In Romania, some respondents indicated that the Bank, having accumulated a lot of international experience regarding best practices, was in a good position to advise the country on how to avoid costly mistakes. Similar sentiments—of Bank advice helping to reduce costly policy mistakes—were echoed by respondents in Bangladesh, Serbia, and Vietnam. Having the support of Bank analysis and advice also provided *a level of comfort or confidence* for countries to move forward. This was cited by respondents in Mauritius and Malaysia.

In some countries, respondents indicated that Bank ESW lent *credibility* to their reforms. In Peru, for example, government officials indicated that they used arguments presented in Bank studies to bolster their positions and to persuade others. In Romania, respondents noted that, given Romania's recent political history, the authorities (including those who were democratically

elected) lacked credibility with their own population. The involvement of the Bank, which has a very good reputation there, in the government's initiatives helped bridge the government's credibility gap with the population.

The key characteristics of Bank ESW and TA valued by in-country stakeholders were *high technical quality, independence, neutrality and objectivity, and provision of international perspectives*. In Malaysia, it was pointed out that the high technical quality was in part due to the Bank's ability to draw from a large pool of expertise, from both inside and outside the Bank.

Regarding neutrality, one example was provided by respondents in Romania. They indicated that the Bank's neutrality depoliticized the process of addressing corruption. Neutrality of Bank advice was cited by bilateral donors in Guyana as one reason the government is more likely to take advice from the Bank than from other donors, who tend to have specific interests. Neutrality was also cited as useful in a politically divided country such as Guyana. A high-level government official in Jordan cited neutrality/objectivity as among the key attributes of Bank ESW and TA that are valued, compared to analysis and advice that could be purchased from the private sector.

The Bank's Results Tracking Framework for ESW and TA

Although the Bank has a results tracking framework for reporting and monitoring ESW and TA activities, *the implementation of the framework is poor*. This is reflected in the poor quality of the information on ESW and TA in the Bank's administrative database.⁶ Around 13 percent of ESW and nearly 20 percent of TA delivered during fiscal 2000–06 was misclassified with respect to sector. Nearly one-third of the ESW delivered during the period was not assigned any report type. The poor information in the Bank's database reflects the poor monitoring and reporting of these tasks in the Bank. If there were proper monitoring and reporting—that is, if the information were actually used for such purposes—then Bank staff would have an incentive to enter accurate information.

The poor quality of information extends to the results tracking framework itself. The framework consists of the Activity Initiation Summary and the Activity Completion Summary that TTLs have to fill out for each task. TTLs indicate the objectives for the tasks in the former and the extent to which the objectives were met in the latter. Although all TTLs fill out the former summary, not all fill out the latter. Since fiscal 2005, when it became mandatory to follow all ESW and TA with a completed Activity Completion Summary (the guideline is that this completion needs to happen within six months of delivery to clients), this only happened for around two-thirds of the ESW and around 62 percent of the TA tasks, the majority of which were completed *after* six months of delivery.

Another weakness is the absence of systematic feedback from clients on ESW and TA after their completion. The exception is the FSAP, which is followed by a questionnaire to clients on various aspects of the tasks, including their views on quality and their expectations of usage of the report.

Conclusions and Recommendations for the Way Forward

The Bank's ESW and TA are found to be useful to different extents by different stakeholders. *Within the Bank*, ESW is particularly useful for informing Bank strategies. ESW is also useful for informing lending and is associated with (certain aspects of) the quality of lending. In the Bank's *client countries*, there is a stronger preference in IBRD countries for the Bank's nonlending activities (ESW and TA) than for its lending activities; the preference is not as strong or as clear in IDA countries. Both groups of countries find TA more useful than ESW. In-country stakeholders generally find reports and TA produced by the Bank more useful than those produced by other institutions, particularly for TA.

In light of these findings, the Bank's current focus on knowledge and learning as one of the six strategic directions is well placed. Some recommendations have emerged from the findings for enhancing the effects of Bank ESW and TA, which would also

support the knowledge and learning and other strategic directions. They are as follows.

1. **Reinvigorate the mandate—which underpinned the fiscal 1999 ESW reforms—for country teams to maintain a strong knowledge base for countries and sectors where the Bank is providing or planning to provide funds.** Bank country strategies and lending activities need to continue to be supported by requisite analysis, although a return to strictly defined “core diagnostic” ESW is unnecessary.
2. **Ensure that ESW tasks in IDA countries are adequately resourced, even if it means fewer ESW in some countries.** This will help to address the lower level of resources for individual ESW tasks in IDA countries than in IBRD countries and is supported by the findings that cost matters for quality and quality matters for effectiveness. Greater selectivity will also help reduce the burden on limited government capacity in some IDA countries and free resources for more collaboration and follow-up needed to enhance the effectiveness of ESW. Selectivity could be enhanced by giving priority to ESW that informs Bank lending and strategy or that is clearly desired and needed by the client.
3. **Enhance the institutional arrangements for undertaking ESW and TA.** To the extent allowed by budget, ensure substantive task

team presence in *country offices*, particularly in countries with low institutional capacity. This will facilitate closer collaboration with clients, from task initiation through follow-up. In addition, formulate a dissemination and implementation strategy for ESW and TA at the concept paper stage. Such a strategy should identify the target audience, the mode of dissemination, and the follow-up arrangements after dissemination, all of which should be explicitly budgeted for as integral parts of the task.

4. **Recognize and build on client preferences, whether for nonlending over lending services or for TA over ESW.** Institute a mechanism to obtain client feedback on a periodic basis on delivered ESW and TA products. Such feedback should include clients’ views on collaboration, follow-up, and usefulness of the tasks (including specifics of how the tasks were used). The client feedback should be requested at a set period (for instance, around 1 year) after the delivery of the task to the client to allow time for follow-up, and it should be the last milestone for ESW and TA. Obtaining client feedback would encourage a stronger results focus for ESW and TA and help counterbalance current Bank incentives for lending over nonlending and for ESW over TA.
5. **Finally, take the results tracking framework seriously,** including by incorporating systematic client feedback as noted in the above recommendation.

Appendixes



Malaysia dock. The Investment Climate Assessment on Malaysia informed the government on issues pertaining to the private sector.
Photo by Curt Carnemark, courtesy of the World Bank Photo Library.

ESW Report Types

Diagnostic reports

Core diagnostic reports

Country Economic Memorandum/
Development Policy Review
Country Financial Accountability Assessment
Country Procurement Assessment Review
Poverty Assessment
Public Expenditure Review
Integrative Fiduciary Assessment

Other diagnostic reports

Accounting and Auditing Assessment (Report
on the Observance of Standards and Codes)
City Development Strategy
Corporate Governance Assessment (Report
on the Observance of Standards and Codes)
Country Environmental Analysis
Country Gender Assessment
Country Infrastructure Framework
Education Sector Review
Energy-Environment Review
Financial Sector Assessment Program
Health Sector Review
Institutional and Governance Review
Insolvency Assessment (Report on the
Observance of Standards and Codes)
Investment Climate Assessment
Knowledge Economy Study
Legal and Judicial Sector Assessment
Recent Economic Development
in Infrastructure
Risk and Vulnerability Assessment
Rural Development Assessment
Social Analysis

Advisory reports

Anti-Money Laundering and Combating the
Financing of Terrorism

Commodities Study
Debt and Creditworthiness Study
Economic Updates and Modeling
Energy Study
Foreign Trade, Foreign Direct Investment,
and Capital Flows Study
General Economy, Macroeconomics,
and Growth Study
Law and Justice Study
Mining/Oil and Gas
Other Agricultural Study
Other Education Study
Other Environmental Study
Other Financial Accountability Study
Other Financial Sector Study
Other Health Study
Other Infrastructure Study
Other Poverty Study (Non-PORs)
Other Procurement Study
Other Public Sector Study
Other Rural Study
Other Social Protection Study
Other Urban Study
PSD, Privatization and Industrial Policy
Public Environmental Expenditure
Public Investment Review
Strategic Environmental Assessment/Analysis
Women in Development and Gender Study

TA Output Types

- **Institutional Development Plan**—Advice on client-owned blueprint for institutional strengthening, ranging from broad-based strategies to fully implementable plans, which could include the sequencing of activities, resource allocation, key issues, objectives, and other action items
- **“How-To” Guidance**—Operational advice in policy/program formulation and hands-on

implementation, including technical notes, step-by-step instructions, “best practice” manuals, and procedural guidelines

- **Model/Survey**—Advice for client-driven data collection and/or analysis used for projections, forecasting, and simulations
- **Client Document Review**—Advice and review of client-owned documents, which could

include draft legislation, regulation, Poverty Reduction Strategy Paper inputs, and grant proposals

- **Knowledge-Sharing Forums**—Bank-facilitated, client-managed meetings aimed at sharing international “best practice,” exchanging knowledge, catalyzing reform, and building consensus on a particular issue.

Country Reviews

Twelve countries were selected for in-depth reviews. The in-depth reviews entailed structured interviews of Bank staff, Bank management, and in-country stakeholders in the field (government officials and representatives from the private sector, civil society, academia, the media, and the legislature). The structured interviews sought stakeholder views (with quantitative ratings) on various dimensions of a portfolio of Bank economic and sector work (ESW) and technical assistance (TA) (quality, partnership, relevance, dissemination, timeliness, origination, and so on) and the extent to which these tasks met various objectives (lending, policy, institution and capacity building, public debate, donor activities, and knowledge exchange).

The interviews also sought the views of stakeholders on the relative importance (with rankings) of the following for the country concerned: (1) the different Bank instruments (lending and nonlending), (2) the different types of Bank ESW/TA (country, regional, and global), and (3) the various dimensions of ESW and TA. The country reviews also included desk reviews of ESW, documents on TA and loans, Country Assistance Strategies, and poverty-reduction strategies. The country reviews were conducted between January 2007 and July 2007. The interview questionnaires are available on request.

Country selection

The 12 countries were selected to be broadly representative of Bank clients with respect to Region, income, population, Country Policy and Institutional Assessment, size of lending (per capita), and share of ESW cost in the cost of country services (see tables B.1 and B.2). This means

that evaluation findings that emerge from the country reviews would have controlled for differences between countries arising from these criteria. To reduce “evaluation fatigue,” the Independent Evaluation Group (IEG) sought to minimize overlap with countries reviewed in recent or ongoing IEG thematic or country evaluations, as well as overlap with countries covered under the two phases of Quality Assurance Group (QAG) country analytical and advisory activity (AAA) assessments.

Portfolio selection

For countries with large ESW and TA programs, which was the case for 7 of the 12 countries (Bangladesh, Jordan, Mali, Peru, Romania, Serbia, and Vietnam), the sectors in which ESW and TA were concentrated were selected for review: economic policy, financial sector, private sector development (PSD), public sector governance, and rural sector.¹ These are also the top sectors for all country-specific ESW delivered by the Bank during fiscal 2000–06 (and are also among the top sectors for all country-specific TA except the rural sector; see chapter 2).

For those countries for which Bank activities in selected sectors were still too numerous for a detailed review, there was a further narrowing of ESW, TA, and loans selected for review. This was the case for Bangladesh, Peru, and Vietnam. In instances where the Bank’s work in certain sectors had been particularly important, those sectors were also included for review. This was the case of the social protection sector both in Jordan and Peru: the Bank did substantial work on this sector in Jordan, and the sector was featured as a central element of the Country Assistance Strategy in Peru. For the other six countries (Democratic

Table B.1: Countries Selected for Review

Region	IBRD	IDA	Blend ^a
Sub-Saharan Africa	Mauritius	Democratic Republic of Congo, Lesotho, Mali	
East Asia and Pacific	Malaysia	Vietnam	
Europe and Central Asia	Romania		Serbia ^b
Latin America and the Caribbean	Peru	Guyana	
Middle East and North Africa	Jordan	—	
South Asia	—	Bangladesh	

Notes: IBRD, IDA, and blend designation as of fiscal 2006. IBRD = International Bank for Reconstruction and Development; IDA = International Development Association.

a. Blend countries are those that are eligible for IDA resources on the basis of per capita income but also have limited creditworthiness to borrow from IBRD.

b. Serbia was Serbia and Montenegro from 2003 and became independent on June 5, 2006.

Republic of Congo, Guyana, Lesotho, Malaysia, Mali, and Mauritius), the entire portfolio of AAA and loans was reviewed.

Based on the selection criteria indicated above, the IEG team evaluated 129 ESW and 64 TA tasks, as well as 88 loans that could have been informed by the ESW evaluated (that is, the loans were in the same sectors as the ESW and were approved either in the same fiscal year as or after the completion of the ESW).

The sectoral distributions of the ESW and TA that were evaluated were largely in line with the sectoral distributions of all such (country-specific) Bank tasks delivered during the period (figures B.1 and B.2).

The evaluation of these Bank tasks (ESW, TA, and loans) entailed conducting structured interviews with 568 stakeholders (table B.3 presents the composition of the stakeholders).

Surveys of ESW and TA Task Team Leaders

All task team leaders (TTLs) of ESW and TA during fiscal 2000–06 were surveyed (electronically) on a specific task that they had undertaken; this meant 1,258 ESW TTLs and 499 TA TTLs. TTLs who managed more than one task were surveyed on only one of the tasks (selected on a random basis). The surveys were launched in January 2007 and lasted for three weeks. See table B.4 for survey results.

The surveys sought information on various dimensions of ESW and TA (origination, partnership, and dissemination) as well as the perceptions (with quantitative ratings) of TTLs on the extent to which the various objectives of ESW and TA were achieved. The surveys also sought the views of TTLs on the relative importance of the various dimensions for the effectiveness of ESW and TA and their views on the incentives provided by the Bank that could affect the various dimensions. The survey questionnaires are available on request.

Bias check for survey responses

One of the most important potential biases in survey responses would stem from TTLs responding to the survey only if they have positive perceptions of the effects of their tasks. To check for this bias, the IEG team divided the TTLs into two groups: those who responded to the survey

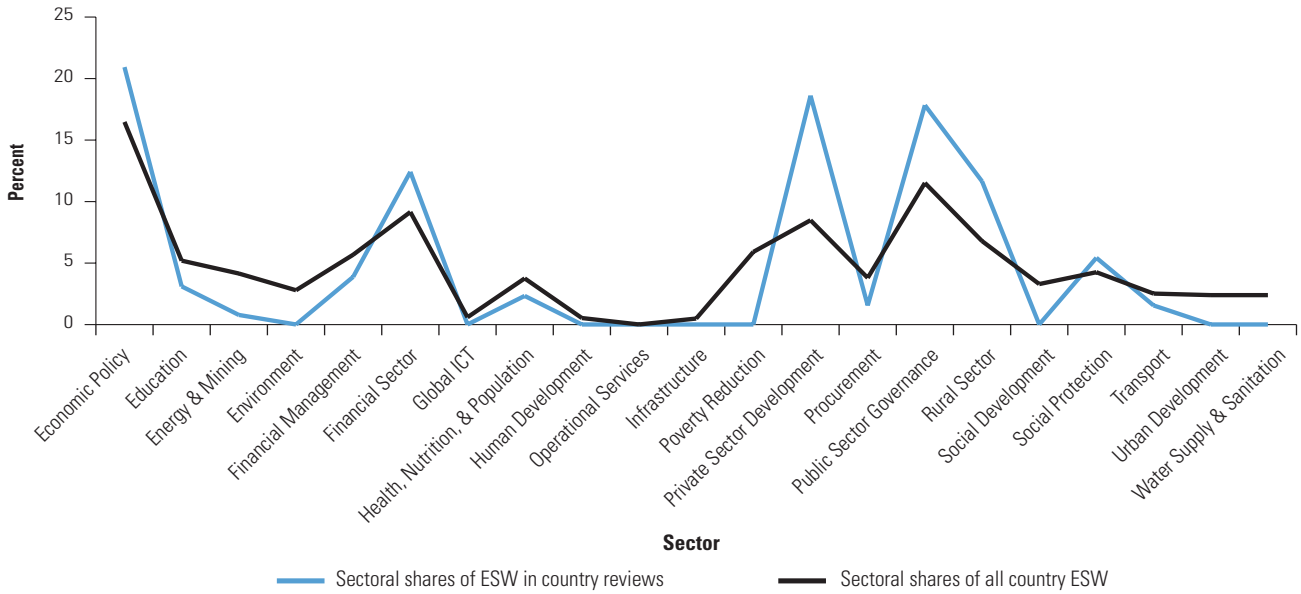
Table B.2: Size of Lending and Budget for ESW for Selected Countries

Share of ESW cost in the cost of country services	Large loans per capita (\$63–\$400)	Medium loans per capita (\$34–\$63)	Small loans per capita (\$0–\$34)
Large (0.2–1.00)	Serbia	Peru	Mauritius, Malaysia
Medium (0.14–0.19)	Jordan	Lesotho, Vietnam	Bangladesh
Small (0–0.13)	Romania, Guyana	Democratic Republic of Congo, Mali	

Source: IEG, based on World Bank administrative data.

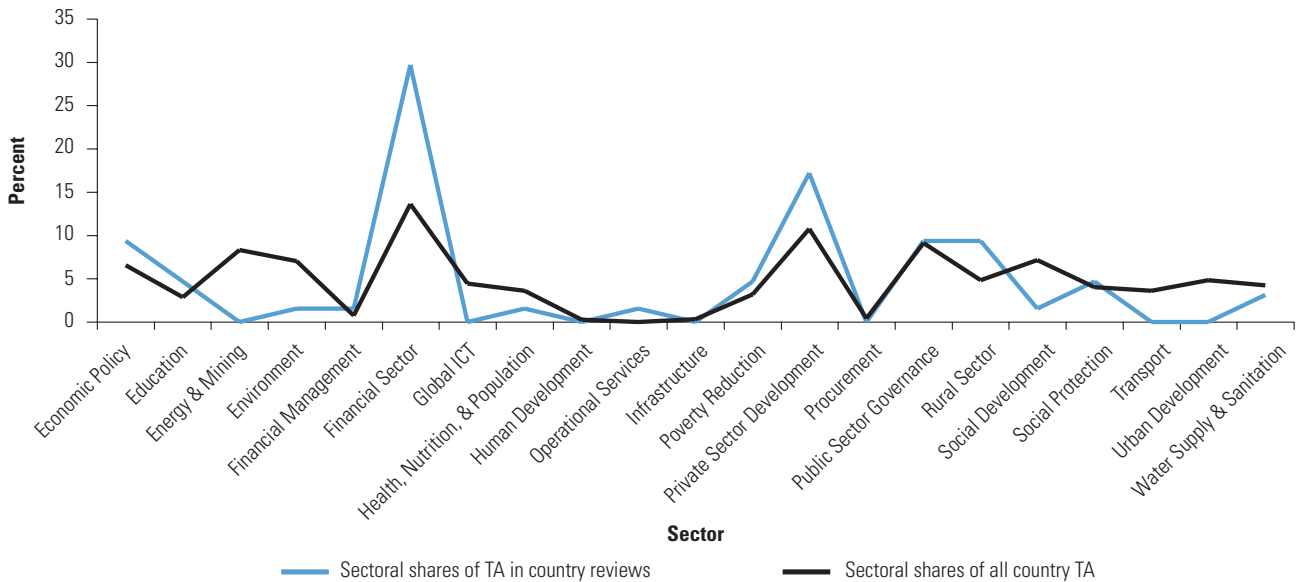
Note: Loans per capita denote cumulative loan commitments during fiscal 2000–06 normalized by population size of the country. Costs of ESW and country services are the cumulative costs during fiscal 2000–06. All data are from the World Bank. ESW = economic and sector work.

Figure B.1: Sectoral Distribution of ESW in Country Reviews and of All Bank Country-Specific ESW (Fiscal 2000–06)



Source: IEG and World Bank administrative data (adjusted by IEG for misclassification).
 Note: ESW = economic and sector work; Global ICT = global information, communications, and technology.

Figure B.2: Sectoral Distribution of TA in Country Reviews and of All Bank Country-Specific TA (Fiscal 2000–06)



Source: IEG and World Bank administrative data (adjusted by IEG for misclassification).
 Note: Global ICT = global information, communications, and technology; TA = technical assistance.

Table B.3: Profile of Stakeholders Interviewed

Stakeholder type	Number
Bank management	21
Bank staff (ESW, TA, and loan TTLs)	187
Staff of other institutions	7
Authorities (and ex-authorities)	191
Legislature	9
Donors	63
Civil society	39
Private sector	33
Academia/research	18
Total	568

Source: IEG country reviews.

Note: ESW = economic and sector work; TA = technical assistance, TTL = task team leader.

Table B.4: Survey of ESW and TA TTLs

	Number of TTLs e-mailed	Corrected number of TTLs ^a	Number of responses	Response rate (%)
ESW	1,258	1,143	696	60.9
TA	499	419	220	52.5
Total	1,757	1,562	916	58.6

Source: IEG surveys.

Note: ESW = economic and sector work; TA = technical assistance; TTL = task team leader.

a. Corrections are for: TTLs who have retired; tasks not really ESW or TA; TTLs inherited the tasks; TTLs in name only, while some others know the tasks better; TTLs not sure what the tasks were; TTLs out of office.

and those who did not. The team then matched QAG ratings to the tasks managed by the TTLs. For ESW, approximately 17 percent of the tasks managed by TTLs in *each* of the two groups (that is, those that responded to the survey and those that did not) had QAG ratings, whereas for TA, around 8 percent of the tasks in each of the two groups had QAG ratings.

For ESW, the team found no statistically significant differences in the average QAG ratings between the two groups for all five QAG ratings (overall quality and each of the subratings on internal quality, dialogue and dissemination, strategic relevance, and likely impact). In other words, those ESW TTLs who responded to the survey did not have significantly different QAG ratings for their

tasks than those who did not respond—at *any significance level*.

For TA, the team did not find a statistically significant difference between the two groups of TTLs (those that responded to the survey and those that did not) with respect to three of the QAG ratings for their tasks: overall quality, dialogue and dissemination, and strategic relevance. The average ratings were lower for internal quality (significant at the 5 percent level) and likely impact (significant at the 10 percent level) for those TTLs who did not respond to the survey.

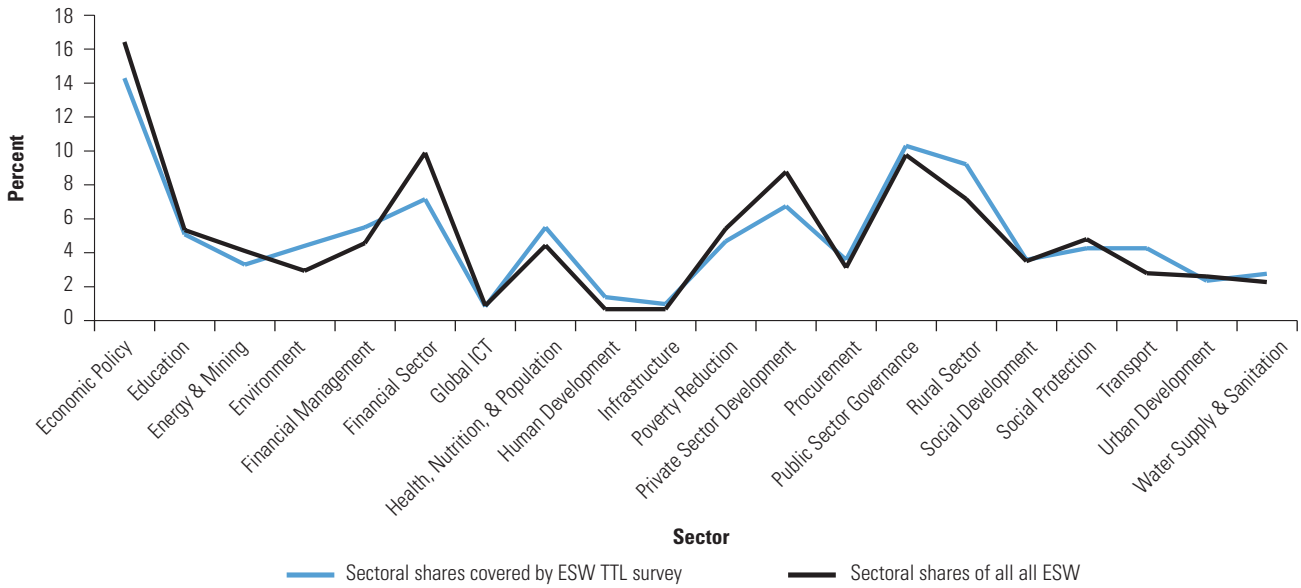
Another bias could arise from the sectoral and Regional distributions of the ESW and TA tasks to which the TTLs have responded. No biases were found, however. Both the sectoral and Regional distributions for the ESW tasks to which there were responses matched very closely with those of all such tasks delivered during fiscal 2000–06 (figures B.3 and B.4). The match was also close for TA tasks, although there was some underrepresentation of TA tasks (by 7 percent) in the financial sector (figure B.5) and some overrepresentation (by 8 percent) in Sub-Saharan Africa (figure B.6), compared with all TA delivered during the period.

Surveys of In-Country Users of Specific ESW and TA

Information on in-country users of specific ESW and TA was obtained through the surveys of ESW and TA TTLs described above. Specifically, the surveys asked the TTLs to provide contact and other information for each of the following categories of in-country users of ESW: government official, donor, and civil society representative. TTLs provided addressable samples of 351 users of specific ESW and 172 users of specific TA.

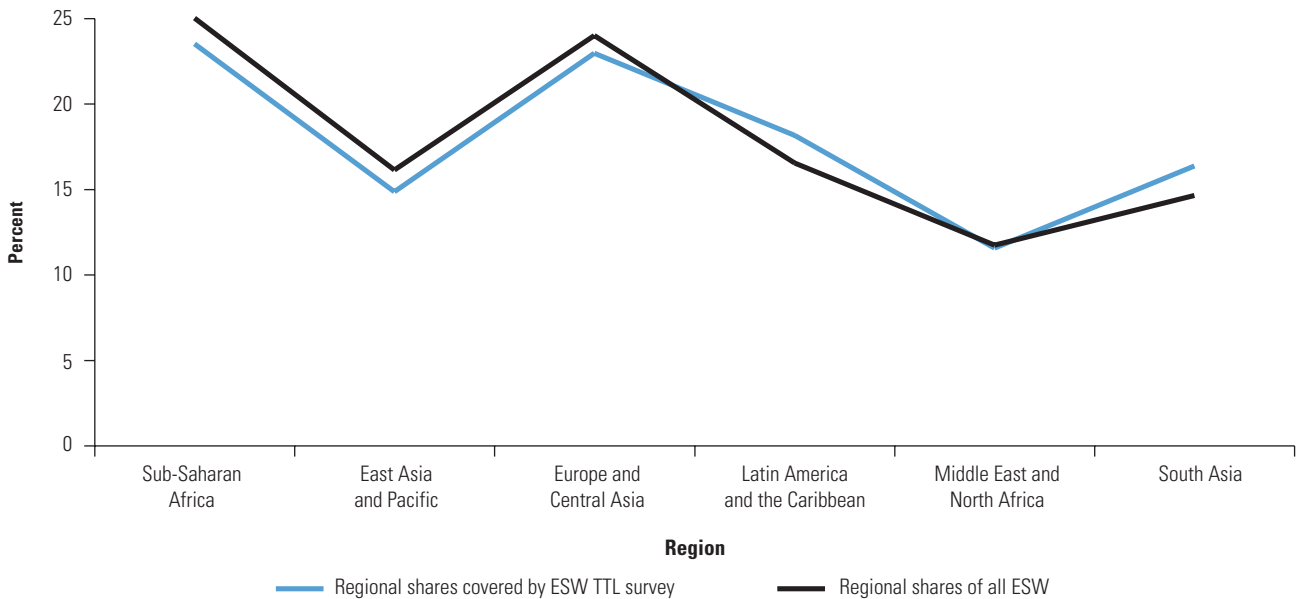
Electronic surveys were sent to these users. Information on net addressable samples (that is, excluding those who were out of the office or who indicated they have not used or are not aware of the specific task on which they were surveyed) and responses are presented in table B.5. The margin of error is 11.7 percent for the specific ESW user survey and 17.1 percent for the specific TA user survey. The stakeholder profiles of the respon-

Figure B.3: Sectoral Distribution of ESW to Which TTLs Responded and of All Bank ESW (Fiscal 2000–06)



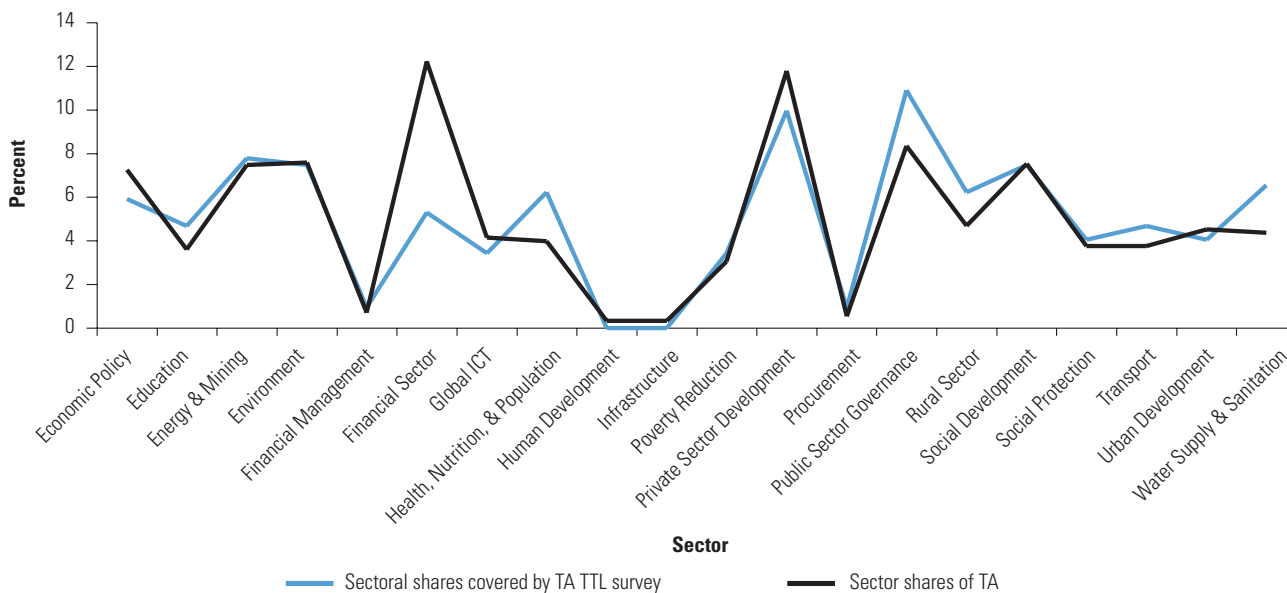
Source: IEG and World Bank administrative data (adjusted by IEG for misclassification).
 Note: ESW = economic and sector work; Global ICT = global information, communications, and technology; TTL = task team leader.

Figure B.4: Regional Distribution of ESW to Which TTLs Responded and of All Bank ESW (Fiscal 2000–06)



Source: IEG survey and World Bank administrative data.
 Note: ESW = economic and sector work; TTL = task team leader.

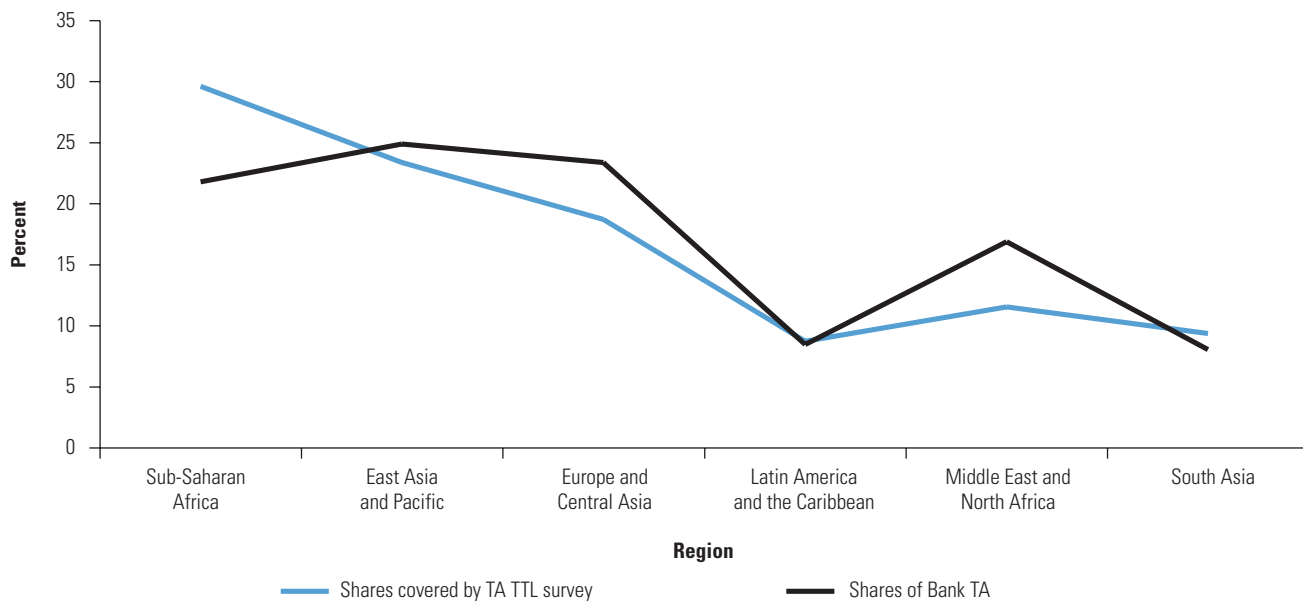
Figure B.5: Sectoral Distribution of TA to Which TTLs Responded and of All Bank TA (Fiscal 2000–06)



Source: IEG and World Bank administrative data (adjusted by IEG for misclassification).

Note: TA = technical assistance; Global ICT = global information, communications, and technology; TTL = task team leader.

Figure B.6: Regional Distribution of TA to Which TTLs Responded and of All Bank TA (Fiscal 2000–06)



Source: IEG and World Bank administrative data.

Note: TA = technical assistance; TTL = task team leader.

dents are presented in table B.6 and the country profiles in tables B.7 and B.8. There were responses on specific ESW for 41 countries and on specific TA for 17 countries. The surveys were conducted in September–October 2007 for about three weeks.

The survey questions are similar to the ones asked in the country reviews. Additionally, the surveys sought the views of the stakeholders on their willingness to pay for Bank ESW/TA. The survey questionnaires are available on request.

Bias checks for specific ESW and specific TA user survey responses

Biases in responses could arise from the fact that only respondents who feel strongly (either positively or negatively) about the Bank would respond to the surveys. One way to check for such potential bias is to compare the profile of the respondents to the profile of those to whom the survey was sent.

There does not seem to be a significant bias with respect to the Regional distribution of responses to the specific ESW and the specific TA user surveys. With respect to the specific ESW survey, there is quite a close correspondence between the Regional distribution of the respondents and those to whom the survey was sent, with a slight overrepresentation of respondents from Sub-Saharan Africa (of around 8 percent); the differences for the other Regions are quite small (between 2 and 3.5 percent; figure B.7). With respect to the correspondence between the Regional distribution of the responses to the TA user survey and those to whom the survey was sent, the Regional shares for Sub-Saharan Africa, East Asia and Pacific, Europe and Central Asia, and Latin America and the Caribbean are very close, although there is an overrepresentation of responses from the Middle East and North Africa (by about 10 percent), and no responses from South Asia (figure B.8).

Sectoral and Regional distributions of tasks to which in-country users responded

There were no significant biases in the sectoral or Regional distributions of the tasks to which users

Table B.5: Survey Statistics of Specific ESW and Specific TA User Surveys

	Specific ESW User	Specific TA User
Addressable sample	351	172
Less—		
Out of office	15	8
Have not used ESW/TA	39	20
Net addressable sample	297	144
Number of responses	70	33
Response rate	24%	23%

Source: IEG surveys.

Note: ESW = economic and sector work; TA = technical assistance.

Table B.6: Stakeholder Profile of Respondents to Specific ESW and Specific TA User Surveys

	Shares of respondents to specific ESW user survey	Shares of respondents to specific TA user survey
Total number of respondents	70	33
of which:		
Public sector (%)	30.0	53.1
Donor agency (%)	21.4	9.4
Academia/research (%)	20.0	12.5
Multilateral (%)	10.0	6.3
Civil society (%)	8.6	6.3
Private sector (%)	8.6	9.4
Consultants (%)	1.4	3.1

Source: IEG surveys.

Note: ESW = economic and sector work; TA = technical assistance.

responded in the specific ESW user survey, compared with such distributions for all Bank ESW. The sectoral distribution of the respondents to the specific ESW user survey (based on the sectoral classification of the ESW to which they were responding) generally matched that of all Bank ESW (figure B.9). The Regional distribution matched somewhat less well, with a somewhat larger representation from Sub-Saharan Africa (by about 12 percent) and smaller representation from Europe and Central Asia (also by about 12 percent; figure B.10).

Table B.7: Country/Region of ESW to Which In-Country Stakeholders Responded in the Specific ESW User Survey

Country/territory	Number of respondents	Country/territory	Number of respondents
Africa		Europe and Central Asia	
Angola	1	Bulgaria	1
Burundi	1	Hungary	1
Cape Verde	3	Kosovo ^a	1
Ethiopia	1	Moldova	1
Kenya	1	Russian Federation	1
Lesotho	1	Regional EU accession	1
Mauritania	2	Regional	1
Niger	1	Subtotal	7
Nigeria	3	Latin America and the Caribbean	
Sierra Leone	4	Argentina	1
Swaziland	1	Caribbean	1
Togo	2	Colombia	1
Uganda	2	Ecuador	2
Regional	1	Guatemala	1
Subtotal	24	Mexico	2
East Asia and Pacific		Venezuela, R.B. de	1
Cambodia	2	Subtotal	9
Indonesia	3	Middle East and North Africa	
Lao People's Dem. Rep.	2	Iran, Islamic Rep. of	1
Pacific Islands	1	Lebanon	1
Philippines	1	Subtotal	2
Solomon Islands	1	South Asia	
Thailand	1	Afghanistan	1
Tonga	1	Bangladesh	1
Vietnam	2	India	3
Subtotal	14	Nepal	1
Total		Sri Lanka	2
		Subtotal	8
		World	6
		Total	70

Source: IEG survey.

Note: ESW = economic and sector work; EU = European Union.

a. Under UN Security Council Resolution 1244 (1999), Kosovo is administered by the United Nations Interim Administration Mission in Kosovo.

For TA, the match was not as close, although the biases were not hugely significant. The Regional distribution of the TA to which users responded in the survey was quite close to that of all Bank TA (figure B.11), although Sub-Saharan Africa was overrepresented by about 22 percent and South Asia was underrepresented by 7 percent (there

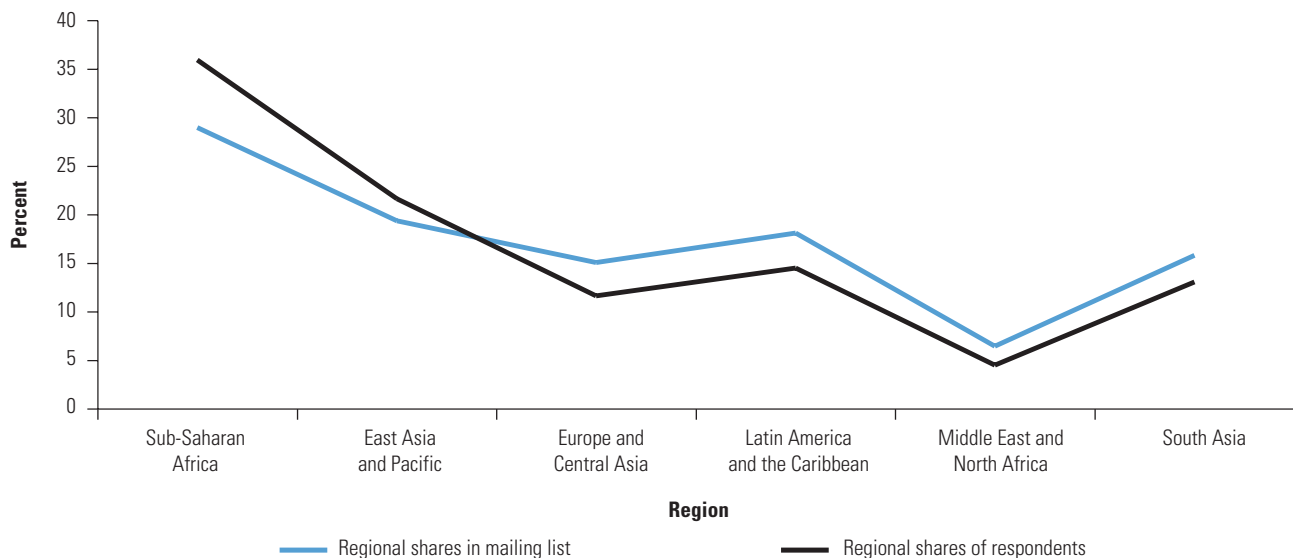
were no responses on TA tasks delivered in South Asia). With respect to the sectoral distribution, none of the differences in distribution were greater than 10 percent, except for the financial sector, for which there were no responses on TA, and the rural sector, for which there was an overrepresentation of about 11 percent (figure B.12).

Table B.8: Country/Region of TA to Which In-Country Stakeholders Responded in the Specific TA User Survey

Country and Region	Number of respondents	Country	Number of respondents
Sub-Saharan Africa		Europe and Central Asia	
Angola	2	Kyrgyz Republic	2
Burkina Faso	2	Turkey	1
Comoros	2	Regional	3
Mauritius	1	Subtotal	6
Mozambique	1	Latin America and the Caribbean	
South Africa	1	Brazil	1
Sudan	1	Subtotal	1
Regional	4	Middle East and North Africa	
Subtotal	14	Iraq	2
East Asia and Pacific		Qatar	1
China	2	Regional	2
Indonesia	1	Subtotal	5
Mongolia	1		
Vanuatu	2		
Vietnam	1		
Subtotal	7		
Total			33

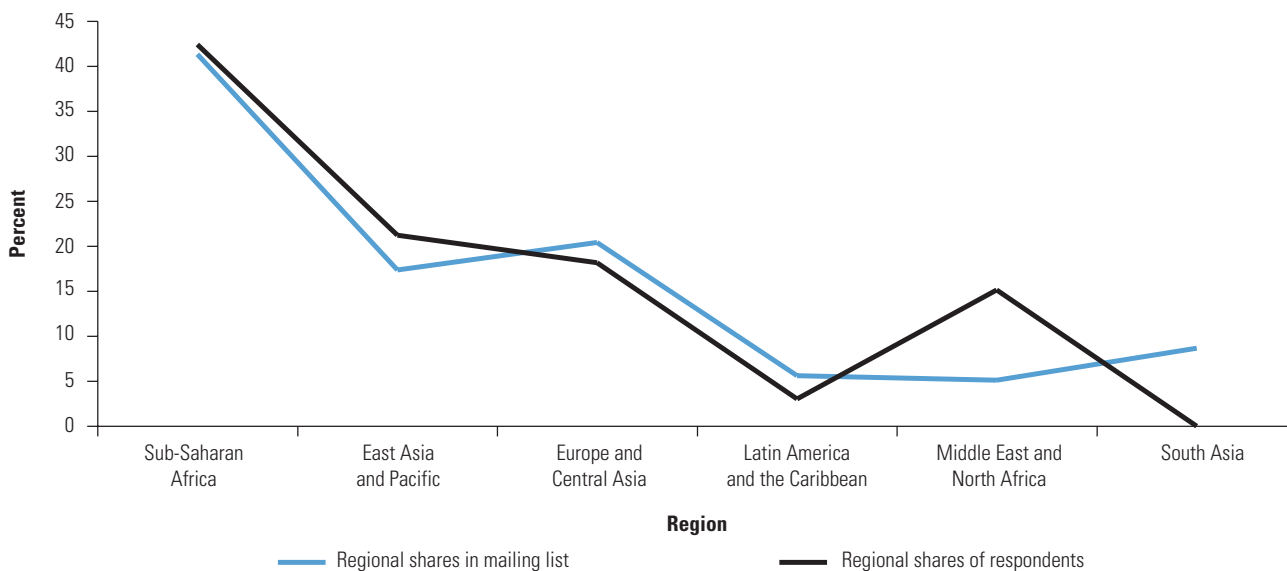
Source: IEG survey.

Note: TA = technical assistance.

Figure B.7: Regional Distribution of Specific ESW User Survey Mailing List and of Respondents

Source: IEG survey.

Note: ESW = economic and sector work.

Figure B.8: Regional Distribution of Specific TA User Survey Mailing List and of Respondents

Source: IEG survey.

Note: TA = technical assistance.

In sum, there is quite a close correspondence between the sectoral and Regional distributions of ESW tasks to which users responded in the survey, and those of all ESW delivered by the Bank. The correspondence is slightly less close for TA tasks.

Surveys of Loan TTLs (Within-Bank Users of ESW)

Respondents to the ESW TTL survey provided 205 names of loan TTLs who would know about or who would have used the specific ESW on which the ESW TTLs were being surveyed. Those ESW TTLs who were also loan TTLs were excluded from the survey. Of the 205 loan TTLs who were surveyed, 4 were out of the office, 13 indicated they did not use the ESW, and 2 indicated they were not the appropriate people to be surveyed. This brought the addressable sample to 186. Of the addressable sample, 91 responded, which is a 49 percent response rate and reflects a margin of error of 10.3 percent. The survey was conducted in September–October 2007 for about three weeks.

The survey sought information on loan TTLs' views on various dimensions (technical quality, rel-

evance, timeliness, partnership, dissemination) of specific ESW; the extent to which and specifics of how the ESW had informed lending in the country; what would have happened if the ESW had not been produced; and their rankings of various Bank instruments (lending and nonlending) for the country, various types of reports for loan preparation, and the different dimensions of ESW intended to make ESW more useful to their work.

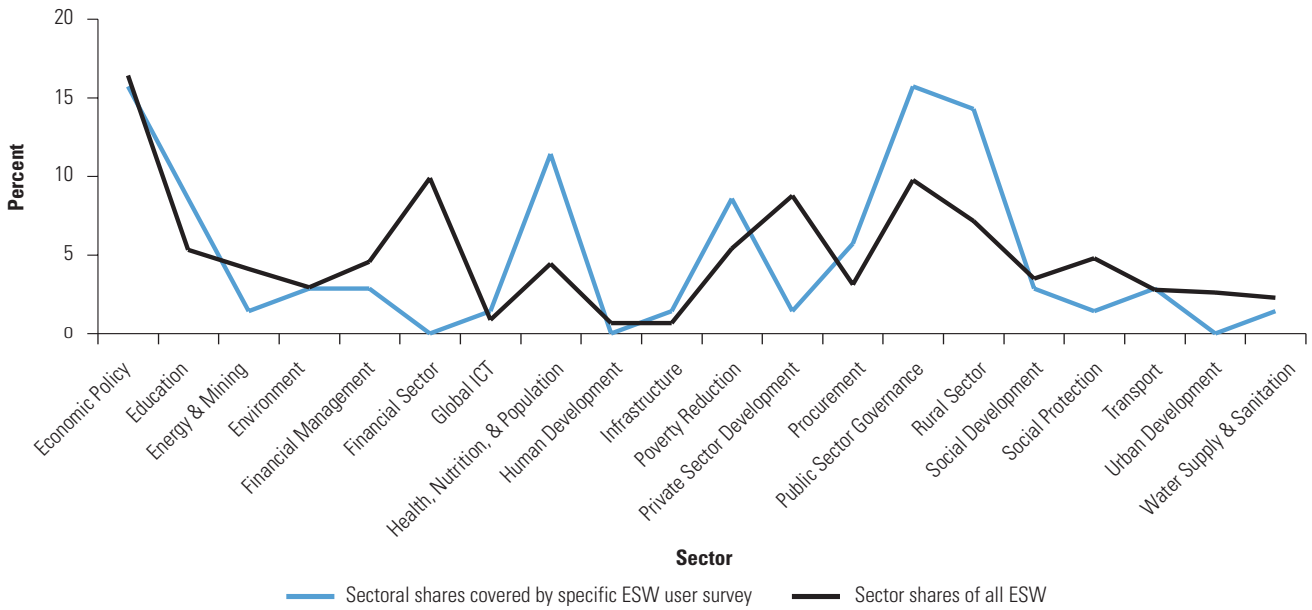
Comparing the Regional distribution of the ESW to which the loan TTLs were responding with that of all ESW indicates there are no significant biases on this front (figure B.13). The differences in Regional shares were smaller than 10 percent for all the Regions and much smaller than that for some Regions. There is even less bias on the sectoral front with a greater correspondence between the sectoral shares (figure B.14).

Survey of Users of ESW and TA

In addition to surveying in-country stakeholders on specific tasks, this evaluation also undertook a survey of potential users of Bank ESW and TA

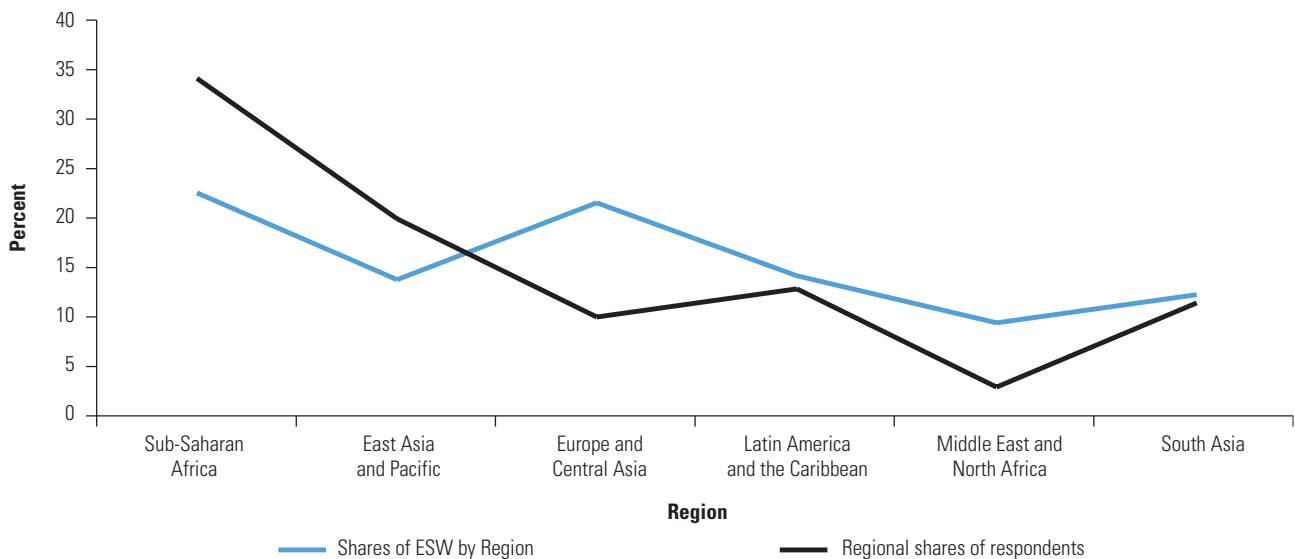
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Figure B.9: Sectoral Distribution of Respondents to Specific ESW User Survey and of All Bank ESW (Fiscal 2000–06)



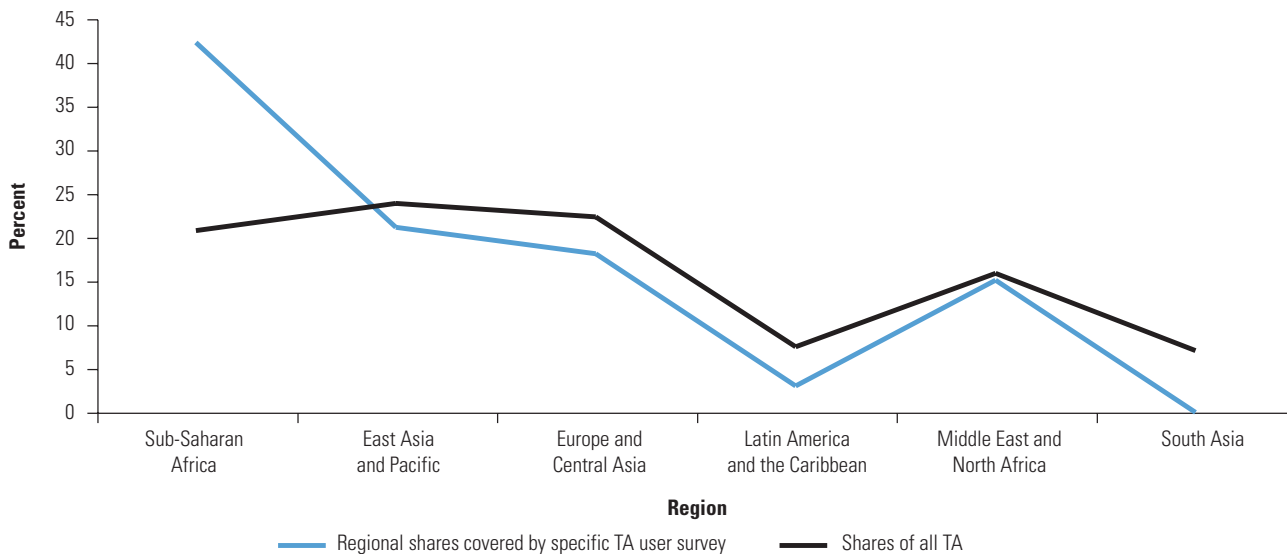
Source: IEG and World Bank administrative data (adjusted by IEG for misclassification).
 Note: ESW = economic and sector work; Global ICT = global information, communications, and technology.

Figure B.10: Regional Distribution of Respondents to Specific ESW User Survey and of All Bank ESW (Fiscal 2000–06)



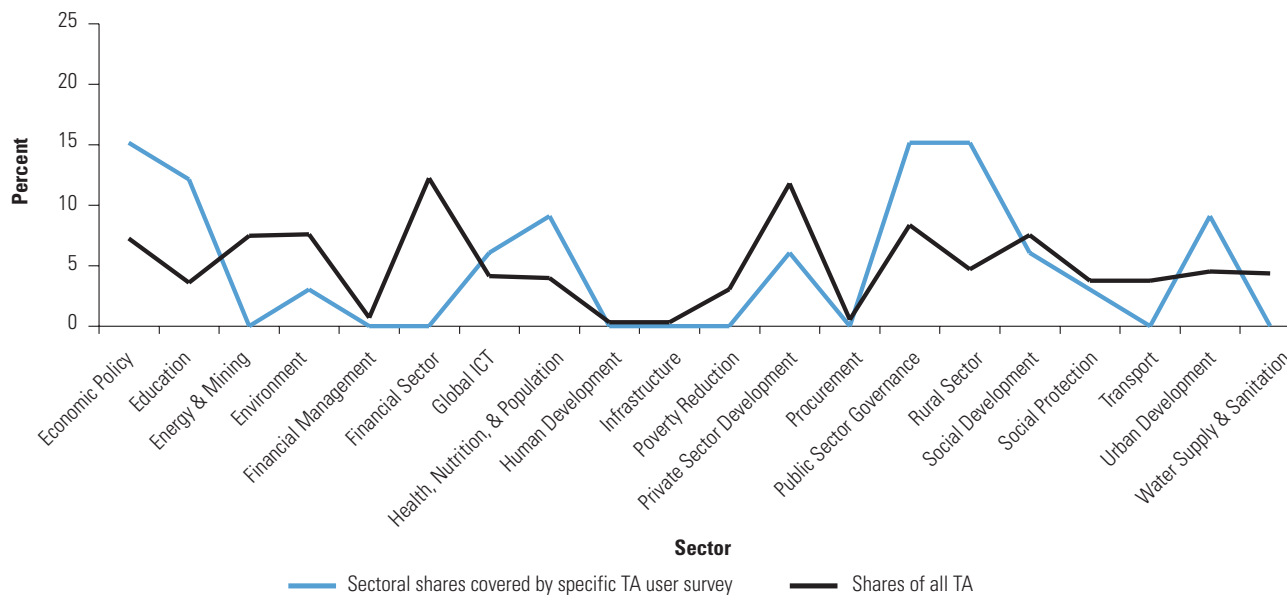
Source: IEG survey and World Bank administrative data.
 Note: ESW = economic and sector work.

Figure B.11: Regional Distribution of Respondents to Specific TA User Survey and of All Bank TA (Fiscal 2000–06)



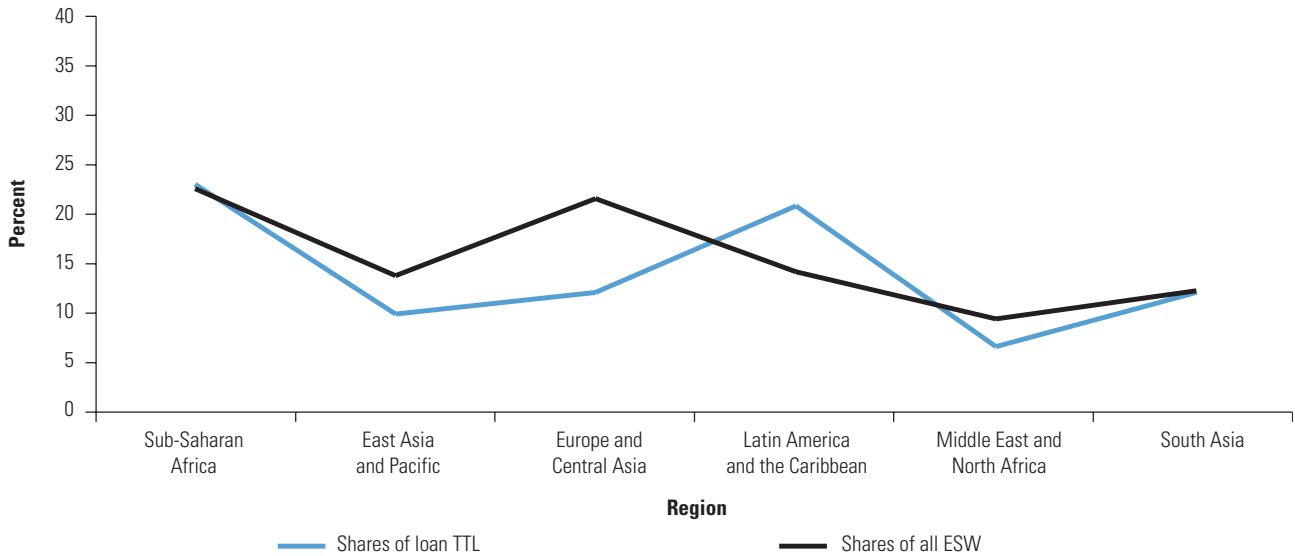
Source: IEG survey and World Bank administrative data.
 Note: TA = technical assistance.

Figure B.12: Sectoral Distribution of Respondents to Specific TA User Survey and of All Bank TA (Fiscal 2000–06)



Source: IEG and World Bank administrative data (adjusted by IEG for misclassification).
 Note: Global ICT = global information, communications, and technology; TA = technical assistance.

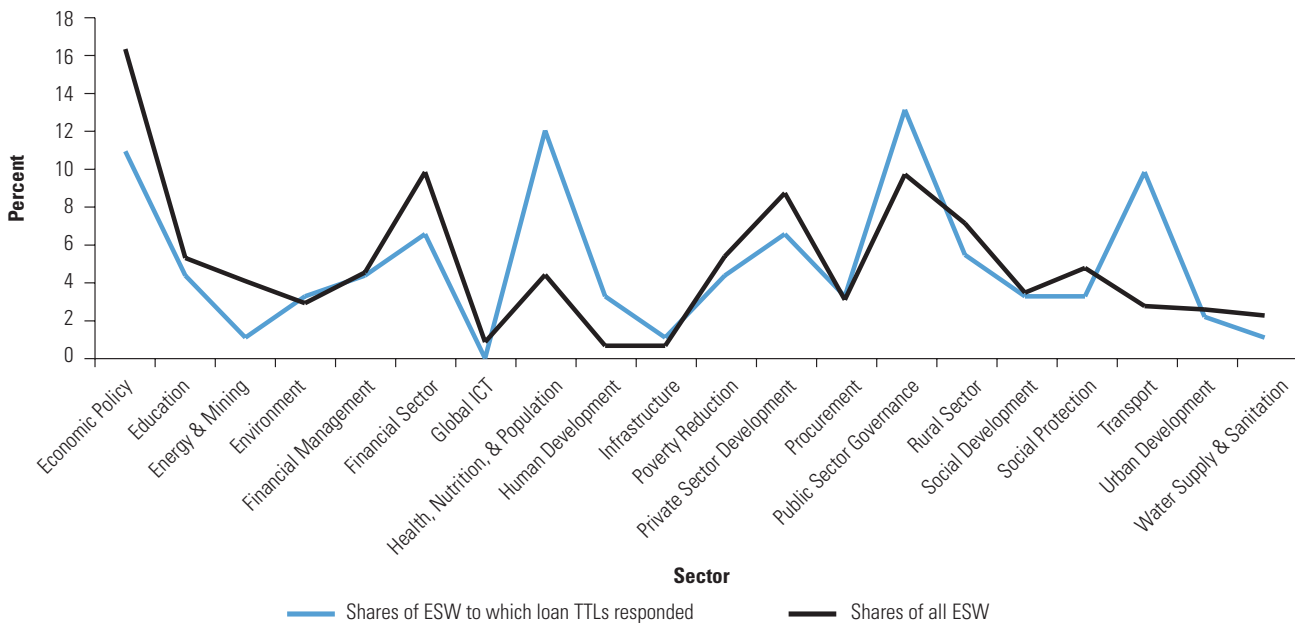
Figure B.13: Regional Distribution of ESW to Which Loan TTLs Responded, and of All ESW



Source: IEG survey and World Bank administrative data.

Note: ESW = economic and sector work; Global ICT = global information, communications, and technology; TTL = task team leader.

Figure B.14: Sectoral Distribution of ESW to Which Loan TTLs Responded, and of All ESW



Source: IEG and World Bank administrative data (adjusted by IEG for misclassification).

Note: ESW = economic and sector work; Global ICT = global information, communications, and technology; TTL = task team leader.

on their general views of various dimensions and effects of such Bank products. The survey was sent electronically to 2,700 users, with the e-mail list being compiled from recent client surveys undertaken by IEG (the Financial Sector Assessment Program [FSAP] and low-income countries under stress surveys), the World Bank (Operation and Policy Country Services's Conditionality Survey; respondents to the World Bank Reader Survey by External Affairs), and the Independent Evaluation Office of the International Monetary Fund (IMF) (the African Survey).

The survey questions were similar to those asked in the specific ESW and specific TA user surveys, except they did not pertain to specific ESW or TA tasks and they sought the views on ESW and TA as a whole, rather than separately. The survey questionnaire is available on request.

Of the 2,700 to whom the survey was sent, 20 were out of office and 262 indicated they had not used Bank ESW or TA; this resulted in a net addressable sample of 2,418. Of this sample, 550 people responded, which is a 23 percent response rate and reflects a margin of error of 4.5 percent. The survey was done in September–October 2007 for about three weeks. Of the 550 respondents, 509 provided information on their country of origin, of

which 394 (77 percent) were from 91 Bank client countries and 115 (23 percent) from developed countries. The stakeholder profiles of the respondents are presented in table B.9 and the country profiles in table B.10.

Bias checks for the ESW/TA user survey response

To check for potential biases arising from the possibility that only those who feel strongly (either positively or negatively) about the Bank responded to the survey, various aspects of the respondents' profiles were compared against those from the original mailing list. There does not appear to be any significant Regional or stakeholder type bias, given the close correspondence between these two groups on both those fronts (figures B.15 and B.16). The Regional distributions of the two groups were very similar. For stakeholder type there was an overrepresentation of respondents from academia (by 11 percent) and an underrepresentation from civil society (by 14 percent).

The sectoral distribution of Bank client respondents (based on responses to the question of the main sector in which they work) is very similar to that of the sectoral distribution of all Bank ESW and TA (figure B.17), with some overrepresentation of the economic policy sector (by 9 percent) and the education sector (by 11 percent). The overrepresentation of the education sector could be attributed to the fact that 64 of the 86 respondents who selected education as their main sector are academics/researchers (which implies there may not be an overrepresentation of the education sector). Given the (otherwise) close correspondence in the sectoral distributions, there are not likely to be biases on this front.

Compared with the sectoral distribution, the Regional distributions of Bank client respondents and of all Bank ESW and TA are less close, but there do not seem to be significant biases on this front (figure B.18). All the differences in shares were less than 10 percent, and for some Regions (Sub-Saharan Africa and East Asia and Pacific) they were much smaller.

Table B.9: Stakeholder Profile of Respondents to ESW/TA User Survey

	Shares of respondents from Bank client countries	Shares of respondents from developed countries
Total number of respondents	389	114
Academia/research (%)	40.9	40.4
Civil society (%)	7.2	3.5
Donor agency (%)	2.8	5.3
Private sector (%)	17.2	24.6
Public sector (%)	27.8	14.9
Multilateral (%)	1.8	5.3
Consultants (%)	2.1	6.1
Combination (research/private sector) (%)	0.3	—

Source: IEG survey.

Note: ESW = economic and sector work; TA = technical assistance.

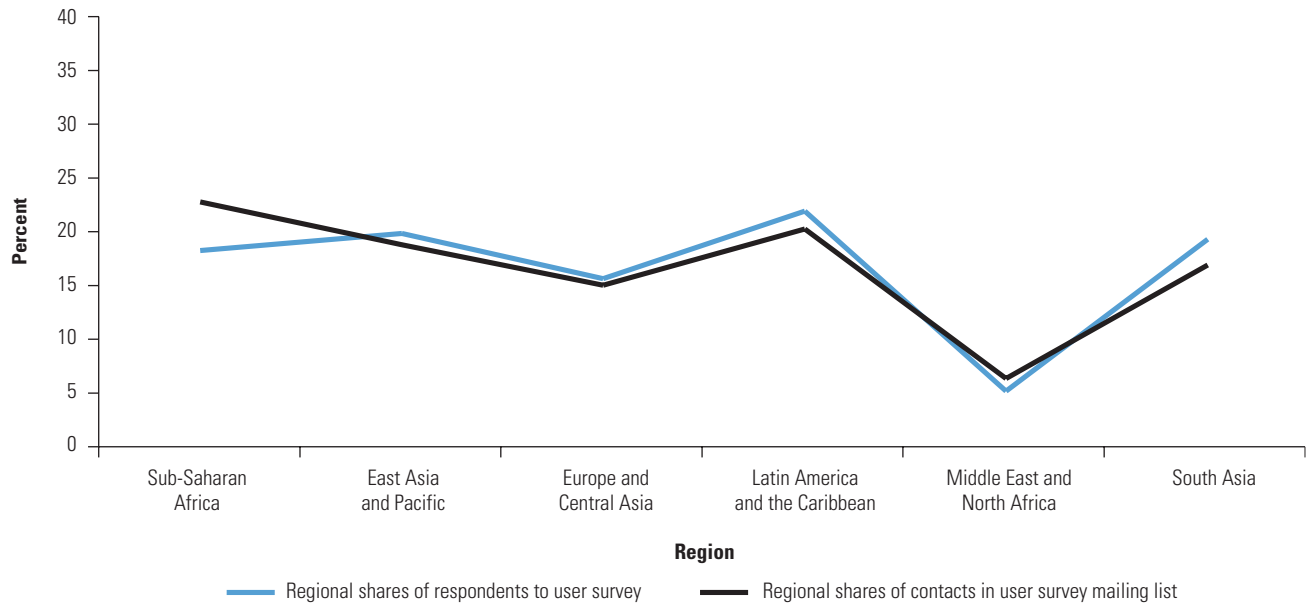
Table B.10: Country Profile of Bank Client Respondents to User ESW/TA Survey

Regions		Regions	
Sub-Saharan Africa		Europe and Central Asia	
Benin	2	Albania	2
Burkina Faso	1	Armenia	2
Cameroon	1	Azerbaijan	3
Chad	1	Bosnia and Herzegovina	1
Congo, Dem. Rep. of	2	Bulgaria	4
Côte d'Ivoire	1	Croatia	4
Ethiopia	2	Czech Republic	3
Gambia, The	1	Hungary	2
Ghana	2	Kazakhstan	2
Kenya	8	Kyrgyz Republic	2
Liberia	1	Lithuania	1
Mauritius	3	Poland	4
Mozambique	1	Romania	5
Nigeria	12	Russian Federation	3
Rwanda	2	Slovak Republic	3
Senegal	3	Slovenia	2
Sierra Leone	1	Turkey	19
South Africa	14	Turkmenistan	1
Sudan	2	Ukraine	3
Tanzania	2	Subtotal	66
Togo	1	Latin America and the Caribbean	
Uganda	3	Argentina	6
Zambia	3	Bolivia	2
Zimbabwe	1	Brazil	14
Subtotal	70	Chile	1
East Asia and Pacific		Colombia	3
Cambodia	13	Costa Rica	3
China	12	Dominican Republic	1
Fiji	2	Ecuador	4
Indonesia	10	El Salvador	1
Lao PDR	2	Grenada	1
Malaysia	1	Guatemala	1
Mongolia	1	Haiti	5
Papua New Guinea	2	Honduras	4
Philippines	13	Mexico	16
Korea, Republic of	2	Nicaragua	1
Solomon Islands	1	Paraguay	2
Thailand	9	Peru	10
Vietnam	11	Suriname	2
Subtotal	79	Trinidad and Tobago	1
Middle East and North Africa		Uruguay	1
Algeria	2	Venezuela, R.B. de	7
Egypt, Arab Republic of	3	Subtotal	86
Iran, Islamic Rep. of	1	South Asia	
Jordan	4	Afghanistan	3
Lebanon	3	Bangladesh	3
Morocco	3	India	54
Tunisia	1	Nepal	1
Yemen, Republic of	2	Pakistan	7
Subtotal	19	Sri Lanka	6
Total		Subtotal	74
		Total	394

Source: IEG survey.

Note: ESW = economic and sector work; TA = technical assistance.

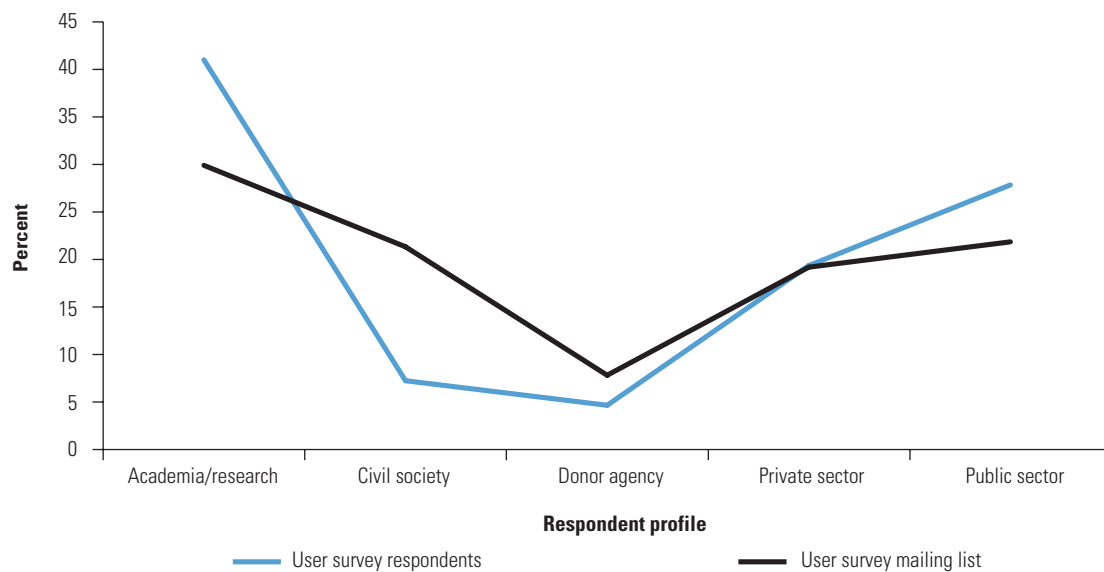
Figure B.15: Regional Distribution of ESW/TA User Survey Mailing List and of Respondents



Source: IEG survey.

Note: ESW = economic and sector work; TA = technical assistance.

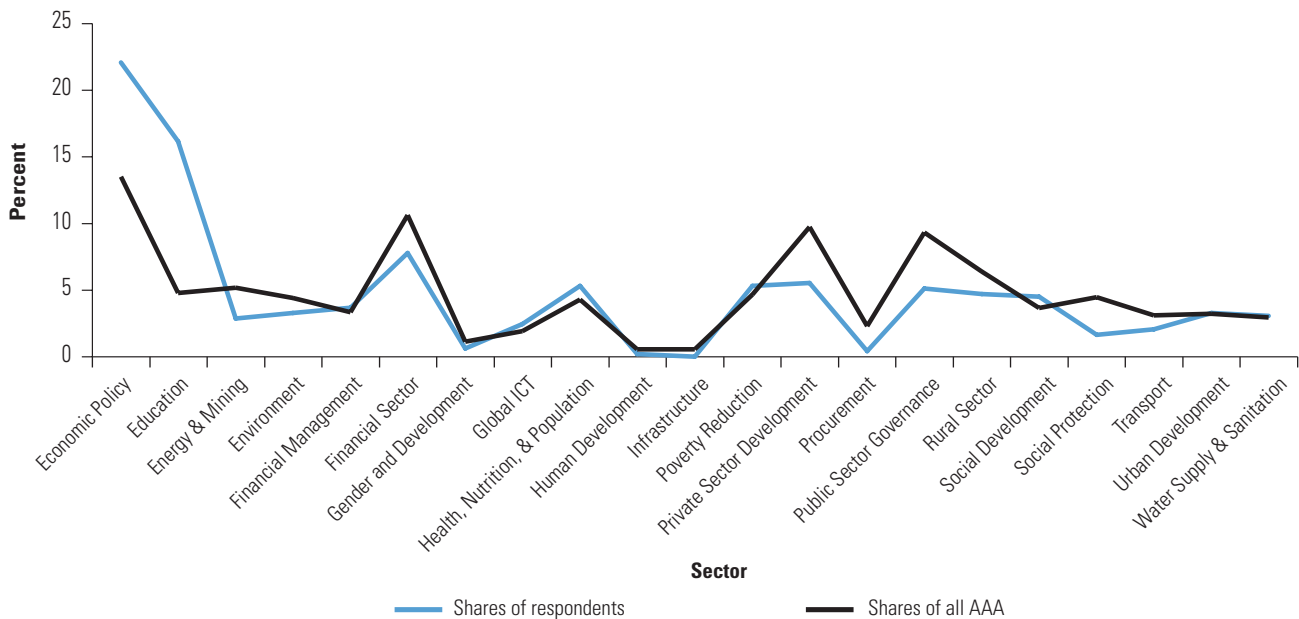
Figure B.16: Stakeholder Profile of ESW/TA User Survey Mailing List and of Respondents



Source: IEG survey.

Note: ESW = economic and sector work; TA = technical assistance.

Figure B.17: Sectoral Distribution of ESW/TA User Survey Respondents, and Sectoral Shares of All Bank ESW and TA



Source: IEG and World Bank administrative data (adjusted by IEG for misclassification).

Note: AAA = analytical and advisory activities; ESW = economic and sector work; Global ICT = global information, communications, and technology; TA = technical assistance.

Matching ESW to Loans

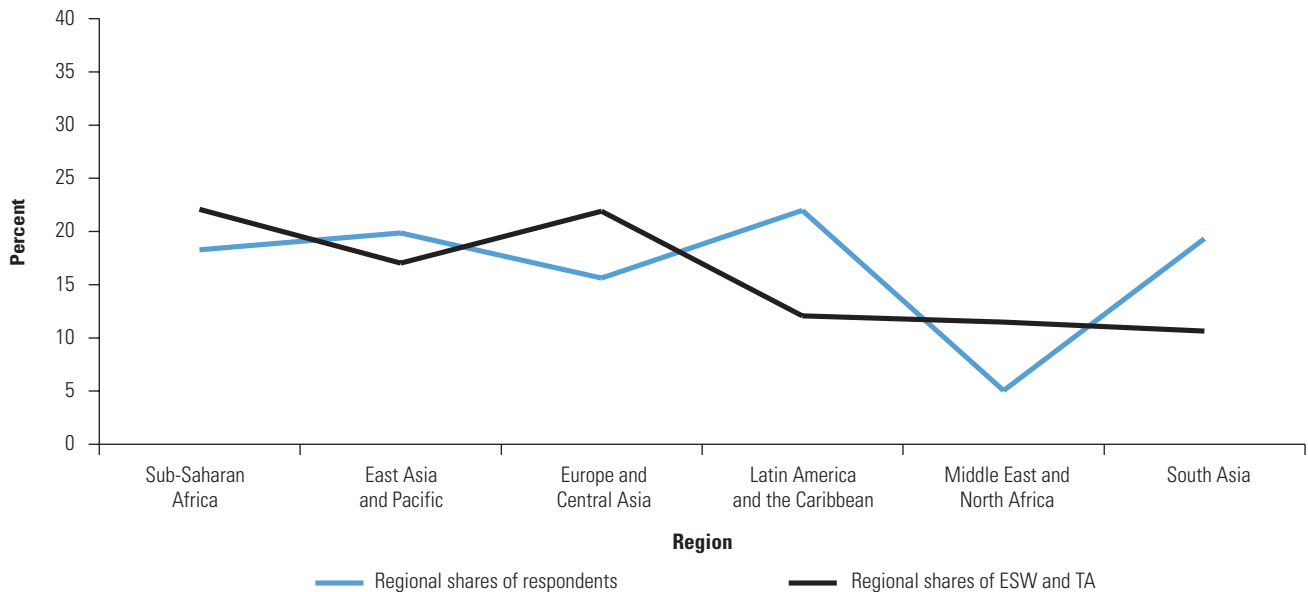
This exercise began with the selection of a sample of loans from two portfolios of loans: those approved during fiscal 2003–05 that have quality at entry (QAE) ratings and those approved during fiscal 2003–06 that have IEG loan ratings. Only loans approved from fiscal 2003 were selected to account for the possibility that ESW delivered up to three years prior to loan approval could have informed the loan; hence, this would cover ESW delivered during the evaluation period of fiscal 2000–06.

During fiscal 2003–06, the Bank approved 1,106 loans, of which 152 have IEG ratings (14 percent of all loans). During fiscal 2003–05, the Bank approved 809 loans, of which 196 have QAE ratings (24 percent of all loans). The sectoral distribution of loans with QAE ratings closely corresponds to that of the portfolio of all loans (figure B.19); that of loans with IEG ratings does not correspond very well (figure B.20). The latter is not surprising, given that only loans that were approved

and closed during fiscal 2003–06 would have IEG ratings, and these would have been mostly development policy loans (DPLs).

For each of the two portfolios of loans, 50 percent were selected randomly by the IEG team, stratified by sector and Region. This resulted in a sample of 119 loans with QAE ratings and 90 loans with IEG ratings, among which 13 have both QAE and IEG ratings. The *sectoral* distribution of the selected sample of loans with QAE ratings corresponds closely to that of the portfolio of all loans, but this was not the case for the selected sample of loans with IEG ratings, for reasons mentioned in the above paragraph.

The *Regional* distribution of the selected sample of loans with QAE ratings corresponds closely to that of the portfolio of all development policy and all investment loans, as well as all loans (figures B.21 and B.22). For loans with IEG ratings, however, the Regional distribution of the selected sample of loans corresponds closely only to that

Figure B.18: Regional Distribution of ESW/TA User Survey Respondents, and Regional Shares of All Bank ESW and TA


Source: IEG survey and World Bank administrative data.

Note: ESW = economic and sector work; TA = technical assistance.

of the portfolio of all DPLs (figure B.23) but not so closely to that of all investment loans (figure B.24). This is again not surprising, given that loans with IEG ratings are those that had closed during the evaluation, and these are mainly DPLs. In light of the above discussion, that is, the close approximation of both the Regional and sectoral distribution of loans with QAE ratings (but not that of loans with IEG ratings) to that of all loans, only inferences drawn from loans with QAE ratings were used in the discussion in chapter 3.

The matching entailed the review of loan documents and ESW to identify those ESW that could have informed the loans (the relevant ESW). For DPLs, which are generally multisectoral, ESW in all sectors were reviewed. For investment loans, the review included ESW in the economic policy and financial management sector in addition to the sector of the loan. Based on this review, only those ESW that could actually have informed the loans were selected for inclusion in the analysis.

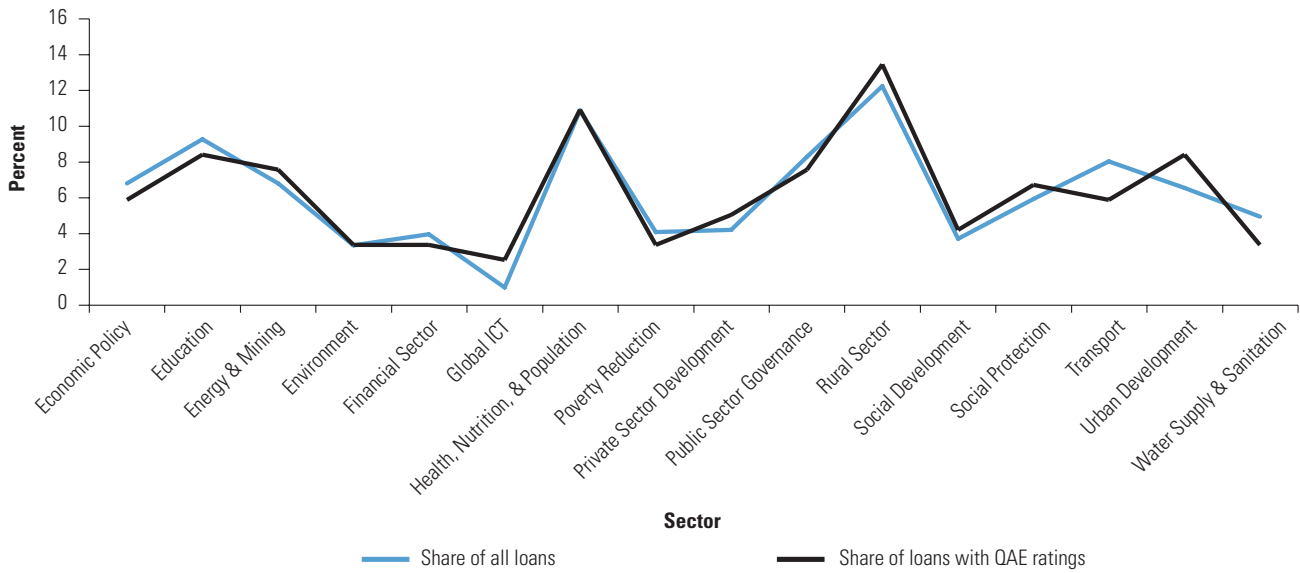
QAG Quality Ratings

During fiscal 2000–06, QAG assessed 725 ESW and 157 TA tasks, including country-specific, regional, and global tasks. The distribution of TA tasks that were assessed by QAG closely reflects the distribution of TA tasks delivered by the Bank during the period. The match is not quite as close for ESW tasks, with an oversampling of country-specific tasks and an undersampling of regional and global tasks that QAG assessed (table B.11).

For country-specific tasks, there is a close match between the Regional distribution of ESW tasks that were assessed by QAG and of all such tasks delivered by the Bank during the period, but a less close match for TA tasks (table B.12).

The Regional and sectoral distribution of ESW tasks with QAG ratings on both the four- and six-point scales are very close to such distributions for all Bank ESW, although they are somewhat less close for TA tasks (figures B.25–B.30).

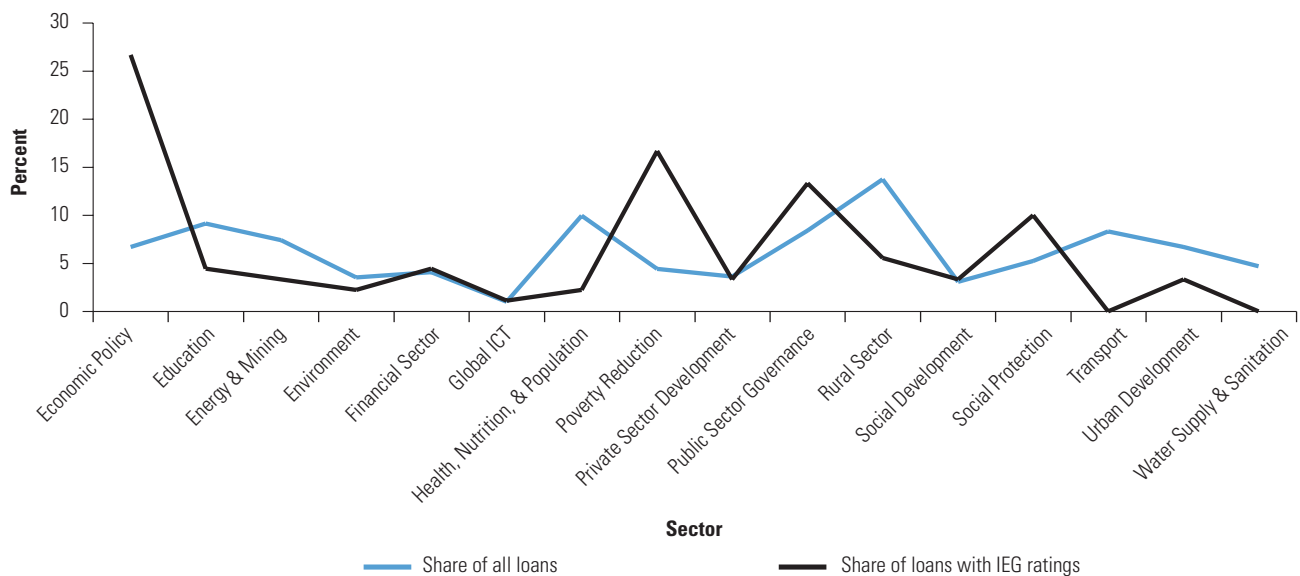
Figure B.19: Sectoral Distribution of All Loans and Selected Sample of Loans with OAE Ratings, Fiscal 2003–05



Source: IEG and World Bank administrative data (adjusted by IEG for misclassification).

Note: Global ICT = global information, communications, and technology; OAE = quality at entry.

Figure B.20: Sectoral Distribution of All Loans and Selected Sample of Loans with IEG Ratings, Fiscal 2003–06



Source: IEG and World Bank administrative data (adjusted by IEG for misclassification).

Note: Global ICT = global information, communications, and technology.

Table B.11: Country-Specific, Regional, and Global Tasks Assessed by QAG, Fiscal 2000–06

	ESW		TA	
	Shares of all ESW (%)	Shares of ESW assessed by QAG (%)	Shares of all TA (%)	Shares of TA assessed by QAG (%)
Country	78	89	80	79
Regional	16	8	18	19
Global	6	3	2	3

Source: IEG staff calculation based on World Bank and QAG data.

Note: ESW = economic and sector work; QAG = Quality Assurance Group; TA = technical assistance.

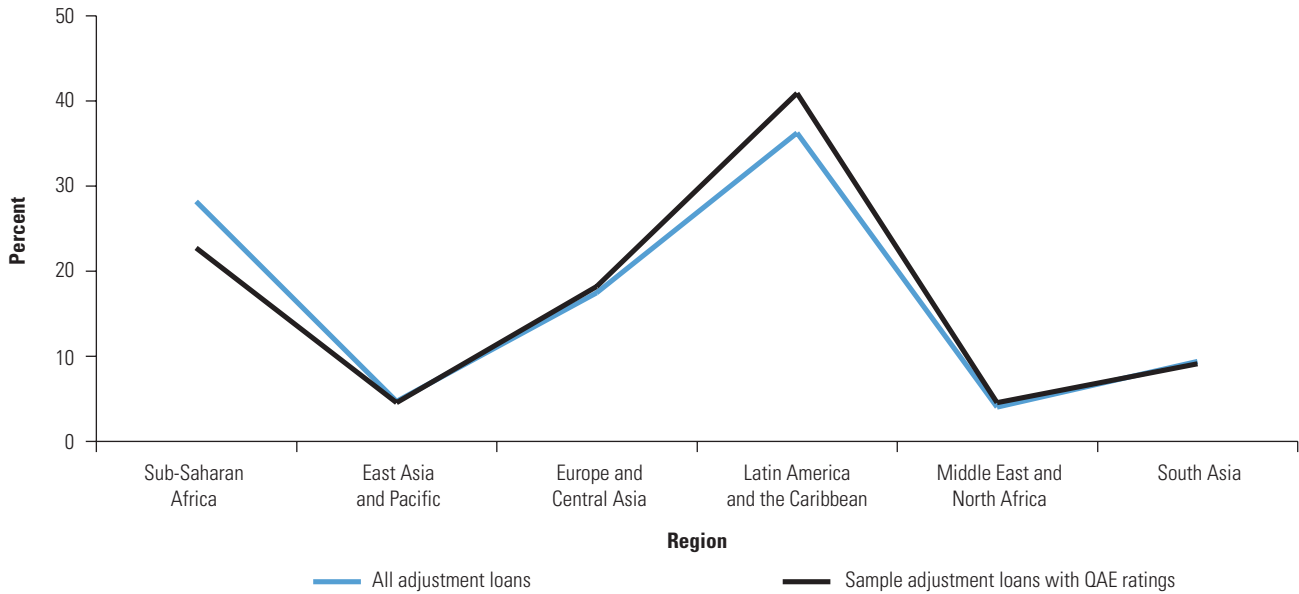
Table B.12: Regional Distribution of Country-Specific ESW and TA Tasks Assessed by QAG, Fiscal 2000–06

Region	ESW		TA	
	Shares of all ESW (%)	Shares of ESW assessed by QAG (%)	Shares of all TA (%)	Shares of TA assessed by QAG (%)
Sub-Saharan Africa	23	24	17	23
East Asia and Pacific	15	12	27	15
Europe and Central Asia	21	22	24	25
Latin America and the Caribbean	15	17	7	11
Middle East and North Africa	11	11	18	14
South Asia	15	15	8	12

Source: IEG staff calculation based on World Bank and QAG data.

Note: ESW = economic and sector work; QAG = Quality Assurance Group; TA = technical assistance.

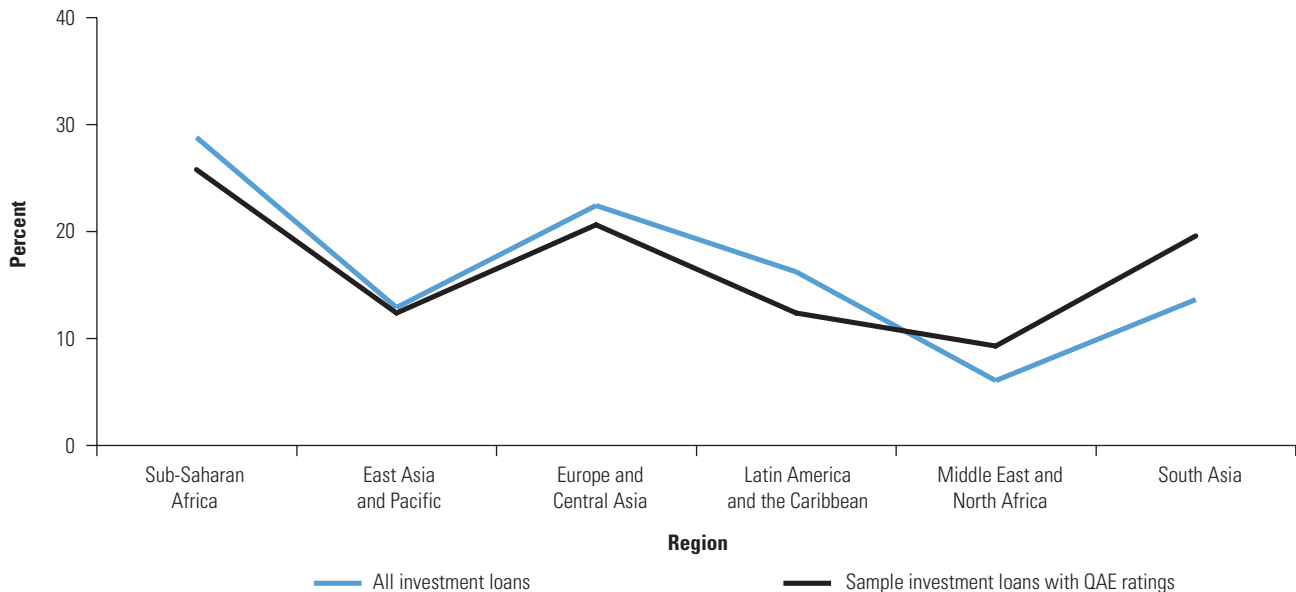
Figure B.21: Regional Distribution and Selected Sample of All Development Policy Loans with QAE Ratings, Fiscal 2003–05



Source: IEG, based on World Bank administrative data and QAG data.

Note: QAE = quality at entry.

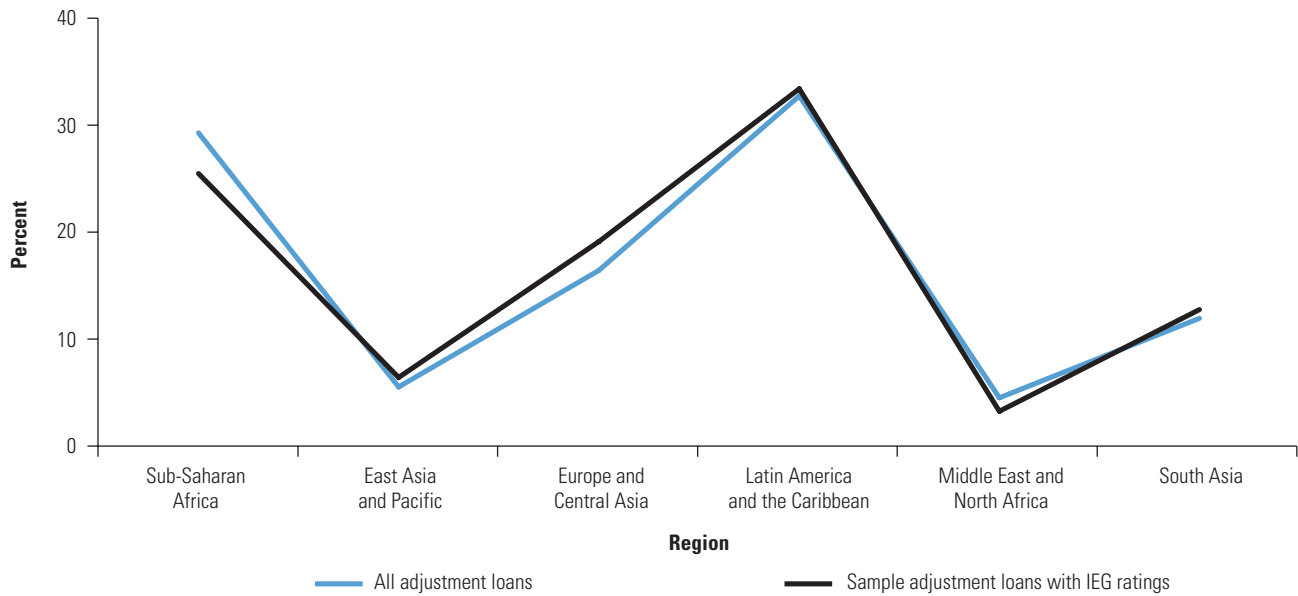
Figure B.22: Regional Distribution and Selected Sample of All Investment Loans with QAE Ratings, Fiscal 2003–05



Source: IEG, based on World Bank administrative data and QAG data.

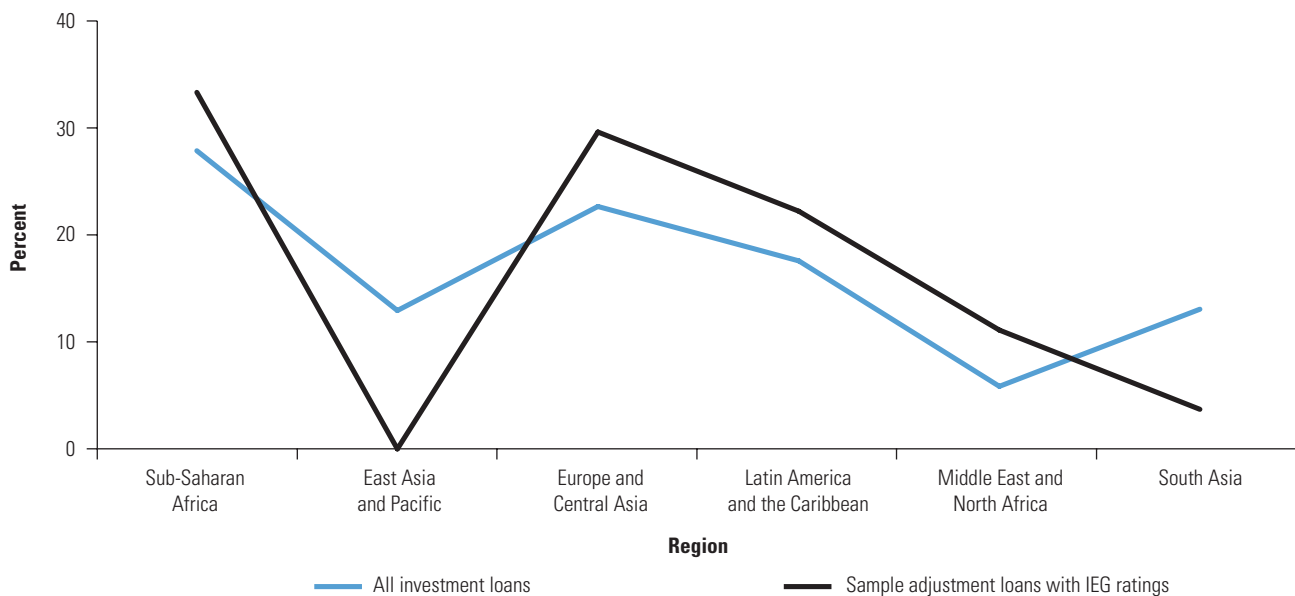
Note: QAE = quality at entry.

Figure B.23: Regional Distribution and Selected Sample of All Development Policy Loans with IEG Ratings, Fiscal 2003–06



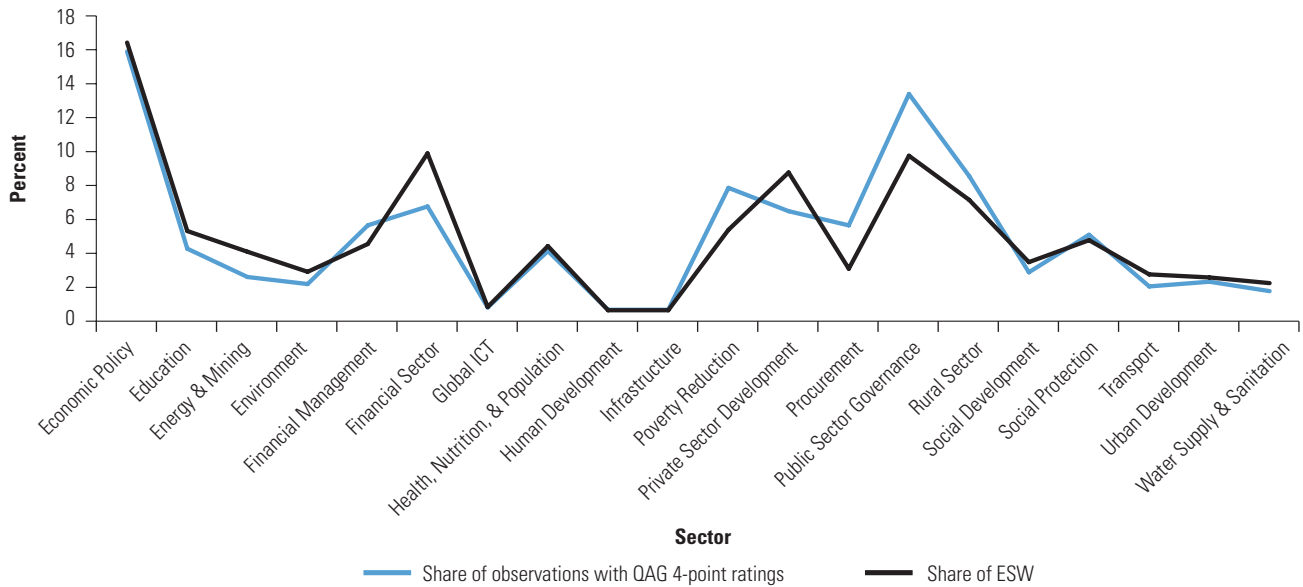
Source: IEG and World Bank administrative data.
 Note: IEG = Independent Evaluation Group.

Figure B.24: Regional Distribution and Selected Sample of All Investment Loans with IEG Ratings, Fiscal 2003–06



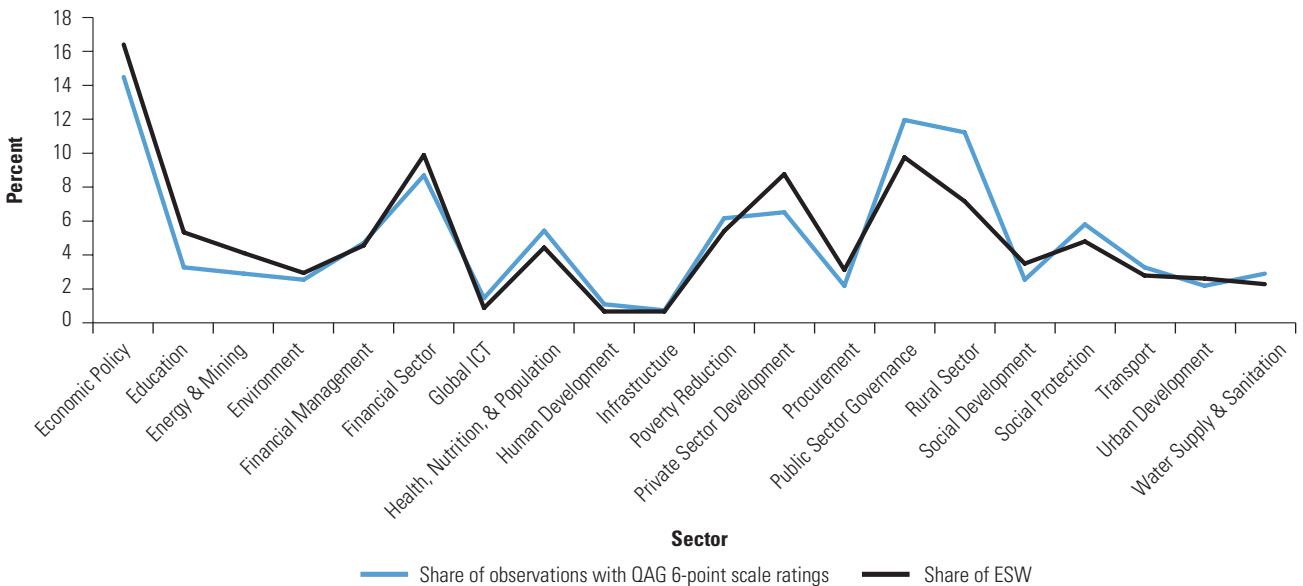
Source: IEG and World Bank administrative data.
 Note: IEG = Independent Evaluation Group.

Figure B.25: Sectoral Shares of ESW with 4-Point QAG Ratings and All Bank ESW



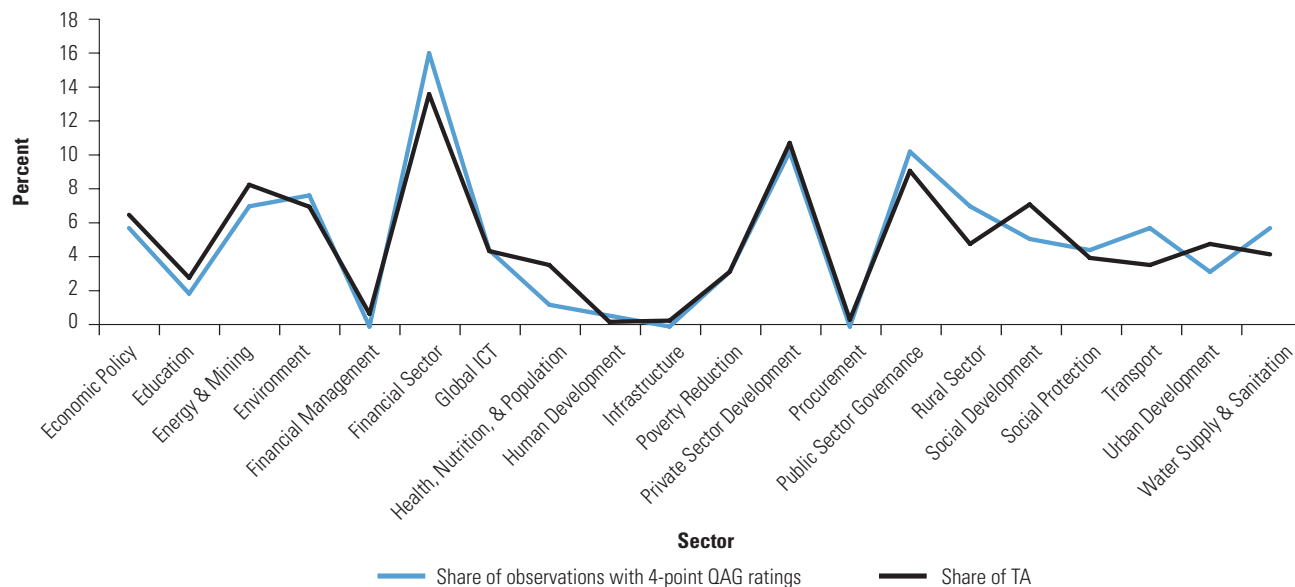
Source: IEG, based on World Bank administrative data (adjusted by IEG for misclassification) and QAG data.
 Note: ESW = economic and sector work; Global ICT = global information, communications, and technology; QAG = Quality Assurance Group.

Figure B.26: Sectoral Shares of ESW with 6-Point QAG Ratings and All Bank ESW



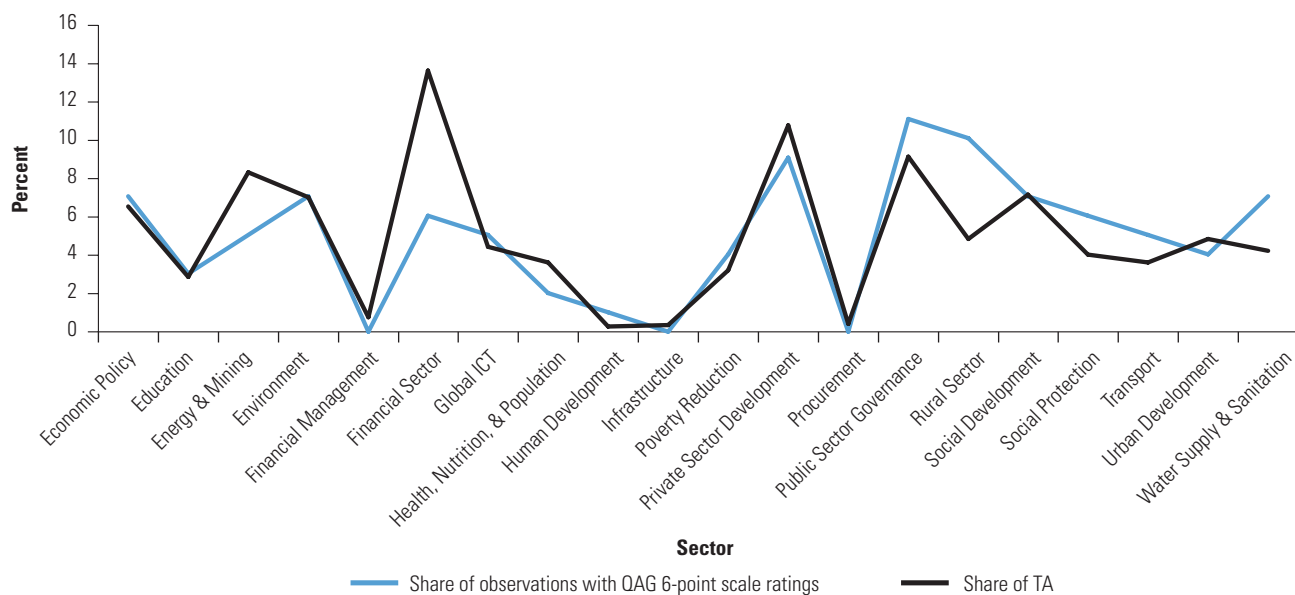
Source: IEG, based on World Bank administrative data (adjusted by IEG for misclassification) and QAG data.
 Note: ESW = economic and sector work; Global ICT = global information, communications, and technology; QAG = Quality Assurance Group.

Figure B.27: Sectoral Shares of TA with Four-Point QAG Ratings and All Bank TA



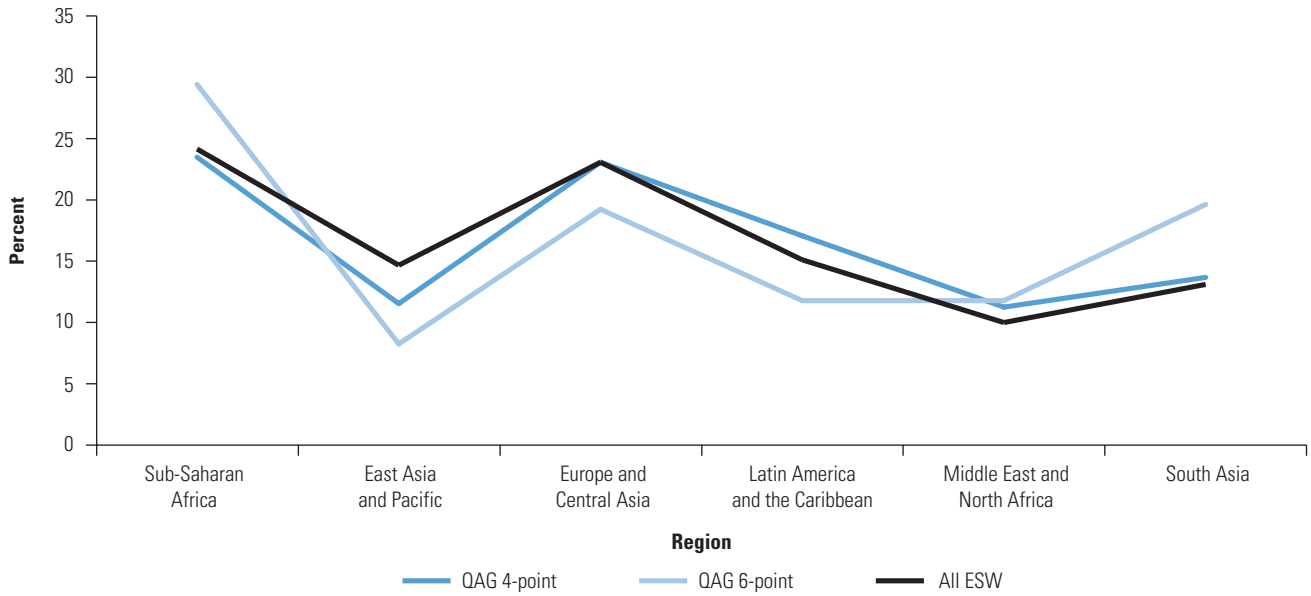
Source: IEG, based on World Bank administrative data (adjusted by IEG for misclassification) and QAG data.
 Note: Global ICT = global information, communications, and technology; QAG = Quality Assurance Group; TA = technical assistance.

Figure B.28: Sectoral Shares of TA with Six-Point QAG Ratings and All Bank TA



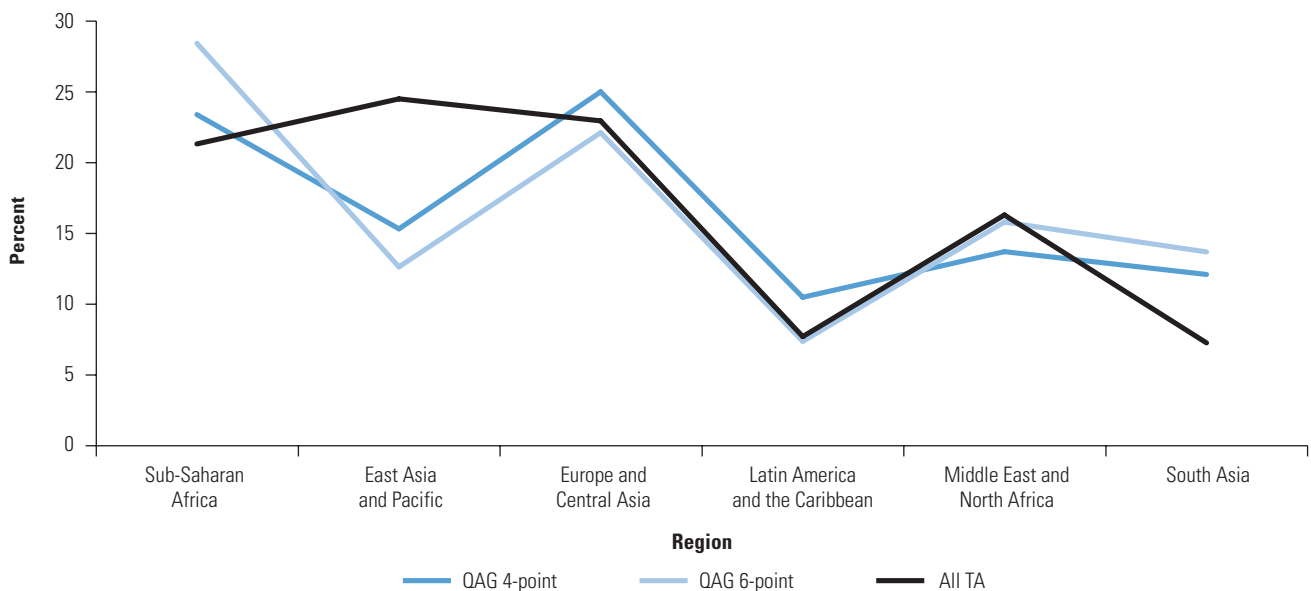
Source: IEG, based on World Bank administrative data (adjusted by IEG for misclassification) and QAG data.
 Note: Global ICT = global information, communications, and technology; QAG = Quality Assurance Group; TA = technical assistance.

Figure B.29: Regional Shares of ESW with Four- and Six-Point QAG Ratings and All Bank ESW



Source: IEG, based on World Bank administrative and QAG data.
 Note: ESW = economic and sector work; QAG = Quality Assurance Group.

Figure B.30: Regional Shares of TA with Four- and Six-Point QAG Ratings and All Bank TA



Source: IEG, based on World Bank administrative and QAG data.
 Note: QAG = Quality Assurance Group; TA = technical assistance.

APPENDIX C: PORTFOLIO OF WORLD BANK ESW AND TA, FISCAL 2000–06

Table C.1: Portfolio of World Bank ESW and TA, Fiscal 2000–06

A: Number of ESW Products Delivered to Clients

	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006	Total
Country	309	295	366	536	569	525	471	3,071
Regional	64	47	92	133	104	86	95	621
Global			2	57	61	83	35	238
Total	373	342	460	726	734	694	601	3,930
Shares								
Country (%)	82.8	86.3	79.6	73.8	77.5	75.6	78.4	78.1
Regional (%)	17.2	13.7	20.0	18.3	14.2	12.4	15.8	15.8
Global (%)	0.0	0.0	0.4	7.9	8.3	12.0	5.8	6.1

B: Cost of ESW Products Delivered to Clients (US\$ 000)

	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006	Total
Country	46,745	46,423	51,185	71,455	86,010	91,153	97,916	490,887
Regional	15,610	4,275	7,766	16,093	16,055	27,916	21,338	109,053
Global			54	4,319	8,044	13,838	4,114	30,368
Total	62,355	50,698	59,004	91,867	110,108	132,907	123,368	630,308
Shares								
Country (%)	75.0%	91.6	86.7	77.8	78.1	68.6	79.4	77.9
Regional (%)	25.0%	8.4	13.2	17.5	14.6	21.0	17.3	17.3
Global (%)	0.0%	0.0	0.1	4.7	7.3	10.4	3.3	4.8

C: Number of NLTA Products Delivered to Clients

	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006	Total
Country	95	147	219	276	235	282	233	1,487
Regional	28	15	34	57	56	67	71	328
Global	5	1	12	6	12	2	3	41
Total	128	163	265	339	303	351	307	1,856
Shares								
Country (%)	74.2	90.2	82.6	81.4	77.6	80.3	75.9	80.1
Regional (%)	21.9	9.2	12.8	16.8	18.5	19.1	23.1	17.7
Global (%)	3.9	0.6	4.5	1.8	4.0	0.6	1.0	2.2

(table continues on next page)

Table C.1: Portfolio of World Bank ESW and TA, Fiscal 2000–06 (continued)

D: Cost of NLTA Products Delivered to Clients (US\$ 000)

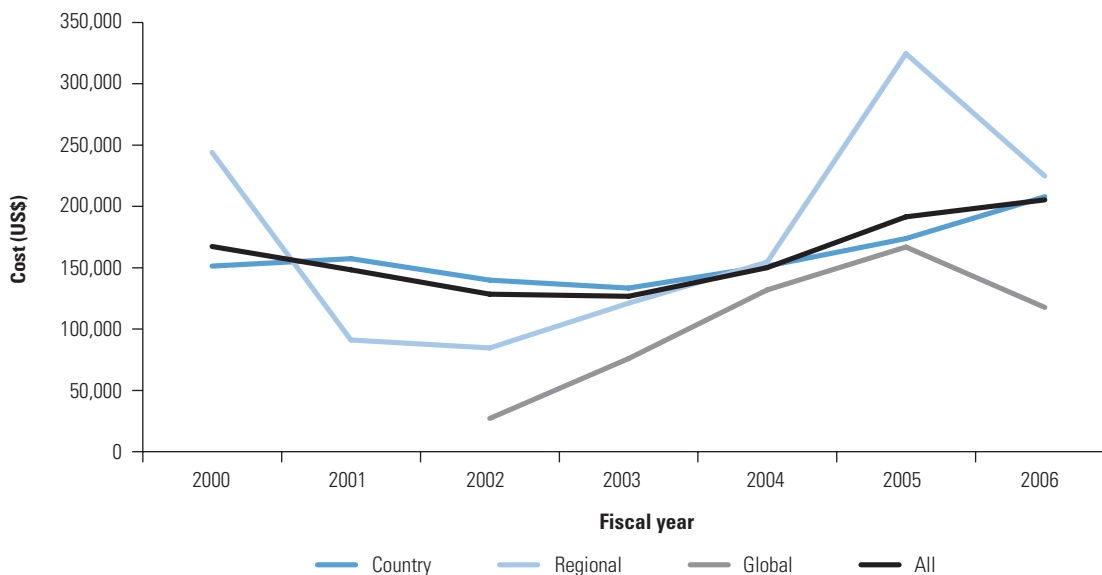
	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006	Total
Country	9,615	14,908	36,800	35,557	26,974	34,886	34,159	192,898
Regional	6,314	4,582	5,992	13,150	14,492	16,213	17,913	78,657
Global	432	40	1,835	1,095	2,174	420	1,978	7,973
Total	16,360	19,530	44,626	49,802	43,640	51,520	54,050	279,528
Shares								
Country (%)	58.8	76.3	82.5	71.4	61.8	67.7	63.2	69.0
Regional (%)	38.6	23.5	13.4	26.4	33.2	31.5	33.1	28.1
Global (%)	2.6	0.2	4.1	2.2	5.0	0.8	3.7	2.9

Source: World Bank administrative data.

Note: n.a. = not applicable; NLTA = nonlending technical assistance.

Average costs of country, regional, and global ESW and TA, fiscal 2000–06

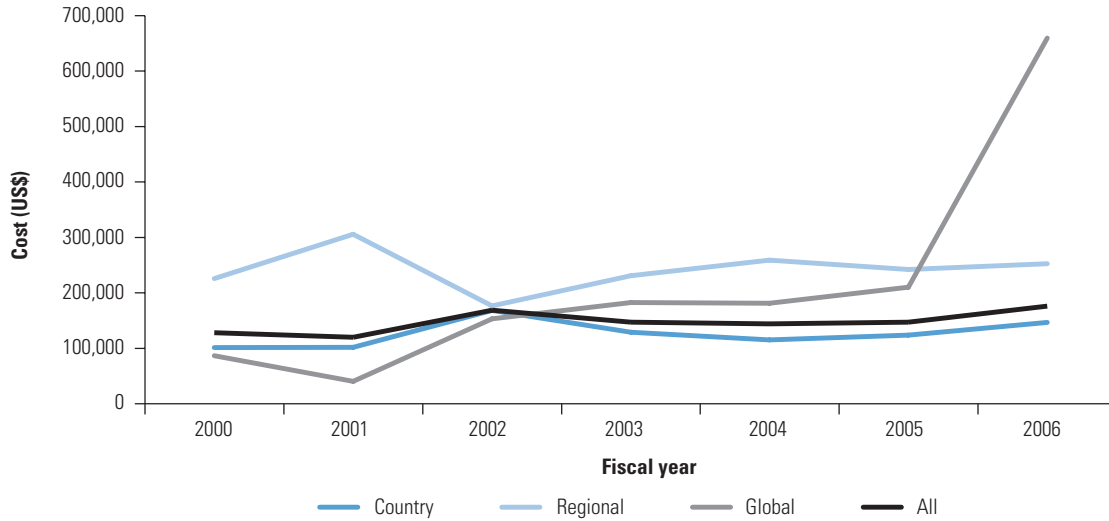
Figure C.1: Average Cost of Country, Regional, and Global ESW, Fiscal 2000–06



Source: Derived by IEG from Bank administrative data.

Note: ESW = economic and sector work.

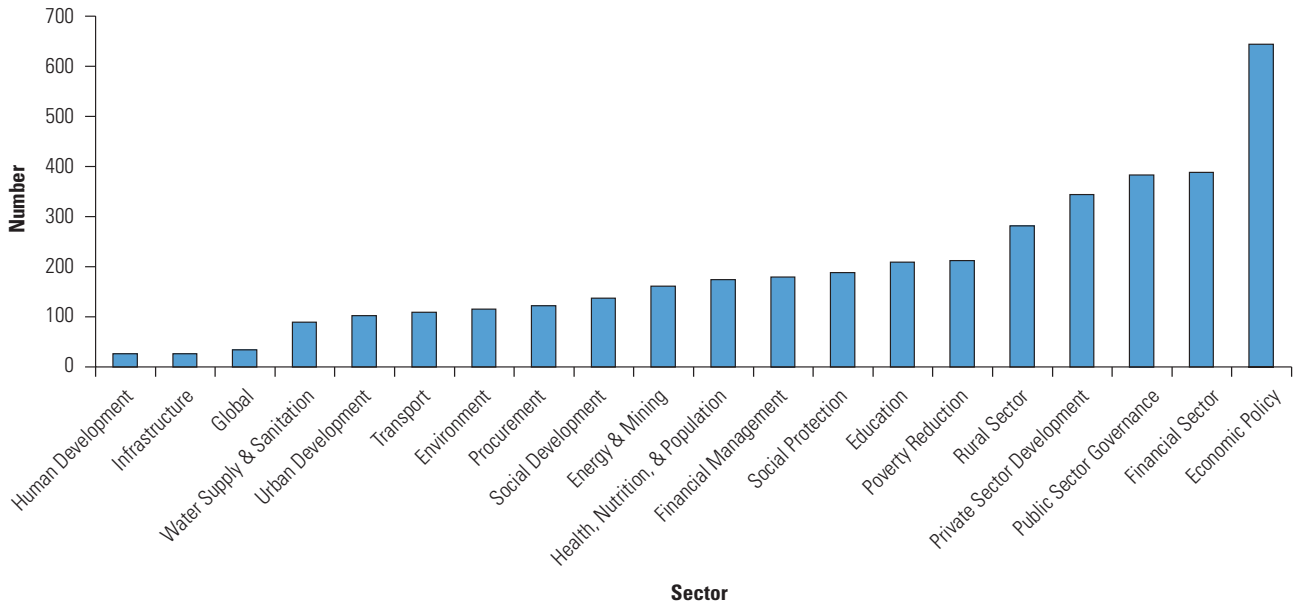
Figure C.2: Average Cost of Country, Regional, and Global TA, Fiscal 2000–06



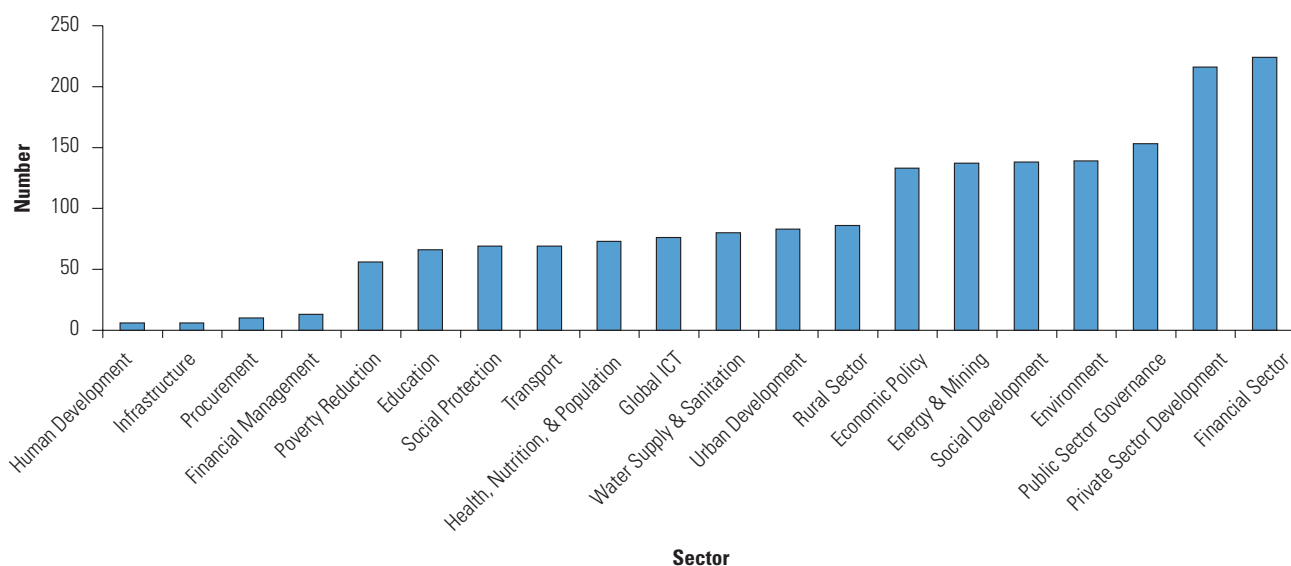
Source: Derived by IEG from Bank administrative data.
 Note: TA = technical assistance.

Sectoral distribution of ESW and TA, fiscal 2000–06

Figure C.3: Number of ESW by Sector Board Classification, Fiscal 2000–06



Source: World Bank administrative data, adjusted by IEG for misclassification.
 Notes: The number of ESW includes country, Regional, and global ESW. ESW = economic and sector work; Global ICT = global information, communications, and technology.

Figure C.4: Number of TA by Sector Board Classification, Fiscal 2000–06


Source: World Bank administrative data, adjusted by IEG for misclassification.

Note: The number of TA includes country, regional, and global TA. Global ICT = global information, communications, and technology; TA = technical assistance.

Table C.2: The Top ESW Sectors (by numbers) by Region, Fiscal 2000–06

Sector	Sub-Saharan Africa	East Asia and Pacific	Europe and Central Asia	Latin America and the Caribbean	Middle East and North Africa	South Asia	Global	Total
Economic policy	✓	✓	✓	✓	✓	✓		✓
Financial sector	✓	✓	✓	✓	✓	✓	✓	✓
Public sector governance	✓	✓	✓	✓	✓	✓		✓
Private sector development	✓	✓	✓	✓	✓	✓	✓	✓
Rural sector		✓				✓	✓	✓
Energy and Mining			✓					
Poverty reduction				✓				
Education	✓				✓*			
Social protection					✓*		✓	
Health, nutrition, and population							✓	

Source: IEG.

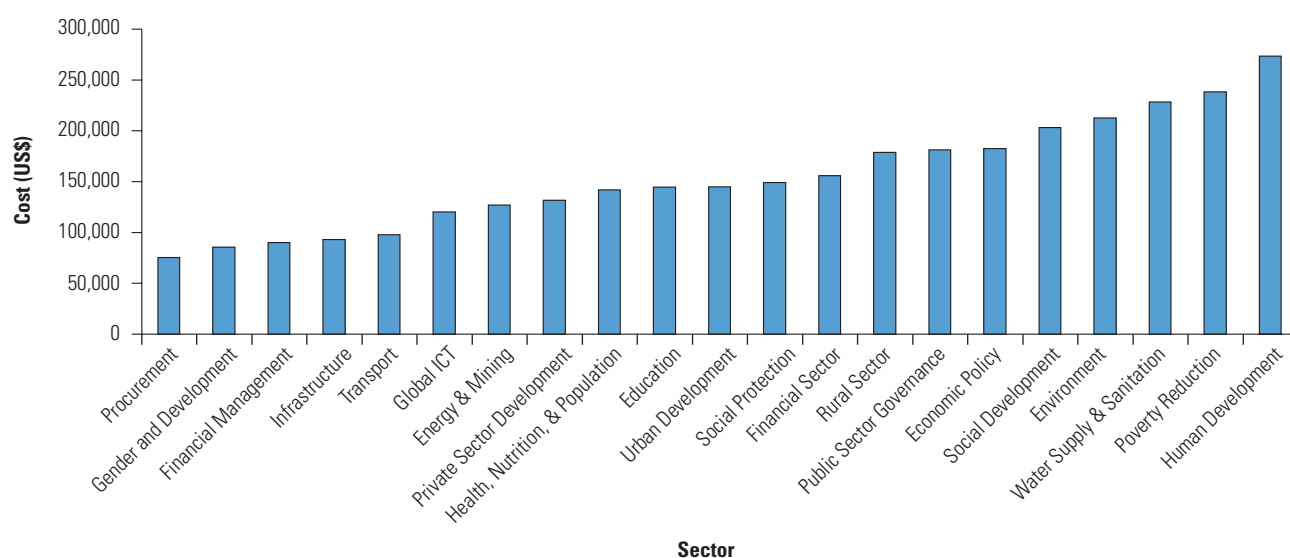
Note: Shaded cells are top ESW sectors for Bank. ✓ = a top five sector by the number of ESW. * = equal numbers of ESW in the marked sectors for the particular Region.

Table C.3: The Top TA Sectors (by numbers) by Region, Fiscal 2000–06

Sector	Sub-Saharan Africa	East Asia and Pacific	Europe and Central Asia	Latin America and the Caribbean	Middle East and North Africa	South Asia	Global	Total
Financial		✓	✓	✓	✓*	✓*	✓	✓
Private sector development	✓	✓	✓	✓*	✓	✓*		✓
Public sector governance	✓	✓	✓		✓	✓**		✓
Environment	✓	✓	✓*	✓**	✓	✓***	✓*	✓
Social development	✓	✓	✓	✓*			✓**	✓
Energy and Mining		✓	✓			✓**	✓	✓
Economic policy	✓	✓*	✓			✓***		✓
Rural sector	✓	✓*						
Water Supply and Sanitation	✓			✓			✓**	
Urban development		✓*		✓**		✓		
Social protection			✓*		✓			
Transport				✓				
Global ICT					✓	✓*	✓*	
Health, nutrition, and population					✓*			

Source: IEG.

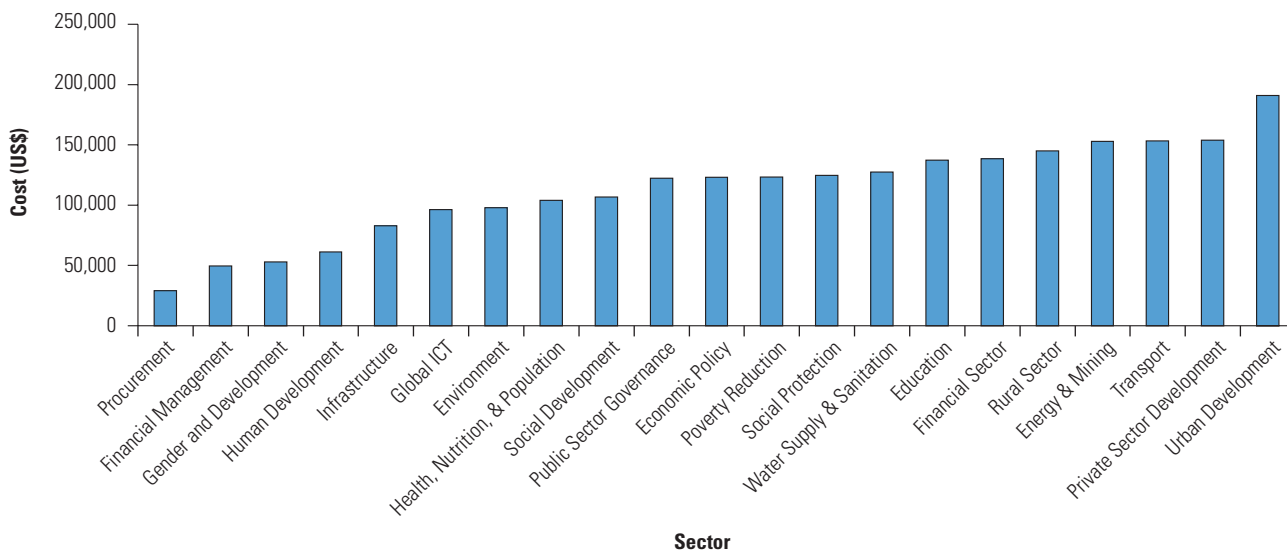
Note: Shaded cells are top TA sectors for Bank. ✓ = top sector by the number of TA. *, **, and *** indicate equal numbers of TA in the marked sectors for the particular Regions.

Figure C.5: Average Cost of Country-Specific ESW by Sector, Fiscal 2000–06

Source: World Bank administrative data.

Note: ESW = economic and sector work; Global ICT = global information, communications, and technology.

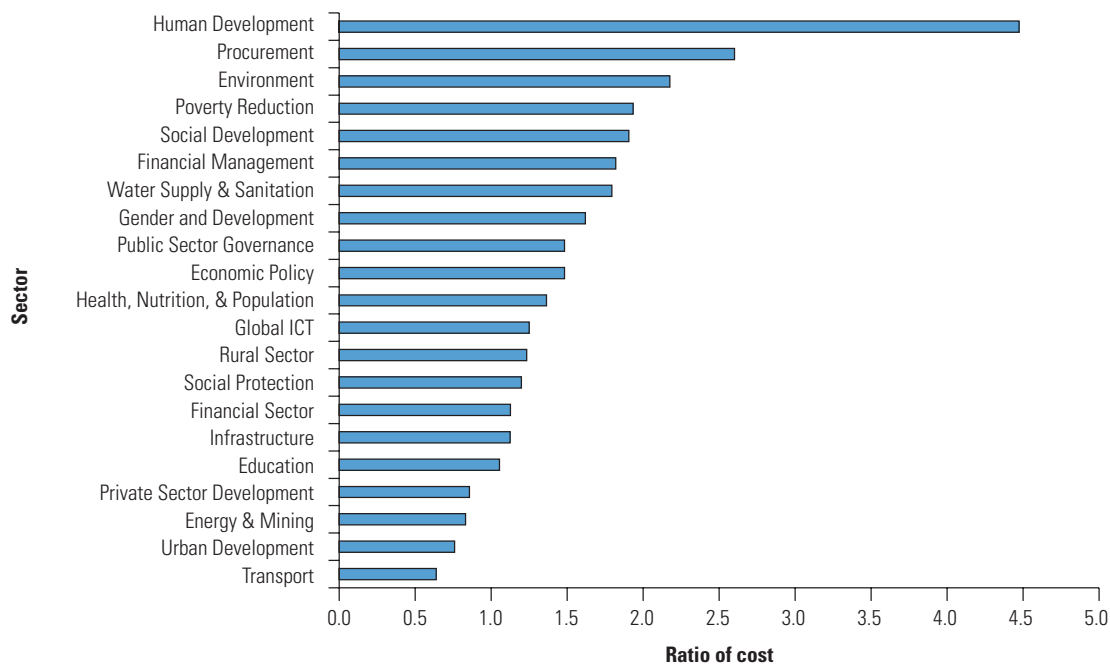
Figure C.6: Average Cost of Country-Specific TA by Sector, Fiscal 2000–06



Source: World Bank administrative data.

Note: Global ICT = global information, communications, and technology; TA = technical assistance.

Figure C.7: Ratio of Average Cost of Country-Specific ESW to TA Tasks, Fiscal 2000–06

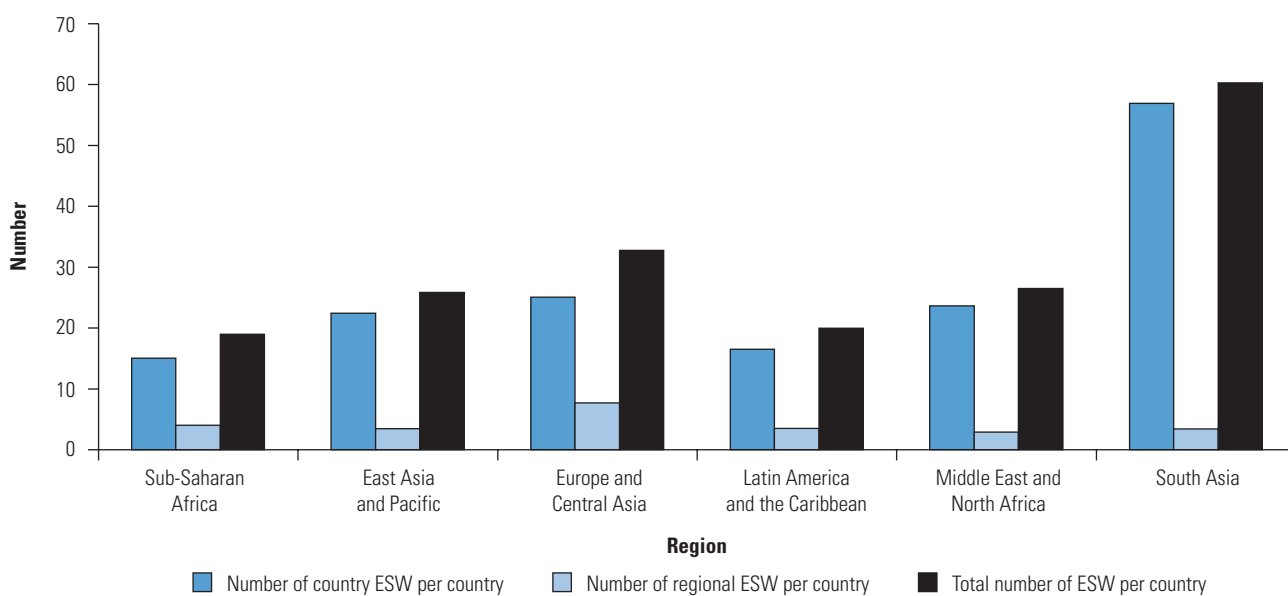


Source: IEG calculations based on World Bank administrative data.

Note: ESW = economic and sector work; Global ICT = global information, communications, and technology; TA = technical assistance.

Regional distribution of ESW and TA

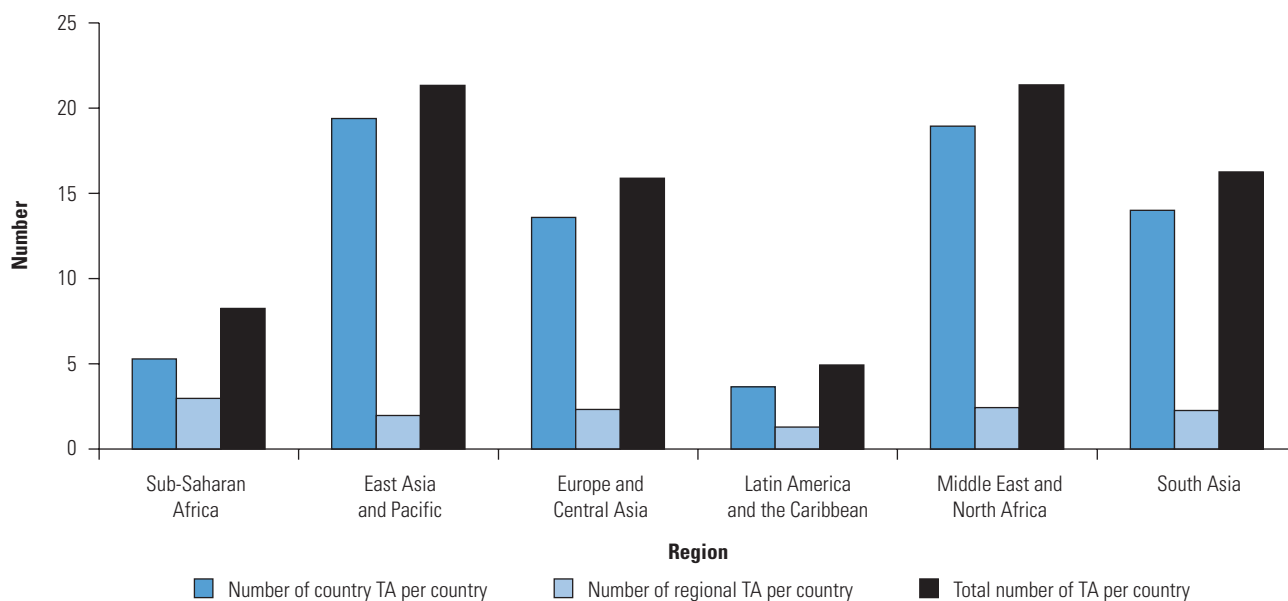
Figure C.8: Number of ESW per Country by Region, Fiscal 2000–06



Source: IEG calculations based on World Bank administrative data.

Note: ESW = economic and sector work.

Figure C.9: Number of TA per Country by Region, Fiscal 2000–06



Source: IEG calculations based on data from World Bank administrative data.

Note: TA = technical assistance.

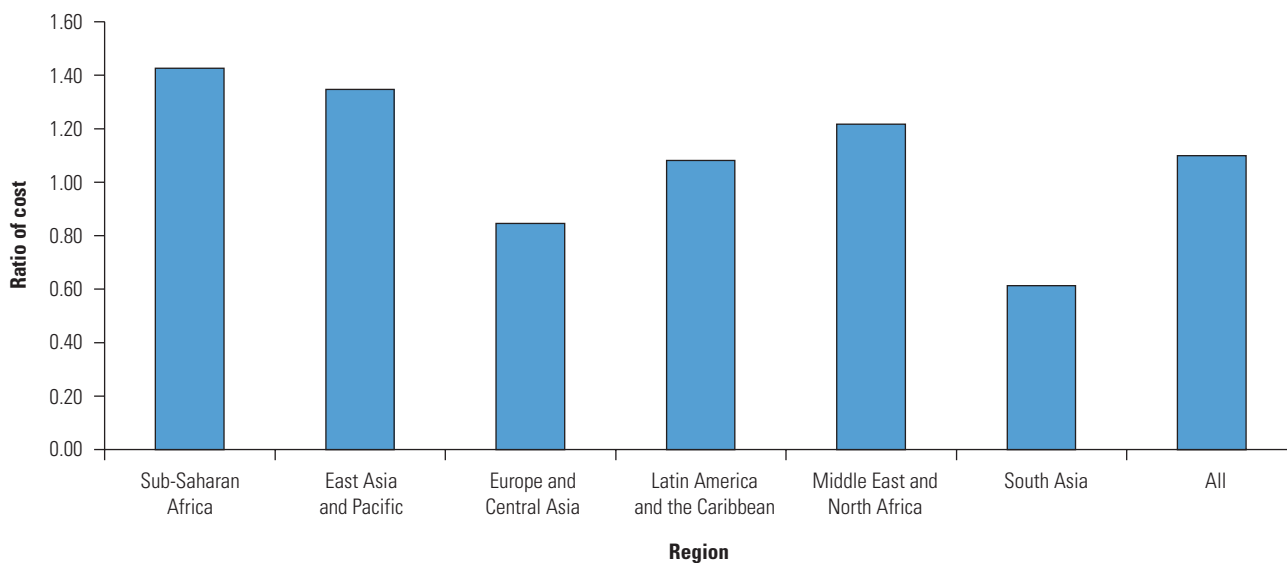
Although Sub-Saharan Africa delivered the smallest number of Regional ESW (per country), it spent the most on regional ESW as a share of total spending on ESW—27 percent compared with an average of 18 percent for all Regions (with South Asia spending the smallest share, 6 percent). These differences in the cost shares of Regional ESW were due entirely to differences in the average costs of such ESW—they were the most expensive in Sub-Saharan Africa, costing an average of around \$201,000, and the least expensive in South Asia, costing an average of around \$105,000.

Conversely, country-specific ESW cost the least in Sub-Saharan Africa, around \$141,000, compared with the average of around \$160,000 for all Regions. South Asia had among the most expensive country-specific ESW, averaging around \$171,000. That was topped by East Asia and Pacific, for which the average cost of country-specific ESW was \$177,000. This means that Sub-Saharan Africa had the highest ratio of average cost of Re-

gional ESW to country-specific ESW (followed closely by East Asia and Pacific), and South Asia the lowest (figure C.10).

Although Sub-Saharan Africa did not deliver the largest number of TA per country, it spent by far the most on Regional TA as a share of total spending on TA (as it did for ESW). Fifty-nine percent of Sub-Saharan Africa TA spending was on Regional TA, compared with an average of 29 percent for all Regions (with East Asia and Pacific and South Asia spending the least—12 and 13 percent, respectively). The average cost of Regional TA in Sub-Saharan Africa was the most expensive of all the Regions (as it was in the case of Regional ESW)—\$308,200 compared with the average of \$239,805 for all regional TA. Latin America and the Caribbean and South Asia had the least expensive Regional TA, which cost an average of around \$110,000 and \$125,000, respectively. Sub-Saharan Africa had the highest ratio of average cost of Regional TA to country-specific TA (as it did with ESW), and Latin America and the Caribbean the lowest (figure C.11).

Figure C.10: Ratio of Average Cost of Regional ESW to Country-Specific ESW, Fiscal 2000–06

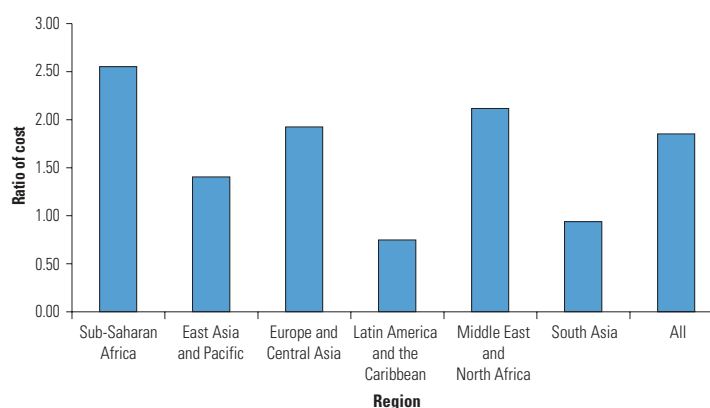


Source: IEG calculations based on World Bank administrative data.
 Note: ESW = economic and sector work.

Misclassification of ESW, TA, and Loans in the Bank Administrative Database

For the purpose of this evaluation, the IEG team reviewed the administrative database for ESW, TA, and loans for fiscal 2000–06 to correct for misclassification of sector board. The review indicated that 13 percent of ESW, 20 percent of TA, and 10 percent of loans were misclassified (tables C.4–C.6). Table C.7 provides numbers of ESW by report type.

Figure C.11: Ratio of Average Cost of Regional TA to Country-Specific TA, Fiscal 2000–06



Source: IEG calculations based on World Bank administrative data.

Note: TA = technical assistance.

Table C.4: Misclassification of ESW

Sector	Number of correctly classified ESW	Number of misclassified ESW	Total number of ESW	Percent of misclassified ESW
Economic policy	561	90	651	13.8
Education	202	5	207	2.4
Energy and mining	144	14	158	8.9
Environment	104	28	132	21.2
Financial management	176	16	192	8.3
Financial sector	369	26	395	6.6
Gender and development	44	1	45	2.2
Global ICT	23	0	23	0.0
Health, nutrition, and population	171	5	176	2.8
Operational services	1	17	18	94.4
Poverty reduction	198	82	280	29.3
Private sector development	304	26	330	7.9
Procurement	121	5	126	4.0
Professional development	2	0	2	0.0
Project finance and guarantees	1	0	1	0.0
Public sector governance	251	31	282	11.0
Resource management	2	0	2	0.0
Rural sector	254	35	289	12.1
Sector board not applicable	0	24	24	100.0
Social development	71	32	103	31.1
Social protection	163	28	191	14.7
Transport	103	8	111	7.2
Urban development	95	27	122	22.1
Water supply and sanitation	64	6	70	8.6
Total	3,424	506	3,930	12.9

Source: IEG and World Bank administrative data.

Note: ESW = economic and sector work; global ICT = global information, communications, and technology.

Table C.5: Misclassification of TA

Sector	Number of correctly classified TA	Number of misclassified TA	Total number of TA	Percent of misclassified TA
Administrative and client support	2	0	2	0.0
Economic policy	102	28	130	21.5
Education	65	3	68	4.4
Energy and mining	98	10	108	9.3
Environment	133	15	148	10.1
Financial management	13	34	47	72.3
Financial sector	195	21	216	9.7
Gender and development	18	2	20	10.0
Global ICT	35	0	35	0.0
Health, nutrition, and population	68	4	72	5.6
Operational services	7	6	13	46.2
Poverty reduction	48	36	84	42.9
Private sector development	191	128	319	40.1
Procurement	9	2	11	18.2
Professional development	3	0	3	0.0
Project finance and guarantees	1	0	1	0.0
Public sector governance	110	19	129	14.7
Resource management	1	0	1	0.0
Rural sector	71	15	86	17.4
Sector board not applicable	0	9	9	100.0
Social development	96	7	103	6.8
Social protection	57	13	70	18.6
Transport	49	0	49	0.0
Urban development	79	12	91	13.2
Water supply and sanitation	38	3	41	7.3
Total	1,489	367	1,856	19.8

Source: IEG and World Bank administrative data.

Note: Global ICT = global information, communications, and technology; TA = technical assistance.

Table C.6: Misclassification of Loans

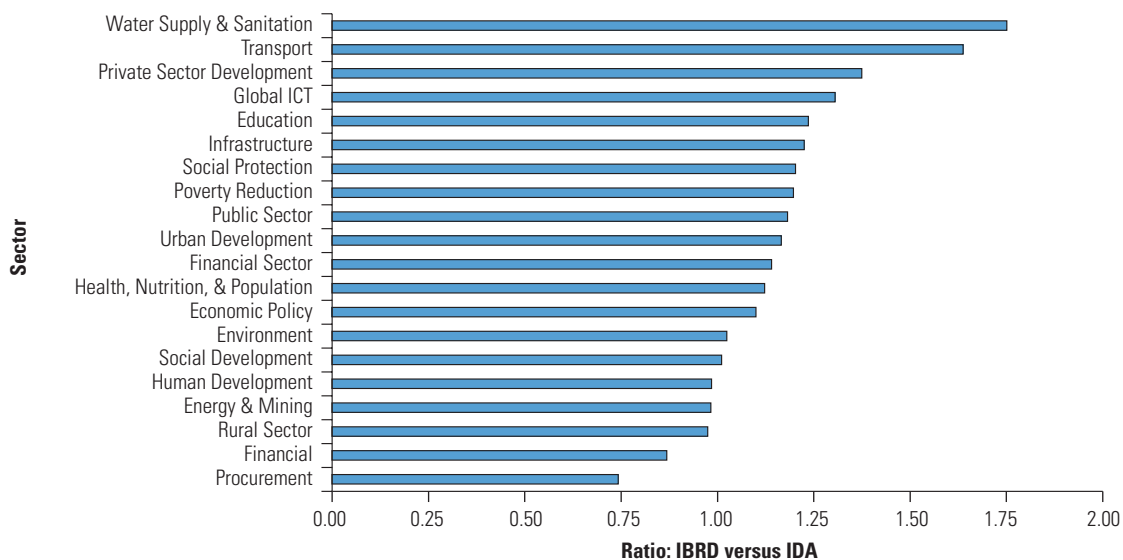
Sector	Number of correctly classified loans	Number of misclassified loans	Total number of loans	Share of misclassified loans
Economic policy	104	21	125	16.8
Education	160	3	163	1.8
Energy and mining	125	2	127	1.6
Environment	49	8	57	14.0
Financial sector	89	9	98	9.2
Gender and development	1	0	1	0.0
Global ICT	16	0	16	0.0
Health, nutrition, and population	171	4	175	2.3
Poverty reduction	22	7	29	24.1
Private sector development	58	22	80	27.5
Public sector governance	149	41	190	21.6
Rural sector	239	18	257	7.0
Social development	36	4	40	10.0
Social protection	90	22	112	19.6
Transport	163	6	169	3.6
Urban development	91	5	96	5.2
Water supply and sanitation	85	10	95	10.5
Total	1,648	182	1,830	9.9

Source: IEG and World Bank administrative data.

Note: Global ICT = global information, communications, and technology.

Average cost of ESW and TA in IBRD versus IDA countries

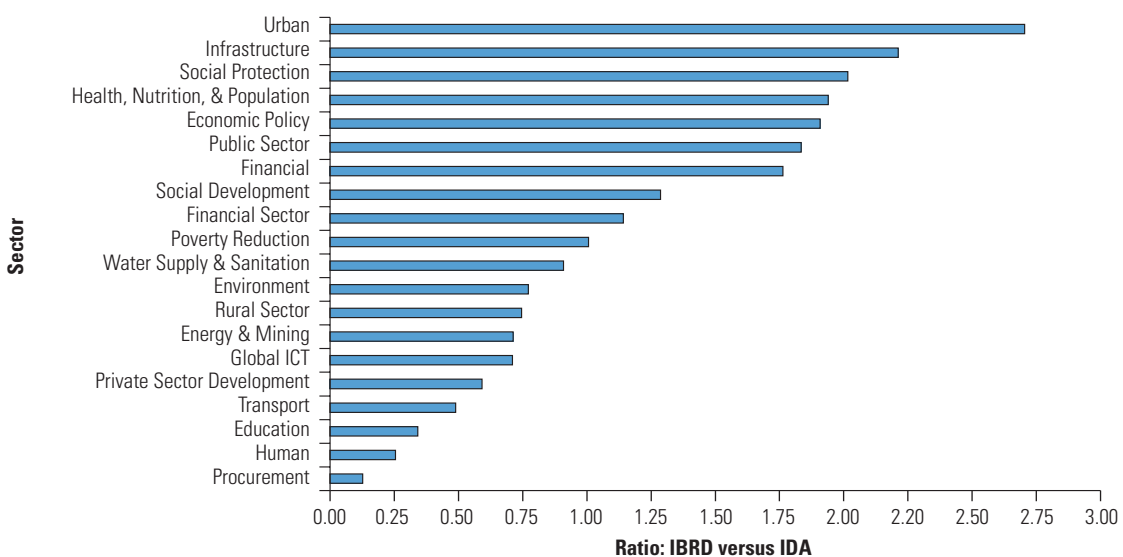
Figure C.12: Ratio of Average Cost of ESW for IBRD versus IDA Countries, Fiscal 2000–06



Source: IEG calculations based on World Bank administrative data.

Note: ESW = economic and sector work; Global ICT = global information, communications, and technology; IBRD = International Bank for Reconstruction and Development; IDA = International Development Association.

Figure C.13: Ratio of Average Cost of TA for IBRD versus IDA Countries, Fiscal 2000–06



Source: IEG calculations based on World Bank administrative data.

Note: Global ICT = global information, communications, and technology; IBRD = International Bank for Reconstruction and Development; IDA = International Development Association; TA = technical assistance.

Trust fund contribution to ESW costs, by Region and sector

Sub-Saharan Africa received the largest amount of trust funds for ESW among all the Regions, although it was not the top recipient of such funds on a per country basis. On a per country basis, South Asia received the largest amount, and Latin America and the Caribbean received the smallest amount.

Of the trust funds that went to ESW, 65 percent went to country-specific ESW, 31 percent to regional ESW, and 4 percent to global ESW. More trust funds went to country-specific than to Regional ESW in all the Regions except for Sub-Saharan Africa, where it was the reverse.

The bulk of trust funds for *global ESW* (28 percent) went to PSD. Smaller amounts went to energy and mining and urban development, but trust funds played a very important role in these sectors, contributing 98 and 89 percent, respectively, of the costs of ESW.

With respect to *Regional ESW*, PSD was favored by trust funds, receiving 27 percent of all trust funds that went to Regional ESW in the Bank, followed by the rural sector; education; energy and mining; and health, nutrition, and population. All the sectors favored by trust funds except for energy and mining were among the top sectors for Regional ESW Bank-wide.

Trust funds spread across more sectors with respect to *country-specific ESW* than Regional ESW, focusing on the rural, poverty reduction, environment, economic policy, water supply and sanitation, and education sectors. Three of these overlapped with the top sectors for country-specific ESW Bank-wide: economic policy, rural sector, and poverty reduction.

Trust fund contribution to TA costs, by Region and sector

Similar to ESW, a larger amount of trust funds went to country-specific tasks (which received

58 percent of all trust funds for TA) than to Regional (38 percent) or global tasks (4 percent). As with ESW, Sub-Saharan Africa received more trust funds for Regional than for country-specific TA.

As in the case for ESW, Sub-Saharan Africa received the largest amount of trust funds for TA among all the Regions, although again it was not the top recipient of these funds on a per country basis. On a per country basis, East Asia and Pacific was the top recipient, and Latin America and the Caribbean received the lowest amount (as it also did in the case of ESW).

For *global TA*, trust funds favored PSD and global ICT (information, communications, and technology), which received 34 and 22 percent, respectively, of all the trust funds that financed global TA in the Bank. Global TA tasks in global ICT were virtually all trust funded, as were global TA in environment and in water supply and sanitation; trust funds contributed to around 95 percent of all the costs of all these global TA. Global ICT and environment were also among the top sectors (in numbers) for global TA Bank-wide.

For *Regional TA*, social development was the top sector favored by trust funds, receiving 15 percent of all trust funds that financed Regional TA in the Bank; this was followed by energy and mining, environment, water supply and sanitation, and the rural sector. Of the sectors of trust fund focus, social development and environment were among the top sectors for Regional TA Bank-wide.

For *country-specific TA*, the sectors favored by trust funds were PSD, urban development, energy and mining, water supply and sanitation, and environment. Compared with Regional TA, there was greater overlap between the top sectors for country-specific Bank-wide and those that were of trust fund focus, with PSD, energy and mining, and environment among the top sectors for both.

Table C.7: Numbers of ESW by Report Types, Fiscal 2000–06

Core diagnostic		Advisory reports	
Integrative Fiduciary Assessment	14	Public Investment Review	3
Development Policy Review	35	Strategic Environmental Assessment/Analysis	3
Country Financial Accountability Assessment	104	Commodities Study	5
Country Economic Memorandum	105	Law and Justice Study	8
Poverty Assessment	107	Other procurement study	9
Country Procurement Assessment	109	Women in Development and Gender Study	11
Public Expenditure Review	148	Debt and Creditworthiness Study	14
Subtotal	622	Other financial accountability study	14
Other diagnostic		Mining/Oil and Gas	27
City Development Strategy	1	Economic updates and modeling	28
Energy-Environment Review	2	AML/CFT	34
Recent Economic Developments in Infrastructure	2	Other urban study	53
Country Infrastructure Framework	6	Energy study	54
Knowledge Economy Study	9	Other rural study	61
Country Environmental Analysis	14	Foreign Trade, FDI, and Capital Flows	72
Country Gender Assessment	16	Other education study	74
Risk and Vulnerability Assessment	17	Other social protection study	78
Institutional and Governance Review	18	Other environmental study	82
Legal and Judicial Sector Assessment	20	Other health study	82
Rural Development Assessment	22	General economy, macroeconomics, and growth	83
Insolvency Assessment (ROSC)	27	Other agricultural study	85
Health Sector Review	32	Other poverty study	95
Education Sector Review	40	PSD, Privatization and Industrial Policy	99
Social analysis	42	Other public sector study	109
Corporate Governance Assessment (ROSC)	48	Other infrastructure study	131
Accounting and Auditing Assessment (ROSC)	54	Other financial sector study	141
Investment Climate Assessment	80	Subtotal	1,455
Financial Sector Assessment Program	100	Other report types (not classified by the Bank)	
Subtotal	550	Human capital development	6
Total		Social and structural review	2
		Not assigned	1,240
		Other	55
		Total	3,930

Source: World Bank data.

Note: AML/CFT = anti-money laundering and combatting the financing of terrorism; FDI = foreign direct investment; ROSC = Report on the Observance of Standards and Codes.

Effects of ESW on Lending

An econometric exercise was conducted to analyze the effects of ESW on the quality of lending. The exercise looked at several dimensions of ESW that could have an effect on lending:

- The existence of ESW (that is, whether there was at least one ESW that could have informed the loan)
- The number of ESW
- The unit cost of ESW
- The quality of ESW
- Whether partnership in the production of ESW mattered for ESW to have an effect on lending
- Whether origination of ESW mattered for ESW to have an effect on lending.

The first three dimensions are self-explanatory. The quality dimension is based on the hypothesis that ESW that have been rated highly (for internal quality or strategic relevance or likely impact) could lead to better quality of lending. The last two dimensions are predicated on the hypothesis that ESW that were undertaken in partnership with or requested by clients could be more pertinent to the needs of the countries and that such ESW would be more relevant for lending and would improve the quality of lending.

QAE ratings provided by QAG were used to proxy for the quality of lending. The regressions were run on a selected sample of 119 loans with QAE ratings. This sample represents approximately 50 percent of all the loans approved during fiscal 2003–05¹ that have QAE ratings (196 loans), stratified by Region and sector. The 119 loans with QAE ratings consist of 97 investment loans and 22 DPLs. Given that the evaluation period is

fiscal 2000–06, only those loans approved from fiscal 2003 onward were selected to allow for ESW delivered up to three years prior to loan approval to be considered for informing the loan.

Two sets of regressions were run. The first set estimates the effects of various dimensions of ESW on lending quality ratings for those ESW that could have informed the loan (see Data section, below). The second set estimates the effects of various dimensions of ESW on loan ratings for all the ESW in the same sector of the loan delivered up to three years prior to loan approval.

Data

Lending quality

As mentioned, QAE ratings given by QAG were used to proxy for lending quality. These ratings are given to a randomly selected sample of lending operations soon after Board approval. The ratings are based on QAG's assessments of loan objectives, the likelihood of achieving development objectives, and the underlying logic and results framework.

Ratings are given for nine categories: strategic relevance and approach; technical, financial, and economic aspects; poverty, gender, and social development; environmental aspects; fiduciary aspects; policy and institutional aspects; implementation arrangements; risk assessment; and bank inputs and processes. There are also ratings on subcategories under each of the categories. Additionally, there is an overall assessment rating that is a synthesis of the ratings for the first eight categories (excluding the ratings for Bank inputs and processes).

For fiscal 2003, the QAE ratings are on a four-point scale, with a lower number associated with a better rating. From fiscal 2004 onward, the ratings are on a six-point scale. For the purpose of this analysis, the ratings on a six-point scale are converted to ratings on a four-point scale using the conversion formula used by QAG.

ESW that could have informed the loans

The portfolio of ESW delivered up to three years prior to loan approval was reviewed to identify those ESW that could have actually informed the loan (the relevant ESW). The matching entailed review of loan documents as well as ESW to identify the relevant ESW. For DPLs, which are generally multisectoral, ESW in all sectors were reviewed. For investment loans, the review included ESW in the economic policy and financial management sectors in addition to those in the same sector as the loan. Based on this review, only those ESW that could actually have informed the loans were selected for inclusion in the analysis.

Econometric Specification

Dependent variables: Lending quality ratings

A subset of the QAE ratings and subratings was selected for the econometric exercise. The selection was based on the possibility of their being influenced by ESW, as well as data availability. Specifically, the following QAE ratings were selected:

- a. *Strategic relevance and approach*, and all four subratings:
 - Coherence and consistency of development rationale and results framework underpinning the project
 - Consistency of the project's objectives with the country and sector strategies
 - Clarity, realism, and scope of the project's development objectives
 - Adequacy of country and sector knowledge underpinning the project
- b. *Technical, financial and economic aspects*
- c. *Fiduciary aspects—two subratings*:
 - Financial management
 - Adequacy and quality of financial management arrangements

d. *Policy and institutional aspects*

e. *Quality of risk assessment*—The subrating on financial management capacity

f. *Overall assessment* of projects.

The explanatory variables

These include the numbers (costs) and the average unit costs of ESW supporting a loan. When the number of ESW was found to have no significant effect on the lending quality rating, the evaluation also looked into the possible effect of the existence of ESW on lending quality, that is, whether the loans that are supported by at least one ESW have better quality.

Two sets of *origination* data were used, separately: Bank administrative data and responses to the ESW TTL survey. The *partnership* data are from responses to the ESW TTL survey. For *quality* of ESW, four QAG quality ratings were used, separately: overall quality, strategic relevance and timeliness, dialogue and dissemination, and likely impact. Because the regressions are at the loan level but these variables are at the ESW task level, the latter are averaged for the regressions. And because these task-level data are available only for a limited number of ESW, the averages are not necessarily representative of all the ESW supporting a loan.

The controls

The regressions controlled for:

- Size of the loan
- Loan preparation cost
- QAE rating on *task team's composition in relation to the operation's complexity* as proxy for the quality of the task team (the QAE subratings of this category are for skill mix, continuity, experience, and staff/consultants mix)
- Whether the loans are investment or DPLs
- Whether the country is an IDA country
- Region of the loan.

Apart from ESW, loans can also be informed by Bank research. However, no reliable systematic information was available on the size and costs of these research activities to be included in the econometric analysis.

In specifications where the variables of interest are origination, partnership, and the quality of the ESW, no control variables were used because of the low number of observations.

Estimation Methodology

Ordered probit models were used to estimate the specifications because the quality of lending ratings are ordinal rather than cardinal (an ordinary least square model is not appropriate, as it requires the dependent variable to be cardinal).

The validity of the ordered probit model crucially hinges on the parallel regressions (or parallel lines) assumption, which implies that the relationship between all pairs of rating categories is the same. In other words, an ordered probit model assumes that the coefficients describing the relationship between rating category 1 and rating categories 2, 3, and 4 combined are the same as those that describe the relationship between rat-

ing categories 1 and 2 versus 3 and 4 or rating categories 1, 2, and 3 versus 4. When the parallel lines assumption is violated for some explanatory variables, using an ordered probit model can lead to erroneous conclusions because one set of coefficients can no longer describe the relationship between different groups of rating categories.

Accordingly, the parallel regression assumption was tested for each ordered probit specification. Whenever the assumption is violated, a generalized ordered probit model was used. This allows for the relaxation of that assumption.

Specifications have been estimated with and without the control variables. Control variables in different combinations were introduced to ensure that the results are not sensitive to the specification. Some lending quality rating variables did not have enough observations in every rating category. For specifications involving those variables,

Table D.1: Generalized Ordered Probit Regressions on Lending Quality

Dependent variable	QAE overall assessment		QAE policy and institutional aspects		QAE financial management capacity	
	1→2,3	1,2→3	1→2,3	1,2→3	1→2,3	1,2→3
Existence of ESW	-0.536** (0.270)	-0.536** (0.270)	-0.709*** (0.206)	-0.709*** (0.206)		
Financial management ESW					-0.404*** (0.118)	-0.404*** (0.118)
Size of the loan	-0.000676 (0.000760)	-0.000676 (0.000760)	-0.000159 (0.000921)	-0.000159 (0.000921)	-0.000116 (0.000617)	-0.000116 (0.000617)
Loan preparation cost	0.00125*** (0.000474)	-0.000484 (0.000818)	0.000423 (0.000653)	0.000423 (0.000653)	-0.000104 (0.000528)	0.000985 (0.000662)
Task team quality	1.530*** (0.181)	1.530*** (0.181)	1.433*** (0.345)	1.433*** (0.345)	0.147 (0.214)	0.147 (0.214)
Dummy for IDA countries	0.156 (0.332)	0.156 (0.332)	0.612 (0.519)	-0.910*** (0.168)	0.382 (0.319)	0.382 (0.319)
Dummy for investment loans	-0.284 (0.333)	-0.284 (0.333)	-0.171 (0.652)	3.619*** (0.280)	-0.193 (0.135)	-0.193 (0.135)
Number of observations	116		116		115	
Wald chi-square	82.70		3365.5		21.92	
Prob > chi ²	0.00		0.00		0.00	

Source: IEG calculations.

Note: Standard errors are in parentheses. ESW = economic and sector work; IDA = International Development Association; QAE = quality at entry.

*, **, and *** indicate significance at 10%, 5%, and 1% level, respectively.

Table D.2: Ordered Probit Regressions on Loan Quality

Dependent variable	QAE strategic relevance and approach	QAE adequacy of country and sector knowledge
Existence of ESW	-0.250*** (0.0696)	
Number of ESW		-0.132* (0.0700)
Size of loan	-0.00129 (0.00116)	0.00173 (0.00124)
Loan preparation cost	-0.000163 (0.000400)	0.000964 (0.000766)
Loan supervision cost		
Task team quality	1.357*** (0.266)	1.602*** (0.419)
Dummy for IDA countries	-0.340 (0.230)	0.395 (0.248)
Dummy for investment loans	-0.0486 (0.216)	-0.353 (0.327)
Inflation rate		
GDP growth rate		
Initial level of GDP per capita		
Number of observations	116	115
Wald chi-square	337.91	131.17
Prob > chi ²	0.00	0.00

Source: IEG calculations.

Note: ESW = economic and sector work; GDP = gross domestic product; IDA = International Development Association; QAE = quality at entry. * and *** indicate significance at 10% and 1% level, respectively.

the ratings scale was transformed by combining the ratings category in a way that preserves the ordering across categories. For specifications involving the number and the average unit cost of ESW, a robustness check was performed by dropping some extreme observations to ensure that the results are not driven by those observations.

Results

Regressions of loans on ESW that could have informed the loans

The regression results are presented in tables D.1 and D.2. For the purpose of brevity, only those results for which ESW had a significant effect on lending quality are presented.

- **Overall assessment**—Loans that are preceded by at least one ESW are more likely to get a better rating, although the actual number of ESW did not matter. Loans with high task team quality are more likely to get better ratings.
- **Policy and institutional aspects**—Loans that are preceded by at least one ESW are more likely to get a better rating. The actual number of ESW did not matter. Loans with high task team quality are more likely to get better ratings. DPLs are more likely to get a rating of 2 or better.
- **Strategic relevance and approach**—Loans that are preceded by at least one ESW are more likely to get a better rating. The actual number of ESW did not matter. Loans with high task team quality are more likely to get better ratings.
- **Adequacy of country and sector knowledge**—The number of ESW has a significant effect on the rating, although the coefficient is significant only at the 10 percent level.² Loans that are preceded by a greater number of supporting ESW are more likely to have better ratings. Loans with high task team quality are also more likely to get better ratings.
- **Financial management capacity**—Loans that actually cited Country Financial Accountability Assessment (or other similar financial management ESW) in the project appraisal documents are more likely to get a better rating. The mere existence of a Country Financial Accountability Assessment has no effect on the rating. None of the control variables is significant.

ESW (existence, number, average unit cost) did not have any effects on the QAE ratings on three of the four subratings under the strategic relevance and approach dimension (specifically coherence and consistency of development rationale and results framework underpinning the project; consistency of project objectives with country and sector strategies; and clarity, realism, and scope of project's development objectives). ESW also did not have any effects on the QAE ratings on technical, financial, and economic aspects or the fiduciary aspects.

Regressions of loans on ESW in the same sector

A similar econometric exercise was carried out for all loans approved during fiscal 2003–05 that

have QAE ratings. For this exercise, all ESW (completed up to three years prior to loan approval) in the same sector board as the loans were included, not just those ESW that could have informed the loans.

The results for the overall QAE assessment and adequacy of country and sector knowledge ratings were very similar to the results discussed above. However, there were some counterintuitive results. This reflects the shortcomings of including ESW based purely on sector boards without ascertaining whether the ESW could have actually informed the loans. The results have not been reported for the sake of brevity.

For all the regressions

The average cost of ESW has no effect on lending quality. Further, no significant association was found between origination, partnership, or quality of ESW and different dimensions of lending quality. However, given the limited data availability, the regression results involving origination, partnership, and quality of ESW variables are not conclusive.

Bank Budget versus Trust Fund Cost and Quality

Regression analysis was undertaken to determine the association between technical quality and the cost of ESW and TA. The cost data are from the Bank's administrative database and the quality data are from QAG (specifically, the internal quality rating). The independent variables are the Bank budget component of total cost, the trust fund component of total cost, dummies for regional and global products, and dummies for each Region. The specifications were estimated using ordered probit models for ESW and TA separately.

Overall, the regressions indicate that the positive and significant association between cost and quality for ESW only holds for the bank budget component of the total cost; no association was

Table D.3: Cost and Quality for ESW

Specifications	Specification 1	Specification 2
Bank budget	-1.388*** (0.271)	-1.298*** (0.271)
Trust fund	0.420 (0.260)	0.482* (0.274)
Regional ESW dummy		-0.319** (0.140)
Global ESW dummy		-0.392 (0.260)
East Asia and Pacific		-0.135 (0.161)
Europe and Central Asia		-0.231* (0.134)
Latin America and the Caribbean		-0.297** (0.145)
Middle East and North Africa		-0.004 (0.159)
South Asia		-0.099 (0.155)
Number of observations	725	725
Wald chi-square	26.23	36.79
Prob > chi ²	0.000	0.000

Source: IEG calculations.

Note: Standard errors are in parentheses; *, ** and *** indicate significance at 10%, 5%, and 1% level, respectively. ESW = economic and sector work.

found for the trust fund component of the total cost (table D.3). More specifically:

- The Bank budget component of total cost was significantly (at the 1 percent level) associated with the quality of the ESW. In other words, as more Bank budget is spent on ESW, the more likely it is that the ESW will have a higher quality rating.
- The trust fund component of total cost of ESW was not significantly associated with the quality of the ESW.
- There was no significant association between the cost (trust fund or Bank budget components) and the quality of TA.

APPENDIX E: SPECIFIC EXAMPLES OF EFFECTS OF ESW
AND TA FROM COUNTRY REVIEWS

Table E.1: Selected Examples of FSAP Informing Policy

Country	Effects
Bangladesh	Defined the agenda for reforms in the financial sector (of both the Central Bank and the commercial banks), including improving risk-management systems, capital adequacy norms, and changes in the governance structure of the Central Bank.
Guyana	Some recommendations are being implemented, for example, strengthening oversight of the insurance industry and the Bank of Guyana having regular meetings with commercial banks.
Jordan	Led to the adoption of the supervisory ladder by the Insurance Commission; informed the authorities' Strategy for Promoting Foreign Investments in Securities; led to the implementation of the prompt corrective action framework (although staff from the Central Bank of Jordan indicated that these recommendations were adopted but not implemented after the termination of the IMF program); led to the introduction of cross-border supervision with other central banks and publication of guidelines on corporate governance.
Mauritius	Helped strengthen banking supervision and led to the creation of the Financial Sector Commission.
Peru	Almost all the recommendations have been implemented: at the Central Bank, it helped introduce improvements in the payments and exchange systems; at the Superintendency of Banks, Insurance and Pension Fund Administrators, it confirmed that they were on the right track, led to the issuance of legislation on legal protection for supervisors, helped define strategies to deal with bank resolutions, and helped establish commercial judges. The "seal of approval of the Bank" enhanced the reputation of the superintendency, which facilitated its pushing changes through legislation.
Serbia	Together with the Financial Sector Policy Note and the post-FSAP TA, the FSAP has been associated with major reforms of and improvements in banking supervision (including improvements in regulatory procedures, education and development of staff, relations with third parties, and actuarial professions), bank privatizations, and bank closures.

Source: IEG country reviews.

Note: FSAP = Financial Sector Assessment Program; TA = technical assistance.

Table E.2: Selected Examples of ESW on Public Sector Governance Informing Policy

Country	ESW task	Effects
Guyana	PER	Led to changes in the budget, including timely budgets, and greater transparency through the removal of discretions (all related to heavily indebted poor countries).
Jordan	Work Program for Consolidating Budget Management Reforms	Resulted in the setting of cash expenditure ceilings for each line ministry and did away with annual budget negotiations for each ministry; also resulted in results-oriented budgeting and the removal of subsidies.
	PER	Resulted in the consolidation of expenditures by sectors (rather than by ministries) using the IMF GFS 2001 classification, and the development of a Medium-Term Expenditure Framework to replace annual budgeting.
Peru	PER	Focused attention on the quality of expenditures, especially in the social sectors (for example, the “Vaso the Leche” program); made mergers of social programs possible; influenced the budget law in moving toward results budgeting; and led to the issuance of public expenditure norms.
Romania	PEIR (2002)	Became a basis for macroeconomic stabilization policies of the Natase government.
	Public Expenditure Management (2005)	Contributed to the modification of the financial structure of the public sector in 2006, including the introduction of stress testing of insolvency conditions for local authorities.
Serbia	PEIR (2003)	Resulted in improvements in public sector governance.
	Review of Public Expenditures	Helped launch reforms of the state administration.
Vietnam	PER (various years)	Have been very important for strengthening budget and expenditure policy, and balancing the goals of growth and poverty reduction; the 2005 PER produced a comprehensive evaluation of expenditure and now the government has a more sustainable fiscal policy; PERs have been used regularly by the government for policy-making and for preparing resolutions to reduce weaknesses in public expenditure management.

Source: IEG country reviews.

Note: ESW = economic and sector work; IMF GFS = International Monetary Fund government finance statistics; PEIR = Public Expenditure and Institutional Review; PER = Public Expenditure Review.

Table E.3: Selected Examples of ESW Informing Policy in the Economic Policy, Private Sector Development, and Social Protection Sectors

Country	ESW task	Effects
Economic policy		
Malaysia	Assessing Fiscal Incentives	Provided information on the value of fiscal incentives and inputs for public policy in the areas of investment climate, service delivery, agriculture, higher-end manufacturing, and human resources; helped convince the government to lower the corporate income tax rate in the 2007 budget.
Romania	Restructuring for European Union (EU) Integration—The Policy Agenda ESW (CEM)	Became a blueprint for negotiating accession with the EU, especially regarding chapters that were not closed (public institutions and agriculture); instrumental in introducing top-up subsidies that resolved one of the open issues with the EU; recommendations for the financial sector led to the creation of the Securities Commission.
Serbia	Debt report	Assisted in working out limits for foreign borrowing.
Vietnam	World Trade Organization Accession Preparation and Poverty, Trade Reform, and Export Policy and Performance Study	Contributed to the country's accession to the World Trade Organization, which constituted the third round of big reforms in the country; the ESW helped set the agenda for trade reform.
Private sector development		
Malaysia	ICA	Led the government to establish a committee to ensure that deregulation and improvements in public service delivery are carried out smoothly; contributed to changing the approach to skills development and supporting small and medium enterprises, for which government programs were too cumbersome.
Serbia	ICA	Together with the Private Sector Note was credited as being important for regaining the momentum in the privatization process and in attracting foreign investment and in helping determine priorities in reforming the registration process for new businesses and identifying areas where further action was needed.
Social protection		
Jordan	Note and policy dialogue on pensions	Together with the Programmatic Economic Sector Work on Pension Reform (TA), led to a variety of changes in the pension system (although there is still an outstanding reform agenda), including raising the age of eligibility to get a pension; widening the membership of the committee (from only the military) that decides who is disabled and who is not; closing civil service funds to new entrants since 1996 and to the military since 2003 and shifting them to the Social Security Corporation (which, according to one in-country stakeholder, is a clear case of impact, "as clear a case as can be documented"); restructuring and changing the management of the Social Security Corporation; and preparing instructions to regulate the pension industry.
Peru	"Peru: Restoring the Multiple Pillars of Old Age Income Security" (World Bank 2004d)	Cited by in-country stakeholders as one of the most useful reports; led to the creation of a commission to make pensions sustainable; led to reforms in the second pillar and helped reduce the costs of the system and introduce more competitiveness for pension fund management companies; led to the issuance of norms on disability and survivors, introduction of competition, and the reduction in the cost of premiums; currently informing the discussions of reforms to the first pillar.

Source: IEG country reviews.

Note: CEM = Country Economic Memorandum; ESW = economic and sector work; ICA = Investment Climate Assessment; TA = technical assistance.

Table E.4: Selected Examples of ESW and TA Informing Strategy

Country	ESW and TA task	Effects
Human development		
Congo, Dem. Rep. of	Country Status Reports on Education and Health (ESW)	Informed the government's strategy for education and health.
Lesotho	Development Impact of AIDS (ESW)	Helped identify the focus of the Poverty Reduction Strategy Paper by showing the AIDS trend and the country situation.
Malaysia	International Best Practice Note for Financing Public Tertiary Education (TA)	Recommendations incorporated into the Ninth Five-Year Plan of Malaysia.
Private sector development		
Guyana	ICA	Informed the country's National Competitiveness Strategy.
Lesotho	Private Sector Development Strategy (ESW)	Led to the adoption of a new government strategy to promote the private sector: influenced business licensing procedures; involved government in partnerships with private sector in construction, telecommunications, and health.
Transport		
Mali	Transport report	Together with the Mali Transport Corridor Improvement Project, contributed to a coherent transport strategy (government cannot distinguish between effects of ESW and those of loan).
Mauritius	Transport report	Together with follow-up TA, resulted in an 18-point program.
Economic policy		
Serbia	Breaking with the Past (ESW)	Helped formulate a reform strategy for the rural sector by, among other things, proposing solutions for cooperatives and land privatization.
Rural		
Romania	Forest governance study (TA)	Helped establish the National Strategy for the Forestry Sector.
Financial sector		
Romania	Financial Sector Reform Program (TA)	Assisted in the preparation of a strategy for banking reforms.

Source: IEG country reviews.

Note: ESW = economic and sector work; ICA = Investment Climate Assessment; TA = technical assistance.

Table E.5: Selected Examples of ESW and TA Informing Legislation

ESW task	Country	Effects
IDA mandates/core diagnostics		
Financial accountability	Guyana	Informed the Procurement and Tender Act, the Budget Law, the Audit and Accountancy Act.
Procurement assessment	Guyana	Influenced modification of the Procurement Law (although not to the extent the World Bank had wanted).
Procurement assessment	Mauritius	Resulted in a new procurement act, which is being implemented; the study was cited by a former government minister in Mauritius as perhaps the most effective study of the Bank for the country.
	Peru	Providing the basis for the reform of the procurement legislation (one and a half years after completion).
ICA	Malaysia	Propelled changes in labor law and in the registration of property.
PER	Guyana	Informed the Fiscal Management Accountability Act (although a number of things under the Act are still not done).
	Peru	Led to the Law of Fiscal Decentralization, Legislative Decree 955 (supported by DPLs).
PER Update	Serbia	Led to a new law on wages in state administration (2006), an amended law on civil servants (2006), and amendments to the social security law (2006).
FSAP and associated ROSCs		
AML/CFT	Bangladesh	Cited as a catalyst for the anti-money-laundering legislation that the government has implemented.
	Jordan	Resulted in new improved draft legislation that has replaced preexisting legislation that had been presented (though not passed) in Parliament; the Jordanian authorities are now in the process of issuing instructions for the new AML Law.
	Mauritius	Informed new AML/CFT legislation; as a result, a strong anti-money-laundering framework is now in place.
FSAP	Serbia	Associated with changes to and implementation of the Banking Law (2005) (together with the Financial Sector Policy Note and the post-FSAP TA).
Corporate Governance ROSC	Jordan	Resulted in a draft corporate governance code that was put on the Securities' Commission Web site in February 2005.
	Romania	Resulted in the amendment of the Law on Companies (2005–06), the adoption of the Law on Insolvency, and the promulgation of the Code of Conduct for the Bucharest Stock Exchange, which was later adopted by the Securities Commission.
Accounting and Auditing ROSC	Jordan	Led to the preparation of a law for accounting.
	Mauritius	Led to a new draft Financial Reporting Law (drafted with Bank TA), which provides legal backing to the accounting body and creates oversight for the accountant profession, and created the Financial Reporting Council.
Other ESW		
Economic policy		
Breaking with the Past ESW	Serbia	Starting point for major subsequent reforms, especially in the areas of banking and privatization (Law on Privatizations 2001), mortgages, and business registrations; led to improvements in the investment climate via changes in the FDI law, cadastre law, mortgages law, and regulations affecting small and medium enterprises.

(table continues on next page)

Table E.5: Selected Examples of ESW and TA Informing Legislation (continued)

ESW task	Country	Effects
Economic policy (continued)		
World Trade Organization Accession Preparation and Poverty, Trade Reform, and Export Policy and Performance Study	Vietnam	Had large effects on the legal agenda that was required for World Trade Organization accession.
Financial sector		
Capital markets study	Romania	Resulted in the modification of the Law on Capital Markets (2004), which included the establishment of the National Securities Commission (also a EU requirement); also instrumental in regulations regarding the insurance and reinsurance frameworks (Law 136 was amended in 2004–05 and 2006).
Private sector development		
Private Sector Development Strategy	Lesotho	Led to changes in the Company Act, in regulations, and in licensing and registration.
Private sector study	Vietnam	Was useful as an underpinning for the Enterprise Law, which was cited by a stakeholder (from a government think tank) as perhaps the most important change in Vietnam in recent years. The law introduced the freedom to do business by private parties.
Public sector governance		
Anticorruption study	Romania	Majority of recommendations adopted in Law 161 on Public Sector Institutions; basis of all anticorruption efforts in Romania since it was prepared in 2001.
Rural		
Forest sector study	Congo, Dem. Rep. of	Informed the decree that froze new forestry concessions to halt speculation and curb illegal logging, resulting in 25 million hectares being taken back into the public domain as many illegal concessions were cancelled.
Food Safety and Agricultural Health Action Plan	Vietnam	Helped prepare a basic guideline for meeting food safety standards, which is a requirement for World Trade Organization members.
Water supply and sanitation		
Water Sector Review Update	Jordan	Led to changing of Article 28 in the Water Authority of Jordan Law, which allowed the private sector to participate in managing the projects; also led to the 2002 groundwater bylaw to regulate the use of wells that put limits on how much water people could pump from the ground without paying.
TA		
Forest Governance Study	Romania	Assisted the authorities in preparing a new forest code, which was submitted to Parliament.
Civil Service and Anticorruption Work	Serbia	Provided a basis—through regular consultations and drafting suggestions—for the Law on Civil Service.
Banking Sector Review	Vietnam	Helped the state bank in drafting two basic laws, the Central Bank Law and the Credit Institutions Law.
Telecom Reform and ICT/E-Commerce Development Agenda	Vietnam	The expert consultant supported by the TA presented alternative models from several countries, read Vietnamese laws and regulations, and offered suggestions on what to do on telecom laws and related matters.

Source: IEG country reviews.

Note: AML/CFT = anti-money laundering and combating the financing of terrorism; DPL = development policy lending/loan; ESW = economic and sector work; EU = European Union; FDI = foreign direct investment; FSAP = Financial Sector Assessment Program; ICA = Investment Climate Assessment; ICT = information, communications, and technology; IDA = International Development Association; PER = Public Expenditure Review; ROSC = Report on the Observance of Standards and Codes; TA = technical assistance.

Table E.6: Selected Examples of TA Assisting in the Implementation of Government Policies and Programs

Country	TA tasks	Effects
Financial sector		
Romania	Capital Market Development Program	Was instrumental in establishing a regulatory regime for the pension, insurance, and mortgage markets (in conjunction with the European Commission and the IMF).
	Financial Sector Reform Program	Assisted in dealing with the serious problem of large state banks through privatizations, closures, and restructuring.
Public sector governance		
Romania	Anticorruption Diagnostic	Was the basis for Romania's anticorruption efforts through initiating a public debate and educational efforts and helped privatize the former RomTelecom monopoly and establish the National Agency for Regulation and Communication, which arbitrated among private operators and was charged with protecting the public interest.
Infrastructure		
Jordan	Private Participation in Infrastructure	Led to the launching of the Public-Private Partnership Policy.
Peru	Public-Private Infrastructure	Helped jump start the concessions program and in particular resulted in the revision of the tariffs in the port system; the estimate from the TA that poor logistics constituted the equivalent of a 34 percent tariff on exports propelled reforms in transport; also, regulatory accounting and financial modeling provided by the TA are currently used to monitor concessioned enterprises.
Rural		
Romania	Challenges of EU Accession in Romanian Agriculture	Was very helpful in closing the chapter on agriculture in preaccession discussions with the EU.
Vietnam	Forest Sector Support	Helped put in place a system of forest certification for plantations.
Private sector development		
Malaysia	International Experience in Privatization International Best Practice Note for Financing Tertiary Education	Resulted in the government's review of its privatization policy and, among other things, has led to concessions becoming widespread. Contributed to the government's emphasis on quality and relevance, including the need to benchmark universities to international standards and the need to coordinate policy and actions in tertiary education with those in primary and secondary education.

Source: IEG country reviews.

Note: EU = European Union; IMF = International Monetary Fund; TA = technical assistance.

Table E.7: Selected Examples of TA and ESW Facilitating Knowledge Exchange

Country	Tasks	Effects
Mauritius	Real Time Gross Settlement Initiative TA	Allowed the Monetary Authority to know the liquidity position of banks and enabled better debt management for the Treasury.
	Aid for Trade TA	Helped the government prepare a trade reform package.
	Corporate Governance ROSC	Mainstreamed the concept of corporate governance in the country.
Romania	Agricultural Sector TA	Translation of the TA into Romanian provided the Ministry of Agriculture with Romanian equivalents of EU technical agricultural terminology.
Vietnam	Corporate Governance ROSC (ESW)	Government official noted that many new concepts on corporate governance were learned.
	Telecom Reform and ICT/E-Commerce Development Agenda TA	Government counterpart indicated that a lot was learned from the conceptual framework provided by the Bank consultant, with applications of the framework at every opportunity.
	PER	Facilitated the transfer of knowledge to universities and research institutes.

Source: IEG country reviews.

Note: ESW = economic and sector work; EU = European Union; ICT = information, communications, and technology; PER = Public Expenditure Review; ROSC = Report on the Observance of Standards and Codes; TA = technical assistance.

Table E.8: Selected Examples of ESW Informing the Development Community

Donor	ESW	Effects on donor activities
Guyana		
DFID	Financial accountability	Started working on procurement issues.
European Commission	Financial accountability	One of three conditions required for eligibility to European Commission poverty-reduction budget support; European Commission issues annual reports on the implementation of CFAA recommendations.
	AML/CFT Assessment for All Eastern Caribbean Currency Union	Informed regional program.
IDB	Financial accountability	Informed Technical Cooperation Project on Strengthening Auditor General's Office.
	New combined financial accountability and procurement assessment	Informing new loans that are being developed.
	FSAP	Informed Financial Sector Reform Program
	ICA	Informed Strengthening Competitiveness Program; Agricultural Diversification Program; electricity loan.
IMF	Financial accountability	Used it to track relief conditions for heavily indebted poor countries.
	DPR, PER	Informed the Poverty Reduction Growth Facility (which was essential for other donors to go forward with their activities).
	ICA	Developing program to address constraints identified in ICA.
Jordan		
Danida	Gender Assessment	Provided funding for the Jordan National Women's Commission.
GTZ	PER	Providing funding.
USAID	Work Program for Consolidating Budget Management Reforms, PER	Led to provision of support to improve budget management.
	FSAP	Used as a blueprint for TA financing for USAID to support implementation of Prompt Corrective Action Framework and Corporate Governance of Banks.
US Treasury	AML/CFT	Led to provision of TA on outreach campaign on AML/CFT.
Lesotho		
MDC	Private Sector Development Strategy	Designed an intervention after participating in the private sector development forum, which was held to disseminate the report.
Mauritius		
AFD	Transport Action Plan, PER	Mobilized additional resources and shifted priorities.
European Commission	CEM	Led to additional budget support through cofinancing of the Trade and Competitiveness DPL.
	Procurement	Made recommendations that provided conditions for European Commission financial support.

(Table continues on next page)

Table E.8: Selected Examples of ESW Informing the Development Community (continued)

Donor	ESW	Effects on donor activities
Mali		
European Commission	Transport Support to Sustainable Economic Growth	Led to increased funding for road subsector; agreed to directly finance routine road maintenance for the first time.
Peru		
IDB	PER	Informed policy-based loan to support Reform of Poverty Reduction and Human Capital Development Program.
IMF	FSAP, PER	Informed conditionalities of IMF programs.

Source: IEG country reviews.

Note: AFD = Agence Française de Développement; AML/CFT = anti-money laundering and combatting the financing of terrorism; CEM = Country Economic Memorandum; CFAA = Country Financial Accountability Assessment; Danida = Danish International Development Agency; DFID = Department for International Development of the United Kingdom; DPL = development policy lending/loan; DPR = Development Policy Review; FSAP = Financial Sector Assessment Program; GTZ = German Agency for Technical Cooperation; ICA = Investment Climate Assessment; IDB = Inter-American Development Bank; IMF = International Monetary Fund; MCD = Millennium Development Corporation; PER = Public Expenditure Review; TA = technical assistance; USAID = U.S. Agency for International Development.

Table E.9: Selected Examples of TA Informing the Development Community

TA	Donor	Effects on donor activities
Jordan		
Skills and Vocational Training Workshop	CIDA, European Commission	Led to provision of funds
Jordan Vision for Education Forum	CIDA, European Commission, USAID	Led to provision of funds
Poverty Institutional Framework	United States	Led to provision of funds
Mauritius		
Aid for Trade	Multiple donors	Led to provision of funds

Source: IEG reviews.

Note: CIDA = Canadian International Development Agency; TA = technical assistance; USAID = U.S. Agency for International Development.

Chapter 1

1. According to Operations Policy and Country Services, in fiscal 2004, ESW products budgeted at more than \$50,000 were required to have objectives specified at task initiation; in fiscal 2005, *all* ESW products were required to have objectives specified. Prior to fiscal 2004, some tasks had objectives specified according to a simpler results framework.

2. Though these objectives were only made explicit in May 2004, they are used in this evaluation to evaluate ESW and TA produced prior to that date also; these objectives had already been implicitly underlying such Bank tasks prior to that date, and this evaluation considers them reasonable objectives for ESW and TA.

Chapter 2

1. See appendix C for details on the Bank ESW and TA portfolio.

2. Costs are defined as the cumulative costs for completed tasks delivered in a given fiscal year. Costs include both Bank budget and trust funds.

3. The exception is South Asia, for which this comparison cannot be made because there are no purely IBRD countries there, although its largest country, India, can access IBRD funds.

4. The source is Bank administrative data, adjusted by IEG for misclassification. The IEG review of the portfolio of ESW and TA during fiscal 2000–06 indicated that around 13 percent of ESW tasks and 20 percent of TA tasks were classified under an incorrect sector board (see appendix C). For analytical purposes for this evaluation, IEG created two sector board classifications: infrastructure (which combines transport, energy and mining, and water supply and sanitation) and human development (which combines health, nutrition, and population and education). This is because some ESW and TA are in these combined sectors rather than the individual ones to which they had been classified.

5. The ranking by cost is the same as with numbers except for economic policy, which—although ranked in the top seven for the number of TA—only ranked in the top nine by cost, being replaced by urban development as one of the top seven sectors for TA expenditures.

6. The Bank's administrative data are used for the discussion in this section.

7. For details on the Bank ESW TTL survey, see appendix B.

8. The 8 percent figure is derived from survey responses of Bank team leaders. This is much higher than the 2 percent figure reported in the Bank's administrative database. Given the errors in Bank administrative data (see endnote 4 and chapter 6), this evaluation uses data obtained from the Bank TTL surveys.

9. Because of the relatively low number of data points per sector from the survey responses, the evaluation only draws definitive conclusions where the survey responses are consistent with Bank administrative data.

10. For the same reason provided in endnote 9, this evaluation only draws definitive conclusions where the survey responses are consistent with Bank administrative data.

11. The same rating scale is used throughout this evaluation.

12. QAG switched from a four-point to a six-point scale in fiscal 2003, although some products delivered prior to fiscal 2003 but assessed later by QAG have ratings on a six-point scale. This evaluation uses a six-point rating scale. Hence, for the purpose of comparison, this section only includes those tasks with QAG ratings on a six-point scale. This biases the comparison slightly: the country reviews covered ESW and TA tasks for the period fiscal 2000–06, and over that period QAG ratings have improved somewhat, such that tasks that have four-point ratings have slightly lower ratings than those with six-point ratings. The portfolios of tasks with four-point

and tasks with six-point QAG ratings are representative of those of all Bank products on both a sectoral and Regional basis (see appendix B).

13. Significance here means statistically significant at the 5 percent level. This definition of significance is used henceforth in this report. Significance was ascertained by conducting *t*-tests that compare the means (averages) of two sets of ratings, taking into account their variability (or spread).

14. The correlation was significant at the 5 percent level for ESW on a four-point QAG quality rating scale and at the 10 percent level for those on a six-point rating scale. This could mean that as the rating scale becomes more finely tuned, the correlation is weaker, and/or that the cost-quality correlation is weaker for the more recent tasks (that is, those with ratings on a six-point rating scale compared with those with ratings on a four-point scale).

15. The exceptions were infrastructure, social development, urban development, and private sector development; the average cost of ESW in these four sectors fell during fiscal 2000–06.

Chapter 3

1. The sample of loans was selected from those with QAE ratings. The fiscal 2006 QAE ratings were not available in time for this evaluation.

2. Given the evaluation period of fiscal 2000–06, the sample of loans was selected only from those approved during fiscal 2003–05. This allowed for ESW that was delivered up to three years prior to the approval of the loan to be considered for informing the loans. There is a difference between “ESW that could have informed the loans” and ESW that are just in the same sector as the loans. For instance, an agriculture ESW may or may not inform an irrigation loan, although both belong to the rural sector board. The IEG team took this into account by its in-depth review of loan documents and ESW contents to ensure that only those ESW that could have actually informed the loan are included.

3. The rating is on a 6-point scale, as mentioned in chapter 2, with 1 being low and 6 being high.

4. This was not significantly different statistically from the ratings given by loan TTLs in the country reviews.

5. Bank staff who were also TTLs of the ESW on which they were being surveyed were excluded from the loan TTL survey.

6. These are averages of loan TTL ratings; there were 69 ratings for country-specific ESW, 8 ratings for regional ESW, and 14 for global ESW.

7. Ratings on loan design are given by QAG, which provides QAE ratings for eight dimensions of loan design and implementation arrangements, and an overall assessment rating (which synthesizes ratings on the eight dimensions), for a selected sample of loans after approval by the Bank’s Board (see appendix D).

8. Loans with QAE ratings used for this analysis are representative on a Regional and sectoral basis of all Bank loans (see appendix B).

9. Bank management contended that CFAAs are not expected to guide financial management arrangements at the project level.

10. All the results reported in this section are statistically significant at either the 1 or 5 percent level unless mentioned otherwise.

11. One of the Bangladesh country directors indicated that Bank ESW and TA have influenced policy and dialogue through lending, but not otherwise.

Chapter 4

1. The in-country stakeholder ratings presented in this chapter for all the objectives except “informing the development community” are the averages provided by all the stakeholders (government officials, private sector, and civil society). The ratings presented for “informing the development community” are those provided by the donors only.

2. This refers to statistically significantly different at the 5 percent level. The report uses this definition of difference throughout.

3. The ratings are on a six-point scale, with 1 being low and 6 being high, 4 being slightly above average, and 3 being slightly below average. The report uses the same rating scale throughout.

4. *Development Results in Middle-Income Countries* (IEG 2007, pp. 40–41) also found lower impact of Bank AAA on capacity building and influencing public debate compared with informing policy in MICs.

5. The IEG team also undertook multivariate regression analysis to determine the association (if any) between ESW (existence, number, and cost) and policy (as proxied by the Country Policy and Institutional Assessment). The unstable and counterintuitive results raised doubts about the appropriateness of the Country Policy and Institutional Assessment as a proxy

for policy. Hence, the results of the regressions are not reported in this evaluation.

6. Ratings for this objective were not available for all the countries reviewed. The reasons include no TA undertaken during the evaluation period (Guyana), in-country stakeholders not recalling the TA (Bangladesh), and no ratings being provided for this objective (Lesotho).

7. The success indicators the Bank has specified for this objective pertain to donor activities, including additional resources being mobilized by donors and a shift in donor policy/priorities, although typically the development community encompasses a wider concept than just the donor community. This evaluation focuses specifically on ESW's influence on the donor community, rather than on the wider development community.

Chapter 5

1. *Development Results in Middle-Income Countries* (IEG 2007, pp. 38–39) also found that Bank AAA for those countries was of high technical quality.

2. This refers to correlation coefficients that are significant at the 5 percent level. The positive and significant correlation was found for almost all the ESW and TA objectives from all the different sources of information.

3. *Assessing World Bank Support for Trade, 1987–2004* (IEG 2006a, p. 26) also found that high-quality ESW supports policy dialogue.

4. Since 2006, the Sub-Saharan Africa Region has adopted an ESW Quality Improvement Program to improve the impact of ESW and its role in capacity building.

5. This refers to correlation coefficients that are significant at the 5 percent level. The positive and significant correlation was found for almost all the ESW and TA objectives from all the different sources of information.

6. The information on origination (whether it was client requested or not), by specific task, came from responses to the ESW and TA TTL surveys. This information was applied, for the same specific task, to the responses to the specific ESW and the specific TA surveys, respectively.

7. This was significant at the 10 percent level.

8. This was significant at the 10 percent level.

9. This refers to correlation coefficients that are significant at the 5 percent level. The positive and significant correlation was found for almost all the ESW

and TA objectives from all the different sources of information.

10. *Development Results in Middle-Income Countries* (IEG 2007, pp. 40–41) also found that when the Bank's knowledge services were ineffective, the lack of dissemination was the most frequently cited reason.

11. *Public Sector Reform: What Works and Why?* (IEG 2008c, p. 40) also found much smaller impact on governance (as measured by the Country Policy and Institutional Assessment governance score) when AAA was not followed by lending.

12. The Education for All–Fast-Track Initiative is a global partnership between donor and developing countries to ensure accelerated progress toward the Millennium Development Goal of universal primary education by 2015. All low-income countries that demonstrate serious commitment to achieve universal primary completion can receive support from the Fast-Track Initiative.

13. At the beginning of 2008, the Bank opened a small liaison office in Mauritius.

Chapter 6

1. The same recommendation was made in *Development Results in Middle-Income Countries* (IEG 2007, p. 71).

2. *Engaging with Fragile States* (IEG 2006b, p. 19) also found that analytical work done in collaboration with other donors can improve the Bank's policy influence. In addition, "Country Financial Accountability Assessments and Country Procurement Assessment Reviews: How Effective Are World Bank Fiduciary Diagnostics?" (IEG 2008a, p. xi) found that greater collaboration with relevant donors in the preparation of these ESW would enhance their impact.

3. Although several of the Malaysia TA tasks are in the form of reports, they are considered TA rather than ESW because the Bank's role in those tasks was advising on the content of the study (the terms of reference) and assisting with the identification of consultants, rather than writing the report.

4. This is based on ratings provided by in-country stakeholders in the specific ESW user survey. This finding is consistent with QAG ratings on policy notes versus those on other types of ESW.

5. *Small States: Making the Most of Development Assistance* (IEG 2006c, p. 18) also found that the Bank has been able to achieve some economies of scale

through Regional ESW that addresses common problems of small states.

6. The poor quality of the Bank's administrative data on ESW and TA was also found by QAG.

Appendix B

1. For Mali, in addition to the five sectors, AAA and loans in financial management; procurement; health nutrition, and population; and transport were also reviewed.

Appendix D

1. The fiscal 2006 QAE ratings were not available in time for this exercise.

2. Because only three loans in the sample have ratings of 3 and lower, the ratings were rescaled by combining ratings 2, 3, and 4 into one category. However, results do not change even when these loans are dropped from the sample. The results in Table D.2 are based on the rescaled rating.

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