

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.

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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.

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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.