

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).

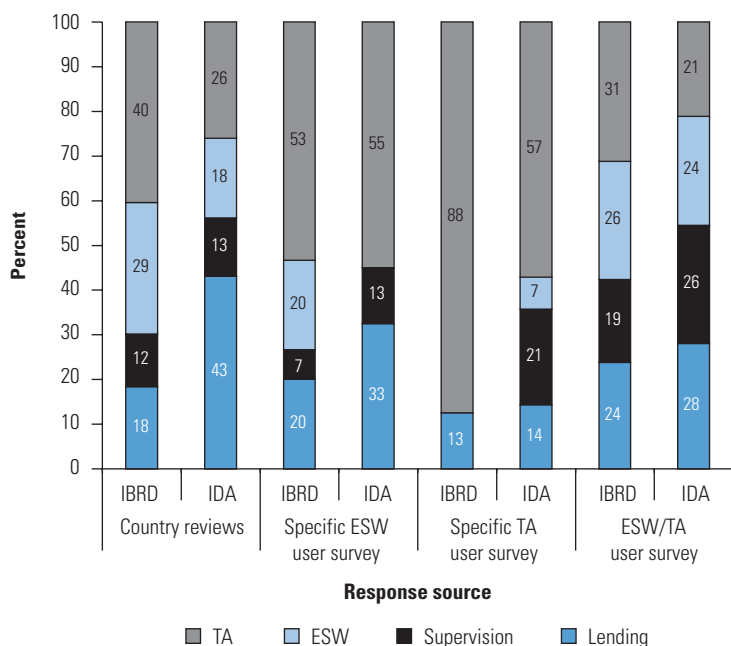
Second, the preference for nonlending over lending (or grant) activities is not as strong or as unambiguous in IDA countries. Third, TA is more important than ESW in both IBRD and IDA countries. It is particularly striking that among those who are familiar with specific ESW tasks of the Bank, a much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

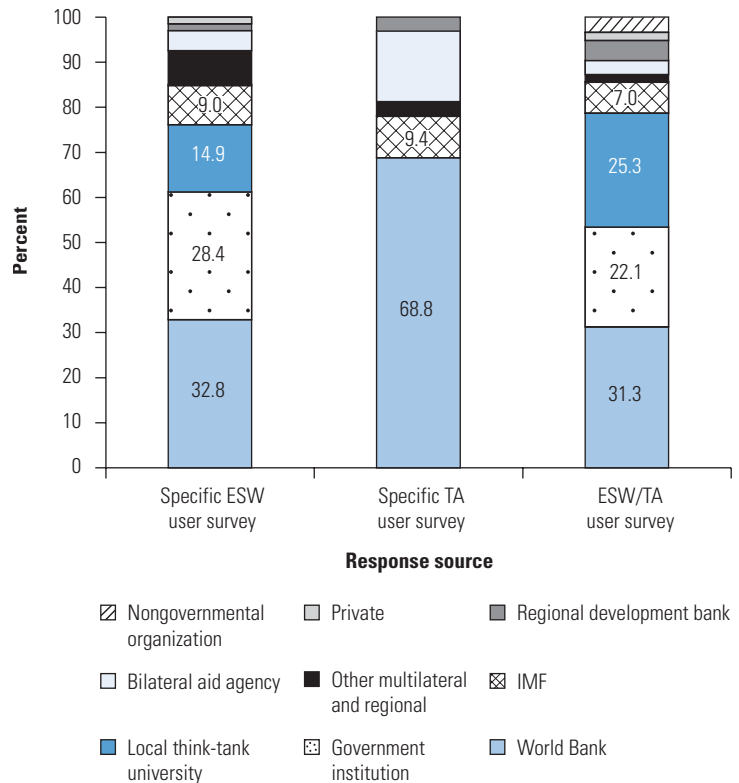
First, *more in-country stakeholders gave first rank to reports and TA produced by the Bank* than to those produced by other institutions. Second, *more in-country stakeholders gave first rank to TA than to ESW produced by the Bank* (see ranking from specific ESW survey and specific TA survey in figure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