

**THE WORLD BANK'S ECONOMIC AND
SECTOR WORK AND TECHNICAL ASSISTANCE:
AN INDEPENDENT EVALUATION GROUP (IEG) REVIEW**

APPROACH PAPER

Context of the Evaluation

1. The World Bank provides both lending and analytical and advisory services to support poverty reduction in developing countries. Its analytic and advisory activities (AAA) include economic and sector work (ESW), technical assistance (non-lending) (TA), donor and aid coordination, research services, World Development Report, and impact evaluation.¹ This Evaluation will focus on two of these products, ESW and TA, which are explicitly intended to support client countries' efforts to strengthen their policies and/or institutions.
2. In January 2002, Operations Policy and Country Services (OPCS) issued new instructions defining ESW as an activity that: (a) involves analytic effort; (b) is undertaken with the intent of influencing an external client's policies and or programs; and (c) is "owned" by a specific Bank unit. And in May 2004, OPCS, in consultation with the Regions and the Networks, defined TA by three characteristics: (a) aimed at enabling an external client to implement reforms or strengthen its institutions; (b) free-standing, not an essential part of another activity such as lending or ESW; and (c) linked to a Bank unit with clear accountability for the service provided.²
3. The Bank produces a range of ESW products. These include the core diagnostic reports such as Country Economic Memorandums (CEMs), Poverty Assessments, and Public Expenditure Reviews (PERs); other diagnostic reports such as sector reviews and investment climate assessments; advisory reports; and policy notes (Annex 1 provides the list of ESW report types according to OPCS.³) ESW products have different origins—some are undertaken because of International Development Association (IDA) or other corporate requirements, some are initiated by the Bank's country or sector units, while others are requested by clients. ESW underpins the Bank's policy dialogue with clients, its development of country strategies, and its formulation and implementation of lending programs and operations. ESW is also used as an instrument for building institutional capacity, especially when it is undertaken in partnership with local institutions.⁴
4. TA includes outputs such as conferences, advice, and other activities intended to help Bank client countries implement reforms and/or strengthen institutions. They are classified into five main categories by the Bank: institutional development plans, "how to" guidance, models/surveys, client document reviews, and knowledge sharing forums (see Annex 2). Beyond the difference in definitions for ESW and TA, the Bank indicates

¹ World Bank, OPCS. 2006. "Economic and Sector Work." World Bank Intranet.

² World Bank, OPCS. 2004. Internal World Bank report.

³ The Bank's ESW report types have been evolving over time.

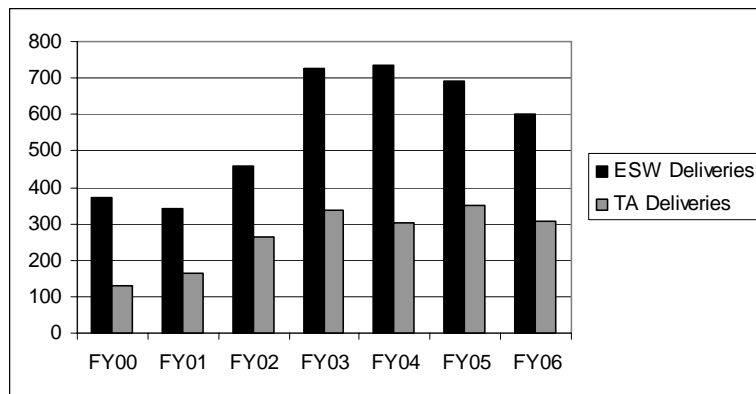
⁴ Ibid., p. 1.

that another key difference is that ESW involves the Bank’s effort—either alone or jointly with clients and other partners—to produce new analytic content, while TA applies or shares existing knowledge.⁵

5. The Bank sees these products as playing an important role. In 1996, the World Bank committed to becoming a ‘global knowledge bank’, using knowledge to improve the quality of its operations and to obtain development results.⁶ In FY99, the Bank launched a comprehensive program of reforms to improve the efficiency and effectiveness with which ESW resources are used. In 2004, the Bank stated that during the first phase of this program (FY99-00), significant progress was made in cleaning up the pipeline of ESW reports and strengthening quality assurance processes.⁷ This was followed by the second phase of the reform that focused on filling gaps in ESW coverage in country programs, raising the quality of ESW for IDA countries, working more closely with clients and partners, and improving the monitoring of and reporting on ESW activities.⁸ TA reforms were launched in 2004 which entailed establishing a TA Governance Framework that defines TA (para. 2) and that classifies TA output types (para. 4). These changes were aimed at improving the focus and quality of TA activities, and eliminating the overlap between TA and ESW product lines.⁹

6. During FY00-FY06, the Bank delivered 3,930 ESW and 1,856 TA products to clients, at a total cost of around US\$889 million (\$617 million for ESW deliveries and \$273 million for TA) (see Annex 3). The annual outlays on ESW and TA more than doubled, from US\$79 million in FY00 to US\$164 million in FY06.¹⁰

Figure 1: Deliveries of ESW and TA



Source: Internal World Bank database. 2006.

⁵ Ibid., p. 11.

⁶ Gwin, Catherine. 2003. *Sharing Knowledge: Innovations and Remaining Challenges*. IEG, The World Bank.

⁷ World Bank, OPCS. 2004. Internal World Bank report.

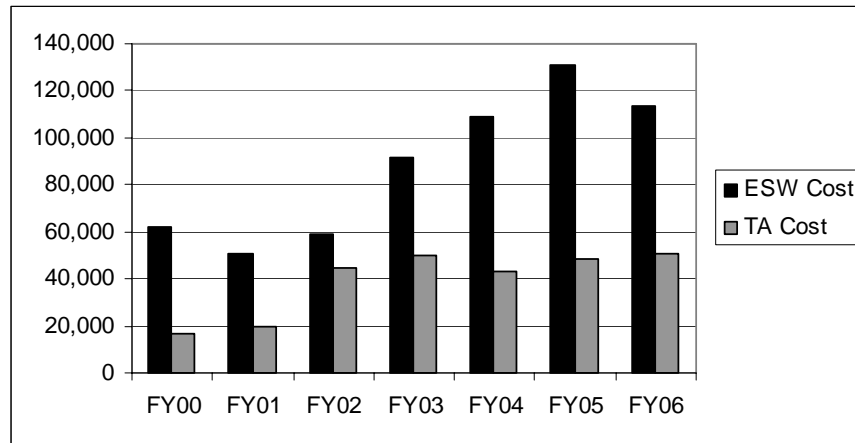
⁸ Ibid., Executive Summary.

⁹ World Bank, Kiosk Announcement, OPCS. 2004. “Strengthening Technical Assistance and Clarifying ESW Recording.” World Bank Intranet.

¹⁰ Costs are defined as the cumulative costs for completed units delivered in a given fiscal year. Costs include both bank budget and trust funds. FY06 cost is not yet final.

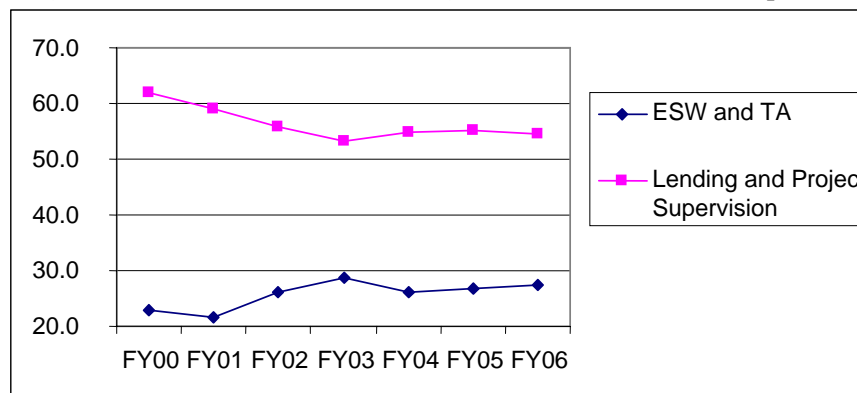
7. In line with the trends of increasing number and cost of ESW and TA, World Bank spending on these products increased as a share of its spending on country services, from 21.5 percent in FY01 to 27.3 percent in FY06. Over the same period, World Bank spending on lending operations (project supervision and lending preparation and development) fell from 58.9 to 54.6 percent (Figure 3).

Figure 2: Cost of ESW and TA delivered to Clients (US\$'000)



Source: Internal World Bank database. 2006.

Figure 3: Shares of Bank Spending on Country Services (in percent)



Source: Internal World Bank database. 2006.

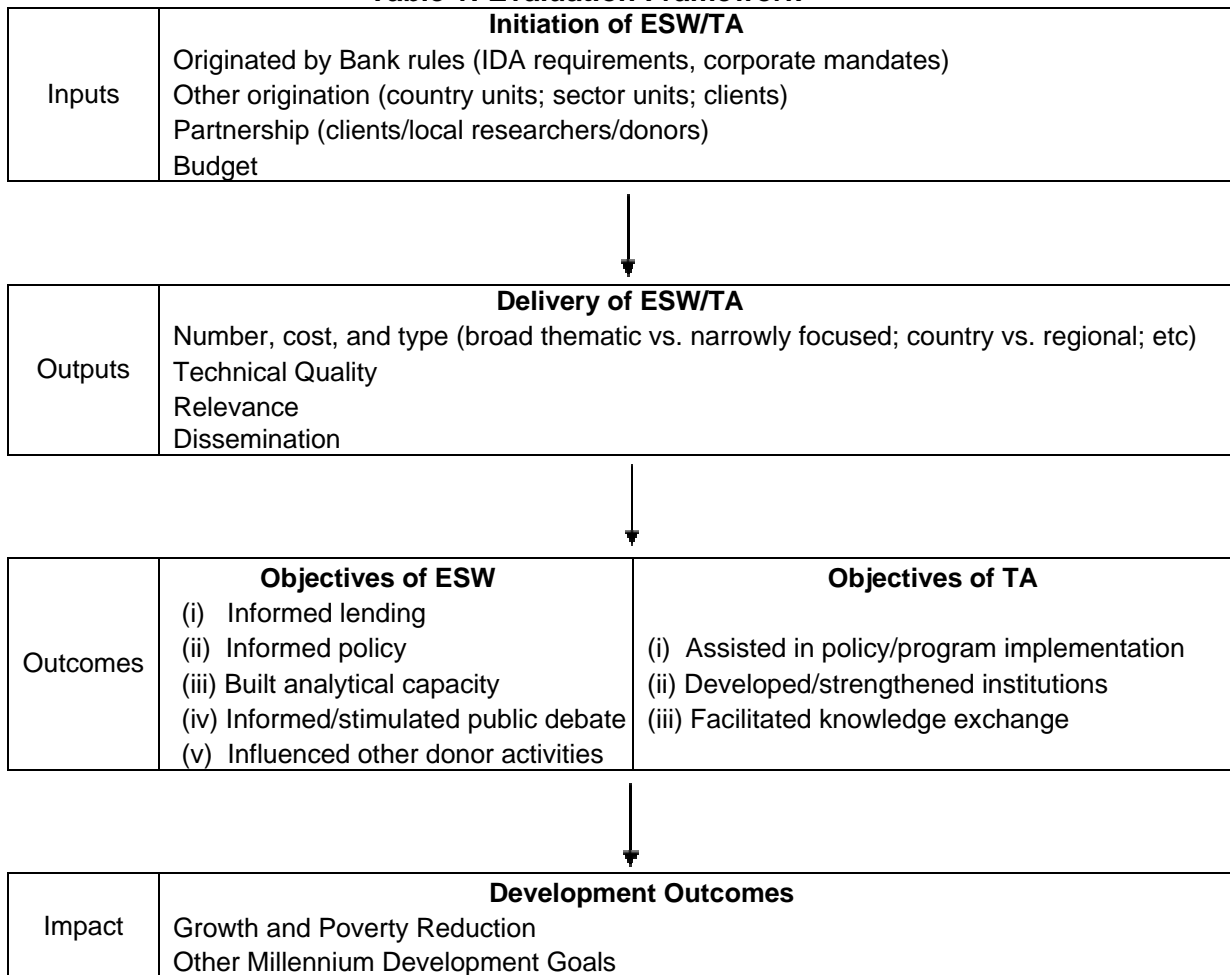
Objective and Scope of the Evaluation

8. In light of the sizeable Bank resources devoted to ESW/TA, the efficacy with which such products have met their objectives is important. This Evaluation will assess the extent to which ESW and TA have met their stated objectives, and derive findings on how to improve the effectiveness with which these products meet their objectives.

9. The Framework that underpins this Evaluation is presented in Table 1. The Evaluation will assess the effect of ESW/TA products (the outputs) on the menu of objectives as stated by the Bank (the outcomes) (see para. 10). The Evaluation will hope to derive findings regarding inputs (such as Bank rules and processes, budgets) and outputs (such as number and types of product, modes of dissemination) that can enhance

the effect of ESW/TA on the outcomes (such as quality of Bank lending, or country policy and institutional changes). While the Bank’s work—with ESW/TA being a component of this work—focuses on the achievement of the Millennium Development Goals, given the enormous difficulty in attribution, this report will not be evaluating the effect of ESW/TA on these development outcomes; that is, it will not be evaluating “the impact” part of the Evaluation Framework laid out in Table 1.

Table 1: Evaluation Framework



10. For each individual ESW/TA product, the Bank provides the following results indicators for its menu of objectives (Table 2).^{11, 12}

11. This study will evaluate the following five objectives—consolidated from the five ESW and three TA objectives above—with respect to ESW/TA.¹³

¹¹ World Bank, OPCS. 2006. “ESW Objectives.” World Bank Intranet.

¹² World Bank, OPCS. 2006. “TA Objectives.” World Bank Intranet.

¹³ This Evaluation covers FY00-06, and includes ESW/TA produced prior to May 2004 when the Bank made explicit its objectives for ESW and TA. Nonetheless, for those products, this Evaluation will assess whether any of these outcomes occurred.

- ***influencing lending*** (through ESW)
- ***influencing government policy*** (which entails informing government policy through ESW, and assisting in government policy/program implementation through TA)
- ***building client capacity and institutions and sharing knowledge*** (which entails building client analytical capacity through ESW, and strengthening institutions and sharing knowledge through TA)
- ***informing/stimulating public debate*** (through ESW)
- ***influencing other donor activities*** (through ESW)

Table 2: The Bank’s ESW and TA Objectives and Results Indicators

ESW Objectives and Results Indicators	TA Objectives and Results Indicators
<i>Inform lending</i> a. Agreed lending program b. New loan under preparation/implementation c. Other	<i>Assist in client's policy/program implementation</i> a. Policy/program implementation b. Compliance with law/regulation achieved c. Other
<i>Inform government policy</i> a. New legislation adopted b. Government decree issued c. New government strategy adopted d. Other	
<i>Build client analytical capacity</i> a. Client makes major analytical contribution b. Client learns to produce output independently c. Other	<i>Develop/strengthen institutions</i> a. Increased capacity to design strategies/policies b. Increased effectiveness in managing operations c. Increased ability to monitor/evaluate operations d. Other
<i>Inform/stimulate public debate</i> a. Media widely reports Bank analysis b. Major stakeholders reflect on Bank views c. Academic publications reflect on Bank views d. Other	
<i>Influence development community</i> a. Additional resources mobilized b. Shift in donor policy/priorities c. Other	<i>Facilitate knowledge exchange</i> a. New conceptual frameworks learned b. Shared knowledge applied to local circumstances c. Other

12. This Evaluation will address the following five broad sets of questions with respect to each of these five objectives:

- To what extent have ESW/TA products achieved their stated objectives?*** The bottom line question here is: have ESW/TA products delivered since the FY99 reforms been associated with achievements of the five objectives listed in the preceding paragraph? The Evaluation will aim to address some important sub-questions with respect to each objective. Examples of such questions are: With respect to Bank lending, have ESW products been associated with higher quality of Bank loans? What has been the contribution of ESW relative to other inputs

into project preparation (such as Bank expenditures and trust funds for project preparation)? With respect to client policy and institutional changes, examples of questions are: have ESW/TA been associated with policy and institutional changes in the country? What has been the contribution of ESW/TA (relative to other factors) to client policy and institutional changes? Also, what has been the relative contribution of ESW versus TA to such changes on the ground? The Evaluation will also assess the contribution of regional and global ESW/TA relative to country-level ESW/TA to the various objectives.

- ii. ***How has the technical quality of ESW/TA products affected achievement of their objectives?*** The Evaluation will assess whether the technical quality of ESW/TA matters in terms of being associated with the various objectives. It will also assess whether average costs of ESW/TA are associated with technical quality.
- iii. ***To what extent does the way ESW/TA products are originated affect achievement of their objectives?*** In particular, the Evaluation will assess the relative effectiveness of ESW/TA mandated by IDA or corporate priorities, or originated by country or sector unit, versus those genuinely demanded by clients, in meeting objectives. The Evaluation will assess whether and which of the different ways in which ESW/TA is originated is associated with meeting objectives, and which ways for which objectives. For instance, a-priori one would expect an ESW/TA that is initiated by the client country may be more likely to be associated with policy and institutional changes than one that is initiated by the Bank. Or, an ESW/TA initiated by Bank country or sector units may be more likely to be associated with informing Bank lending than one that is mandated by IDA.
- iv. ***How does partnership affect achievement of the objectives of ESW/TA products?*** What kind of partnerships (with governments, local researchers, development partners), and for what products, matter for achieving which objectives? The Evaluation will also assess whether partnership influences the cost of ESW/TA and, in turn whether that is associated with the quality of ESW/TA.
- v. ***How does the mode of dissemination affect the achievement of the objectives of ESW/TA products?*** Does the cost and mode of dissemination make a difference with respect to achieving objectives? Which ways of dissemination work better for which products in terms of achieving objectives?

13. In addition to these five questions, the Evaluation will also cover other pertinent aspects of ESW/TA that may emerge as important from the surveys and country reviews that will be undertaken for the Evaluation (see para. 17). For all these questions, the Evaluation will assess ***whether other country characteristics (income level, size, country policy and institutional assessment (CPIA) ratings, etc) matter*** with respect to achieving objectives. For instance, is partnership with clients more important in the International

Bank for Reconstruction and Development (IBRD) or in IDA countries for achieving policy and institutional changes?

14. It is hoped that the above approach would allow the Evaluation to *inform decisions on the kinds of changes in management processes and staff incentives* (including for example origination, partnership, quality, and dissemination) that would enhance the contribution of ESW/TA to their objectives.

15. It is hoped that the approach outlined above will allow the Evaluation to *inform decisions over resource allocation and prioritization*. The following are examples of the types of questions and decisions that the Evaluation may inform (there may also be others that would emerge from the Evaluation).

- Resource allocation between core diagnostic ESW and other ESW for improving their effectiveness in achieving objectives.
- Trade-off between more resources for each ESW/TA output versus fewer products for enhancing their effectiveness of achieving objectives.
- Resource allocation between ESW on the one hand, and spending on project preparation and supervision on the other, for improving the quality of projects?¹⁴
- Resource allocation between ESW (directed towards informing policy changes) and TA (directed towards implementing policy changes) for improving their effectiveness in terms of achieving results on the ground (that is actual policy and institutional changes).

16. This Evaluation will draw on Quality Assurance Group (QAG) ratings in answering its evaluation questions, but will supplement the QAG ratings with ratings from stakeholder opinion surveys and country reviews which will be commissioned for the Evaluation (see next paragraph), and with reviews of ESW/TA conducted in the context of other IEG Evaluations. This Evaluation will not replicate QAG panel ratings because: (a) this is an area where this Evaluation could have more value-added since QAG and other IEG Evaluations have assessed quality (for certain subsets of AAA); and (b) it would be too expensive for this Evaluation to undertake quality reviews on a large enough scale to be useful.¹⁵

Methodology and Data

17. The Evaluation will use the following complementary perspectives/sets of data:

¹⁴ The methodologies used in earlier studies could be drawn on here. For example, an internal World Bank report on economic and sector work results by the Operations Policy Department in 1996; and “Does Economic Analysis Improve the Quality of Foreign Assistance?” by Klaus W. Deininger, Lyn Squire, and Swati Basu; World Bank Economic Review, 1998, Volume 12, No. 3.

¹⁵ According to QAG, it costs an average of US\$5,000 to undertake a QAG assessment of an ESW/TA task.

- Cross country data for association between different indicators of ESW/TA (numbers, average costs, types, quality, partnerships, origination) on project quality and country policies and institutions.
- Surveys of task staff (of ESW/TA and projects), country management (CM), sector management (SM), clients, and development partners for perceptions of the effects of ESW/TA on the five objectives from para. 11. To help determine if ESW/TA are achieving their objectives, the survey will attempt to, first, document the *utilization* of ESW/TA by the various types of respondents. In cases where utilization has occurred, the survey will ask users to rate the ESW/TA regarding ownership, technical quality, relevance, dissemination, etc. Respondents will also be asked to identify any factors constraining the utility of the Bank's ESW/TA.
- Reviews of the effects of country/regional/global ESW/TA. The Evaluation will select a sample of countries that is representative of the Bank's clients regarding country size, income, and region for review. Like the survey, the country reviews will attempt to document the utilization of ESW/TA, and ask interviewees to rate the various characteristics of the ESW/TA that they have used. Relative to the survey, the country reviews will be able to interview more potential users in more detail.
- Evidence and conclusions from IEG evaluations of specific ESW products (Public Expenditure Review of 1998; Poverty Assessment of 2001; Financial Sector Assessment Program of 2006; and the nearly completed Country Financial Accountability Assessment and Country Procurement Assessment Report) and evidence bearing on the effectiveness of ESW and TA in specific contexts (Country Assistance Evaluations, Country Assistance Strategy Completion Reports, the 2003 Evaluation of Knowledge Sharing, the 2004 Evaluation of the Poverty Reduction Strategy Initiative, Annual Reports on Operations Evaluations, the 2006 Evaluation of Low Income Country Under Stress, the ongoing Middle Income Country Evaluation, and various sector, thematic, and global program evaluations).
- Bank administrative data on ESW and TA products.

18. *Time Frame.* The evaluation will examine the effects of ESW and TA completed since the ESW reform initiative, that is, those products delivered over the FY2000-2006 period.

Staff and Budget of the Evaluation

19. A draft report will be submitted to Bank management for review and comment and to CODE for discussion during the third quarter of FY08. The evaluation will be supplemented by trust funds. The task team will be led by Helena Tang (IEGCR) under the direction of Lily Chu (Interim Manager, IEGCR). Peer reviewers are David Goldsbrough (external) and Howard White (IEGST). The evaluation will also benefit from a high-level External Advisory Panel of experts with established academic and/or professional reputations. This Panel is currently being constituted.

Annotated Outline

Chapter 1: Introduction

This Chapter will present the background and context, the objectives, the scope, and the framework of the Evaluation. It will discuss the Bank's objectives for ESW and TA, the contexts in which they are initiated, and the forms in which they are delivered. It will trace the evolution of these products, focusing on the period after FY99, the year when the Bank launched the ESW Reform. It will present basic data on the ESW/TA outputs, including their numbers, costs, types, and regional distribution, etc. It will present available data on their quality.

Chapter 2: Effects of ESW in the Bank

This Chapter will present the findings on the associations between the Bank's ESW and Bank loans. It will present findings of the five evaluation questions (para. 12), based on synthesis of cross-country statistical analysis, stakeholder surveys, country reviews, other IEG evaluations, and Bank administrative data.

Chapter 3: Effects of ESW/TA on Client Countries

This Chapter will present the findings on the associations between the Bank's ESW/TA and policy and institutional changes in client countries. It will present findings of the five evaluation questions (para. 12), based on synthesis of cross-country statistical analysis, stakeholder surveys, country reviews, other IEG evaluations, and Bank administrative data.

Chapter 4: Effects of ESW on Other Donors

This Chapter will present the findings on the associations between the Bank's ESW and the activities of other donors. It will present findings of the five evaluation questions (para. 12), based on synthesis of stakeholder surveys, country reviews, other IEG evaluations, and Bank administrative data.

Chapter 5: Conclusions and Recommendations

This chapter will summarize the conclusions from chapters 2, 3, and 4, and present recommendations for enhancing the effect of ESW and TA on achieving their objectives. The recommendations will focus on process and management factors under the Bank's control, such as types and numbers, average costs, origination, partnership and dissemination modes which are addressed in the five evaluation questions, as well as others that may emerge from the study.

Annex 1: 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
(ROSC)
City Development Strategy
Corporate Governance Assessment (ROSC)
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 (ROSC)
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

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
WID and Gender Study

Source: World Bank, OPCS. 2006. "Report Types." World Bank Intranet.

Annex 2: TA Output Types

1. Institutional Development Plan (IDP)	<p>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.</p> <p>Example: <i>The task will help the Government of Vietnam to develop a joint Government-donor gender strategy. This task aims to develop a plan of action for promoting gender equality in Vietnam.</i></p>
2. "How-To" Guidance (HTG)	<p>Operational advice in policy/program formulation and hands-on implementation, including technical notes, step-by-step instructions, "best practice" manuals, and procedural guidelines.</p> <p>Example: <i>This activity consists of three tasks: (a) Upgrade the MIS and accounting system by using high-quality local professionals; (b) Design and launch a field trial of a palm pilot application to improve internal control and efficiency; and (c) Conduct market research in preparation for a possible rural replication of the flexible financial services model.</i></p>
3. Model/Survey (MOS)	<p>Advice for client-driven data collection and/or analysis used for projections, forecasting, and simulations.</p> <p>Example: <i>The task will involve the Development of a Pension Forecasting Model for Slovenia.</i></p>
4. Client Document Review (CDR)	<p>Advice and review of client-owned documents, that could include draft legislation, regulation, PRSP inputs, and grant proposals.</p> <p>Example: <i>The task is to assist the government of Sri Lanka to develop a draft act for the establishment of a multi-sector regulator for the infrastructure sectors. This activity would follow on from an earlier report which recommended that the Government of Sri Lanka establishes a common body for the regulation of the power and water sectors, with the potential to extend this to other areas.</i></p>
5. Knowledge-Sharing Forum (KSF)	<p>Bank-facilitated, client-managed meetings aimed at sharing international "best practice," exchanging knowledge, catalyzing reform, and building consensus on a particular issue.</p> <p>Example: <i>The task involves technical support for an international conference on EU Accession for Turkey. The conference, planned for January 2003, will serve as a focal point for public dissemination of the economic issues behind EU accession, including sector by sector analysis.</i></p>

Source: World Bank. OPCS. "TA Output Types." World Bank Intranet.

Annex 3

Table 1(a). Number of ESW Products Delivered to Clients

	FY00	FY01	FY02	FY03	FY04	FY05	FY06	Total
Country	309	296	366	536	570	525	475	3,077
Regional	64	46	92	133	103	86	91	615
Global	0	0	2	57	61	83	35	238
Total	373	342	460	726	734	694	601	3,930
Shares (in %)								
Regional	17.2	13.5	20.0	18.3	14.0	12.4	15.1	15.6
Global	0.0	0.0	0.4	7.9	8.3	12.0	5.8	6.1
Regional and Global	17.2	13.5	20.4	26.2	22.3	24.4	21.0	21.7

Table 1(b). Cost of ESW Products Delivered to Clients (US\$'000)

	FY00	FY01	FY02	FY03	FY04	FY05	FY06	Total
Country	46,744	46,440	51,166	71,120	85,665	90,019	90,563	481,717
Regional	15,610	4,222	7,766	16,088	15,754	27,053	19,468	105,962
Global	0	0	54	4,319	7,765	13,530	3,433	29,100
Total	62,355	50,662	58,986	91,527	109,185	130,601	113,463	616,779
Shares (in %)								
Regional	25.0	8.3	13.2	17.6	14.4	20.7	17.2	17.2
Global	0.0	0.0	0.1	4.7	7.1	10.4	3.0	4.7
Regional and Global	25.0	8.3	13.3	22.3	21.5	31.1	20.2	21.9

Table 1(c). Number of TA Products Delivered to Clients

	FY00	FY01	FY02	FY03	FY04	FY05	FY06	Total
Country	95	147	219	279	236	283	234	1,493
Regional	28	15	34	54	55	66	70	322
Global	5	1	12	6	12	2	3	41
Total	128	163	265	339	303	351	307	1,856
Shares (in %)								
Regional	21.9	9.2	12.8	15.9	18.2	18.8	22.8	17.3
Global	3.9	0.6	4.5	1.8	4.0	0.6	1.0	2.2
Regional and Global	25.8	9.8	17.4	17.7	22.1	19.4	23.8	19.6

Table 1(d). Cost of TA Products Delivered to Clients (US\$'000)

	FY00	FY01	FY02	FY03	FY04	FY05	FY06	Total
Country	9,615	15,000	36,809	35,611	26,861	32,245	31,081	187,222
Regional	6,314	4,580	5,992	12,938	14,368	15,965	17,301	77,458
Global	432	40	1,835	1,095	2,174	420	1,989	7,984
Total	16,360	19,621	44,636	49,644	43,402	48,631	50,372	272,665
Shares (in %)								
Regional	38.6	23.3	13.4	26.1	33.1	32.8	34.3	28.4
Global	2.6	0.2	4.1	2.2	5.0	0.9	3.9	2.9
Regional and Global	41.2	23.5	17.5	28.3	38.1	33.7	38.3	31.3

Source: Internal World Bank database, 2006.

Note: Costs are defined as the cumulative costs for completed units delivered in a given fiscal year. Costs include both Bank budget and trust funds. Costs for FY06 are not yet final.